



Customer knowledge and contentment with NBFC services, particularly in the Bengaluru city

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Abstract

NBFCs have developed into excellent substitutes for the banking industry in meeting a variety of societal financial demands. They provide quick and timely services with few formalities with particular reference to the Bangalore City. This research aims to evaluate the degree of awareness and satisfaction with NBFC services in Bangalore city. The impact of demographic characteristics on knowledge and satisfaction was examined in this study using primary data obtained from 210 NBFC customers via a structured questionnaire. The results show that although people are well aware of services like gold loans, they know very little about loans for small and medium-sized businesses (SMEs). Customers' demographic profiles and their awareness of different NBFC services do not significantly differ, according to the study's findings. With the noteworthy exception of employment, where satisfaction levels fluctuate significantly between business and other occupational groups, customer satisfaction levels also do not differ much based on demographic characteristics. In order to improve total client engagement and happiness, these findings highlight the necessity for NBFCs to implement focused awareness efforts and provide customized services.

Keywords: Client engagement, customer knowledge and contentment, small and medium-sized businesses, NBFCs

Introduction

Financial institutions that specialize in taking deposits, giving advances, and granting credit are known as non-banking finance companies, or NBFCs. NBFCs are a crucial part of the financial system because they encourage competition, provide specialized services, diversify, and distribute risks when the economy is struggling. The many types of financial institutions known as NBFCs cater to the unbanked segments of the economy. These organizations are renowned for their preparedness to satisfy societal financial demands, customer-focused services, streamlined processes, and affordable prices.

Primary Dealers (PDs), NBFCs, and All-India Financial Institutions (AIFIs) are the three types of NBFIs that are governed and overseen by the Reserve Bank. Two main categories of NBFCs are distinguished by their deposit mobilization: NBFCs-D (deposit taking) and NBFCs-ND (non-deposit taking). According to asset size, NBFCs-ND were separated into two groups in 2006: Systemically Important Non-Deposit Taking NBFCs (NBFCs-ND-SI) and other Non-Deposit taking NBFCs (NBFCs-ND). For NBFC-ND-SI, NBFCs with assets over \$1 billion were taken into consideration. According to the RBI Bulletin from October 2017, the threshold for NBFCs-ND-SI recognition was raised to 5 billion in 2014.

Literature Review

The analytical evaluation by Revathy, K., & Murugesan, D. (2025)^[1] focuses on the retail lending practices of NBFCs in Chennai and how they affect client loyalty and experience. Customer relationship management, service quality, loan product offers, and technology adoption are among of the elements it looks at. According to the results, consumers place a higher value on "Technological Adoption" than "Cost of Borrowing." The study found that loyalty and customer experience were strongly positively correlated, and that the most significant retail lending practice was "Technological Adoption." The survey suggests that in

order to boost client satisfaction and fortify their position in the market, NBFCs should give priority to technological integration, streamlined procedures, and transparency.

In their study of Muthoot Finance's customer happiness and retention tactics, Kumar, S., and Singh, R. K. (2025)^[2] highlight the fact that happy customers are more inclined to recommend the company to others and return. It points out that in light of growing competition, customer experience quality plays a big role in fostering loyalty and retention. According to the analysis, companies are using technology and data analytics more and more to measure consumer sentiment, get feedback, and transform insights into workable retention strategies. It talks on ideas like the commitment-trust hypothesis, which holds that loyalty results from strong commitment and trust, as well as the significance of lowering switching barrier

In light of the expanding internet usage, changing post-pandemic customer demands, transparency concerns, and escalating competition,

Rajan, S., & Singh, P. D. (2024)^[3] investigate customer satisfaction in NBFCs, with a focus on Muthoot Finance. Although customer satisfaction is a notion that has been extensively studied in the finance industry, the literature review admits that research on NBFCs is still relatively limited when compared to the banking sector. It emphasizes how new studies show digital financial services have improved client happiness by making them more accessible, cutting down on wait times, and facilitating quick transactions. High interest rates, unstated fees, and strict repayment plans, however, might cause discontent, particularly if clients are unaware of the terms. The survey also highlights the need for enhanced offers and increased client confidence, noting that NBFCs face difficulties in retaining customers due to competition from FinTech companies and traditional institutions.

Cini, K. S., & Jayakumar, M. (2019)^[4] This study evaluates consumer knowledge and contentment with Kerala, India's Thrissur district offers NBFC services. It highlights NBFCs

as essential substitutes for banks, providing timely and effective services with fewer procedures, especially serving the impoverished and without access to banks. The main conclusion of the study is that respondents' demographics (gender, age, income, and education) and their level of awareness of the different services provided by NBFCs do not significantly differ from one another. Likewise, there was no discernible difference in consumer satisfaction levels according to these groups. This suggests that service qualities and trust, rather than just demographic features, may have a greater impact on awareness and pleasure. According to the survey, NBFCs are an essential component of the Indian financial system because of their affordable rates, streamlined processes, and customer-focused services.

