

CUSTOMER PERCEPTION TOWARDS POST OFFICE SAVINGS SCHEMES IN BOTH RURAL AND URBAN AREAS – A VIEW

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Abstract: Post Office Savings Schemes (POSS) have long been considered safe and accessible investment avenues in India, especially for rural households and risk-averse investors. With more than 1.55 lakh branches across the country, the Department of Posts plays a vital role in mobilizing small savings and promoting financial inclusion. This study explores customer perception towards POSS in both rural and urban areas, focusing on service quality, awareness, satisfaction, and loyalty. Using primary data collected from 259 respondents, descriptive statistics, KMO-Bartlett's test, and factor analysis were applied. Results revealed six key dimensions shaping customer perception: (1) Financial Benefits & Accessibility, (2) Service Efficiency & Responsiveness, (3) Staff Courtesy & Support, (4) Customer Recommendation & Ambience, (5) Loyalty & Overall Satisfaction, and (6) Technology & Communication Support. Findings suggest that while customers appreciate courteous staff, personalized guidance, and basic service reliability, they express dissatisfaction with digital services, accessibility, cash management, and overall financial attractiveness. The study concludes that enhancing technology integration, improving staff training, and strengthening awareness initiatives are critical to increasing satisfaction and retaining customers in both rural and urban areas.

Keywords: Post Office Savings Schemes (POSS); Customer Perception; Financial Inclusion; Rural and Urban Investors; Service Quality; Factor Analysis; Savings Behavior; India

INTRODUCTION

Savings and investment form the backbone of financial stability and economic development, especially in developing countries like India. Among the many financial institutions, the **Indian Post Office Savings Bank (POSB)** holds a unique position as the oldest and most widely accessible institution for mobilizing small savings. With its vast network of more than 1.55 lakh post offices, it reaches even the remotest corners of the country, thereby playing a crucial role in promoting financial inclusion, nurturing savings habits, and providing safe and convenient investment options to both rural and urban households (Patil & Chaudhari, 2017).

Over the decades, **post office savings schemes (POSS)** have emerged as a reliable investment avenue due to their low-risk, secure, and government-backed nature. These schemes not only encourage thrift but also cater to diverse investor needs through products like Savings Bank Accounts, Recurring Deposits, Monthly Income Schemes, National Savings Certificates, Kisan Vikas Patra, Sukanya Samridhhi Yojana, and Senior Citizen Savings Schemes (Singh & More, 2021). Their attractiveness lies in their suitability for small investors, salaried employees, senior citizens, and rural households who prioritize security and regular income over high-risk, market-linked returns.

Awareness has been recognized as a critical factor for deepening participation in POSS. Mohan Kumar and Naveen Kumar (2023) observed that most rural residents in Bengaluru lacked adequate knowledge about various postal savings schemes, underscoring the need for targeted awareness initiatives by the government to foster financial inclusion. A similar concern was echoed by Kavitha and Nachammai (2022), who found that while customers were generally satisfied with POSS, service-related improvements and better communication could enhance trust and satisfaction levels.

In fact, service delivery has been a consistent theme in POSS-related research. Vijay Anand and Selvaraj (2015), applying the SERVQUAL framework, revealed significant service quality gaps in tangibility and responsiveness dimensions, indicating that the post office sector was unable to fully meet customer expectations. This aligns with the observation of Koley (2021), who found that customer satisfaction strongly depends on the perceived safety and liquidity of investments, with security being the primary driver of confidence in POSS.

The **rural–urban divide** also emerges as a critical factor. Shailendra Kumar (2019) and Koley (2021) highlighted the crucial role of POSS in promoting savings among rural households, especially the poor and financially excluded. Their findings suggest that rural customers prioritize safety and convenience over returns. Conversely, urban customers, while also valuing security, often evaluate POSS in comparison to alternative avenues like banks and market-linked instruments (Singh & More, 2021).

Therefore, the present article entitled “*Customer Perception towards Post Office Savings Schemes in both Rural and Urban Areas – A View*” attempts to bring together insights from past literature and provide a holistic understanding of how perceptions differ across rural and urban populations. It further explores how awareness, satisfaction, and service quality influence investment behavior, thereby contributing to the discourse on strengthening financial inclusion and enhancing the appeal of POSS in the evolving financial landscape.

