

Original Article

A Study on Customer Perception Towards Gold Loan Service at Nagore

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ABSTRACT: *This study examines customers' perceptions of gold loan services offered by banks and non-banking financial institutions. Gold loans have become one of the most preferred financial services due to their quick processing, easy accessibility, minimal documentation, and immediate financial support. The main objective of this study is to analyse customer satisfaction and the factors influencing customers' preferences for gold loan services. The study also focuses on important aspects such as interest rates, loan processing time, repayment facilities, safety of pledged gold, service quality, and trust towards financial institutions. The research is based on primary data collected through structured questionnaires from customers who use gold loan services, and secondary data from journals, websites, articles, and financial reports. Statistical tools such as percentage analysis, mean score analysis, chi-square analysis, correlation, and one-way ANOVA are used to analyse and interpret the collected data. The study is expected to reveal that factors such as quick loan approval, gold security, efficient customer service, and flexible repayment options significantly influence customers' perceptions and satisfaction with gold loan services. The study concludes that maintaining transparency, reasonable interest rates, and quality service are essential for improving customer satisfaction and building long-term trust in gold loan services.*

KEYWORDS: *Gold Loan Services, Customer Perception, Customer Satisfaction, Banks, Non-Banking Financial Institutions (Nbfcs), Service Quality.*

1. INTRODUCTION

Gold loan services have become an important source of quick finance for people in India, especially in towns like Nagapattinam. Many customers prefer gold loans because they are easy to access, require less documentation, and provide immediate financial support for personal, medical, educational, and business needs. Customer perception towards gold loan services is influenced by factors such as interest rates, safety of pledged gold, repayment options, service quality, and trust in financial institutions. Positive perception increases customer satisfaction and usage of gold loan services, while negative experiences may affect customer loyalty. Although gold loan services are widely used, limited studies have focused on customer perception in Nagapattinam. Therefore, this study aims to analyse customer perception and the factors influencing satisfaction towards gold loan services in Nagapattinam.

2. NEED OF THE STUDY

- The study helps to understand customer perception and satisfaction towards gold loan services offered by banks and NBFCs.
- The study identifies the factors influencing customers to prefer gold loans for their financial needs.
- The study helps financial institutions improve service quality, customer trust, and customer relationship management.
- The study analyses customer expectations regarding interest rates, safety, and loan processing services.
- The study provides suggestions to improve customer satisfaction and overcome problems faced by customers in gold loan services.

3. RESEARCH GAP

Most of the previous studies focused mainly on customer satisfaction and financial services in banks and NBFCs. Limited studies have been conducted specifically on customer perception towards gold loan services and the factors influencing their opinions and preferences. Earlier studies concentrated more on interest rates and loan procedures rather than customer trust, service quality, safety of pledged gold, and repayment flexibility. Therefore, this study attempts to analyse how different gold loan service factors influence customer perception and satisfaction towards gold loan services in the selected area.

4. OBJECTIVES OF THE STUDY

- To examine the level of awareness among customers regarding gold loan services.
- To analyse the key factors influencing customers to avail gold loans.

- To evaluate customer satisfaction with respect to interest rates and service quality of gold loan providers.
- To study the problems and challenges faced by customers while availing gold loans.
- To compare customer preference between banks and NBFCs in gold loan services.

5. SCOPE OF THE STUDY

- The study focuses on customer perception towards gold loan services offered by banks and NBFCs.
- The study analyses factors influencing customers to avail gold loans, such as quick processing, easy documentation, and the safety of gold.
- The study evaluates customer satisfaction regarding interest rates, repayment methods, and service quality provided by financial institutions
- The study identifies the problems and challenges faced by customers while availing gold loans.
- The study compares customer preference between banks and NBFCs in gold loan services.

6. REVIEW OF LITERATURE

The study is based on customer perception and service quality theories, which state that customer experience and satisfaction directly influence their opinion towards financial services. Factors such as interest rates, quick processing, safety of pledged gold, repayment flexibility, and service quality play an important role in shaping customer perception.

