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A STUDY ON THE GROWTH AND PERFORMANCE OF NON-BANKING FINANCIAL COMPANIES (NBFCs) WITH SPECIAL REFERENCE TO KB FINANCE

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ABSTRACT

The Non-Banking Financial Company (NBFC) sector has become a vital part of India's financial system by offering accessible and flexible credit to underserved economic segments. This study evaluates the growth and performance of KB Finance by combining financial analysis with customer satisfaction assessments. This study employs a descriptive and analytical approach, drawing on primary data from 50 respondents via a structured questionnaire and secondary data from financial statements spanning six years.

The financial analysis reveals a consistent growth in total income, rising from ₹20,00,000 in 2020–21 to ₹30,20,000 in 2025–26, accompanied by a proportional increase in net profit from ₹7. 50 lakhs to ₹11. 70 lakhs. The study also underscores the significant increase in income diversification through rental sources during the research period. Statistical methods, including percentage analysis, mean scores, ANOVA, and Chi-square tests, were employed to assess customer satisfaction and its correlation with organizational growth.

The findings indicate that most respondents are highly satisfied with KB Finance's services, especially regarding service quality, transparency, and digital accessibility. The Chi-square test establishes a significant link between customer satisfaction and organizational growth, whereas ANOVA findings reveal consistent satisfaction levels across all respondent groups. The study finds that financial performance, customer-focused strategies, and technology adoption jointly drive the sustainable growth of NBFCs.

KEYWORDS: *This analysis examines the financial performance, customer satisfaction, and growth trajectory of KB Finance, a non-banking financial company (NBFC), within the context of its digital transformation.*

INTRODUCTION

The Non-Banking Financial Company (NBFC) sector has become an essential component of India's financial system by offering credit access to individuals and businesses that traditional banks often overlook. NBFCs are essential for advancing financial inclusion, aiding small and medium enterprises (SMEs), and fostering broader economic growth. Their customer-focused approach, expedited loan processing, and adaptable lending practices have allowed them to achieve significant prominence in recent years.

As demand for financial services grows and digital technologies are rapidly adopted, NBFCs have experienced significant transformation. Integrating digital platforms has boosted operational efficiency, enhanced the customer experience, and shortened service delivery times. However, the sustainability of growth in NBFCs relies not just on financial performance but also on customer satisfaction and service quality.

This study examines KB Finance's growth and performance by evaluating it from both financial and customer viewpoints. Over a six-year period, the company has shown consistent growth, with total income rising from ₹20,00,000 to ₹30,20,000. Simultaneously, customer satisfaction has become a critical determinant of organizational success. By combining financial analysis with customer perception, the study seeks to offer a holistic understanding of the drivers behind NBFC growth.

LITERATURE REVIEW

Current literature on NBFCs underscores the critical role of financial performance, risk management, and customer satisfaction in driving organizational success. Early research highlighted the structural function of NBFCs in bridging

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the credit gap and advancing financial inclusion. Researchers have identified NBFCs as vital intermediaries offering flexible and accessible financial services to underserved sectors

Later research concentrated on financial performance metrics, including profitability, liquidity, and asset management. These studies found that maintaining growth requires effective financial planning, strict cost control, and a diversified range of income sources. The significance of asset utilization and funding strategies has also been emphasized as critical factors in ensuring financial stability.

Recent studies have increasingly focused on how digital transformation and customer-centric strategies can improve the performance of NBFCs. The integration of digital technologies, including online loan processing, automated systems, and data analytics, has markedly enhanced both operational efficiency and customer satisfaction. Research indicates that organizational growth is directly tied to customer satisfaction, as happy customers drive higher retention and increased revenue.

Although extensive research exists, most studies examine financial performance and customer satisfaction in isolation. This study bridges this gap by combining both dimensions to offer a comprehensive assessment of organizational performance, bolstered by financial data and primary survey results.

OBJECTIVES OF THE STUDY

The study is undertaken with the following objectives:

- To examine KB Finance's financial performance over a six-year span.
- To assess customer satisfaction in terms of service quality and operational efficiency.
- To examine the effects of digital transformation on customer experience.
- To investigate the connection between customer satisfaction and organizational growth.
- To identify the key factors that influence the performance of NBFCs.
- To offer recommendations for enhancing financial and operational performance.

RESEARCH METHODOLOGY

This study employs a descriptive and analytical research design to assess the growth and performance of KB Finance. A comprehensive analysis is ensured by utilizing both primary and secondary data sources.

Primary data were gathered using a structured questionnaire comprising 25 items rated on a fivepoint Likert scale. The survey included 50 respondents, all of whom were customers of KB Finance. The questionnaire examined key dimensions including service quality, customer satisfaction, operational efficiency, trust, and organizational growth.
Secondary data were gathered from financial statements, reports, and pertinent literature. The six-year financial dataset facilitates the analysis of growth trends and performance metrics.

Data analysis was conducted using statistical tools including percentage analysis, mean scores, ANOVA, and Chi-square tests. These tools assist in identifying patterns, measuring satisfaction levels, and analyzing relationships between variables.

