



## Provider of financial services: Muthoot Fincorp gold loan

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### Abstract

Muthoot Fincorp is one of the leading Non-Banking Financial Companies (NBFCs) in India, widely known for providing accessible financial services, especially gold loans. A gold loan allows individuals to obtain funds by pledging gold jewellery as collateral. Due to minimal documentation, faster approval, and simple procedures, gold loans have become a popular financial solution for individuals who require immediate liquidity.

The present study focuses on examining the financial services provided by Muthoot Fincorp, particularly its gold loan services in the Kalamboli region. The research aims to understand the company's operational practices, customer awareness, service quality, and the level of customer satisfaction.

A descriptive research design was adopted for the study. Primary data were collected from 50 respondents through structured questionnaires, while secondary data were obtained from company reports, academic articles, and reports issued by the Reserve Bank of India. The collected data were analyzed using percentage analysis and descriptive interpretation.

The findings indicate that most customers prefer gold loans because of quick loan processing, simple documentation procedures, and the security provided for pledged assets. The study also highlights that individuals belonging to low- and middle-income groups frequently rely on gold loans to address urgent financial requirements such as medical expenses, education, and small business investments.

Although Muthoot Fincorp has established a strong presence in the gold loan market, the organization faces challenges such as increasing competition from banks and fintech companies, growing demand for digital financial services, and risks related to fluctuations in gold prices. The study suggests that improving digital services, diversifying financial products, and enhancing customer engagement can help strengthen the company's competitive position.

Overall, the research emphasizes the significant role played by gold loan services in promoting financial inclusion and improving access to financial resources in semi-urban regions.

**Keywords:** Gold loans, NBFC, financial services, customer satisfaction, Muthoot Fincorp

### Introduction

#### Background of the Study

India's financial sector has witnessed substantial growth in recent decades due to economic reforms, increased financial literacy, and technological advancements. Along with traditional banking institutions, Non-Banking Financial Companies (NBFCs) have played a significant role in expanding financial services to individuals and businesses that may not have easy access to formal banking systems.

Among various financial products offered by NBFCs, gold loans have gained widespread acceptance in India. Gold holds both cultural and economic importance in Indian households, where it is often considered a reliable form of savings and financial security. Gold loans allow individuals to utilize this valuable asset as collateral in order to obtain quick funds.

Unlike traditional loans, gold loans generally require minimal documentation and are processed quickly. These features make them an effective financial solution for people facing urgent financial needs. As a result, gold loans are widely used to meet expenses related to healthcare, education, business activities, and household needs.

#### About Muthoot Fincorp

Muthoot Fincorp was established in 1887 by Muthoot Ninan Mathai in Kerala. Initially, the organization focused on providing small loans against gold ornaments. Over time, the company expanded its operations and developed into a major financial service provider offering a range of products including gold loans, personal loans, insurance services, and wealth management solutions.

### Research Problem

Despite the strong presence of NBFCs in the financial services sector, there is limited research examining customer satisfaction and service quality at the local branch level. In particular, the Kalamboli region has not been extensively studied in terms of customer perceptions and usage patterns related to gold loan services.

Understanding these aspects can help identify areas for improvement and support better decision-making within financial institutions.

### Objectives of the Study

The study aims to achieve the following objectives:

- To analyze the financial services provided by Muthoot Fincorp.
- To study customer awareness regarding gold loan services.
- To examine customer satisfaction with the services offered.
- To identify challenges faced by the organization in delivering financial services.
- To suggest possible improvements for enhancing service quality.

### Literature Review

Several studies have examined the role of NBFCs in expanding financial services in India. Research indicates that NBFCs contribute significantly to financial inclusion by providing credit facilities to individuals who may not qualify for traditional bank loans.

Studies on gold loan services suggest that they are widely used by low- and middle-income households because of their convenience and accessibility. Scholars have also emphasized the importance of service quality in financial institutions, highlighting factors such as reliability, responsiveness, assurance, empathy, and tangible service elements.

With the increasing use of digital technology in financial services, institutions are adopting online platforms and mobile applications to improve efficiency and customer satisfaction. However, organizations must also address concerns related to cybersecurity and data protection.

## Research Methodology

### 1. Research Design

The study follows a descriptive research design, which focuses on describing customer perceptions and evaluating service quality.

### 2. Data Collection

Two types of data were used in the study:

**Primary Data:** Collected through questionnaires distributed among customers of Muthoot Fincorp in the Kalamboli region.

**Secondary Data:** Collected from company reports, academic journals, and publications from the Reserve Bank of India.

### 3. Sample Size

The study includes 50 respondents who have used gold loan services from Muthoot Fincorp.

### 4. Data Analysis Method

The collected data were analyzed using percentage analysis and descriptive interpretation.

## Data Analysis and Results

**Table 1:** Age Distribution of Respondents

Age Group	Respondents	Percentage
18–25	10	20%
26–35	18	36%
36–45	12	24%
Above 45	10	20%

Most respondents belong to the 26–35 age group, indicating that young working individuals frequently use gold loan services.

**Table 2:** Gender Distribution

Gender	Respondents	Percentage
Male	28	56%
Female	22	44%

Both men and women actively use gold loan services.

**Table 3:** Source of Awareness

Source	Respondents	Percentage
Advertisement	15	30%
Friends/Family	18	36%
Social Media	10	20%
Branch Visit	7	14%

Word-of-mouth communication plays a major role in spreading awareness.

**Table 4:** Purpose of Gold Loan

Purpose	Respondents	Percentage
Medical Expenses	12	24%
Education	8	16%
Business Needs	15	30%
Household Expenses	10	20%
Others	5	10%

Business requirements and medical expenses are the most common reasons for taking gold loans.

**Table 5:** Customer Satisfaction Level

Satisfaction Level	Respondents	Percentage
Highly Satisfied	20	40%
Satisfied	18	36%
Neutral	7	14%
Dissatisfied	5	10%

Most customers report positive experiences with the services provided.

## Discussion

The findings indicate that gold loan services continue to be a preferred financing option among customers due to their convenience and quick processing. Muthoot Fincorp has successfully built trust among customers by providing secure and efficient services.

However, increasing competition from banks and financial technology companies is creating pressure on traditional NBFCs. To remain competitive, financial institutions must improve digital services, strengthen customer engagement, and adopt innovative financial solutions.

## Conclusion

The study concludes that Muthoot Fincorp plays a significant role in providing accessible financial services through its gold loan offerings. These services support individuals who require immediate financial assistance and contribute to financial inclusion.

The research highlights that customer satisfaction is influenced by factors such as fast loan processing, simple documentation, and reliable service delivery. Although the organization has achieved considerable success, continuous improvement in digital services and customer engagement will be essential for sustaining long-term growth.

## Limitations of the Study

- The research is limited to 50 respondents in the Kalamboli region.
- The findings may not represent the entire customer base of Muthoot Fincorp.
- Time constraints restricted the scope of data collection.

## Future Scope of Study

Future research may include:

- Comparative studies between NBFCs and banks in gold loan services.
- Analysis of digital lending platforms and fintech innovations.
- Studies involving larger sample sizes across multiple regions.

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