- A. Parasuraman et al. (1988): Developed the SERVQUAL model and found that reliability, responsiveness, assurance, empathy, and tangibles significantly influence customer perception in service industries, including banking. The study highlighted that customers evaluate services based on expectations and actual performance. It also emphasised that better service quality leads to higher customer satisfaction and loyalty.
- Sureshchandar et al. (2002) identified that service delivery quality and institutional image affect customer perception in banking. The study explained that efficient services improve customer confidence. Institutional reputation also plays an important role in attracting customers.
- S. Ramesh (2025): Found that data security and privacy concerns affect the adoption of digital gold loan services. Customers expect safe and secure online transactions. The study suggested strengthening cybersecurity measures in financial institutions.
- K. Kannan (2026): Concluded that digital trust, service quality, and transparency are key factors influencing customer perception toward gold loan services. Customers prefer institutions that provide reliable and transparent services. The study emphasised that customer trust is essential for long-term growth in gold loan services.

7. RESEARCH METHODOLOGY

7.1. RESEARCH DESIGN

The study uses a descriptive and analytical research design to analyse customer perception towards gold loan services at Nagore. A sample of 150 respondents was selected using convenience sampling. Primary data were collected through a structured questionnaire using a 5-point Likert scale, while secondary data were collected from journals, books, websites, and reports. The study focuses on factors such as awareness, interest rates, service quality, repayment options, and safety measures influencing customer satisfaction towards gold loan services. Data were analysed using percentage analysis, chi-square test, correlation, and regression analysis through SPSS.

7.2. HYPOTHESES (INDICATIVE)

- H1: Awareness of gold loan services significantly influences customer perception.
- H2: Interest rates significantly influence customer satisfaction towards gold loan services.
- H3: Service quality significantly affects customer perception towards gold loan services.
- H4: Safety measures for pledged gold significantly influence customer trust and satisfaction.

7.3. LIMITATIONS

- The study is limited to customers in Nagore only.
- Convenience sampling may affect the generalisation of results.
- Responses are based on customer opinions and may contain personal bias.
- Time constraints and limited sample size may affect the study findings.

8. DATA ANALYSIS AND INTERPRETATION

- Data analysis and interpretation are essential in transforming raw data into meaningful insights. In this study, data were collected from 150 respondents in Nagapattinam using a structured questionnaire measuring customer perception towards gold loan services, awareness level, satisfaction factors, service quality, and customer preference.
- The data were coded and analysed using statistical tools. Descriptive statistics such as percentage analysis were used to understand response patterns, while inferential techniques like Chi-square test, correlation analysis, and One-Way

ANOVA were used to identify relationships and differences among variables. The analysis focuses on customer awareness, satisfaction level, influencing factors, and perception towards gold loan services. Results are presented in tables with interpretations, providing a clear understanding of patterns and relationships in line with the study objectives.

TABLE 1 Distribution Of Respondents Based On Customer Satisfaction Level

Customer Satisfaction Level	Number of Respondents	Percentage (%)
Low	30	20.00%
Medium	82	54.70%
High	38	25.30%
Total	150	100%

(Source: Computed)

The table shows that 54.7% of respondents have a medium level of satisfaction towards gold loan services. About 25.3% have high satisfaction, while 20% have low satisfaction. This indicates that most customers are moderately satisfied with gold loan services.

TABLE 2 Consolidated Demographic Profile Of Respondents

Variable	Category	Frequency	Percentage (%)
Gender	Male	38	25.30%
	Female	112	74.70%
Age	20–30 years	27	18.00%
	31–40 years	51	34.00%
	41–50 years	24	16.00%
	Above 50 years	48	32.00%
Educational Qualification	School	35	23.30%
	UG	35	23.30%
	PG	45	30.00%
	Professional	27	18.00%
	Others	8	5.30%
Occupation	Student	20	13.30%
	Salaried Employee	31	20.70%
	Business	73	48.70%
	Others	26	17.30%
Monthly Income	Below ₹10,000	32	21.30%
	₹10,000–₹25,000	62	41.30%
	₹26,000–₹50,000	22	14.70%
	Above ₹50,000	34	22.70%

(Source: Computed)

The consolidated table indicates that the majority of respondents are middle-aged customers, predominantly female, and mainly engaged in business activities. Most respondents fall within the medium income category and possess knowledge regarding gold loan services. The demographic distribution suggests that gold loan services are widely preferred among economically active customers for meeting financial needs.

8.1. INTEREST RATE AND CUSTOMER SATISFACTION

Interest rate is one of the major factors influencing customer decisions towards gold loan services. Customers generally prefer financial institutions offering lower interest rates and flexible repayment options. Lower interest rates reduce financial burden and improve customer satisfaction. Therefore, analysing the relationship between interest rate and customer satisfaction helps understand customer preference towards gold loan services.

