

**CHAPTER - IX**  
**PRIMARY OPINION SURVEY**

Increase in bank deposits, at an accelerated rate in future, is of prime importance in view of the need to increase the savings rate of the country and more importantly, for channelising savings to productive channels of investment. For achieving increase in deposits it is pertinent to get a feel from the depositors about their preference for bank deposits vis-a-vis other financial assets, the importance, they attach to certain characteristics of bank deposits, the types of deposits they prefer and their location preference for bank branches.

In the last few years several financial assets have become more attractive in terms of rate of interest and fiscal concessions offered. In spite of this, bank deposits have continued to grow at a phenomenal rate. Further, in view of the fact that the return on investment is an important factor influencing the decision to invest, it is pertinent to know what depositors feel about the interest paid on deposits.

This chapter answers the following important questions.

- 1) What is the importance attached by the depositor to bank deposits vis-a-vis other financial assets ?
- 2) What characteristics of bank deposits attract the depositors ?
- 3) What are the gender and age differences in the preferences for the various types of bank deposits ?

- 4) Does the rates of interest on deposits have a positive, nutral or negative effect on decision to invest in deposits ?

An humble attempt is made to answer all these questions with the help of an opinion survey of selected bank depositors.

### Objectives

The present chapter aims at identifying the gender and age differences in exercising the preference for bank deposits, identifying the characteristics of bank deposits which are responsible for the decision to invest in deposits - various types of deposits, their attitude towards rate of interest and the preference for location of bank branches.

The specific objectives are :

To bring out the gender and age differences among the bank depositors with respect to the following -

- 1) Preference to invest in bank deposits vis-a-vis other financial assets.
- 2) Ranking of the various attributes of bank deposits viz., safety, liquidity, earning and conveniences, in order of preference.
- 3) The preference for the type of deposits.
- 4) Their attitude towards the rate of interest offered on bank deposits.
- 5) Lastly, the preference for location of bank branches.

Out of 1500 employees working in a semi-government organisation at Baroda, we selected 300 for the purpose of conducting an opinion survey. Random sampling technique was adopted for the selection of the respondents.

Questionnaire-cum-interview method was used to elicit opinion on various issues with a view to understanding the process of decision making for investment in bank deposits.

A structured questionnaire was prepared and tested through a pilot survey of bank depositors. The questionnaire used in the primary survey of bank depositors is given in Appendix- IX.1.

The survey was conducted over a period of two months.

For convenient of tabulation, we coded the four categories of respondents as under :

- A - Below 30 years - Males
- B - Below 30 years - Female
- C - Above 30 years - Male
- D - Above 30 years - Female

The above codes classified the respondents both age and genderwise.

One of the major finding of a National Survey of Savings and Deposits 1986, was that a, "sizeable number of non-bank savers (15 to 29 percent) are below the age of 30 indicative of a person to starting of a career." Hence, we decided to divide our sample depositors into two categories with the cut off point being 30 years.<sup>1</sup>

Another finding of the National Survey referred above was suitable location was found to be one of the main criteria for choosing a type of bank. Hence, in our opinion survey, we specifically <sup>inquired</sup> ~~ignored~~ about the bank branch location preference of the depositors, so that some policy guidelines could be provided for opening ~~a new~~ branches in the future.

### Profile of Respondents

Age and gender profile of the respondents is given in the following table.

Table No. 9.1 - Classification of Respondents:

Age and gender wise				
Sr. No.	Item	Respondents		Indicative Code
		No.	Percentage	
1.	2.	3.	4.	5.
(A) <u>Agewise</u>				
1)	Below 30 years	77	26	A & B
2)	Above 30 years	<u>223</u>	<u>74</u>	C & D
	Total.....	300	100	
(B) <u>Genderwise</u>				
1)	Male	218	73	A & C
2)	Female	<u>82</u>	<u>27</u>	B & D
	Total.....	300	100	
(C) <u>Genderwise Sub-groups</u>				
1)	Below 30 years - male	37	48	A
2)	Below 30 years - female	<u>40</u>	<u>52</u>	B
		77	100	
3)	Above 30 years - male	181	81	C
4)	Above 30 years - female	<u>42</u>	<u>19</u>	D
		223	100	
(D) <u>Agewise Sub-groups</u>				
1)	Male below 30 years	37	17	A
2)	Male above 30 years	<u>181</u>	<u>83</u>	C
		218	100	
3)	Female below 30 years	40	49	B
4)	Female above 30 years	<u>42</u>	<u>51</u>	C
		82	100	
(E) <u>Categorywise</u>				
I)	Officers - Class I & II	152	51	
II)	Other Staff	<u>148</u>	<u>49</u>	
	Total.....	300	100	
(F) <u>Areawise</u>				
1)	Residing in the GEB Colony	70	23	
2)	Outside the GEB Colony	<u>230</u>	<u>77</u>	
	Total.....	300	100	

Source - Compiled from questionnaires

The respondents are classified agewise in two groups, below and above 30 years. As indicated in the table, around ~~the~~ one-fourth of the respondents belong to the age group of below 30 years and remaining three-fourth were above 30 years of age.

