

Study of Digitalization in Loan Disbursement Process in Reference to Bank of Maharashtra, Thergao Pune

Prof. Kavita Chavan, Prof. Pooja Prajapati

¹Assistant Professor, Institute of Technical Education, Research & Management, Akurdi, Pune.

²Assistant Professor, MBA Finance, Institute of Technical Education, Research & Management

Abstract:

The rapid growth of digital technologies as well as the amount of data that devices and applications collect daily, increasingly drive organizations to radically transform their business models. Organizations are impacted by headway in technology. The banking industry has undergone a dramatic shift in recent years, driven by the rapid advancements in digital technology. This digital transformation in banking and financial services has noteworthy changed how traditional banks operate and interact with their customers. In today's digital age, customer expectations and behaviors have evolved, leading banks to adapt and embrace new technologies to stay competitive and deliver superior financial services. Digitalization has transformed traditional loan processes into fast, paperless, and automated systems. The Customers can apply, verify and receive loan approvals online, improving convenience and accessibility. Technologies like e-KYC, digital signatures, online verification, and automated credit checks help reduce delays and errors. The Overall, digitalization improves speed, transparency, and customer satisfaction in loan disbursement.

Introduction:

Digital transformation in banking and financial services refers to the massive shift from traditional banking practices to modern digital solutions and platforms. They are integrating innovative technologies, such as AI and machine learning, cloud computing and digital channels, into the banking industry. The importance of digital transformation in banking lies in its ability to enhance customer experience, streamline operational efficiency and drive business growth. AI and ML have had a profound impact on digital banking transformation. The emerging technologies have fulfilled contemporary customer demands in the financial industry, facilitated tailored financial services and improved banking risk assessment.

Digitalization in Loan disbursement:

Bank loan is sum borrowed from financial institution, like Banks that must be repaid over time with added interest which may be fixed or fluctuating depending upon the set schedule, often secured by Collateral (like a house or a Mortgage) sometimes its unsecured depending upon the borrower's creditworthiness. Digitalization in loan disbursement refers to using technology, online platforms, and automated systems to complete the loan process. It replaces traditional paper-based and manual methods with fast, secure, and efficient digital tools. The concept focuses on improving speed, accuracy, customer convenience, and

transparency in the entire loan journey.

About Bank of Maharashtra:

Bank of Maharashtra is a leading public sector bank headquartered in Pune, Maharashtra. Established in 1935 and nationalized in 1969, it is majority-owned by the Government of India. The bank offers a wide range of retail, agricultural, and MSME banking services across India, with a strong presence in Maharashtra and other states. It operates over 2,600 branches and 2,400+ ATMs, serving millions of customers. Known for its focus on financial inclusion, the bank has been actively adopting digital banking solutions and participates in various government schemes.

Different types of loan offered by Bank of Maharashtra:



MAHA RETAIL FESTIVAL OFFER

<p>MAHASUPER HOUSING LOAN — Rate of interest only — 7.05% p.a Lowest EMI Rs. 669/- per lakh Repayment period 30 years PMAY Subsidy available up to Rs.2.67 Lakh Processing Fee Waiver Till 30.11.2020 2 EMI Free</p>	 Take over / Balance Transfer	<p>MAHASUPER CAR LOAN — Rate of interest only — 7.45% p.a Lowest EMI Rs. 1531/- per lakh Repayment period 7 years Processing Fee Waiver Till 30.11.2020</p>	
	<p>PERSONAL LOAN — Rate of interest only — 9.70% p.a Loan Available up to Rs. 10 lakh Repayment period 5 years</p>		<p>MAHA GOLD LOAN — Rate of interest only — 7.50% p.a Loan Available up to Rs. 20 lakh Processing Fees Nil</p>

Bank of Maharashtra
 बैंक ऑफ महाराष्ट्र
 महाराष्ट्र सरकार का अड्डा
 एक परिवार एक बैंक

TAKE SAFETY STEPS FOR COVID-19

- Wear Mask and Hand Gloves
- Sanitize Hand Frequently
- Keep Social Distancing
- Check Temperature
- Don't Spit in Public Place

Follow us @mahabank

Objectives of the study:

1. To study the impact of digitalization on loan processing time, customer satisfaction, and operational efficiency in Bank of Maharashtra Thergao Branch Pune.
2. To identify the challenges faced by employees and customers during the digital loan process of bank of Maharashtra Bank, Thergao Brach Pune.

Statement of Problem:

- Even though banks have introduced digital systems, many customers still face delays in loan approval and disbursement.
- Lack of awareness and difficulty in using digital platforms create challenges for some customers.
- Manual verification in some steps leads to slow processing and reduces the benefits of digitalization.
- There is a need to study whether digital tools actually improve speed, accuracy, and customer satisfaction in the loan disbursement process.

