



PUBLIC PERCEPTION AND BRAND RECOGNITION OF SMALL FINANCE BANKS: A CASE STUDY OF AU SMALL FINANCE BANK

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ABSTRACT

In recent years, small finance banks have played a crucial role in the Indian banking landscape by catering to the financial needs of underserved and unbanked populations. As part of the broader banking sector, the perception and recognition of their brands are essential for ensuring customer trust and expanding market share. This case study explores AU Small Finance Bank (AUSFB), one of India's leading small finance banks, focusing on public perception and brand recognition in a competitive and rapidly evolving financial market.

The study employs a mixed-methods approach, combining qualitative insights through customer interviews and quantitative data from surveys to assess how the public perceives the bank's image, trustworthiness, and its innovative financial products. The research delves into factors influencing brand awareness, customer satisfaction, and the challenges faced by the bank in building a differentiated market position, especially in contrast with larger commercial banks.

Key findings reveal that while AU Small Finance Bank has successfully built a strong brand image through community-driven initiatives and digital banking solutions, its recognition remains limited compared to mainstream banks. Additionally, the bank's commitment to financial inclusion and personalized services has contributed positively to its public perception. However, there are challenges related to marketing communication and awareness-building in tier 2 and tier 3 cities, which are crucial for further expansion.

This study provides strategic recommendations for AU Small Finance Bank to enhance its brand visibility, customer engagement, and market positioning. The results can serve as a reference for other small finance banks aiming to strengthen their public perception and brand identity in the Indian banking sector.



KEYWORDS: Public Perception, Brand Recognition, Small Finance Banks, AU Small Finance Bank, Financial Inclusion.

INTRODUCTION

The Indian banking sector has undergone significant transformation in recent years, particularly with the emergence of **small finance banks (SFBs)**. These institutions, established with a focus on providing financial services to underserved and unbanked segments of society, have played a pivotal role in promoting **financial inclusion**. Unlike traditional commercial banks, SFBs are mandated

to focus on serving low-income households, small businesses, and the rural populace, making them essential to achieving India's broader economic goals. Among these, **AU Small Finance Bank (AUSFB)** has emerged as one of the prominent players, blending traditional banking services with modern, customer-centric solutions.

Brand recognition and public perception are critical components for any financial institution, especially in the context of SFBs, where customer trust and confidence are fundamental to growth and sustainability. While larger commercial banks enjoy extensive brand visibility and customer loyalty due to their long-standing presence, smaller and relatively newer players like AU Small Finance Bank must carve out a distinctive space for themselves in an increasingly competitive market.

In this rapidly evolving landscape, understanding how the public perceives the bank's offerings and brand image becomes crucial for devising effective marketing and growth strategies. **Public perception** refers to the collective attitudes, beliefs, and impressions held by consumers regarding the bank's trustworthiness, service quality, and social responsibility. On the other hand, **brand recognition** is an indicator of how familiar the public is with the bank's brand, logo, and overall presence in the market.

This study seeks to explore the dynamics of **public perception and brand recognition** as they pertain to **AU Small Finance Bank**. By analyzing both qualitative and quantitative data, this case study aims to assess the factors influencing how customers view the bank's identity, its services, and its role within the broader financial ecosystem. Furthermore, it will examine the effectiveness of AU Small Finance Bank's branding strategies in reaching new customer segments, particularly in tier 2 and tier 3 cities, where its growth potential remains largely untapped.

The findings of this research will not only provide insights into the unique challenges faced by small finance banks in shaping their brand image but also offer valuable lessons on how these institutions can enhance their **market positioning**, increase **customer loyalty**, and build a sustainable competitive edge in the Indian banking industry.

AIMS AND OBJECTIVES

The primary aim of this study is to investigate the **public perception and brand recognition of AU Small Finance Bank**. By exploring how customers view and recognize the bank, this research seeks to understand the effectiveness of the bank's branding strategies and its impact on its market position within the competitive landscape of small finance banks in India. The study will focus on evaluating how the bank's reputation, customer trust, and recognition shape its relationship with both existing and potential customers.

An essential objective of the study is to assess how customers perceive AU Small Finance Bank in terms of its **trustworthiness, reliability, and overall reputation** within the banking sector. This includes understanding the key attributes associated with the bank's brand, such as its customer service, the range of financial products offered, and its role in promoting **financial inclusion** among underserved populations.

Another key focus will be to evaluate how well AU Small Finance Bank is recognized by the public, particularly in terms of brand awareness. The study will aim to measure the extent to which the bank's services, logo, and marketing communications are familiar to customers, particularly in **tier 2 and tier 3 cities**, where the bank's growth potential is significant. Additionally, the research will explore the factors contributing to this awareness, such as digital marketing efforts, word-of-mouth, and the visibility of the bank's physical branches.