Out of the total 218 male respondents, only 17 percent were below 30 years and remaining were above 30 years. Out of the 82 female surveyed almost half, were below 30 years and the other half were above 30 years.

Considering the age group of below 30 years the distribution between male and female was half to half. However, ~~in age group of above 30 years~~ males predominated (81 percent).

Classification of respondents according to their official status revealed that the respondents were equally distributed among category I and II. Category I comprise officers Class-I and II and category II comprise other staff.

Further, the respondents are classified in four income groups and each group is further classified agewise and gendorwise. The relevant data is presented in the following table.

Table No. 9.2 - Income groupwise Classification of Respondents

Code No.	20-29.9	30-39.9	40-49.9	Above 50	Total
1.	2.	3.	4.	5.	6.
A	11 (17)	12 (12)	14 (15)	--	37 (12)
B	31 (46)	05 (05)	04 (05)	--	40 (13)
C	12 (18)	54 (56)	72 (78)	43 (98)	181 (61)
D	13 (19)	26 (27)	02 (02)	01 (02)	42 (14)
TOTAL	67 (23)	97 (33)	92 (92)	44 (15)	300 (100)

N.B. - Figures in the bracket are percentages to the column totals. Figures in the bracket in the last row are percentages to the total respondents.

Source - Questionnaire

23 percent of the respondents belonged to the first income group of Rs.20000 to 29000 per annum. The next two groups of below Rs.40000 and below Rs.50000 had one third of the respondents each and the last group of above Rs.50000 had only 15 percent of the respondents.

Lastly, the respondents were classified according to the location of their residence in GEB colony and outside colony. It was observed that less than one-third were staying in the colony and the remaining outside the colony.

**Findings of the Opinion Survey****Characteristics of Bank Deposits**

The respondents ranked the various characteristics in order of preference, the relevant data summarising the preferences accorded to various characteristics of bank deposits is presented in the following table.



Table No. 9.3 - Characteristics of Bank Deposits

Sr. No.	Characteristics	RANK											
		1						2					
		A	B	C	D	TOTAL	A	B	C	D	TOTAL	A	TOTAL
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.		
1	Safety	14 (38)	26 (65)	109 (60)	25 (60)	174 (58)	12 (32)	10 (25)	45 (25)	814 (33)	81 (27)		
2	Liquidity	5 (14)	5 (13)	18 (20)	3 (07)	31 (10)	6 (16)	4 (10)	18 (10)	2 (05)	30 (10)		
3	Earnings	3 (08)	1 (02)	15 (08)	3 (07)	22 (08)	7 (19)	11 (27)	39 (22)	11 (26)	68 (23)		
4	Conveniences	15 (40)	8 (20)	36 (20)	11 (26)	70 (23)	12 (33)	14 (35)	71 (39)	15 (36)	112 (37)		
	Sub-Total.....	37	40	178 (98)	42	297 (99)	37	39 (97)	173 (96)	42	291 (97)		
	No. of person has not given the rank	-	-	3 (02)	-	3 (01)	-	1 (03)	8 (04)	-	9 (03)		
	Total.....	37 (100)	40 (100)	181 (100)	42 (100)	300 (100)	37 (100)	40 (100)	181 (100)	42 (100)	300 (100)		

Respondents were asked to rank four major characteristics of bank deposits in order of preference. It was observed that safety of funds was the major characteristic which attracted savers to invest in bank deposits. 58 percent of the respondents considered it to be the most important factor, and 27 percent ranked it as second important factor. Further, respondents above 30 years of age considered this factor most important for obvious reasons. More importantly to females of below 30 years, this was the most important factor whereas for males below 30, it was comparatively less attractive.

Convenience for transaction purposes emerges as the second important factor. It was considered as the most important factor by 23 percent of respondents and as second important factor by 37 percent of respondents. Convenience was the most important factor to males below 30 years.

The third important factor was earnings. The interest rate on deposits was the most important factor for only 8 percent of respondents. However, it was ranked as the second important factor by 23 percent of respondents. Earning was more important to males than to females.

