

An Analysis of the Financial Challenges Faced by Private Bank Customers in Maintaining Minimum Balance

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Abstract

The banking sector plays an important role in promoting financial inclusion and economic development. In recent years, private sector banks have introduced and revised minimum balance requirements in savings accounts to ensure stable deposits and improve operational efficiency. However, these policies often create financial challenges for customers, particularly those belonging to low- and middle-income groups. This study titled “An Analysis of the Financial Challenges Faced by Private Bank Customers in Maintaining Minimum Balance” aims to examine the socio-economic factors influencing the ability of customers to maintain minimum balance, identify the difficulties faced by customers, analyze their awareness of minimum balance rules, evaluate their satisfaction with bank policies, and assess the financial impact of penalties imposed for non-maintenance. The study is based on primary data collected from 140 respondents in Thoothukudi Taluk using a structured questionnaire and convenience sampling method. Statistical tools such as percentage analysis, ANOVA, Independent t-test, and Chi-Square test were used to analyze the data. The findings reveal that a majority of respondents are young individuals with relatively low-income levels, which makes it difficult for them to maintain the required balance. The analysis also indicates that age does not significantly influence most perceptions regarding minimum balance policies, whereas gender shows variation in satisfaction levels in certain aspects. Furthermore, occupation has a significant relationship with the reasons for difficulty in maintaining the required minimum balance. The study highlights the need for greater transparency, flexible banking options, and improved customer awareness to reduce financial burden and enhance customer satisfaction.

Keywords - Minimum Balance, Private Banks, Customer Satisfaction, Financial Challenges, Banking Policies, Penalty Charges, Financial Inclusion

INTRODUCTION

The banking sector plays a crucial role in the economic development of a country by mobilizing savings, facilitating payments, and promoting financial inclusion. Over the past few decades, the Indian banking system has undergone significant transformation due to liberalization, technological advancement, and increased competition between public and private sector banks. Private sector banks, in particular, have focused on service efficiency, digital banking, and profitability, often implementing policies such as minimum balance requirements for savings accounts. While these policies support bank's operational efficiency, they have also become a matter of concern for customers, especially those belonging to low and middle-income groups. The minimum balance requirement is a policy adopted by banks to ensure stable deposits and cover operational costs without imposing direct monthly service fees. While this practice is financially beneficial for banks, it has become a subject of concern and debate among customers, especially in semi-urban and developing cities. An increase in minimum balance requirements does not only create a financial burden but also results in psychological

and behavioral impacts on customers, particularly those belonging to lower- and middle-income groups.

Private sector banks are often preferred for their superior service quality, digital banking facilities, faster transactions, and personalized customer support. However, higher service charges and strict minimum balance requirements create a paradox where customers appreciate service efficiency but feel dissatisfied with the associated financial obligations. For many customers, banking is not merely a transactional activity but a relationship based on trust, fairness, and transparency. When minimum balance policies are perceived as profit-oriented or unfair, customer satisfaction and trust tend to decline. Moreover, customer perception towards such policies is influenced by multiple factors such as awareness, financial literacy, service quality, and demographic characteristics, particularly gender. Differences in awareness levels, perceptions of fairness, and satisfaction indicate that banking policies may not be equally understood or accepted by all customer groups. Lack of clear communication and transparency from banks further intensifies dissatisfaction and mistrust among customers. Understanding these challenges helps identify gaps between banking policies and customer realities. This

study seeks to examine the nature of these financial difficulties, their impact on customers' banking behavior, and the broader implications for financial inclusion.

REVIEW OF LITERATURE

Satyanarayana, Rao, and Surya (2023) analyzed the financial performance of Indian banks and observed that banks increasingly rely on service charges and non-interest income sources. The study indicated that such charges may indirectly influence customer banking behaviour and financial management.

Sharma (2024) examined the financial behaviour of urban households in India and found that income level, employment type, and financial literacy significantly influence the ability of individuals to maintain bank balances and savings. The study revealed that low-income households often struggle to maintain required balances due to irregular income and financial instability.

