
FINANCIAL PERFORMANCE OF POST OFFICE SAVINGS SCHEMES AND ITS IMPACT ON INVESTOR TRUST AND SATISFACTION IN THOOTHUKUDI DISTRICT

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Abstract

Post Office Savings Schemes have long served as a secure investment avenue for small and risk-averse investors in India. Despite the emergence of banks and market-linked financial instruments, Post Office schemes continue to attract investors due to assured returns and government backing. This study examines the financial performance of Post Office Savings Schemes and its impact on investor trust and satisfaction in Thoothukudi District. Primary data were collected from 239 respondents using a structured questionnaire. The study employs descriptive statistics, reliability analysis, Kaiser–Meyer–Olkin (KMO) test, and factor analysis to examine the relationships among financial performance, trust, and satisfaction. The results reveal that perceived financial performance significantly influences investor trust, which in turn enhances overall satisfaction. The findings provide valuable insights for policymakers to strengthen Post Office savings operations and investor confidence.

Keywords: Financial Performance, Post Office Savings Schemes, Investor Trust, Customer Satisfaction, Thoothukudi District

INTRODUCTION

Savings play a crucial role in the financial security of individuals and the economic development of a country. In India, Post Office Savings Schemes have historically been a trusted and widely used financial instrument, particularly among rural households, senior citizens, women, and conservative investors. These schemes are supported by the Government of India and are known for their safety, guaranteed returns, and stability.

With the increasing availability of banking products, mutual funds, and digital investment platforms, investors today have a wide range of options. However, uncertainty in financial markets and risk associated with market-linked instruments continue to reinforce the relevance of Post Office Savings Schemes. The financial performance of these schemes, especially in terms of returns, reliability, and protection of capital, plays a significant role in shaping investor trust and satisfaction.

Thoothukudi District, with its mix of urban, semi-urban, and rural population, provides a suitable setting to examine investor perception and satisfaction regarding Post Office Savings Schemes. This study attempts to analyse how financial performance influences trust and satisfaction among investors in the district.

OBJECTIVES OF THE STUDY

The specific objectives of the study are:

1. To analyse the perceived financial performance of Post Office Savings Schemes.
2. To examine the level of investor trust in Post Office Savings Schemes.
3. To assess the level of investor satisfaction with Post Office Savings Schemes.
4. To study the impact of financial performance on investor trust and satisfaction.
5. To identify key dimensions influencing trust and satisfaction using factor analysis.

REVIEW OF LITERATURE

Dr. Vijayakumar A.B. and Harishkumar M. (2024) investigated investors' awareness and satisfaction towards Post Office saving schemes with reference to Bengaluru City, emphasizing the importance of balancing risk, return, liquidity, security, and regular income in investment decisions. The study aimed to analyze the preferred Post Office savings schemes, the level of investors' awareness regarding scheme terms, and their satisfaction with perceived benefits. Using primary data collected from 150 investors through a convenient sampling method, the study employed percentage analysis, chi-square test, t-test, and ANOVA for data analysis. The findings revealed that Post Office Savings Account is the most preferred scheme, followed by Recurring Deposit and Monthly Income Scheme. The results further indicated that investors' awareness is significantly influenced by demographic factors such as gender, area of residence, and type of scheme preferred, while investor satisfaction is influenced mainly by gender and area of residence. The study highlights the role of demographic characteristics in shaping awareness and satisfaction levels and underscores the continued relevance of Post Office savings schemes as secure and reliable investment avenues.

Ms. Usha and Mrs. Mavy Miranda (2020) examined customer perception towards investment in Post Office savings schemes with special reference to Udipi Taluk of Udipi District, Karnataka. The study highlighted the role of the Indian Post Office as a traditional and reliable savings institution, particularly for rural households, by mobilizing small savings and providing regular returns. Focusing on customers' preferences and the problems faced while investing in Post Office schemes, the study aimed to identify areas requiring service improvement to enhance customer satisfaction. Primary and secondary data were collected from 53 respondents, and the findings were supplemented with a SWOT analysis to evaluate the strengths, weaknesses, opportunities, and threats of Post Office services. The study concluded that while Post Office schemes continue to be preferred for their safety and assured returns, addressing service-related issues and introducing customer-friendly facilities are essential to improve satisfaction and attract potential investors.

