



Customer Perception Towards Tax Saving Products

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ABSTRACT :

In order to shed light on the variable influencing people views and action in this area, this study explores how tax saving products are perceived by consumers. This research identifies key factors influencing customer perceptions through a systematic review of the literature that takes into account psychological, economic, and marketing perspectives. These factors include financial literacy, risk aversion, trust in financial institutions, and demographic characteristics. Additionally, by utilizing both qualitative and quantitative methodologies, this study examines the interactions between these factors and customer attitude towards different tax saving products. The importance of greater study in clarifying consumer views to guide the creation of more successful tax savings products and techniques for improving financial well-being is emphasized in the abstract's conclusion.

Keywords: Tax Saving Products, Trust in Financial Institutions, Customer Attitude, Satisfaction of Investments.

Introduction Of Banking Industry :

The banking sector comprises networks of financial institutions known as banks that assist customers with money management and storage. Customers of banks have the option to open accounts for a variety of uses, such as investing or saving money. Because it offers resources for people, families, and organizations to use for transactions and investments, the banking sector is also beneficial to the economy. The banking sector accomplishes this, among other things, by arranging and disbursing loans to applicants for uses such as real estate acquisition, business startup, or college funding. Customers' opinions of products that save money on taxes can differ greatly. While some consumers may perceive them as complicated or hazardous, others may consider them as useful financial tools to lower their tax obligations and save money. Perception is influenced by a number of factors, such as the product's simplicity of use, possible returns, and the customer's general financial situation goals. Financial institutions can better serve their customers and enhance their perception by customizing their tax-saving products through market research and consumer preference analysis.

Financial Service Sector

The financial services industry includes real estate, insurance, banking, investment, and taxes. These businesses offer various financial services to individuals and businesses.

Types of financial services are:-

- Banking Services
- Investment Services
- Insurance Services
- Tax And Accounting Services

Problem statement of the study

Because of different contextual elements and demographic traits, the trend analysis is always susceptible to change.

Literature Review

SAWANTH K. S. (2016)

Customers of two local and foreign banks in Oman provided the assumptions for this study. An attempt has been made to identify and examine the critical elements influencing Oman's banks' level of customer service. The study's main findings include the fact that local banks in Oman have higher customer satisfaction rates than multinational banks. Local banks offer superior customer service compared to international banks.

NISHA RAKHOLIYA (2013)

In her research, found that banks appear to be joining on the Internet banking bandwagon these days. Why are banks getting more interested in the Internet all of a sudden? The first important factor is the advancements in encryption and security techniques made possible by the Internet. The second reason is that banks were afraid of losing out to banks who were first to offer their services online in terms of market share. The movement of banks' focus from being product-centric to customer-centric is another trend in e-banking. Customers can now control demand side technology and wealth management decisions by dictating the kinds of goods and services they need thanks to Internet access. Although the Internet has wealth management decisions and demand side technology in customers hands, and they can dictate the types of products and services they require. While the Internet has enabled banks to deliver desired products/ services more quickly.

JENNIFER JACKSON FEVENS (2014)

As suggested by Jennifer Jackson Fevens, VP, CIM, FSCI Assistant Branch Manager and Investment Advisor (2017), you should think about selling any values you own that have unrealized losses in order to make up for any capital gains you may have realized over the year. An effective year-end tax planning strategy is to sell securities that are losing money in order to balance the capital gains earned over the course of the year.

GAUTAM (2013)

Conducted research on tax planning strategies and tax-saving tools that allow an assessor to minimize their tax obligation. The study's objectives were to identify the most useful and well-liked tax-saving tools that have been utilized to reduce taxes and to calculate the savings associated with each tool. Overall research indicates that life insurance policies are the most widely used tax-saving tool, with provident funds coming in second.

SANKET AND CHARKHA (2018)

Research has been done by on the tax planning and investment options available to salaried individuals in various sectors of Pune. There were sixty employees in the sample, and convenient sampling methods were applied. For the study, a Chi-square and percentage tool have been utilized. Salary employees expect regular returns on their savings and more safety investments, according to the research. Compared to female respondents, male respondents are more aware of investing opportunities 2014.

SAVITA AND LOKESH GAUTAM (2013)

According to "A Study of Tax Saving Instruments," life insurance policies were the most popular and well-liked tax saving option among the sample unit that was used. Provident funds came in second and third, respectively, and tax-saving fixed deposits were the fourth and fifth options. The option that was least chosen was infrastructure bonds. Age-wise, those in the 40–50 and 50–60 age groups saved a larger portion of their income and put it into these tax-saving assets; but, money-wise, those in the higher income categories also saved more and made similar investments

DR.A.N. PANIKKAR (2014)

Study on the topic Equity Linked Savings Schemes (ELSS) are advantageous since they allow for capital accumulation and other tax advantages under Income Tax Act of 1961, Sec. 80(c), according to a study on the subject. It is a better alternative in terms of generating a return because the tax is withheld at the source, meaning that the investors received the dividend completely tax-free.