OBJECTIVES OF THE STUDY

1. To examine customer awareness, satisfaction, and perception towards Post Office Savings Schemes in rural and urban areas.
2. To identify the service quality dimensions influencing customer perception and loyalty.

3. To analyze the role of demographic factors in shaping investor preferences and perceptions.
4. To assess the impact of digital services, accessibility, and staff behavior on customer satisfaction.
5. To suggest strategies for improving service quality and enhancing the appeal of POSS in the evolving financial landscape.

REVIEW OF LITERATURE

Mohan Kumar and Naveen Kumar (2023) in their paper “*The Awareness Level of Indian Post Office Schemes among Customers at Bengaluru Rural District*” focused on assessing the knowledge and understanding of investors about various postal savings schemes. The study highlighted that the development of a savings habit among rural residents is one of the core objectives of post office programs, as saving is considered an effective instrument in reducing poverty. Using a descriptive research design, the study relied on primary data collected through surveys, structured questionnaires, and interview schedules. A probability sampling method, including both random and stratified sampling, was employed, with a total sample of 163 respondents. The findings revealed that most rural customers lacked adequate awareness of the different post office savings schemes. The authors concluded that greater government initiatives in educating the public about these schemes could significantly enhance savings behavior and improve financial inclusion.

Kavitha and Nachammai (2022) in their study “*Customer Perception and Satisfaction towards Investment in Post Office Savings Schemes*” analyzed the role of postal savings as a secure and convenient platform for promoting savings among the public. The post office savings bank, being the largest savings institution in the country, was highlighted as offering a variety of attractive schemes tailored to the requirements of different categories of investors. The study examined investors’ perception of post office saving schemes, their level of satisfaction, and the facilities available at post offices. Using primary data collected from 210 respondents, the researchers employed statistical tools such as ANOVA to measure the satisfaction levels of depositors and standard deviation to assess investor perceptions. The findings revealed that customers are generally satisfied with the schemes, but service-related improvements could enhance their overall experience. This research underscores the importance of customer-centric services in sustaining trust and loyalty towards post office savings schemes.

Singh and More (2021) in their study “*Consumer Perception towards Post Office Saving Scheme with Respect to Urban Area*” highlighted the significance of the Post Office Savings Bank as the oldest and largest banking institution in India. The authors emphasized that savings play a crucial role in strengthening the economy, and post office savings schemes offer a safe, risk-free, and attractive investment option, especially for small investors. The study pointed out that post offices provide a wide range of schemes such as Savings Bank Account, National Savings Certificate, Monthly Income Scheme, Senior Citizen Savings Scheme, Recurring Deposit, Sukanya Samriddhi Account, and Kisan Vikas Patra.

The research focused on how urban consumers perceive these schemes as reliable avenues to secure and grow their earnings. The findings suggested that post office schemes continue to retain customer trust due to their security and variety, making them a preferred choice for many small and middle-class investors.

Koley (2021) in his study *“Customers’ Investment Behavior and Satisfaction towards Post Office Savings Schemes: A Study with Reference to Singur Block”* analyzed the relationship between customer satisfaction, demographic factors, and the safety of investment in post office savings schemes. The research emphasized that while multiple investment avenues exist, post office schemes remain attractive due to their high returns and safety, particularly for rural households and low-income groups. The study used survey data to examine the correlation between overall customer satisfaction and factors such as investment safety and liquidity. The findings revealed a positive correlation between customer satisfaction and both safety and liquidity of the schemes, suggesting that the risk-free nature of post office investments significantly drives investor confidence. The study concluded that the perception of safety in postal savings schemes is a critical determinant of customer satisfaction and investment behavior.

Usha and Mavy Miranda (2020) in their study *“Customer Perception towards Investment in Post Office Schemes”* examined the role of post office savings as a traditional and reliable investment avenue, particularly for rural households. The authors highlighted that the Indian Post Office has been instrumental in mobilizing the savings of people by offering various small saving schemes with regular returns. Their study, conducted in Udupi Taluk of Udupi District (Karnataka State), focused on the problems faced by customers and their preferences while investing in post office savings schemes. By analyzing customer responses, the study provided insights into the strengths, weaknesses, opportunities, and threats (SWOT analysis) of the post office system. The findings emphasized that improving customer service and addressing the existing issues could enhance satisfaction levels. The research, based on both primary and secondary data collected from 53 respondents, suggested that post offices need to adapt better services and introduce new facilities to meet customer expectations more effectively.