Research Methodology:

The descriptive and analytical approach was found to be appropriate and suitable for the investigation as

the researcher felt that it will enable to critically analyze and describe the phenomena as it is. The method helped the researcher to examine the Lack of awareness and difficulty in using digital platforms create challenges for some customers in Bank of Maharashtra, Thergao Branch, Pune. The study also explores challenges faced by both banks and customers in adopting digital processes.

Sample of the study:

In the present study, a sample of 100 including Customers and employees both was selected from all the Loan Department in Bank of Maharashtra, Pune.

Accordingly, to keep the sample size equal it was thus decided to select Customers as well as Employees from the entire loan department. The sample was selected randomly irrespective of designation/class of the respondent. Thus the sample consisting of 90 customers and 10 employees from each made a total sample of 100.

Tools of data collection:

The tools for the present study were selected attentively by the researcher. Keeping in view the nature and objectives of the study, the researcher selected questionnaire tool for the study which was self-constructed. The questions included in the questionnaire were framed keeping in view the Loan policies, Process which can help banks enhance efficiency, reduce errors, and provide better services, making the loan process more transparent and customer-friendly. The questionnaires included both close ended as well as open ended questions. Close ended questions were included to collect short information and open ended questions to collect further detail of responses from the respondents.

Procedure of the study:

For collecting data from Customers & Employee respondents, researcher was visited to get the permission letter issued by bank. After getting written permission from the Head Manager. the head of the departments was contacted and the purpose of the study was explained. All the head of the departments welcomed the idea and enthusiastically came forward for helping in collecting the data. The researcher explained them about the aim of the study and requested them to fill the questionnaire. They were assured about the secrecy of the responses. Those who due to their busy schedule, expressed helplessness to fill the questionnaire during working hours were requested to fill the questionnaire using email facility whenever and wherever they can.

Statistical Techniques:

In the present study, percentage method was used for the better understanding of the collected data.

Results of the study:

The data for the present study was collected with the help of self-constructed questionnaires which were again constructed specifically keeping in view the objectives and research questions of the study. The objective-wise analysis and interpretation of the result is as follows:

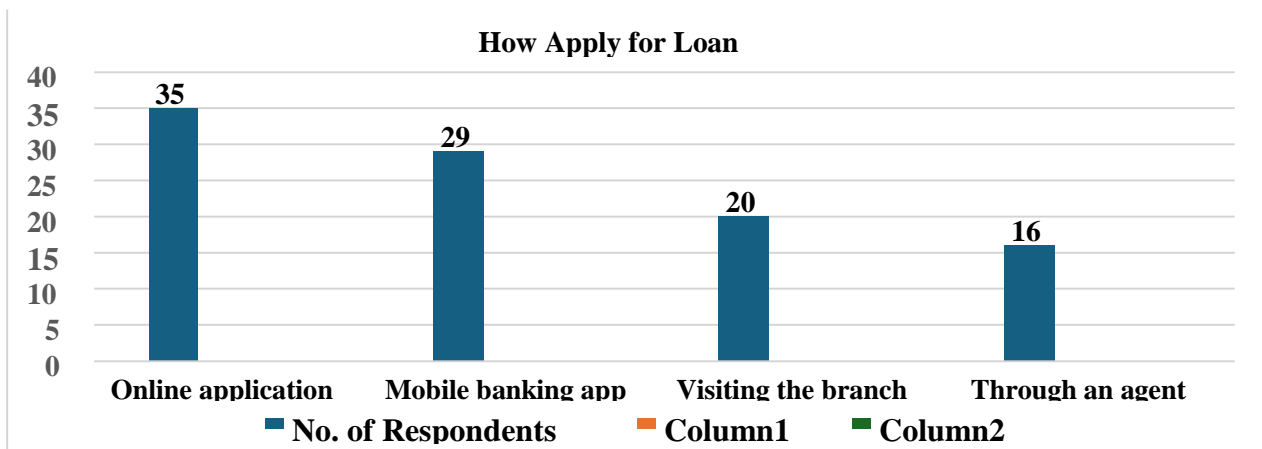
Questionnaire for teachers and learners:

The final draft of the questionnaire for Customers & employees included 15 questions out of which 9 were close ended and 06 were open ended.:

Close ended questions:

Question 1-How did you apply for the loan?