MADHAVI K (2020)

An evaluation of the services provided by banks through their e-banking services has been attempted. The benefits of using an e-banking service include enhanced cost effectiveness, client centricity, convenience, and higher service quality. This study examines the level of customer satisfaction with public and private sector banks in Puducherry region's electronic banking services. The data for the study is compiled from both primary and secondary sources, with a model size of 478. The learning outcome demonstrates that, in comparison to consumers of private sector banks, public sector bank customers have a lower perception of the key eservice quality parameters. This study suggests that improved banking solutions can be achieved through expanding the usage of ICT-based applications in financial services.

SHARMA (2014)

The study examined urban consumer banking client satisfaction. Customers expressed satisfaction with loan facilities, bank environment, regular work procedures, location, interest rates, etc., whereas dissatisfaction with loan formalities and media marking was shown by the study.

10. MONICA BEDI (2013)

The study looks into the connections between customer happiness, service quality, and behavioral intentions. The significance of service quality was also highlighted by the findings. The study also discovered variations among banks in the criteria related to service quality.

Research Methodology

1.1. Objectives of the study

Research objectives for studying the investment patterns of the working population are:

- To understand the employed population of Vadodara's investing choices.
- To determine the selected people's awareness of the financial products available for tax savings
- To determine which of the chosen financial items that save taxes is favored
- To evaluate opinions on financial securities investments that save taxes.

4.2 Research Methodology:

A methodical approach to data collection and analysis used to evaluate hypotheses is known as research methodology. When performing research on investment and decision-making related to investments and portfolio management. In this quantitative study, information is gathered by electronic questionnaires, informal interviews, and observation. Responses are gathered digitally with their data. The method of convenience sampling is applied. Every respondent is a member of the city's working population.

Research Design: Quantitative research design is a methodical approach to collecting and analyzing numerical data to investigate a certain research issue or hypothesis. The objective findings that this design arrives at by using statistical and mathematical techniques set it apart.

Sources of Data: Primary data: The technique of gathering data directly from users is known as collection. The most common methods used to acquire this kind of data are surveys and interviews. It is possible to increase accuracy and dependability by using primary data. Due to its uncontrolled collection method, this kind of data is frequently more trustworthy than data obtained from surveys or focus groups. Receiving direct input from customers helps us better understand their behavior.

- Data Collection Method: Structured Questionnaire Method
- Population: All the respondents belong to working population group.
- Sampling Method: Convenient sampling is a technique used by researchers to collect data from subjects who are most eager and easily accessible. Since it uses a non-probability sampling method, the results could not fairly represent the whole population. Because of its simplicity and ease of use, researchers frequently employ this method; nevertheless, because random selection is not used, the results may be biased.
- Sampling Frame: The sampling frame belongs to working population.
- Sample Size: The sample size for this research is 100 people.

2. Data Analysis

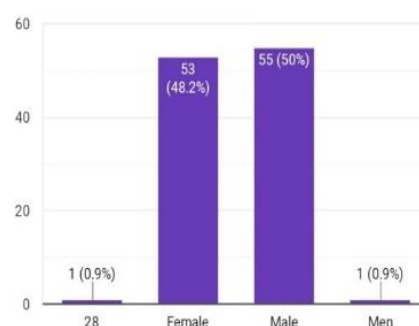
5.1 Demographic Profile-

The demographic profile of the population surveyed reveals a fairly balanced distribution between male and female respondents. Notably, an overwhelming majority, 93.6%, are aware of tax-saving investment options available in the country. The primary motivation for investment appears to be long-term savings, with approximately half expressing interest in tax-saving products. Despite this interest, preferences lean towards relatively safer options like fixed deposits and mutual funds, which offer potential for high returns alongside risks of losses. Satisfaction levels with returns and plans provided are mixed, indicating varying degrees of contentment within the surveyed population. Overall, this profile reflects a diverse range of individuals with differing levels of awareness, interests, and satisfaction regarding tax-saving investments.

5.2 Nominal Questions-

		Gender			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	51	51.0	51.0	51.0
	2	49.0	49.0	49.0	99.0
	Total	100	100.0	100.0	100.0

Valid	100
Missing	0
Mean	1.75

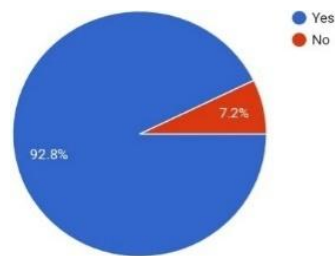


Median	1.00
Mode	1
Std. Deviation	2.698
Variance	7.280

Are you aware of tax saving investments options available in your country?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	93	93.0	93.0	93.0
	2	7	7.0	7.0	100.0
Total		100	100.0	100.0	

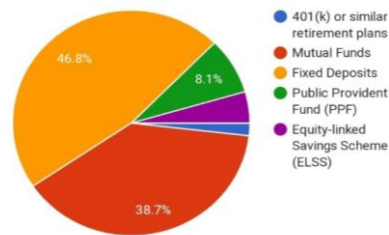
Valid	100
Missing	0
Mean	1.07
Median	1.00
Mode	1
Std. Deviation	0.256
Variance	0.066



