

## **Impact of Marketing Mix, Financial and Demographic Elements on Satisfaction of SME Borrowers: A Case Study of Commercial Bank Lending in Nuwara Eliya District**

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The government and private banks are key formal lenders. Informal lenders also dominate small and medium enterprises (SME) lending, therefore, there is a severe competition for SME scale lending in the Nuwara Eliya district. Due to the high rivalry, it is important to find out the factors affecting the satisfaction of customers. The study was based on a survey questionnaire and a quantitative analysis of data from 120 respondents. In Nuwara Eliya district, the respondents were randomly selected from three areas (40 members for each) of Nuwara Eliya district, namely, Talawakele, Hatton and Nuwara Eliya city. The composition of the questionnaire included bank related factors to match the 7Ps model, information on the demographic factors, financial profile of the customers, the preferences for borrowing and the expectations of the borrowers. A regression methodology was adopted to analyse the key relationships. The results showed that there is a positive correlation of loan amount with the income level, working capital requirement, sales and profits. The regression analysis of the place, product, people, process and promotion factors discussed in 7P's significantly predict the effects on the customers satisfaction level ( $p < 0.05$ ). Price and physical evidence are not significant predictors of the customer satisfaction of the SME borrowers. The demographic and financial factors are not significant with the customer satisfaction. The study reveals that the commercial banks have to mainly concentrate on geographical factors, people related factors, process enhancements and promotional activities to improve client satisfaction, and thereby increase the market share.

**Keywords:** Borrowing, Commercial banks, Nuwara Eliya, Small and medium enterprises (SME)