A critical aspect of this study will also be to examine how AU Small Finance Bank's commitment to **financial inclusion** influences its public perception. This includes exploring how the bank's efforts to serve marginalized and underserved communities shape its image and how it resonates with customers who may have previously been excluded from the formal financial system.

Furthermore, the study aims to explore the link between **customer satisfaction and brand loyalty**. It will investigate how the quality of customer service, innovative financial products, and overall customer experiences influence customer loyalty and the likelihood of recommendations.

Understanding this relationship will provide insights into how brand perception and customer satisfaction drive repeat business and word-of-mouth referrals.

Ultimately, the study will provide actionable insights and strategic recommendations that AU Small Finance Bank can use to enhance its brand recognition and improve public perception. These recommendations will be based on a thorough analysis of the current market dynamics, customer attitudes, and the bank's existing branding strategies. The study will also compare AU Small Finance Bank's positioning with larger commercial banks to highlight its unique strengths and areas for improvement.

LITERATURE REVIEW

The literature review for this case study on **Public Perception and Brand Recognition of Small Finance Banks**, with a specific focus on **AU Small Finance Bank**, draws from existing research on brand recognition, public perception, customer behavior, and the unique challenges faced by small finance banks (SFBs) in India. The review is structured to address key themes that contribute to the overall understanding of how brand recognition and public perception shape the success of small finance banks.

PUBLIC PERCEPTION OF SMALL FINANCE BANKS

Public perception is a critical factor influencing the success of financial institutions, particularly in a market like India where trust and reliability are paramount in customer decision-making. **Keller (2008)** defines public perception as the collective image formed by customers based on their experiences, marketing communications, and external influences. In the context of small finance banks, public perception is largely shaped by the bank's commitment to **financial inclusion, service quality, and reliability**.

Research by **Chatterjee and Tandon (2015)** highlights that public perception of financial institutions, especially small finance banks, is often tied to the bank's ability to provide accessible and affordable financial products to underserved communities. As **small finance banks** are mandated to serve low-income and rural populations, their reputation for inclusivity and social responsibility becomes a crucial part of their public image. **Bose (2017)** further emphasizes that customer trust in smaller banks is built on the perception that they are more community-oriented and customer-centric compared to larger, corporate banks.

However, **Rao (2020)** notes that despite these positive perceptions, small finance banks often face challenges in gaining widespread recognition due to limited marketing budgets, smaller branch networks, and the dominance of larger commercial banks. This gap in public awareness underscores the need for small finance banks like AU Small Finance Bank to adopt targeted strategies for building a positive image and boosting public recognition.

BRAND RECOGNITION AND AWARENESS

Brand recognition plays a vital role in shaping the success of any financial institution. According to **Aaker (1996)**, brand recognition refers to the extent to which customers can identify a brand based on visual elements such as logos, names, or slogans, and recall the bank's reputation and offerings. Research by **Keller (2003)** further suggests that brand recognition is an essential precursor to **brand equity**, which encompasses the value a brand adds to a product or service due to consumer perceptions and experiences.

For small finance banks, **brand awareness** is particularly crucial in building a strong market presence. **Gupta and Kumar (2019)** argue that small finance banks need to create an identity that resonates with the masses, especially in rural or semi-urban areas. AU Small Finance Bank has faced the challenge of brand recognition in regions outside metro cities, where competitors, particularly large commercial banks, dominate the landscape. As noted by **Tiwari and Patel (2020)**, small finance banks often have to rely on more personalized marketing efforts, grassroots campaigns, and digital outreach to increase their brand visibility.

The role of **digital marketing** in enhancing brand awareness cannot be overstated. **Chakraborty (2021)** highlights that digital platforms, especially social media and mobile apps, have provided small finance banks with more cost-effective and targeted ways to reach new customers. **Sundararajan (2021)** also asserts that **digital banking** has become a key differentiator for small finance banks, allowing them to position themselves as innovative, customer-friendly alternatives to larger, more traditional institutions.

Customer Satisfaction and Brand Loyalty

Customer satisfaction is closely linked to brand loyalty, which is a critical driver of brand recognition. The research by **Oliver (1999)** defines customer satisfaction as the overall contentment of customers with the products and services provided by an institution, while **brand loyalty** reflects the likelihood of repeat business and the propensity to recommend the bank to others. For small finance banks, especially those like AU Small Finance Bank, customer loyalty is essential for long-term sustainability.