Particulars	No. of Respondents	Percentage
Online application	21	35%
Mobile banking app	29	29%
Visiting the branch	20	20%
Through an agent	16	16%
Total	100	100%

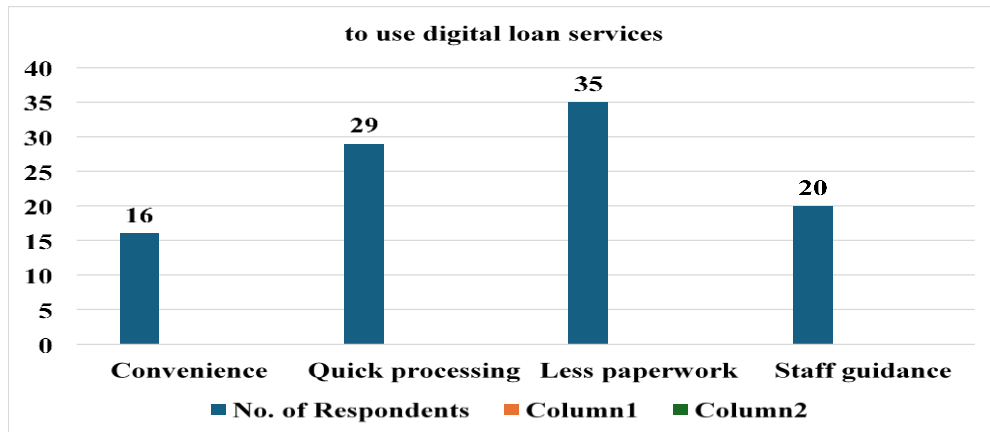


Interpretation:

Most people applied for their loans through online applications (35%), showing that many prefer using websites or online portals because it is quick and convenient. The next popular method is using a mobile banking app (29%), which also shows that many people like applying through their phones. Visiting the branch (20%) is less common, meaning fewer people prefer going in person. The least used method is applying through an agent (16%), showing that only a small number rely on agents for loan applications. Overall, most respondents prefer digital methods over traditional in person or agent-based applications.

Question 2-What motivated you to use digital loan services?

Particulars	No. of Respondents	Percentage
Convenience	16	16%
Quick processing	29	29%
Less paperwork	35	35%
Staff guidance	20	20%
Total	100	100%



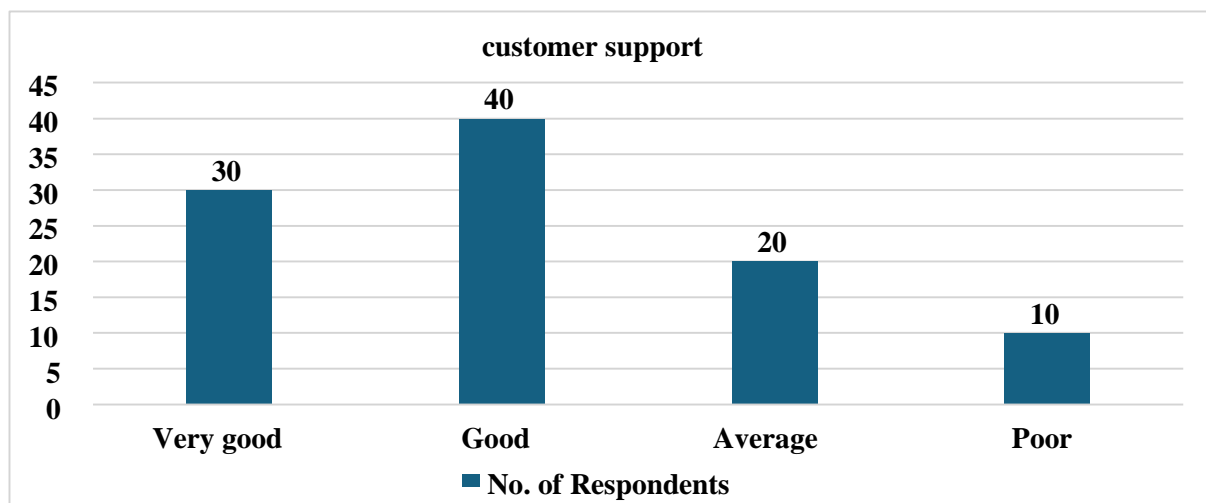
Interpretation:

The main reason people chose digital loan services is less paperwork (35%), showing that most users prefer digital options because they make the process easier and reduce the need for physical documents. The second biggest motivation is quick processing (29%), meaning many people like how fast digital loan services work. Staff guidance (20%) also influenced some users, suggesting that support from bank staff still plays a role even in digital processes. Convenience (16%) motivated the smallest group, though it still shows that some people appreciate being able to apply anytime and anywhere. Overall, fewer hassles and faster results are the strongest reasons people choose digital loan services.

Open ended Questions:

Question-1 Do you feel customer support for digital loans is adequate?