Lastly, liquidity ranked last in order of preferences. 10 percent of respondents ranked it as first preference characteristic and an equal percentage accorded it as second preference. It was more important to respondents below 30 years than to those above 30 years.

The public sector ownership of banks have enhanced the value of bank deposits as one of the safest investments. Safety was upper most in the minds of bank savers. As all the respondents belonged to the service class obviously time was a big constraint to them. Hence, convenience of transactions obviously emerged as the second most important characteristics valued by bank savers. Earning from bank deposits was important to less than one-third of the respondents. Lastly, liquidity was a concern of only less than one-fifth of the respondents.

#### Types of Deposits

Banks offer mainly four types of deposit facilities viz., current deposit (CD), savings deposit (SD), fixed deposit (FD), recurring deposit (RD). In the sample survey, as all the respondents were service class people, there was no current deposit account held by any of them.

The following table presents the classification of deposit accounts according to types of deposits actually held by the respondents.

Table No. 9.4 - Types of Deposit Accounts

Code No.	One Account			Two Accounts			All three types	Total
	FD	SD	RD	FD/SD	SD/RD	FD/RD		
1.	2.	3.	4.	5.	6.	7.	8.	9.
A	-	17 (69)	-	3 (66)	6 (15)	-	11 (18)	37 (12)
B	3 (50)	8 (14)	-	9 (04)	10 (26)	-	10 (17)	40 (13)
C	3 (50)	84 (06)	1 (50)	46 (13)	19 (49)	1 (100)	27 (45)	181 (61)
D	-	13 (11)	1 (50)	12 (17)	4 (10)	-	12 (20)	42 (14)
Total	6 (100)	122 (100)	2 (100)	70 (100)	39 (100)	1 (100)	60 (100)	300 (100)

N.B. - Figures in bracket indicate percentage to total

Source - From the Questionnaire

There was an office practice of the organisation which employed all the respondents, of paying salary of by directly crediting it to the bank account of the employee. Hence, all the respondents had atleast one savings deposit account.

Around 40 percent of the respondents further had only one saving deposit account and another 23 and 13 percent had savings bank accounts combined with fixed deposit and recurring deposit accounts respectively. Only 6 and 2 percent had fixed deposit and recurring deposit accounts respectively. Moreover, one-fifth of the respondents had all three types of deposit accounts.

Among the respondents holding both fixed deposit and savings deposit accounts, males below 30 years accounted for nearly two-third of the total respondents in that category. Considering the category of respondents having savings deposit and recurring deposits males above 30 years accounted for half the respondents. Similarly, males above 30 years also predominated in the category of respondents holding all three types of accounts.

#### Rate of Interest

The respondents were asked to give their opinion, whether they were satisfied or dissatisfied with the interest rate paid on their deposit accounts.

The following table gives the classification of respondents according to the opinions expressed on this issue.

Table No. 9.5 - Classification of Respondents

Sr. No.	Code	No. of Respondents					
		Satisfied		Dissatisfied		Total	
		No.	Percent	No.	Percent	No.	Percent
1.	2.	3.	4.	5.	6.	7.	8.
1	A	12	10	25	14	37	12
2	B	23	18	17	10	40	13
3	C	69	54	112	65	81	61
4	D	23	18	19	11	42	14
Total.....		127	100	173	100	300	100

Source - From the questionnaire.

58 percent of respondents were dissatisfied with the rate of interest paid on their deposit accounts and remaining 42 percent were satisfied. Out of the respondents who expressed dissatisfaction highest numbers were males above 30 years. As this class of respondents have to carry the main responsibility of financing, the household expenditure, their concern for the low deposit interest rate is understandable.

More than two-third of the male respondents were dissatisfied with the deposit interest rate. However, majority of the females were satisfied with the interest rate paid.

#### Location of Bank Branch

With convenience emerging as second important characteristic according to preference of respondents, in the pilot survey, it was pertinent to find out the exact preference of depositors about location of the bank branch. Hence, the respondents were asked to rank in order of preference whether they preferred proximity of branch to their ~~own~~ houses, work place or market place. The following table presents the relevant data :

Table No. 9.6 - Location of Bank Branch

Sr. No.	Location of Bank Branch	A	B	C	D	Total
1.	2.	3.	4.	5.	6.	7.
1	Near to House	12 (32)	08 (20)	78 (43)	15 (36)	113 (38)
2	Near to Working Place	24 (65)	32 (80)	102 (56)	27 (64)	185 (61)
3	Located in Market Place	01 (03)	- (00)	01 (01)	- (00)	02 (01)
4	Total.....	37 (100)	40 (100)	181 (100)	42 (100)	300 (100)

N.B. - Figures in bracket indicate the percentage to total

Source - From the Questionnaire.