Relevance of the Research

For average individuals to maintain their quality of living, finances play a crucial role. Non-Banking Financial Companies (NBFC) assist individuals in eliminating their financial challenges. It offers a wide range of services and serves as a haven for those in situations where traditional banking has rigid, time-consuming processes. Customers now turn to NBFCs as a last resort in this situation. NBFCs are vital social organizations that provide a range of services to support society's socioeconomic goals. For their socioeconomic demands, NBFCs in Kerala provide a variety of lending options to their clients. The current study is highly important and pertinent in this regard.

Statement of the Problem

The Indian financial system is not entirely governed by the formal system and is somewhat weak. This is mostly due to the underdeveloped banking and industrial sectors. For the large population, the banks—commercial, private, and international banks—offer a variety of services and goods. Despite this, a sizable portion of the population is not covered by the official banking system. The primary causes of this are economic and geographic disparities. To meet the requirements of these people, NBFCs have assumed responsibility in this regard. Their distinctive features include a wide range of goods and services, and they have advanced remarkably over time. This composition is an try to gauge Bengalurians awareness of and happiness with NBFC offerings.

Scope of the study

The NBFCs play a crucial role in the Indian financial system by providing a wide range of specialized financial services and products. India's formal financial system is incredibly inadequate. The formal sector only offers a small number of services that are kept in sealed containers. The requirements of underprivileged and unbanked populations are met by these NBFCs. As a result, the Indian financial system cannot exist without NBFCs. The purpose of the study is to demonstrate the degree of knowledge and contentment with NBFC services. The study was carried out

among NBFC clients who had used a range of loan services. The study's scope is restricted to the some areas in Bengaluru city. The chosen sample exclusively includes clients of Systematically Important Non-Deposit Taking NBFCs.

Goals of the Research

1. To determine how much knowledge consumers in Bengaluru city have about the different services provided by NBFCs.
2. To find out how satisfied consumers are with the different services that Bengaluru city's NBFCs provide.

Study hypotheses

- H01:** The respondents' overall awareness level and gender do not significantly differ from one another.
- H02:** The age and general awareness level of the respondents do not significantly differ from one another.
- H03:** The respondents' overall awareness level and qualifications do not differ much.
- H04:** The respondents' occupation and general degree of awareness do not significantly differ from one another.
- H05:** The respondents' wealth and general level of awareness do not significantly differ from one another.
- H06:** The respondents' gender and general satisfaction level do not significantly differ from one another.
- H07:** The respondents' age and overall satisfaction level do not significantly differ from one another.
- H08:** The respondents' qualifications and general satisfaction level do not differ much.
- H09:** The respondents' occupation and general level of satisfaction do not significantly differ from one another.
- H010:** The respondents' income and general level of satisfaction do not significantly differ from one another.

Methodology of Research

Sources of Data

The primary data used in this investigation was gathered via a standardized questionnaire. Secondary data is gathered from a variety of sources, including academic publications, textbooks, and websites

Sampling Unit

The NBFC customers in Bengaluru city make up the sampling units. The sample is chosen using a non-probability sampling technique.

Sample Size

There is a limit of 210 for the entire sample size

Data Analysis tools

The mean, standard deviation, t test, and one-way Anova were used to evaluate the data.

Data Analysis and Interpretation

Table 1: Demographics and general level of knowledge

Variables	Division	N	Average	SD	F Value	P Value	Decision (Sample t Test)
Gender (Independent)	Male	128	36.49	4.260	0.342	1.638	>.05 (Accept H01 (No significant Difference))
	Female	82	36.59	4.712			
Age (One way Anova)	Below 25	18	37.56	5.640	4.139	0.149	>.05 (Accept H02 (No significant Difference))
	26-35	36	34.81	3.801			
	36-45	82	37.07	3.955			

	46-55	40	35.20	4.441			
	Above 55	34	38.10	4.945			
Educational Qualification (One way Anova)	SSLC	44	35.52	3.947	3.188	0.339	>.05 (Accept H ₀₃ (No significant Difference))
	PUC	25	35.21	3.955			
	Undergraduate	96	37.38	4.877			
	Postgraduate	45	36.01	3.87			
Occupation (One way Anova)	Government	82	37.70	4.499	4.072	1.524	>.05 (Accept H ₀₃ (No significant Difference))
	Private	55	34.91	4.375			
	Business	35	36.83	4.346			
	Others	38	36.10	3.996			
Income(Rs.) (One way Table)	25,000-35000	50	37.42	4.392	0.643	1.524	>.05 (Accept H ₀₃ (No significant Difference))
	35,000-45,000	69	36.15	4.447			
	45,000-55,000	31	37.18	4.016			
	Above	60	35.93	4.718			
** Significant @1% level *Significant @ 5% level							

Source: Author’s Compilation

Results from Hypothesis Testing

H₀₁, H₀₂, H₀₃, H₀₄, and H₀₅ were accepted at a 5% level of significance, indicating no significant difference between

respondents' awareness of NBFC services and their demographics.

