

A Study on Consumers Perception Towards Financial Supermarkets

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INTRODUCTION

The supermarkets have changed the buying patterns and preferences of consumers. A supermarket can be defined as following:

"A supermarket is a one stop shop for all kinds of household goods."

Now-a-days the concept of supermarket has been made use of by clever marketers in promoting the various financial products; which they have. A financial supermarket can be defined as following:

"A financial supermarket is one-stop money shop, offering the full range of financial services, from deposits and loans to insurance and travel. At the opposite end of the scale is the niche, or boutique bank." - Financial dictionary – www.anz.com

However, the financial supermarket means different things for different persons.

For the consumer, a financial supermarket can offer convenience and efficiency since money is not continually shifted from one institution to another. For the institution, an all-encompassing relationship with the consumer is more profitable than handling just one aspect of a customer's financial needs.

The origin of the financial supermarket concept can be traced back to 1970s when Sears Roebuck, Managing Principal of Tiburon Advisors, a leading financial services consulting firm in California was acquiring Dean Witter and All State Insurance. During that time he stated his plan to sell everything "from socks to stocks." Walter Wriston, the late CEO of Citibank was a champion of the concept of financial supermarket. In his famous String Bag speech, he analogized the transformation of the former shopping habits of the British housewife with the emerging change in the behavior of people seeking financial products. He pointed out that in former times, the British housewife would leave home with her string bag and visit a butcher shop, where she purchased meat for the family. Then she would go to a local bakery to buy bread and goodies. With her string bag not yet full, she would visit a local grocer to complete her shopping for the family's meals for the next several days. That was the way it was yesterday, according to Wriston. Today, the housewife goes to a supermarket where she obtains all the necessary supplies in a single visit. He then reasoned that it was ridiculous for a person to have to visit many locations to purchase a variety of financial products. And thus, the idea of a financial supermarket was born. Later the concept has been popularized by some other global players like American Express where the American Express credit card holders have been given financial advice.

FINANCIAL SUPERMARKETS IN INDIA

A company that offers a large variety of financial services falls under the category of financial supermarket. For instance, some financial supermarkets may offer banking services, securities brokerage, real estate brokerage, and insurance products—all under the same roof. In India, some banking companies like Citibank, ICICI Bank, HDFC Bank and fewer others do it in large scale. Of course, the concept is gaining momentum and the rest of the banks including some of the nationalized banks are also trying to practice it. Some banks even go one step ahead and sell gold as it is an investment avenue (coming under financial product).

BENEFITS OF FINANCIAL SUPER MARKET AT A GLANCE

- It provides a single shopping hall for all kinds of financial needs.
- All Financial services are available in this single shopping apex.
- They act as an eye-opener to various kinds of financial opportunities available.

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- Any kind of expert knowledge on financial services is available at customers' fingertips and these financial experts guide the customers to apt products, suiting different kinds of financial needs.
- They provide loans suitable for individual requirements.
- They advise on investments tailored according to individual customers' preferences on risk-return ratio.
- It provides an avenue to make the necessary adjustments for income and investments on one hand and loans and deposits on the other hand.

For example Mr. A is a person who is interested in making a one time investment to earn returns over a period of time and is willing to take reasonable risk for higher profit margins. In a typical scenario where he is ignorant of so much of investment opportunities, he might typically go to a bank wherein he may make a saving deposit, which doesn't yield much return for his investment. An expert may advice him to invest in Real Estate or in Shares of large stable Companies or in Debentures. But for a common man usually such financial expertise are out of their reach and hence such Super Markets provides for an avenue where individuals can interact with experts and make financial options tailored to their needs. It is at this juncture that the true worthiness of such a Financial Super Market comes to the picture.

OBJECTIVES OF THE RESEARCH STUDY

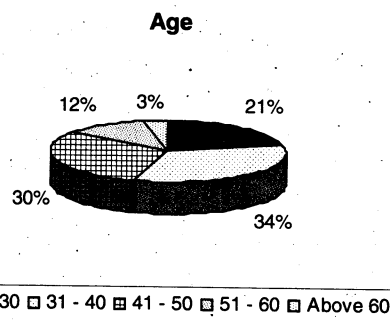
1. To study the consumers perception towards financial supermarket.
2. To identify the level of awareness for financial supermarkets in India.
3. To know the source of awareness for financial supermarket

RESEARCH METHODOLOGY

Both primary and secondary data has been collected for the research. Primary data has been collected from some parts of Kerala and Tamilnadu. Secondary data has been collected from various books, magazines, journals and Internet. The research design used was descriptive style. The sample size was 250 and the sampling technique used was convenience sampling due the undefined population. A well-structured questionnaire comprising both open and close-ended questions had been used for conducting the research survey. Personal interview had been conducted among the respondents for greater accuracy of results.