Shailendra Kumar (2019) in his paper *“Economic Sustainability through Postal Investment Schemes in Rural Areas: A Case Study of Tiruchirappalli”* examined the significance of post office savings schemes in promoting financial inclusion and investment culture among rural households. The study emphasized that postal savings provide a safe and convenient avenue for individuals who lack access to traditional banking facilities, thereby encouraging savings among the poor and economically weaker sections. By focusing on the attitudes, perceptions, and willingness of investors in Tiruchirappalli district, the research highlighted the crucial role of post office schemes in shaping household investment behavior and ensuring economic sustainability. The findings underscored that understanding investor preferences and perceptions is essential for policymakers and regulatory authorities to formulate effective strategies for

protecting and promoting small and household investors. This study demonstrated that post office savings schemes not only mobilize resources but also contribute to rural development by nurturing a savings-oriented culture.

Patil and Chaudhari (2017) in their paper *“The Study of an Impact of Individuals’ Income on the Perception about Financial, Retail and Premium Services by Indian Post”* highlighted the multifaceted role of the Department of Posts (DoP) in India’s socio-economic development. With its vast network of over 1.55 lakh post offices, the DoP has been instrumental in providing communication, financial, insurance, and retail services, while also acting as a government agent in schemes like MGNREGS wage disbursement and old-age pension payments. The study sought to examine how individuals’ income levels influence their perception of different postal services, including small savings schemes, postal life insurance, and retail services. The findings revealed that income is a significant determinant of customer perception, as higher-income individuals tend to have different expectations and usage patterns compared to lower-income groups. This study provided useful insights into how socio-economic variables like income affect customer attitudes, which in turn can guide policy makers in improving the accessibility and attractiveness of postal financial services.

Vijay Anand and Selvaraj (2015) in their study *“Impact of Service Quality on Customer Perception: An Empirical Study in India’s Post Office Savings Banking Sector Using SERVQUAL”* examined how service quality influences customer perception in the postal savings banking sector. With growing competition in the financial sector, the authors emphasized that service quality plays a decisive role in customer satisfaction and loyalty. The study, conducted with 106 customers using a self-administered questionnaire through convenience sampling, applied tools such as factor analysis, weighted score method, and chi-square test. The results revealed that all SERVQUAL dimensions showed negative values, indicating that the post office savings sector failed to fully meet customer expectations. While the competence dimension showed only a minimal service quality gap, the tangibility factor exhibited the largest gap. Moreover, no significant relationship was found between demographic variables and service quality perceptions. Standard deviation scores further indicated a moderate deviation between customer perception and expectation. The study highlighted the need for significant improvements in service delivery to enhance customer satisfaction in the post office savings sector.

TABLE 1: DESCRIPTIVE STATISTICS OF CUSTOMER PERCEPTION TOWARDS POST OFFICE SAVINGS SCHEMES

Descriptive Statistics				
S. No.		Mean	Std. Deviation	Analysis N
1.	The Post Office premises are clean and well-maintained.	3.38	1.319	259
2.	Forms, displays, and counters are well-organized and easy to use.	3.22	1.332	259
3.	Transactions (deposits/withdrawals/maturity) are processed correctly the first time.	3.55	1.161	259
4.	Receipts and passbook entries are issued promptly.	3.61	1.092	259
5.	Queue management and token systems (where available) work effectively.	3.20	1.450	259
6.	Staff attend to customers without undue delay.	2.98	1.476	259
7.	Staff explain procedures clearly and resolve doubts confidently.	3.30	1.458	259
8.	Complaints are handled fairly and within a reasonable time.	3.09	1.348	259
9.	I feel respected and safe during my interactions at the Post Office.	3.48	1.469	259
10.	Service timings are convenient for working people.	3.10	1.469	259
11.	Staff are courteous and patient with all customers.	3.31	1.488	259
12.	Staff provide personalized guidance on choosing suitable schemes.	3.55	1.395	259
13.	Staff proactively inform me about documents needed to avoid repeat visits.	2.54	1.458	259
14.	I feel comfortable seeking help from Post Office staff.	2.23	1.346	259
15.	The Post Office is conveniently located for me.	2.20	1.222	259
16.	Operating hours suit my schedule.	2.61	1.213	259
17.	Cash management/availability at the counter meets my needs.	2.15	1.154	259
18.	I receive timely SMS/WhatsApp/email alerts about transactions and maturities.	2.12	1.078	259
19.	Online information (website/app) is up-to-date and understandable.	2.25	1.356	259
20.	Digital options reduce the need for physical visits.	2.15	1.260	259
21.	Interest rates offered are competitive for the risk level.	2.17	1.265	259
22.	Liquidity (withdrawal/loan against deposit, premature closure rules) meets my needs.	2.13	1.180	259
23.	I can assess risk and return before investing.	2.21	1.163	259
24.	Advice from agents/financial consultants influences my Post Office investments.	2.64	1.225	259
25.	Financial education programs would increase my use of Post Office schemes.	2.16	1.271	259
26.	Overall, I am satisfied with Post Office savings services.	1.91	.913	259
27.	I plan to continue/increase my investments in Post Office schemes.	1.89	1.067	259
28.	I would recommend Post Office schemes to others.	2.08	1.135	259
29.	I am unlikely to switch to other institutions for similar products.	2.08	1.204	259
30.	My recent service experiences met or exceeded my expectations.	2.15	1.092	259