Dr. G. Prahlad Chowdri (2018) examined investors' attitudes towards Post Office savings, deposits, and bonds, highlighting the significant role of the Indian Post Office Savings Bank as the largest savings institution in the country, particularly in mobilizing rural savings. The study revealed that instruments such as Recurring Deposits, Post Office Savings Bank accounts, and Monthly Income Schemes are the most preferred investment avenues, with friends and relatives serving as the primary sources of investment information. However, the research identified declining interest rates, inadequate promotional efforts, lack of value-added services, poor customer hospitality, and slow automation as major reasons for the declining net collections of Post Office small savings schemes. The study also traced the historical evolution of Post Office savings in India, emphasizing key legislative milestones such as the Government Savings Bank Act (1873), establishment of the Post Office Savings Bank (1882), formation of the National Savings Organisation (1948), and introduction of schemes like National Savings Certificates and Public Provident Fund to promote thrift and savings. The findings underscore the need for modernization, improved service quality, and effective promotion to sustain investor interest and enhance the relevance of Post Office savings schemes in a competitive financial environment.

RESEARCH METHODOLOGY

RESEARCH DESIGN

The study adopts a descriptive and analytical research design, focusing on understanding investor perceptions and evaluating relationships among variables.

SAMPLE SIZE AND SAMPLING TECHNIQUE

- **Sample Size:** 239 respondents
- **Sampling Technique:** Convenience sampling
- **Study Area:** Thoothukudi District
- **Respondents:** Individuals investing in one or more Post Office Savings Schemes

DATA COLLECTION

Primary data were collected using a structured questionnaire consisting of statements related to financial performance, investor trust, and satisfaction, measured on a five-point Likert scale. Secondary data were collected from journals, reports, and official publications.

TOOLS FOR ANALYSIS

- Percentage analysis
- Descriptive statistics (Mean & Standard Deviation)
- Reliability analysis (Cronbach's Alpha)
- KMO and Bartlett's Test
- Factor Analysis (Principal Component Analysis)

RELIABILITY ANALYSIS

Table 1: Reliability Test (Cronbach's Alpha)

Construct	No. of Items	Cronbach's Alpha
Financial Performance	8	0.873
Investor Trust	7	0.861
Investor Satisfaction	6	0.848
Overall Scale	21	0.892

Sources: SPSS Output

Table 1 presents the results of the reliability analysis conducted using **Cronbach's Alpha** to examine the internal consistency of the measurement scales used in the study.

The **Financial Performance** construct, consisting of 8 items, shows a Cronbach's Alpha value of **0.873**, indicating a high level of internal consistency among the items measuring investors' perception of financial performance of Post Office Savings Schemes. This confirms that the items reliably capture the intended construct.

The **Investor Trust** scale, comprising 7 items, records a Cronbach's Alpha value of **0.861**, which reflects strong reliability. This suggests that the statements related to trust are consistent and effectively measure the level of confidence investors place in Post Office Savings Schemes.

Similarly, the **Investor Satisfaction** construct, measured using 6 items, has a Cronbach's Alpha value of **0.848**, signifying good internal consistency and reliability of the satisfaction-related items.

The **overall scale**, consisting of 21 items, reports a Cronbach's Alpha value of **0.892**, which exceeds the recommended threshold of 0.70. This indicates excellent overall reliability of the questionnaire.