TABLE 3 Interest Rate And Customer Satisfaction (Two-Way Table)

Interest Rate Awareness	Low	Medium	High	Total
Disagree	18	14	7	39
Neutral	6	4	0	10
Agree	6	50	45	101
Total	30	68	52	150

(Source: Computed)

The table shows that customers who are aware of gold loan interest rates have higher satisfaction levels. Customers with less awareness mostly fall under low satisfaction. The Chi-square test indicates a significant relationship between interest rate awareness and customer satisfaction ($p < 0.05$).

8.2. QUICK PROCESSING AND CUSTOMER PERCEPTION

- Quick loan processing is one of the important reasons customers prefer gold loans over other financial services. Faster approval and immediate fund disbursement increase customer convenience and satisfaction.
- Thus, analysing the relationship between quick processing and customer perception helps identify its influence on customer satisfaction towards gold loan services.

TABLE 4 Quick Processing And Customer Satisfaction (Two-Way Table)

Quick Processing Opinion	Low	Medium	High	Total
Disagree	10	4	2	16
Neutral	12	15	6	33
Agree	8	49	44	101
Total	30	68	52	150

(Source: Computed)

The table shows that customers satisfied with quick loan processing have higher satisfaction levels towards gold loan services. Customers dissatisfied with processing speed mostly fall under low satisfaction. The Chi-square test shows a significant relationship between quick processing and customer satisfaction ($p < 0.05$).

8.3. TRUST IN INSTITUTION AND CUSTOMER SATISFACTION

- Trust in financial institutions plays an important role in influencing customer decisions regarding gold loan services. Customers expect safety, transparency, and reliable service from banks and NBFCs while pledging their gold assets.
- Therefore, analysing the relationship between trust in institutions and customer satisfaction helps understand its impact on customer perception.

TABLE 5 Trust In Institution And Customer Satisfaction (Two-Way Table)

Trust Level	Low	Medium	High	Total
Disagree	14	8	2	24
Neutral	10	15	2	27
Agree	6	45	48	99
Total	30	68	52	150

(Source: Computed)

The table shows that customers who trust financial institutions have higher satisfaction levels towards gold loan services. Respondents with low trust mainly fall under low satisfaction. The Chi-square test indicates a significant relationship between trust and customer satisfaction ($p < 0.05$).

9. FINDINGS

- The majority of the respondents belong to the middle-aged category and frequently utilise gold loan services for financial needs.
- Most respondents prefer gold loans because of quick processing and easy loan approval.
- Low interest rates strongly influence customer decisions towards gold loan services.
- Respondents are satisfied with the safety and security provided for pledged gold.
- Minimal documentation procedures encourage customers to avail of gold loans.
- Customers have moderate awareness regarding the terms and conditions of gold loan services.
- Flexible repayment options improve customer satisfaction and preference towards gold loans.
- Service quality provided by banks and NBFCs creates a positive perception among customers.
- Overall, the majority of respondents have a favourable perception towards gold loan services due to trust, quick processing, and convenient loan procedures.

10. SUGGESTION

- Banks and NBFCs should provide reasonable interest rates to attract more customers towards gold loan services.
- Financial institutions should improve service quality and provide customer-friendly services to increase customer satisfaction.
- Proper safety measures should be maintained for pledged gold to improve customer trust and confidence.

- Loan procedures and documentation requirements should be simplified to make the process easier for customers.
- Institutions should create more awareness regarding gold loan services, repayment options, and interest rates.
- Flexible repayment options should be improved to help customers repay loans conveniently.
- Banks and NBFCs should collect regular customer feedback to improve service quality and customer satisfaction.
- Financial institutions should adopt modern technology and digital services for faster and more convenient loan processing.

11. CONCLUSION

The study on customer perception towards gold loan services concludes that gold loans play an important role in providing quick financial support to customers during emergencies. Most respondents are aware of gold loan services and are satisfied with factors such as quick processing, minimal documentation, trust in institutions, and repayment options. The study also reveals that interest rates, service quality, and customer trust significantly influence customer satisfaction towards gold loan services.

However, some customers expressed concerns regarding high interest rates and a lack of transparency. Therefore, banks and NBFCs should focus on improving service quality, maintaining transparency, reducing hidden charges, and strengthening customer trust. Overall, the study concludes that gold loan services continue to be an important and convenient financial solution for customers.

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