1. Age

Age	No. of Respondents	% of Respondents
21 – 30	52	20.8
31 – 40	85	34
41 – 50	75	30
51 – 60	30	12
Above 60	8	3.2
Total	250	100

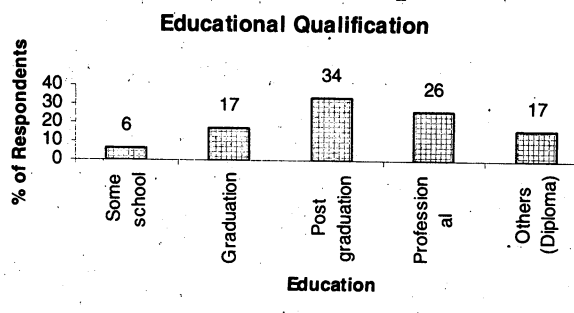


INFERENCE

From the above Table it can be inferred that 34 percent of the respondents belong to the age group of 31 – 40 and 30 percent of them belong to the age group of 41 – 50. Only 3.2 percent of them were aged above 60. Maximum awareness level at the age group of 31- 40 years.

2. Educational Qualification

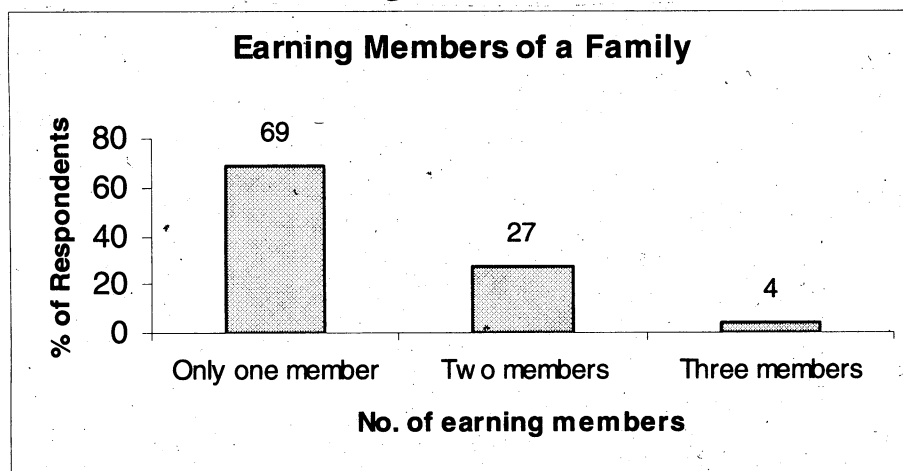
Educational Qualification	No. of Respondents	% of Respondents
Some school	15	6
Graduation	43	17.2
Post- graduation	85	34
Professional	65	26
Others (Diploma, polytechnic etc.)	42	16.8
Total	250	100



INFERENCE

It has been inferred that 34 percent of the respondents were post graduates, 26 percent of them were professionals and only 6 percent of them were qualified with schooling. Nevertheless, awareness about financial markets even among school qualified shows that financial markets in India are getting popular day-by-day and are making positive trends among consumers.

3. Earning members of a family



Out of 250 samples, there are three ways of income earned for their families. Majority (69%) of the respondents have only one earning member source and only 27 % of the respondent families were having income from two members and we identified that second sources of income are maximum from housewife's support and to some extent it is by additional business of main income producers.

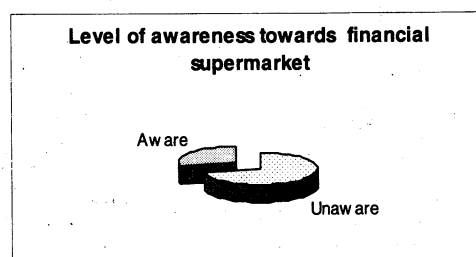
4. Annual Household Income

Annual Household Income	No. of Respondents	% of Respondents
> Rs. One lakh	167	66.8
Rs. 1 – 2 lakhs	50	20
Rs. 2 – 5 lakhs	30	12
Above 5 lakhs	3	1.2
Total	250	100

When we analyzed the annual household income of the respondents: Out of 250 samples, 66.8% of them have an income of more than 1 Lakh per annum, 32% of them fall under the category of Rs 1-5 lakhs per annum and only 1.2% of the respondents comes under more than Rs5 lakh per annum.