Table 2: Demographics and general level of knowledge

Variables	Division	N	Average	SD	F Value	P Value	Decision(Sample t Test)
Gender (Independent)	Male	128	76.00	6.507	0.132	1.804	>.05 (Accept H ₀₁ (No significant Difference))
	Female	82	75.7	8.531			
Age (One way Anova)	Below 25	18	81.34	7.142	0.695	1.592	>.05 (Accept H ₀₂ (No significant Difference))
	26-35	36	73.8	6.990			
	36-45	82	75.92	7.401			
	46-55	40	76.29	8.486			
	Above 55	34	74.93	6.607			
Educational Qualification (One way Anova)	SSLC	44	73.27	8.963	3.247	0.326	>.05 (Accept H ₀₃ (No significant Difference))
	PUC	25	75.44	5.098			
	Undergraduate	96	77.34	3.785			
	Postgraduate	45	75.62	6.460			
Occupation (One way Anova)	Government	82	75.88	7.691	7.421	0.021	>.05 (Accept H ₀₃ (No significant Difference))
	Private	55	75.21	6.600			
	Business	35	81.55	6.516			
	Others	38	71.92	3.543			
Income(Rs.) (One way Table)	25,000-35000	50	77.08	7.027	2.438	0.546	>.05 (Accept H ₀₃ (No significant Difference))
	35,000-45,000	69	74.39	8.246			
	45,000-55,000	31	77.02	7.128			
	Above	60	76.05	6.441			
** Significant @1% level *Significant @ 5% level							

Source: Author’s Compilation

Results from Hypothesis Testing

The 5% level of significance for H₀₆, H₀₇, H₀₈, and H₀₁₀ indicates that there are no appreciable disparities between the respondents' demographics and the general level of consumer satisfaction with NBFC services. The H₀₉ is denied at the 5% level of significance, indicating that the

respondents' overall satisfaction levels vary by occupational category. because there are notable disparities between the respondent's general level of job satisfaction and the occupation. To determine group-wise differences, a post hoc test is used.

The following are the findings of the Tuckey's post hoc test:

Table 3: Various comparisons according to the occupation

(1)Occupation	(2)Occupation	Mean Difference (1)-(2)	Sig	At 95% Confidence Level	
				Lower Bound	Upper Bound
Government	Private	2.79	.999	-2.18	2.45
	Business	0.87	.168	-4.86	.55
	Others	1.6	.218	-.67	4.55
Private	Government	-2.79	.999	-2.45	2.18
	Business	-1.92	.171	-5.18	.60
	Others	-1.19	.339	-1.00	4.61

Business	Government	-0.87	.168	-.55	4.86
	Private	1.92	.171	-.60	5.18
	Others	0.73	.005	.96	7.23
Others	Government	-1.6	.218	-4.55	67
	Private	1.19	.339	-4.61	-1.00
	Others	-0.73	.005	-7.23	-96

Source: Author’s Compilation

At the 0.05 level, the mean difference is significant. According to Tuckey's Post Hoc Test, the business group and the other groups have substantially different levels of overall satisfaction.

Findings, Suggestions and Conclusion

Out of the 110 samples chosen for the study, 67 were men and 43 were women, according to the study done to gauge the degree of awareness and satisfaction with NBFC services. The majority of responders were between the ages of 31 and 40. In Kerala, the majority of NBFC service users were government workers. Of those surveyed, half were graduates. Out of the 110 samples chosen for the study, 67 were men and 43 were women, according to the study done to gauge the degree of awareness and satisfaction with NBFC services. The majority of responders were between the ages of 31 and 40. In Kerala, the majority of NBFC service users were government workers. Of those surveyed, half were graduates.

Suggestions for Improving Client Satisfaction

Digital Transformation: To cut down on client effort and provide quicker loan processing and improved digital accessibility, invest in user-friendly apps and automated processes.

Transparency and Ethical Practices: To prevent client discontent with hidden prices, clearly reveal all interest rates and charges up front.

Employee Education and Customer Service: Teach employees how to provide moral, courteous, and effective customer service with an emphasis on fostering long-term trust rather than quick fixes.

Tailored Services: To increase customer retention, use CRM analytics to comprehend the unique needs of each client and provide products that are tailored to their wants.

Focused Awareness Initiatives: Create instructional programs to increase consumer awareness of financial products other than conventional gold loans.

Conclusion

NBFCs unquestionably play a significant part in the Indian financial system because of their features and range of services. NBFCs have emerged as a banking substitute. They provide quick and timely services with few formalities. The purpose of the current study was to evaluate Keralans' awareness and satisfaction with NBFC services. The study's findings show that while the majority of respondents have a thorough understanding of gold loans, their knowledge of MSE finance is quite limited. The respondents' demographics and their level of understanding of the different services provided by NBFCs do not

significantly differ from one another. The degree of satisfaction does not significantly differ from demographic details of the participants, excluding employment. There are notable differences in the degree of satisfaction between business groups and other groups.

Scope for Further Research

Future studies on consumer awareness of Non-Banking Financial Company (NBFC) services in Bengaluru city should concentrate on digital adoption, fintech trust, and customized service satisfaction, paying special attention to the ways in which demographic characteristics and service quality (tangibility, reliability) affect satisfaction. Studying urban consumer segmentation in Bengaluru, improving grievance redressal, and assessing digital platforms are important areas.

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