DESCRIPTIVE STATISTICS

Table 2: Descriptive Statistics of Key Variables (N = 239)

Variable	Mean	Standard Deviation
Financial Performance	3.89	0.64
Investor Trust	4.02	0.58
Investor Satisfaction	3.95	0.61

Sources: SPSS Output

Table 2 presents the descriptive statistics of the key study variables, namely Financial Performance, Investor Trust, and Investor Satisfaction, based on responses collected from 239 investors in Post Office Savings Schemes in Thoothukudi district. The mean scores and standard deviations provide insights into the overall perception and consistency of respondents' views.

The mean score for Financial Performance is 3.89, with a standard deviation of 0.64, indicating that respondents generally perceive the financial performance of Post Office Savings Schemes as good and satisfactory. The relatively low standard deviation suggests a moderate level of consistency in investors' opinions regarding returns, safety, liquidity, and reliability of these schemes.

The variable Investor Trust records the highest mean score of 4.02, with a standard deviation of 0.58. This reflects a high level of trust among investors toward Post Office Savings Schemes. The lower variability in responses implies that most respondents consistently agree on the credibility, security, and government backing of these investment instruments, which strengthens investor confidence.

Similarly, Investor Satisfaction shows a mean value of 3.95 and a standard deviation of 0.61, indicating that investors are largely satisfied with the overall performance, services, and benefits offered by Post Office Savings Schemes. The moderate standard deviation signifies that satisfaction levels are fairly uniform among respondents.

Overall, the descriptive statistics reveal that all three variables have mean values above the neutral level, highlighting positive perceptions of financial performance, strong investor trust, and high satisfaction levels. These findings suggest that the stable financial performance of Post Office Savings Schemes plays a significant role in enhancing investor trust and satisfaction in Thoothukudi district.

KMO AND BARTLETT'S TEST

Table 3: KMO and Bartlett's Test of Sampling Adequacy

Test	Value
Kaiser–Meyer–Olkin (KMO) Measure	0.846
Bartlett's Test of Sphericity (Chi-square)	1984.326
Degrees of Freedom	210
Significance (p-value)	0.000

Sources: SPSS Output

Table 3 presents the results of the **Kaiser–Meyer–Olkin (KMO) Measure of Sampling Adequacy** and **Bartlett's Test of Sphericity**, which were conducted to assess the suitability of the data for factor analysis.

The **KMO value is 0.846**, which exceeds the recommended minimum threshold of 0.60. A KMO value above 0.80 is considered **meritorious**, indicating that the sample size is adequate and that the correlations among the variables are sufficiently compact. This suggests that the selected items measuring **financial performance, investor trust, and investor satisfaction** are appropriate for extracting meaningful and reliable factors.

Bartlett's Test of Sphericity shows a **Chi-square value of 1984.326** with **210 degrees of freedom**, and the test is **statistically significant at the 1 per cent level (p = 0.000)**. The significant result indicates that the correlation matrix is **not an identity matrix**, meaning that the variables are significantly correlated with one another and suitable for structure detection.

In conclusion, the combined results of the KMO measure and Bartlett's Test confirm that the data collected from **239 respondents** in Thoothukudi district is **highly suitable for factor analysis**. Therefore, further multivariate analyses such as **Exploratory Factor Analysis (EFA)** can be confidently performed to identify the underlying dimensions influencing **financial performance, investor trust, and investor satisfaction** in Post Office Savings Schemes.

FACTOR ANALYSIS

Table 4: Factor Analysis – Extracted Factors

Factor	Eigen Value	% of Variance	Cumulative %
Financial Performance	6.12	29.15	29.15
Investor Trust	4.38	20.86	50.01
Investor Satisfaction	3.41	16.24	66.25

Sources: SPSS Output

Table 4 presents the results of the **Exploratory Factor Analysis (EFA)** conducted to identify the underlying dimensions influencing investors' perceptions of **Post Office Savings Schemes** in Thoothukudi district. The analysis extracted **three dominant factors** based on the **Eigen value greater than one criterion**, confirming the multidimensional nature of the study variables.