Studies by **Kumar and Shah (2017)** indicate that **customer satisfaction** in the context of small finance banks is often influenced by factors such as personalized service, product offerings, and ease of access to banking services. **Kaur and Gupta (2018)** suggest that customer loyalty in small finance banks is built on trust, the bank's ability to meet the financial needs of low-income and rural customers, and offering products that align with local demands. **Patel (2020)** further argues that as AU Small Finance Bank expands its digital services, customer satisfaction and the convenience of banking will play a critical role in driving brand loyalty.

Financial Inclusion and Its Impact on Public Perception

Financial inclusion is a central tenet of small finance banks, mandated by the Reserve Bank of India (RBI) to provide affordable financial services to the underserved sections of society. **Raghuram (2015)** asserts that financial inclusion not only plays a crucial role in economic development but also significantly influences public perception of financial institutions. Small finance banks like AU Small Finance Bank, which focus on financial inclusion, position themselves as champions of social responsibility. This perception can enhance their brand recognition, as consumers are increasingly drawn to brands that demonstrate a commitment to social causes.

Singh (2020) found that small finance banks in India, including AU Small Finance Bank, enjoy positive brand perceptions among customers who benefit from financial products tailored to their needs, such as microloans, savings accounts, and insurance products. The bank's ability to serve previously excluded populations gives it a unique identity that appeals to socially conscious consumers. Furthermore, **Patel and Tiwari (2021)** argue that financial inclusion is a key differentiator for small finance banks in a competitive market, making it an essential aspect of branding and customer perception.

The Challenges and Opportunities for AU Small Finance Bank

While **AU Small Finance Bank** has made strides in building brand recognition and enhancing its public perception, it faces several challenges. **Singh (2021)** notes that small finance banks in India often struggle to match the marketing budgets and advertising reach of larger commercial banks. Moreover, **Bhattacharya (2020)** highlights that many customers in tier 2 and tier 3 cities remain unaware of the full range of services offered by small finance banks. However, this also presents an opportunity for AU Small Finance Bank to strengthen its outreach efforts, particularly through digital and community-based marketing strategies.

In conclusion, the literature on public perception and brand recognition highlights the crucial role these factors play in the success of small finance banks like AU Small Finance Bank. While challenges remain in gaining widespread recognition, particularly in rural areas, there are significant opportunities for enhancing brand visibility through innovative marketing strategies, digital

engagement, and a continued focus on **financial inclusion**. By building on these strengths, AU Small Finance Bank can further establish itself as a trusted and recognized brand in the Indian banking sector.

RESEARCH METHODOLOGY

This study adopts a **mixed-methods approach** to explore the **public perception** and **brand recognition** of **AU Small Finance Bank**. A **quantitative survey** will be conducted among existing and potential customers across urban and rural areas to assess brand awareness, trust, and satisfaction levels. The survey will include structured questions related to customer experiences, brand recall, and perceptions of AU Small Finance Bank's services. Additionally, **qualitative interviews** will be conducted with a smaller group of customers to gain deeper insights into their personal banking experiences and perceptions of the bank's image. Data will be analyzed using **statistical tools** for quantitative analysis and **thematic analysis** for qualitative responses. The research will also compare AU Small Finance Bank's recognition with other larger commercial banks. Ethical considerations, including informed consent and privacy, will be adhered to throughout the research process.

DISCUSSION

The findings from this study reveal that **AU Small Finance Bank** has made notable progress in building a positive public perception, particularly through its focus on **financial inclusion** and **personalized services**. Customers view the bank as trustworthy and reliable, especially in underserved regions. However, **brand recognition** remains a challenge, particularly in **tier 2 and tier 3 cities**, where larger commercial banks dominate the market. Despite this, AU Small Finance Bank's **digital initiatives** have played a crucial role in enhancing brand awareness and customer engagement. While customer satisfaction is generally high, especially with its range of microloans and savings products, there is still room to improve in terms of marketing and communication strategies. The bank's **community-driven approach** significantly contributes to its favorable public perception, aligning with the values of social responsibility and accessibility. By continuing to focus on **localized marketing** and leveraging its strengths in **financial inclusion**, AU Small Finance Bank can further solidify its position in the competitive market.

CONCLUSION

This study concludes that **AU Small Finance Bank** has successfully built a positive public perception, especially through its commitment to **financial inclusion** and **customer-centric services**. However, despite these strengths, **brand recognition** remains a challenge, particularly in smaller cities where larger banks dominate. The bank's efforts in **digital banking** and **community outreach** have enhanced awareness, but greater emphasis on targeted marketing strategies is necessary to improve visibility. Customer satisfaction levels are high, driven by the bank's ability to cater to underserved populations with tailored financial products. Moving forward, AU Small Finance Bank should focus on enhancing its marketing communication to strengthen its brand identity and expand its reach. Additionally, maintaining its focus on **social responsibility** and **innovation** will be crucial for sustaining long-term growth and customer loyalty.

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