

Customer Trust And Reliability Towards Post Office Financial Services In Thoothukudi.

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ABSTRACT

Post Office Financial Services play a vital role in promoting savings, financial inclusion, and economic security, especially in rural and semi-urban areas. Trust and reliability are the key determinants that influence customers' preference for post office schemes over other financial institutions. The present study examines the level of customer trust and perceived reliability towards post office financial services. Primary data were collected from 157 respondents using a structured questionnaire. Statistical tools such as Kaiser-Meyer-Olkin (KMO) test, Bartlett's Test of Sphericity, Factor Analysis, and Structural Equation Modeling (AMOS) were applied to identify the major factors influencing trust and reliability. The findings reveal that service transparency, employee behaviour, security of investments, and service accessibility significantly influence customer trust and reliability. The study emphasizes the need to strengthen service quality and communication to enhance customer confidence in post office financial services..

Keywords: *Customer Trust, Reliability, Post Office Savings Schemes, Financial Services, Factor Analysis, Service Quality.*

INTRODUCTION

Post Office Financial Services have long been recognized as one of the most trusted financial systems, particularly in countries like India. The postal network plays a crucial role in delivering financial services to both urban and rural populations, especially in areas where banking penetration is limited. These services include savings accounts, recurring deposits, time deposits, postal life insurance, and various small savings schemes.

In recent years, with the expansion of banking and digital financial services, the competition among financial institutions has increased significantly. Despite this competition, post offices continue to maintain a strong customer base due to their reliability, government backing, and accessibility. Trust is a fundamental factor that influences customers' decisions to invest their money in financial institutions. Customers tend to prefer institutions that ensure safety, transparency, and consistent service delivery.

Reliability, on the other hand, refers to the ability of the institution to provide accurate, dependable, and timely services. In the context of post office financial services, reliability is associated with secure transactions, timely payments, and efficient handling of customer accounts. The combination of trust and reliability plays a significant role in enhancing customer satisfaction and long-term customer relationships.

In districts like Thoothukudi and surrounding regions, post offices serve as an important financial hub for rural and semi-urban populations. Therefore, understanding the level of customer trust and reliability towards post office financial services is essential for improving service quality and ensuring financial inclusion. This study aims to analyse the factors influencing customer trust and reliability and to provide suggestions for improving the effectiveness of post office financial services.

REVIEW OF LITERATURE

Steven K. Msosa and Jeevarathnam P. Govender (2015) examined the relationship between service quality and customer satisfaction in postal financial services, focusing on the banking division of the Malawian public postal system. The study adopted a quantitative, cross-sectional, and descriptive research design, collecting data from 400 customers using the SERVPERF model and convenience sampling technique. Reliability of the instrument was confirmed through Cronbach's alpha, and relationships among variables were analyzed using Spearman's rank correlation. The findings revealed that all five dimensions of service quality—tangibles, reliability, empathy, assurance, and responsiveness—are positively and significantly correlated with each other. Moreover, these dimensions were found to have a strong and significant relationship with overall service quality, customer satisfaction, and customer loyalty. The study highlights that improving service quality dimensions plays a crucial role in enhancing customer satisfaction and fostering long-term customer loyalty in postal financial services.

Ms. Usha and Mrs. Mavy Miranda (2020) conducted a study on customer perception towards investment in post office savings schemes, emphasizing the role of the Indian Post Office as a traditional and reliable savings avenue, particularly for rural households. The study highlights that post office schemes contribute significantly to mobilizing public savings by offering secure and regular returns through various small savings instruments. Focusing on Udupi Taluk in Karnataka, the research examines customer preferences, investment patterns, and the problems faced by investors. Based on data collected from 53 respondents using both primary and secondary sources, the study also incorporates a SWOT analysis to evaluate the strengths, weaknesses, opportunities, and threats of post office services. The findings suggest that while post office schemes are trusted and widely preferred, there is a need to improve service quality and introduce customer-friendly initiatives to enhance satisfaction and attract more investors.

Milijanka Ratković, Marko Pavlović, and Maja Anđelković (2017) conducted a comparative analysis of customer satisfaction in postal and banking services in Serbia, with the objective of evaluating service quality and guiding managerial practices in both sectors. The study focused on measuring customer perceptions and expectations to assess the overall quality of services provided by post offices and banks. Using a modified SERVQUAL model and data collected through a survey conducted across the country, the researchers analyzed how different service dimensions influence perceived quality. The findings emphasized that customer satisfaction is closely linked to the gap between expectations and actual service performance, and both postal and banking institutions need to continuously improve service quality dimensions to remain competitive. The study provides valuable insights for management to adopt customer-oriented strategies to enhance service delivery and overall satisfaction.

OBJECTIVES OF THE STUDY

- To examine the level of customer trust towards post office financial services.
- To identify the factors influencing reliability of post office services.
- To analyse the relationship between trust, reliability, and customer satisfaction.
- To provide suggestions for improving customer trust in post office financial services.

RESEARCH METHODOLOGY

Research Design

The study adopts a descriptive research design.

Sources of Data

Primary Data: Collected through structured questionnaire

Secondary Data: Books, journals, government reports, websites

Sample Size

A total of 157 respondents were selected using convenience sampling technique.