It is clearly indicated from the above table that more than 60 percent of the respondents preferred the branch to be located near the place of work. Almost all others, preferred the location of the bank branch near to their house. This shows that still banking is male dominated activity. As men themselves operate bank accounts, they prefer the bank to be near to the place of work. Lastly, only two out of 300 respondents preferred the location of branch in market place. Hence, it is not a relevant factor.

As all the respondents were serving in the office, the preference of location of branch near the place of work cut across both sex and gender as indicated in the table.

#### Bank Deposits vis-a-vis other Financial Assets

It had been commonly argued in the recent past that other types of financial assets are becoming more popular than bank deposits. Hence, an attempt is made to solicit opinion for comparing bank deposits with other financial assets.

Respondents were asked to rank in order of preference eight financial assets viz.

- 1) Bank Deposits
- 2) Post Office Deposits
- 3) Company Shares
- 4) Company Deposits
- 5) Government Securities
- 6) Company Debentures
- 7) Housing
- 8) Gold/Silver Ornaments

The following table presents the relevant data

Table No. 9.7 - Preference Ranking of Financial Assets

156

Sr. No.	Name of Financial Assets	RANK - 1				RANK - 2					
		A	B	C	D TOTAL	A	B	C	D TOTAL		
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
1	Bank Deposits	14 (38)	19 (48)	45 (25)	15 (36)	93 (31)	06 (16)	09 (23)	32 (18)	11 (26)	58 (19)
2	Post Office Deposit	03 (08)	02 (15)	07 (04)	01 (02)	13 (04)	03 (08)	04 (10)	18 (10)	03 (07)	28 (09)
3	Company Share	07 (19)	04 (10)	12 (16)	03 (07)	26 (09)	02 (05)	02 (05)	21 (12)	04 (10)	29 (10)
4	Company Deposit	04 (11)	00 (00)	12 (07)	04 (10)	20 (07)	04 (11)	03 (07)	19 (10)	07 (17)	33 (11)
5	Government Security	03 (08)	05 (13)	66 (36)	12 (29)	86 (29)	08 (22)	09 (23)	36 (20)	05 (12)	58 (19)
6	Company Debenture	02 (05)	00 (00)	02 (01)	00 (00)	04 (01)	07 (19)	02 (05)	09 (05)	02 (04)	20 (08)
7	Housing	02 (05)	04 (10)	23 (13)	04 (09)	33 (11)	03 (08)	07 (18)	20 (11)	04 (10)	34 (11)
8	Gold/silver/Ornaments	02 (06)	06 (14)	14 (08)	03 (07)	25 (08)	04 (11)	03 (07)	24 (13)	05 (12)	36 (12)
Total.....		37	40	181	42	300	37	39 (98)	179 (99)	41 (98)	296 (99)



As indicated in the above table, 31 percent of the respondents assigned first preference to bank deposits. Government securities closely followed with 29 percent of respondents assigning first preference. Housing came a low third closely followed by Company shares and gold/silver/ornaments. Whereas, post office deposits and company deposits ranked very low. 15 percent of the respondents gave second preference to bank deposits and one-fifth of them placed government securities in the second position.

Respondents below 30 years preferred bank deposits more than respondents above 30 years. Almost half of the females below 30 years preferred bank deposits to any other assets. Similarly, highest proportion of respondents preferred bank deposits to other assets in the category of males below 30 years and females above 30 years. Only in the category of males above 30 years, government securities ranked much above bank deposits.

In sum, out of the four characteristics stated in the questionnaire safety and convenience emerged as the first and second most important characteristics. This preference was common to all the age and gender groups of respondents except females below 30 years, who preferred convenience more to safety.

Considering the preference for deposit accounts the survey revealed that 41 percent of respondents had only ~~saving~~ saving deposit account, 23 percent had both fixed

deposits and saving deposits and 13 percent had saving deposit and recurring deposit accounts.

With reference to the rate of interest on deposits the survey revealed that 58 percent of the respondents were not satisfied. Among the dissatisfied group, males predominated. Majority of the females expressed satisfaction with regard to the level of rate of interest.

A clear preference for location of bank branch was expressed in favour of the proximity to the place of work, by all groups of respondents.

Highest proportion of respondents preferred bank deposits to any other financial asset. However, government securities were a close substitute to bank deposits. But all other financial assets ranked very low compared to these two assets.

REFERENCES

- 1 - National Survey on Savings and Deposits  
Trends in India by National Institute of  
Bank Management, 1986, PP. 54