Dholakiya and Chavda (2025) conducted a study titled "To Study Consumer Perception about Increase in Minimum Account Balance by Private Sector Banks in Bhavnagar City," which provides important insights into the financial challenges faced by bank customers due to increased minimum balance requirements. The study focuses on how changes in minimum balance policies influence customer awareness, perceived fairness, satisfaction, and behavioral responses, particularly highlighting the financial burden imposed on customers

STATEMENT OF THE PROBLEM

In recent years, private sector banks in India have increasingly imposed and revised minimum balance requirements on savings bank accounts as part of their operational and profitability strategies. While these policies aim to ensure financial stability and improve service efficiency for banks, they have created significant challenges for customers, particularly those belonging to low- and middle-income groups. Failure to maintain the prescribed minimum balance often results in penalty charges, which directly affect customers' savings and overall financial well-being. The problem is further compounded by the gap between banking policies and customer expectations regarding transparency, fairness, and financial inclusion. While private banks focus on profitability and service differentiation, the needs and limitations of economically vulnerable customers are often overlooked. Understanding these challenges is essential to assess whether minimum balance requirements act as a barrier to effective financial inclusion in the region. The problem addressed in this study is the difficulty faced by private bank customers in Thoothukudi Taluk in maintaining the required minimum balance due to irregular income, penalty charges, and limited awareness, which adversely affect their savings, satisfaction, and continued use of private banking services.

OBJECTIVES

- To study the socio – economic factors affecting minimum balance maintenance.
- To identify the problem faced or difficulties faced by consumers in maintaining minimum balance.
- To analyze consumer awareness regarding minimum balance rules and associated charges.
- To evaluate the account holder's perception and satisfaction with the minimum balance policy.
- To assess the financial impact (penalties/fees) incurred by consumers due to non- maintenance.

NULL HYPOTHESIS - H₀

H₀₁: There is no significant relationship between age and perception of the respondents

H₀₂: There is no significant difference between gender factor and satisfaction level of the respondents

H₀₃: There is no significant relationship between the occupation of the respondents and the reasons they face difficulty in maintaining a minimum balance

1.5 METHODOLOGY

Designing a suitable methodology and selection of analytical tools are important for a meaningful analysis of any research problem. This section shows the choice of the study area, sample design, collection of data and tools of analysis used in the study.

Keeping the objectives of the study in mind the researcher constructed the questionnaire to elicit information from the customer. The questionnaire was administered to a sample of 140 respondents selected at convenience sampling method given in the time frame within which the researcher was meant to be completed.

Data collection is the process of obtaining information from the respondents. In the present study, both the primary data and secondary data have been used. The study is largely based on primary data. The required primary data have been collected through a well-structured questionnaire both by visiting the houses of the respondents, online reservation centres and public places. Necessary secondary data have been collected from various secondary data collected from various sources like newspapers, magazines and websites.

The questionnaire schedule thus filled up is thoroughly examined to ensure accuracy, consistency and completeness. The Collected data are then edited and tabulated for analysis. The data collected from the primary source are analysed with reference to each of the objectives by applying appropriate statistical tools.

Data collected and analysed through using simple statistical analysis such as percentage, frequency tables, ANOVA, Independent t-test and Chi-Square.

Analysis and Interpretation**Demographic Profile**

S. NO	FACTORS	FREQUENCY	PERCENTAGE
1	Gender		
	Male	65	46
	Female	75	54
2	Age		
	Below 20	26	19
	21-30	101	72
	31-40	11	07
	41-50	1	01
	Above 50	1	01
3	Educational Qualification		
	No formal/ School level	9	6
	Undergraduate	70	50
	Postgraduate	43	31
	Diploma	12	09
	Professional	6	04
4	Occupation		
	Student	37	26
	Private employee	55	39
	Government employee	19	14
	Self - Employed	19	14
	Homemaker	10	07
5	Monthly Income		
	Below Rs.10,000	29	21
	Rs.10,001-20,000	42	30
	Rs.20,001-30,000	41	29
	Rs.30,001-40,000	15	11
	Above Rs.40,000	13	09
TOTAL		140	100