Particulars	No. of Respondents	Percentage
Very good	30	30%
Good	40	40%
Average	20	20%
Poor	10	10%
Total	100	100%

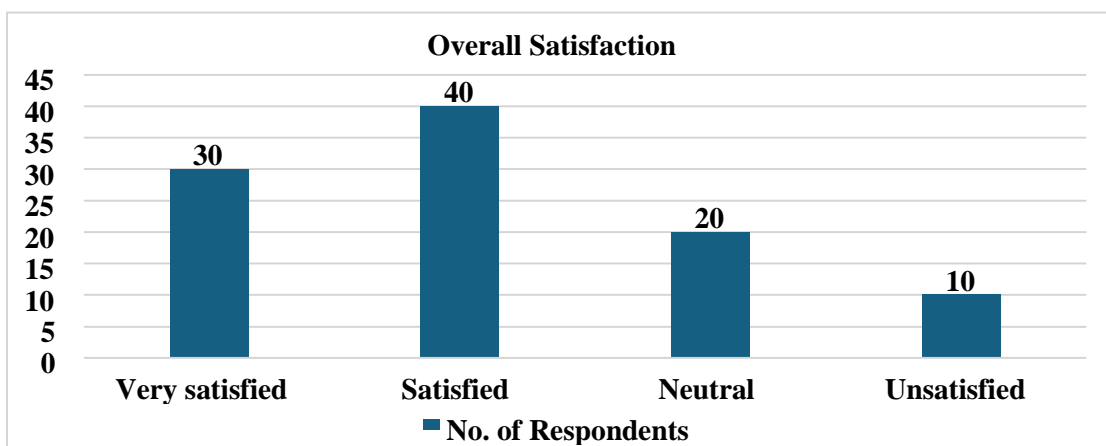


Interpretation:

Most respondents feel that customer support for digital loans is adequate. 40% rated it as good and 30% as very good, indicating that the majority are satisfied with the assistance provided. 20% felt it was average, showing some users find it acceptable but not exceptional. Only 10% rated it as poor, suggesting that a small portion of users experienced unsatisfactory support. Overall, the data shows that customer support for digital loans is generally effective for most users, though there is some room for improvement.

Question-2 Overall, how satisfied are you with the digital loan disbursement process?

Particulars	No. of Respondents	Percentage
Very satisfied	30	30%
Satisfied	40	40%
Neutral	20	20%
Unsatisfied	10	10%
Total	100	100%



Interpretation:

Most respondents are satisfied with the digital loan disbursement process. 40% said they are satisfied, and 30% are very satisfied, showing that the majority find the process efficient and convenient. 20% felt neutral, meaning they neither liked nor disliked the process. Only 10% were unsatisfied, indicating that a small number of users faced issues or were not fully happy with the service. Overall, the data shows that digital loan disbursement is generally well-received by most users.

Findings:

- Digitalization has made loan processing faster and more efficient.
- Paperwork has reduced due to the introduction of online systems.
- Customers find the online loan process more convenient and time-saving.
- The process has become more transparent and accurate.

Suggestions:

- Conduct regular training programs for employees.

- Create awareness campaigns for customers about digital banking.
- Improve internet connectivity and technical infrastructure.
- Strengthen cybersecurity and data protection measures.
- Make mobile and web platforms more user-friendly.
- Develop a proper customer feedback and complaint system.

Conclusion:

The study on “Digitalization in Loan Disbursement Process” at the Bank of Maharashtra highlights how technology has transformed traditional banking into a faster, more efficient, and customer-friendly system. The introduction of online loan applications, e-KYC verification, and instant fund transfer has reduced manual work, minimized errors, and enhanced transparency in the entire process. Customers now enjoy the convenience of applying for loans anytime and anywhere, while the bank benefits from improved efficiency and reduced operational costs. However, the study also shows that challenges such as limited digital awareness among rural customers, occasional technical issues, and cybersecurity risks still exist. To overcome these, continuous employee training, stronger IT infrastructure, and better awareness programs are necessary. Overall, digitalization has played a vital role in modernizing the loan disbursement process of the Bank of Maharashtra, helping it align with the vision of a Digital India and paving the way for a more inclusive and technology-driven banking future.

References:

1. Nawal, Ashok B. (2011). Special Economic Zone – Past, Present & Future. Retrieved from http://www.bizsolindia.com/download/SEZ/2011_01%20SEZ%20Article1.pdf on 10th July 2020.
2. Singh, R. & Sharma, P. (2020). Impact of Digitalization on Indian Banking Sector. *International Journal of Research in Commerce and Management*, Vol. 11(3), 45–52.
3. Patel, D. (2019). Digital Transformation in Loan Processing. *Indian Journal of Finance and Banking*, Vol. 8(2), 21–30.
4. <https://www.bankofmaharashtra.in>
5. <https://www.rbi.org.in>
6. <https://www.digitalindia.gov.in>
7. <https://www.financialexpress.com>
8. <https://www.business-standard.com>