5. Level of Awareness towards Financial Supermarket

Level of Awareness	No. of Respondents	% of Respondents
Aware	52	21
Unaware	198	79
Total	250	100

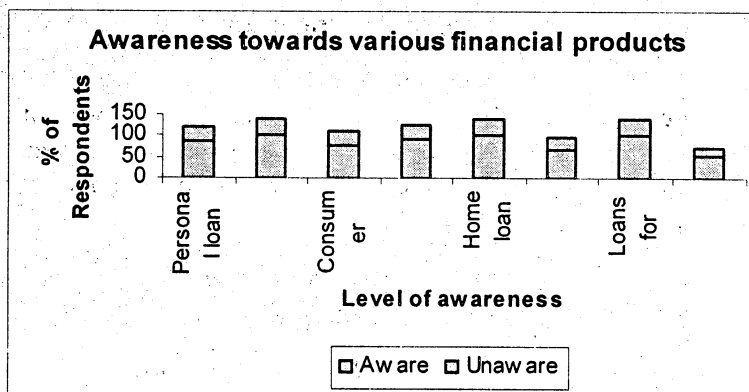


INFERENCE

From the above table it has been inferred that nearly 80 percent of the respondents were not aware of financial supermarket.

6. Level of Awareness Towards Different Types of Financial Products

Types of Financial Products	No. of Respondents Aware	% of Respondents Aware	No. of Respondents Unaware	% of Respondents Unaware
Personal loan	217	86.8	33	13.2
Two-wheeler loan	250	100	0	0
Consumer Durable loan	195	78	55	22
Mortgage loan				
Home loan	225	90	25	10
Car loan	250	100	0	0
Loans for Insurance Policies	170	68	80	32
Loans for equity and mutual funds	250	100	0	0
	130	52	120	48

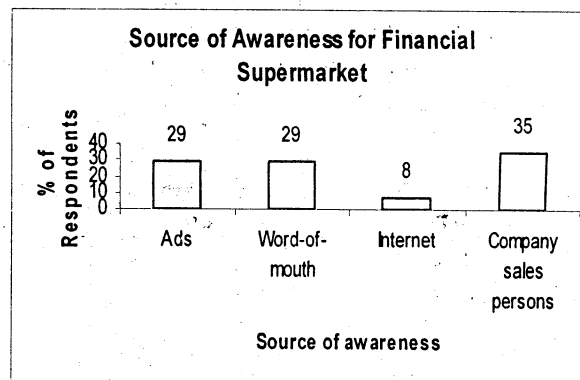


INFERENCE

From the above table and Chart it has been inferred that all the respondents were aware of two-wheeler loan, home loan and loans for insurance policies. It has also been inferred that 90 percent of the respondents were aware of mortgage loans, 86.8 percent of them were aware of personal loan and 78 percent of them were aware of consumer durable loan. Only 68 percent of them were aware of car loan and 52 percent of them were aware of loans for equity and mutual funds.

7. Source of Awareness Towards Financial Supermarket

Source of Awareness	No. of Respondents	% of Respondents
Ads	15	28.85
Word-of-Mouth	15	28.85
Internet	4	7.69
Company Sales Persons	18	34.61
Total	52	100

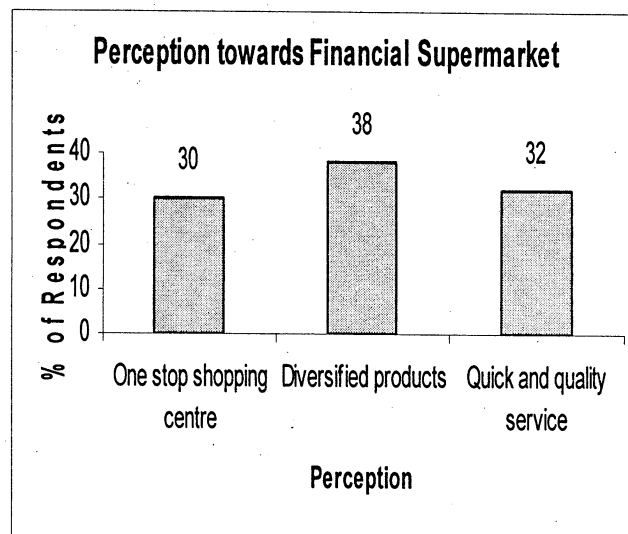


INFERENCE

The above table & chart indicates that 35 percent of the respondents were aware of financial supermarkets through company sales persons whereas 28 percent each of them were aware of it through advertisements and through friends and relatives. Only 9 percent of them were aware of it through the Internet.