Source: Primary data

Interpretation

The demographic profile of the respondents shows that out of 140 respondents, the majority are female (54%), while 46% are male. In terms of age, most respondents (72%) belong to the 21–30 age group, followed by 19% below 20 years, indicating that young adults form the major portion of the sample. Regarding educational qualification, 50% of the respondents are undergraduates, 31% are postgraduates, while smaller proportions have diploma (9%), school level education (6%), and professional qualifications (4%). With respect to occupation, private employees constitute the majority (39%), followed by students (26%), while homemakers (7%), government employees (14%), and self-employed individuals (14%) make up the remaining respondents. In terms of monthly income, 21% of respondents earn below Rs.10, 000, 30% earn between Rs.10, 001–20,000, and only a small

percentage earn higher income levels. Overall, the data indicates that the majority of respondents are young, educated students with relatively low monthly income levels.

ANOVA

Analysis of Variance (ANOVA) is a statistical technique used to test whether there is a significant difference between the means of two or more groups. It helps researchers determine whether variations among different groups occur due to real differences or merely by chance. The method was developed by the statistician Ronald A. Fisher and is widely used in social science and management research.

In this study, ANOVA is used to test the hypothesis H01: There is no significant relationship between age and perception of the respondents. The purpose of applying ANOVA here is to examine whether the perceptions of respondents differ significantly across

different age groups. The test compares the variation between age groups with the variation within each group to determine whether the differences in perception are statistically significant. If the calculated F-value obtained from ANOVA is greater than the table value at a chosen level of significance (usually 5%), the null hypothesis will be rejected, indicating that age has a significant influence on the perception of respondents.

Otherwise, the null hypothesis will be accepted, showing that there is no significant relationship between age and perception.

Thus, ANOVA serves as an important statistical tool in this study to analyze whether age differences affect the perception of respondents regarding financial challenges in maintaining minimum balance in private banks.

H01: There is no significant relationship between age and perception of the respondents

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
The minimum balance requirement set by my bank is reasonable.	Between Groups	1.337	4	.334	.265	.900
	Within Groups	170.456	135	1.263		
	Total	171.793	139			
The penalties for not maintaining Minimum balances are fair	Between Groups	4.529	4	1.132	1.176	.324
	Within Groups	130.006	135	.963		
	Total	134.536	139			
My bank provides clear and adequate information about minimum balance rules.	Between Groups	3.579	4	.895	.888	.473
	Within Groups	135.964	135	1.007		
	Total	139.543	139			
The policy is consistent with my income and spending habits.	Between Groups	7.608	4	1.902	2.070	.088
	Within Groups	124.077	135	.919		
	Total	131.686	139			
The minimum balance requirement is aligned with the type of account I hold (savings, current)	Between Groups	13.395	4	3.349	3.221	.015
	Within Groups	140.348	135	1.040		
	Total	153.743	139			
The bank’s communication regarding minimum balance is transparent and understandable.	Between Groups	2.097	4	.524	.540	.707
	Within Groups	131.125	135	.971		
	Total	133.221	139			
The frequency and clarity of notifications about balance and charges.	Between Groups	1.872	4	.468	.507	.731
	Within Groups	124.671	135	.923		
	Total	126.543	139			
The ease of maintaining the minimum balance through online or offline services	Between Groups	11.122	4	2.780	2.599	.039
	Within Groups	144.450	135	1.070		
	Total	155.571	139			

Source: Primary data

Interpretation

The ANOVA test was conducted to examine whether there is a significant relationship between age and the perception of respondents regarding minimum balance requirements in private banks. The null hypothesis (H01) states that there is no significant relationship between age and perception of the respondents.