Sources: Primary Data

1. General Service Quality (Tangibility & Reliability)

- Clean premises (Mean = 3.38), organized counters (3.22), correct transactions (3.55), and prompt receipts/passbook entries (3.61) scored relatively higher than other factors.
- These values are slightly **above the neutral point (3.00)**, suggesting that customers find **basic physical infrastructure and transaction reliability moderately satisfactory**.
- However, queue management (3.20) indicates only an average performance, highlighting an area for operational improvement.

Implication: Post Offices manage the basics well, but efficiency in customer flow management needs enhancement.

2. Responsiveness & Assurance

- Staff attendance without delay (2.98) and clarity in explanations (3.30) are hovering around neutral, showing **mixed experiences**.
- Handling complaints (3.09) is perceived only moderately fair.
- Respect and safety (3.48) is rated positively, showing **customers feel secure** in interactions.
- Service timings (3.10) are only average, implying possible mismatch with customer convenience.

Implication: While customers trust staff behavior to some extent, **response speed and complaint redressal** require urgent strengthening.

3. Empathy & Staff Support

- Courteous behavior (3.31) and personalized guidance (3.55) are strengths.
- But staff's **proactive communication about documents (2.54)** and customer comfort in seeking help (2.23) are **low-scoring**, suggesting gaps in empathy and approachability.

Implication: Customers appreciate courteousness but **want more proactive, customer-centric service**.

4. Convenience & Accessibility

- Convenient location (2.20), suitable operating hours (2.61), and cash availability (2.15) scored **below neutral**, indicating **dissatisfaction** with accessibility and operational convenience.

Implication: Rural/urban location challenges, cash shortages, and rigid timings act as barriers.

5. Digital Services & Communication

- Timely SMS/email alerts (2.12), updated online information (2.25), and digital alternatives reducing visits (2.15) are **low**.
- These results show customers are **not satisfied with digital integration and communication**, which is critical in today's financial services.

Implication: Post Office lags significantly in digital adoption and e-communication.

6. Financial Benefits & Awareness

- Interest rate competitiveness (2.17), liquidity (2.13), and ability to assess risk-return (2.21) are **low**, reflecting **poor perception of financial attractiveness**.
- Role of financial consultants (2.64) is slightly better but still below average.
- Financial education programs (2.16) are also rated poorly.

Implication: Customers lack awareness and perceive schemes as **less financially rewarding** compared to alternatives.

7. Overall Satisfaction & Loyalty

- Overall satisfaction (1.91), intention to reinvest (1.89), recommendation to others (2.08), loyalty (2.08), and service experience (2.15) all scored **very low (< 2.5)**.
- This indicates **strong dissatisfaction**, weak loyalty, and high risk of customer migration to banks or private financial institutions.

Implication: Despite long-standing trust in post office schemes, **current service experience fails to retain customers**.

TABLE 2: KMO AND BARTLETT'S TEST OF CUSTOMER PERCEPTION TOWARDS POST OFFICE SAVINGS SCHEMES

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.904
Bartlett's Test of Sphericity	Approx. Chi-Square	9173.199
	Df	435
	Sig.	.000

Sources: Primary Data

With a **KMO of 0.904** and **Bartlett’s Test significant at 0.000**, the data is **highly suitable for factor analysis**.