8. Respondents Perception towards Financial Supermarket

Perception	No. of Respondents	% of Respondents
One stop shopping centre	75	30
Availability of diversified financial products	95	38
Quick and quality service	80	32



INFERENCE

The above table and chart shows that nearly 40 percent of the respondents perceive about the availability of diversified products in financial super market. It has also been inferred that 32 percent of the respondents perceive about quick and quality service associated in financial supermarkets and rest of the 30 percent of them perceive it as a one-stop shopping centre.

FINDINGS

1. It has been found out from the study that majority of the respondents perceive financial supermarkets as 'a place for diversified financial products'. It has also been found out that consistent number of respondents also perceive about the 'quick and quality service' available with financial supermarkets and rest of them perceive it as a 'one-stop shopping centre' for financial needs.

A vast majority of the respondents were not aware of financial supermarkets.

Among those who were aware of financial supermarkets, majority of them came to know about it through company sales persons. Consistent proportion of them were also aware of financial supermarkets through advertisements and friends and relatives (word-of-mouth).

GGESTIONS

As the consumers perceive financial supermarket as a place for diversified financial products, the companies have to make sure themselves in maintaining various categories of financial products which are innovative and even if possible can be tailor-made. They also have to ensure the quick and quality service associated to satisfy the customers.

The companies engaging in selling different categories of financial products have to take immediate steps in creating awareness among the consumers. It is not enough if the companies promote selective financial products, which are fast moving. In addition, they also have to promote various other categories of financial products, which they have in their portfolio.

The companies can appoint sales executives for promoting various financial products, which they have. In addition to the promotional activities through sales executives, the companies can also come out with attractive and creative ad campaigns targeting the consumers.

CONCLUSION

Nothing is permanent except change. Gone are the days where consumers depended upon different places for various financial needs. Now, the food for various budgets during different occasions can be served under the same roof. Yes, more number of financial services companies dealing with different financial products can come out with tailor-made financial products for different category of consumers. As the financial needs of the Indians are changing rapidly, the financial services companies by establishing financial supermarket can satisfy the consumers' needs by dealing with multiple financial products.

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Such services include traditional ones like transport, health-care, insurance and telecommunications as well as new services like information technology. The VAT regime is theoretically meant for a unified market in which the VAT levied can always be set off against taxes already paid. It is irrespective of the state-wise location of the manufacturing or trading entities.

Under the proposed VAT regime, manufacturers and traders will get the benefit of credit on input taxes that have already been paid. As VAT is a multi-point tax, the trade margins at every stage would get taxed. In certain instances, the VAT rates are higher than the prevalent sales tax rates and this is inevitably be passed on to hapless consumers — one affected section that has so far not been consulted on the implications of implementing the new VAT.

The critical role that VAT can play in tax buoyancy and growth are that it should be used as a catalyst for growth, right from the first day itself. Further more, the best international practices and learning models should have been incorporated in the VAT system as to make it more accountable. Finally, the main focus of VAT system should be concentrated on the simplification of the tax regime, elimination of corruption in the way of its implementation and to reduce the cost of compliance for this. The government should also resist the temptation to use soft-option under the transitional mechanism clock.

SUGGESTIONS

It is suggested that following critical aspects should be considered very carefully.

- The Goods and services falling in different slabs to be based on more transparent system and due considerations should be given of all sections of the society.
- The Government should withdraw all additional taxes levied in the form of surcharges, additional tax, turn over tax, mandi tax, entry tax etc.
- The CST reforms should be simplifying inter state transactions to enabling equitable distribution of tax revenue based on consumption patterns support destination based VAT.
- Finally, the first point taxation to be introduced for packaged goods, which further require carrying MRP marketing.

The CST act has to be amended and all the rules to prescribe the parameters required as per the requirements of the present era.

Further more, a system of trust should be built between assessee and assessing authorities and online transaction facilities should be introduced as far as possible.