From the table, it is observed that for most of the perception statements, the significance (p) values are greater than 0.05, indicating that there is no statistically significant difference in perceptions among different age groups. Specifically, statements such as “The

minimum balance requirement set by my bank is reasonable” (Sig = 0.900), “The penalties for not maintaining minimum balances are fair” (Sig = 0.324), “My bank provides clear and adequate information about minimum balance rules” (Sig = 0.473), “The bank’s communication regarding minimum balance is transparent and understandable” (Sig = 0.707), and “The frequency and clarity of notifications about balance and charges” (Sig = 0.731) show p-values greater than 0.05. Hence, for these statements the null hypothesis is accepted, meaning that respondents from different age groups have similar perceptions regarding these aspects. However, for the statements “The minimum balance requirement is aligned with the type of account I hold”

(Sig = 0.015) and “The ease of maintaining the minimum balance through online or offline services” (Sig = 0.039), the significance values are less than 0.05, indicating a significant difference in perception among different age groups. Therefore, the null hypothesis is rejected for these particular factors, suggesting that age influences respondents’ opinions regarding account type alignment and ease of maintaining minimum balance.

Overall, the analysis indicates that age does not significantly influence most perceptions related to minimum balance policies, except in certain aspects related to account type suitability and ease of maintaining the balance.

Independent t-Test

The Independent Sample t-test is a statistical tool used to determine whether there is a significant difference between the means of two independent groups. It is commonly applied in social science and management research when the researcher wants to compare the opinions or perceptions of two groups such as male and female respondents. The independent t-test was developed based on the statistical theory of William

Sealy Gosset, who introduced the concept of the t-distribution.

In this study, the independent t-test is used to test the hypothesis “There is no significant difference between gender factor and satisfaction level of the respondents.” The test helps to identify whether male and female respondents differ significantly in their satisfaction regarding banking services or minimum balance requirements. The independent t-test works by comparing the mean satisfaction scores of male and female respondents and determining whether the difference between these means is statistically significant. If the p-value (significance value) is less than 0.05, the null hypothesis will be rejected, indicating that gender has a significant influence on the satisfaction level of respondents. On the other hand, if the p-value is greater than 0.05, the null hypothesis will be accepted, showing that there is no significant difference in satisfaction levels between male and female respondents.

Thus, the independent t-test is an effective statistical tool used in this study to examine whether gender differences influence the satisfaction level of private bank customers regarding minimum balance policies and related banking services.

H02: There is no significant difference between gender factor and satisfaction level of the respondents

Independent t-test			
Factors		Levene's Test for Equality of Variances	
		F	Sig.
The overall minimum balance policy of the bank.	Equal variances assumed	13.151	.000
	Equal variances not assumed		
The penalties and charges applied for not maintaining minimum balance	Equal variances assumed	16.585	.000
	Equal variances not assumed		
The support provided by the bank to help maintain the minimum balance	Equal variances assumed	6.607	.011
	Equal variances not assumed		
The fairness of minimum balance requirements in relation to income and expenses	Equal variances assumed	1.756	.187
	Equal variances not assumed		
The availability of flexible or zero-balance account options.	Equal variances assumed	.090	.765
	Equal variances not assumed		
The support received from bank staff regarding minimum balance issues.	Equal variances assumed	5.333	.022
	Equal variances not assumed		
The convenience of maintaining a minimum balance through digital banking facilities.	Equal variances assumed	5.599	.019
	Equal variances not assumed		
The transparency of deductions related to minimum balance charges	Equal variances assumed	6.090	.015
	Equal variances not assumed		

Source: Primary data

Interpretation

The Independent Sample t-test was applied to examine whether there is a significant difference between the gender factor and the satisfaction level of the respondents regarding minimum balance policies in private banks. The null hypothesis (H02) states that there is no significant difference between gender and satisfaction level of the respondents.

From the table, the Levene’s Test for Equality of Variances was conducted to check whether the variance between male and female respondents is equal. It is observed that for most of the factors, the significance values are less than 0.05, indicating that the variances between the two groups are not equal. Specifically, the factors such as “The overall minimum balance policy of the bank” (Sig = 0.000), “The penalties and charges applied for not maintaining minimum balance” (Sig = 0.000), “The support provided by the bank to help maintain the minimum balance” (Sig = 0.011), “The support received from bank staff regarding minimum balance issues” (Sig = 0.022), “The convenience of maintaining a minimum balance through digital banking facilities” (Sig = 0.019), and “The transparency of deductions related to minimum balance charges” (Sig = 0.015) show significance values less than 0.05. This indicates that there is variation in responses between male and female respondents regarding these aspects.