This means your 30 service-quality and perception items are interrelated enough to be grouped into meaningful underlying factors, helping to identify **key dimensions of customer perception towards Post Office savings schemes**.

TABLE 3: ROTATED COMPONENT MATRIX TEST OF CUSTOMER PERCEPTION TOWARDS POST OFFICE SAVINGS SCHEMES

Rotated Component Matrix^a	Component					
	1	2	3	4	5	6
Interest rates offered are competitive for the risk level.	.891					
Financial education programs would increase my use of Post Office schemes.	.890					
Digital options reduce the need for physical visits.	.873					

Liquidity (withdrawal/loan against deposit, premature closure rules) meets my needs.	.826				
I can assess risk and return before investing.	.825				
The Post Office is conveniently located for me.	.816				
My recent service experiences met or exceeded my expectations.	.782				
Advice from agents/financial consultants influences my Post Office investments.	.765				
Cash management/availability at the counter meets my needs.	.715				
Staff proactively inform me about documents needed to avoid repeat visits	.646				
I am unlikely to switch to other institutions for similar products.	.596				
Queue management and token systems (where available) work effectively.		.820			
Staff explain procedures clearly and resolve doubts confidently.		.817			
Complaints are handled fairly and within a reasonable time.		.801			
Transactions (deposits/withdrawals/maturity) are processed correctly the first time.		.790			
Receipts and passbook entries are issued promptly.		.749			
Staff attend to customers without undue delay.		.745			
Forms, displays, and counters are well-organized and easy to use.		.665			
Staff are courteous and patient with all customers.			.918		
I feel respected and safe during my interactions at the Post Office.			.904		
Staff provide personalized guidance on choosing suitable schemes.			.890		
Service timings are convenient for working people.			.869		
I would recommend Post Office schemes to others.				.715	
I feel comfortable seeking help from Post Office staff.				.688	
The Post Office premises are clean and well-maintained.				.536	
I plan to continue/increase my investments in Post Office schemes.					.902
Overall, I am satisfied with Post Office savings services.					.743
I receive timely SMS/WhatsApp/email alerts about transactions and maturities.					.627
Operating hours suit my schedule.					.627
Online information (website/app) is up-to-date and understandable.					.564

Sources: Primary Data

The rotated component matrix groups the 30 variables into **six major factors** that influence **customer perception towards Post Office Savings Schemes in both rural and urban areas**. The factors are interpreted based on the **highest loadings** of variables in each component:

Factor 1: Financial Benefits & Accessibility: This factor represents **financial attractiveness, investment security, and ease of access**. Customers value interest rates, liquidity, digital support, and location convenience when deciding on post office schemes.

SUGGESTIONS

1. **Strengthen Digital Services** – Expand mobile apps, online portals, and SMS/email alerts to improve convenience and reduce dependency on physical visits.
2. **Enhance Accessibility** – Improve location convenience, operating hours, and cash availability to better serve working professionals and rural households.
3. **Customer-Centric Training** – Provide regular training for postal staff on communication, empathy, and proactive service delivery.
4. **Awareness Campaigns** – Conduct financial literacy programs to educate rural and urban populations about the benefits and features of POSS.
5. **Improve Service Efficiency** – Reduce delays in transactions, streamline queue management, and ensure faster grievance redressal.
6. **Tailored Schemes for Demographics** – Design and market specific schemes to cater to youth, working professionals, women, and senior citizens.
7. **Build Trust through Transparency** – Clearly communicate scheme details, interest rates, and rules to minimize confusion and enhance customer confidence.

CONCLUSION

The study highlights that Post Office Savings Schemes continue to play a crucial role in mobilizing savings across both rural and urban populations, largely due to their safety and government backing. However, customer perception is influenced by multiple interlinked factors—service quality, staff behavior, accessibility, awareness, and digital integration. While respondents valued courteous staff, personalized guidance, and basic reliability, they reported dissatisfaction with digital adoption, cash management, and overall financial benefits. The factor analysis revealed six core dimensions shaping customer perception, with technology, communication, and service efficiency emerging as critical improvement areas. To remain competitive with banks and private institutions, the Department of Posts must prioritize modernization, customer education, and service quality enhancement. Strengthening these aspects will not only improve customer satisfaction and loyalty but also reinforce the role of POSS in advancing financial inclusion and economic development in India.

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