Tools for Analysis

Percentage Analysis

KMO and Bartlett's Test

Factor Analysis

Structural Equation Modeling (AMOS)

Table 1: KMO and Bartlett’s Test

KMO and Bartlett's Test	Value
Kaiser-Meyer-Olkin Measure of Sampling Adequacy	0.829
Bartlett’s Test of Sphericity Approx. Chi-Square	495.376
Df	28
Significance	0.000

Source: SPSS Output

The **Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Bartlett’s Test of Sphericity** were conducted to assess the suitability of the data for factor analysis. The KMO value is **0.829**, which is higher than the recommended threshold of 0.50, indicating that the sample size of **157 respondents** is adequate and that the variables have sufficient common variance for factor analysis. Further, the **Bartlett’s Test of Sphericity** shows an approximate Chi-square value of **495.376** with **28 degrees of freedom**, and the significance level is **0.000**, which is less than 0.05. This result indicates that the correlation matrix is not an identity matrix and that there are significant relationships among the variables. Therefore, the results confirm that the data are appropriate and suitable for applying **factor analysis** to identify the underlying factors influencing customer trust and reliability towards post office financial services.

Table 2: Total Variance Explained

Factor	Eigen Value	Variance %	Cumulative %
Service Transparency	3.512	29.27	29.27
Reliability of Service	2.236	18.63	47.90
Employee Behaviour	1.768	14.73	62.63
Accessibility	1.332	11.10	73.73

Source: SPSS Output

Table 3: Rotated Component Matrix

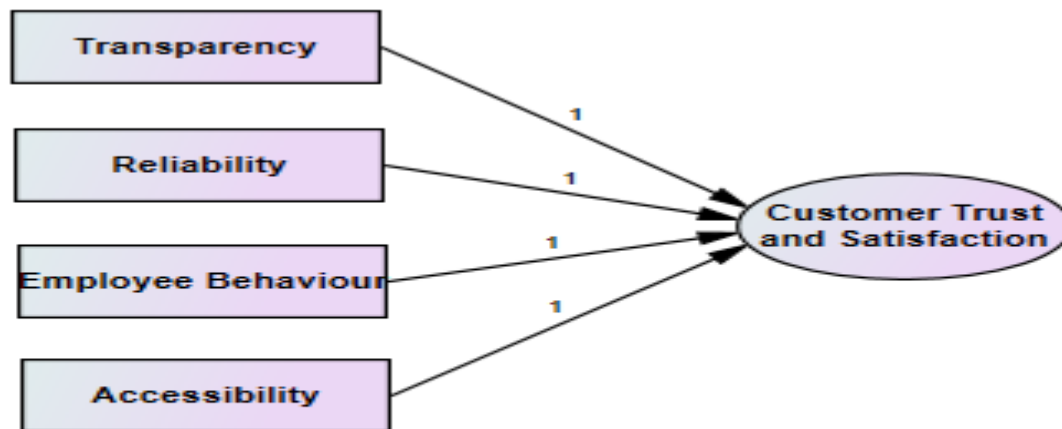
Variables	Transparency	Reliability	Employee Behaviour	Accessibility
Clear information about schemes	0.821			
Transparent transactions	0.804			
Timely payment of returns		0.792		
Accurate record maintenance		0.768		
Friendly staff behaviour			0.781	
Prompt customer service			0.756	
Easy access to post office				0.742
Availability of services in rural areas				0.724

Source: SPSS Output

The **Rotated Component Matrix** derived from factor analysis reveals the key factors influencing customer trust and reliability towards post office financial services. The variables are grouped into four major components based on their high factor loadings. The first factor, **Transparency**, includes clear information about schemes (0.821) and transparent transactions (0.804), indicating that openness in communication and clarity in financial dealings are essential for building

customer trust. The second factor, **Reliability**, consists of timely payment of returns (0.792) and accurate record maintenance (0.768), highlighting the importance of consistency, dependability, and accuracy in service delivery. The third factor, **Employee Behaviour**, includes friendly staff behaviour (0.781) and prompt customer service (0.756), emphasizing the role of interpersonal skills and responsiveness in enhancing customer confidence. The fourth factor, **Accessibility**, comprises easy access to post offices (0.742) and availability of services in rural areas (0.724), reflecting the significance of convenience and reach in ensuring customer satisfaction. Overall, the factor analysis demonstrates that these four dimensions significantly contribute to strengthening customer trust and reliability towards post office financial services.

THE STRUCTURAL EQUATION MODEL EXPLAINS THE RELATIONSHIP BETWEEN TRUST FACTORS AND CUSTOMER SATISFACTION



RELATIONSHIP BETWEEN TRUST FACTORS AND CUSTOMER SATISFACTION

Sources: AMOS Output

The AMOS model indicates that service transparency and reliability have a strong positive impact on customer trust, followed by employee behaviour and accessibility.

LIMITATIONS OF THE STUDY

The study is limited to 157 respondents.

The research is based on customer perceptions, which may involve bias.

The study focuses only on selected variables related to trust and reliability.

The geographical coverage is limited to a specific region.

SUGGESTIONS

Post offices should improve transparency in communication and transactions.

Timely delivery of services should be ensured to enhance reliability.

Staff should be trained to improve customer handling skills and behaviour.

Digital services should be strengthened to improve accessibility.

Awareness programs should be conducted to educate customers about financial schemes.

CONCLUSION

Customer trust and reliability are crucial for the success of post office financial services. The study reveals that transparency, reliability, employee behaviour, and accessibility significantly influence customer trust and satisfaction. Post offices continue to play a vital role in promoting savings and financial inclusion, particularly in rural areas. Strengthening these factors will not only improve customer confidence but also enhance the overall effectiveness of post office financial services. Therefore, continuous improvement in service quality, communication, and infrastructure is essential to sustain customer trust and ensure long-term growth.

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