However, for the factors “The fairness of minimum balance requirements in relation to income and expenses” (Sig = 0.187) and “The availability of flexible or zero-balance account options” (Sig = 0.765), the significance values are greater than 0.05, indicating that there is no significant variation between male and female respondents for these aspects.

Overall, the analysis suggests that gender influences the satisfaction level of respondents in several aspects related to minimum balance policies, bank support, digital banking convenience, and transparency of deductions, while in some factors such as fairness of balance requirements and availability of flexible account options, the perceptions of male and female respondents are similar.

Chi-Square Tests

The Chi-Square Test is a statistical tool used to determine whether there is a significant association or relationship between two categorical variables. It is widely used in social science and management research to analyze whether differences between observed and expected frequencies occur due to chance or due to a real relationship between variables. The chi-square test was developed by the statistician Karl Pearson.

In this study, the Chi-Square test is applied to examine the hypothesis H03: There is no significant relationship between the occupation of the respondents and the reasons they face difficulty in maintaining a minimum balance. The purpose of using this test is to identify whether respondents from different occupational groups such as employees, business people, students, and others experience different reasons for difficulty in maintaining the required minimum balance in their bank accounts. Thus, the Chi-Square test helps to identify whether occupational differences affect the financial challenges faced by bank customers in maintaining the minimum balance requirement.

H03: There is no significant relationship between the occupation of the respondents and the reasons they face difficulty in maintaining a minimum balance

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	41.046 ^a	20	.004
Likelihood Ratio	37.150	20	.011
N of Valid Cases	140		

Source: Primary data

Interpretation

The Chi-Square test was applied to examine the relationship between the occupation of the respondents and the reasons they face difficulty in maintaining the minimum balance in private banks. The null hypothesis (H03) states that there is no significant relationship between occupation and the reasons for difficulty in maintaining the minimum balance. From the table, the Pearson Chi-Square value is 41.046 with 20 degrees of freedom, and the significance value (p-value) is 0.004.

Since the significance value is less than 0.05, the null hypothesis is rejected. This indicates that there is a significant relationship between the occupation of the respondents and the reasons they face difficulty in maintaining the minimum balance.

The Likelihood Ratio value (37.150) with a significance value of 0.011 also supports the same conclusion, as it is less than the 0.05 level of significance. This further confirms that the occupational status of respondents influences the reasons for facing difficulty in

maintaining the required minimum balance. However, the Linear-by-Linear Association value shows a significance level of 0.602, which is greater than 0.05, indicating that there is no linear relationship between the variables. Despite this, the overall Chi-Square result clearly shows a significant association between occupation and the difficulties faced in maintaining minimum balance. Therefore, it can be concluded that the occupation of respondents plays an important role in influencing the reasons for difficulty in maintaining the minimum balance in private bank accounts.

CONCLUSION

The present study examined the financial challenges faced by private bank customers in maintaining the required minimum balance in their savings accounts. The findings indicate that a large proportion of respondents belong to the younger age group and have relatively low monthly income, which makes it difficult for them to consistently maintain the prescribed balance. Although private sector banks are preferred for their efficient services and digital banking facilities, strict minimum balance requirements and penalty charges create financial pressure and dissatisfaction among certain groups of customers.

The statistical analysis revealed that age does not significantly influence most perceptions regarding minimum balance policies, while gender shows variation in satisfaction levels in some aspects related to bank support, digital convenience, and transparency of deductions. Furthermore, the chi-square analysis confirmed that occupation has a significant relationship with the reasons for difficulty in maintaining the required minimum balance. This suggests that individuals with irregular or limited income are more likely to experience financial strain in meeting banking requirements. Overall, the study highlights the need for private banks to adopt more flexible and customer-friendly policies, improve transparency in communicating minimum balance rules, and provide suitable account options for customers from different income groups. Such measures would help reduce financial burden, improve customer satisfaction, and support the broader objective of financial inclusion.

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