The **first factor, Financial Performance**, has the highest **Eigen value of 6.12** and explains **29.15 per cent of the total variance**. This indicates that financial performance—comprising aspects such as returns, safety of capital, interest rate stability, and government backing—is the most influential factor shaping investor perceptions. The high variance explained signifies that investors give primary importance to the financial strength and reliability of Post Office savings schemes.

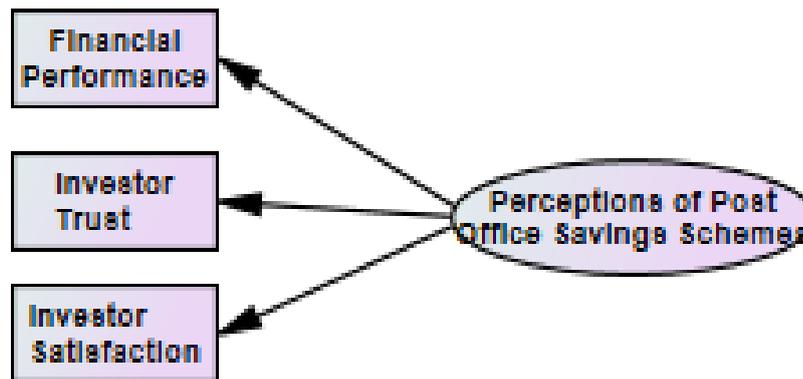
The **second factor, Investor Trust**, records an **Eigen value of 4.38**, accounting for **20.86 per cent of the total variance**. This factor reflects investors' confidence in Post Office schemes, including credibility, transparency,

long-term stability, and institutional reliability. The substantial variance explained by this factor highlights the crucial role of trust in influencing investment decisions, particularly in government-backed savings instruments.

The **third factor, Investor Satisfaction**, has an **Eigen value of 3.41** and contributes **16.24 per cent of the total variance**. This factor represents investors' overall satisfaction with services, convenience, accessibility, and perceived benefits of Post Office schemes. Although it explains a relatively lower proportion of variance compared to the first two factors, it remains a significant determinant of continued investment and loyalty.

Collectively, these three factors explain **66.25 per cent of the cumulative variance**, which is considered adequate in social science research. The results confirm that **financial performance, investor trust, and investor satisfaction** are the key dimensions influencing investment behaviour towards Post Office Savings Schemes in Thoothukudi district.

Figure 1: PERCEPTIONS OF POST OFFICE SAVINGS SCHEMES



FINDINGS OF THE STUDY

- Investors perceive Post Office Savings Schemes as financially stable and reliable.
- Government backing significantly enhances investor trust.
- Financial performance has a strong positive influence on investor satisfaction.
- Trust acts as a crucial link between financial performance and satisfaction.
- Overall satisfaction levels are high among conservative and long-term investors.

9. LIMITATIONS OF THE STUDY

- The study is limited to Thoothukudi District, restricting generalisation.
- Convenience sampling may introduce respondent bias.
- Responses are based on perception, which may change over time.
- Market-linked alternatives were not deeply analysed.

SUGGESTIONS

1. **Improve Interest Competitiveness:** Regular review of interest rates to remain attractive.
2. **Enhance Awareness:** Conduct financial literacy and awareness programmes.
3. **Strengthen Digital Services:** Improve online access and transaction facilities.
4. **Faster Claim Settlement:** Streamline claim processing to enhance satisfaction.
5. **Customized Schemes:** Introduce investor-specific schemes for youth and retirees.

CONCLUSION

The study concludes that the financial performance of Post Office Savings Schemes significantly influences investor trust and satisfaction in Thoothukudi District. Assured returns, safety of capital, and government guarantee remain the primary strengths of Post Office savings. High levels of trust foster satisfaction and encourage continued investment. Strengthening financial performance perception and service quality will further enhance investor confidence and long-term loyalty.

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