Which tax-saving products are you most interested in?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	2	2.0	2.0	2.0
	2	35	35.0	35.0	37.0
	3	51	51.0	51.0	88.0
	4	8	8.0	8.0	96.0

Valid	100
Missing	0
Mean	2.77
Median	3.00
Mode	3
Std. Deviation	0.790
Variance	0.623



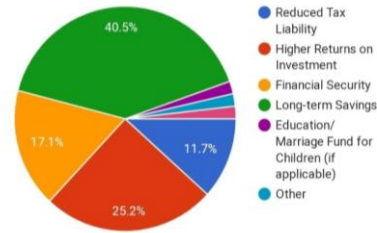
5	4	4.0	4.0	100.0
Total	100	100.0	100.0	

What benefits do you expect from tax-saving products?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	12	12.0	12.0	12.0
	2	25	25.0	25.0	37.0
	3	18	18.0	18.0	55.0
	4	39	39.0	39.0	94.0
	5	2	2.0	2.0	96.0
	6	4	4.0	4.0	100.0
Total		100	100.0	100.0	

Valid	100
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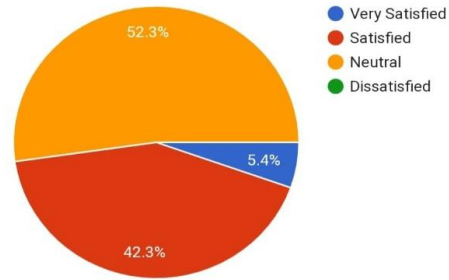
Missing	0
Mean	3.06
Median	3.00
Mode	4
Std. Deviation	1.254
Variance	1.572



Are you satisfied with the returns on your existing tax-saving investments?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	5	5.0	5.0	5.0
	2	43	43.0	43.0	48.0
	3	52	52.0	52.0	100.0
Total		100	100.0	100.0	

Valid	100
Missing	0
Mean	2.47
Median	3.00
Mode	3
Std. Deviation	0.594
Variance	0.353



5.3 Hypothesis Testing

- H0 – There is no difference between the opinions of the respondents towards the service facilities or financial products provided by the government.
- H1 - There is significant difference between the opinions of the respondents towards the service facilities or financial products provided by the government.

ANOVA

		Sum of Squares	DF	Mean Square	F	Sig.
Which tax-saving products are you most interested in?	Between Groups	0.310	2	0.155	0.245	0.783
	Within Groups	61.400	97	0.633		
	Total	61.710	99			
Are you satisfied with the returns on your existing tax-saving investments?	Between Groups	10.142	2	5.071	19.859	0.000
	Within Groups	24.768	97	0.255		
	Total	34.910	99			

ANOVA results that the various tax savings plans do not significantly differ in the consumer perception scores while on the null hypothesis the consumer perception scores of the various tax savings packages range significantly.

CHI-SQUARE TEST

Chi-Square Tests

	Value	DF	Asymptotic Significance (2-sided)
Pearson Chi-Square	8.869a	8	0.353
Likelihood Ratio	9.586	8	0.295
Linear-by-Linear Association	0.363	1	0.547
N of Valid Cases	100		

a. 11 cells (73.3%) have expected count less than 5. The minimum expected count is .10.

To determine the connection between consumer views and tax savings items, the chi-square test was used. The purpose of investigation was to ascertain if consumer perceptions and preferences for tax savings items are statistically correlated.

6. Findings

- 55 % of the people belong to male group and 51 % of the people belong to female group.
- 93.6 % of the population is aware of tax savings investment options which are available in our country
- Majority of the population invest in order to aim long term savings
- 50.5 % of the population are interested in investing in tax saving products also, 45 % of the population are not interested in investing.
- Most of the people tend to invest in tax savings products for the reduction in tax liability, build wealth for the future
- Since there are many products are available in the market but most of the people invest in fixed deposits and mutual funds which can also give high returns as well as more losses.
- About half of the population is satisfied with the returns and plans provided.

7. Conclusion :

It is important to consider the findings of studies on how customers see tax savings items. Favorable perceptions and increased adoption of tax savings products can be attributed to a number of factors, including clear communication, perceived financial benefits, and trust in the financial institution's ability to understand and address concerns as well as to provide transparent information and emphasize long-term gains. Frequent feedback methods can assist financial institutions in modifying their services to conform to client expectations, thereby cultivating a favorable perception in the long run. Factors including perceived financial benefits, product transparency, and customer trust in financial institutions all have an impact on how consumers see tax savings products. Customers who trust the suppliers, are well-informed about the benefits of the products, and see actual value in terms of taxation are more likely to have a positive perception.

Limitations of the study

- The study pertains only to people living in Vadodara.
- The total number of respondents were only restricted to 100 responses.
- The data is collected only through Structured Questionnaire Method.

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