FINANCIAL ANALYSIS

KB Finance's financial results over the past six years demonstrate consistent growth and enhanced profitability. The company's total income grew from ₹20,00,000 in 2020–21 to ₹30,20,000 in 2025–26, indicating robust business expansion.

Net profit rose substantially from ₹7. 50 lakhs to ₹11. 70 lakhs, reflecting improved cost management and enhanced earning potential. The company has sustained robust liquidity, keeping its current ratio near the optimal 2:1 benchmark.

A significant trend is the substantial rise in rental income, which grew from about ₹3 lakhs to
₹17 lakhs, reflecting both a diversification of revenue streams and an expansion of the asset base. This has bolstered financial stability and lessened reliance on core lending income.

Metrics like the net profit margin, return on equity, and return on assets demonstrate robust financial performance, whereas the working capital analysis highlights enhanced liquidity and operational efficiency. In summary, the financial analysis indicates that the company is following a steady path of growth.

Data analysis and Interpretation

Analysis of primary data gathered from 50 respondents indicates a high degree of customer satisfaction. Most respondents selected "Agree" or "Strongly Agree," reflecting a positive perception of the company's services.

The mean score of 3. 88 further confirms that customers are generally satisfied with service quality, transparency, and efficiency. Satisfaction is driven by key factors such as rapid loan processing, transparent communication, dependable customer support, and robust digital services.

Percentage analysis reveals that more than 70% of respondents voiced positive opinions, underscoring robust customer trust and confidence in the company. The findings also suggest that customers view the company as steadily growing and continuously enhancing its services.

Statistical Analysis

The ANOVA test reveals no significant differences in satisfaction levels across respondent groups, indicating consistent service quality throughout all categories.

The Chi-square test indicates a significant association between customer satisfaction and organizational growth, validating that elevated satisfaction levels drive improved business performance.

These findings are backed by financial data that demonstrates steady growth in both income and profitability. Combining financial and customer data offers a clear view of how service quality and customer perceptions drive organizational success.

FINDINGS

The study's findings are based on both primary and secondary data, such as financial statements and customer feedback.

The key findings are as follows:

Financial analysis reveals that KB Finance has enjoyed steady growth over the years. Total income has shown a consistent upward trajectory, peaking at approximately ₹7. 5 lakhs in the most recent year and signaling robust business performance. Likewise, net profit has demonstrated steady growth, reflecting effective cost management and efficient operational practices.

The analysis also indicates substantial growth in income derived from house property and rental sources. For example, rental income has risen significantly over the years, reflecting both an expansion of the asset base and a diversification of revenue streams. This diversification lessens reliance on core lending revenue and bolsters financial stability.

Primary data analysis reveals that most respondents hold positive views regarding the services offered by KB Finance. Over 70% of respondents selected "Agree" or "Strongly Agree," reflecting high levels of customer satisfaction.

The mean score of 3. 88 further confirms that customers are generally satisfied with the service quality, transparency, and efficiency. Customers especially value fast loan processing, transparent communication, and dependable customer support.

The ANOVA test results show no significant difference in satisfaction levels across the various respondent groups. This indicates that the company delivers consistent service quality to all customer segments.

The Chi-square test establishes a significant association between customer satisfaction and organizational growth. This suggests that enhancing the customer experience directly drives revenue growth and business expansion

The study also reveals that digital transformation has been pivotal in enhancing both operational efficiency and the customer experience. The integration of digital tools has shortened processing times and improved accessibility.

Overall, the findings demonstrate that KB Finance has successfully balanced financial growth with customer satisfaction, a crucial factor for long-term sustainability.

SUGGESTIONS

Drawing on the study's findings, the following recommendations are proposed to improve KB Finance's performance and growth.

The company should prioritize bolstering its core lending business by growing its loan portfolio and enhancing its credit assessment processes. This will guarantee the stability of primary income streams.

To further improve digital services, it is essential to incorporate advanced features like mobile applications, automated loan tracking, and real-time customer support. This will enhance customer convenience and engagement.

The company ought to invest in customer relationship management (CRM) systems to foster strong customer relationships. Offering personalized services and maintaining timely communication can enhance customer retention. By expanding into rural and semi-urban regions, the company can grow its customer base and advance financial inclusion. This will also help generate higher revenue.

To maintain a balanced financial structure, the company must effectively manage its debt and equity. This approach will mitigate financial risk and guarantee long-term sustainability.

Employees should receive ongoing training and development initiatives to enhance both service quality and operational efficiency.

The company should also establish regular customer feedback systems to pinpoint areas for improvement and sustain high satisfaction levels.

CONCLUSION

The study on KB Finance's growth and performance underscores the necessity of combining financial results with customer satisfaction to attain sustainable organizational success. A sixyear analysis of financial data reveals steady growth in income and profitability, bolstered by a diversified revenue stream that includes rental income.

Simultaneously, the analysis of primary data reveals high customer satisfaction levels, a factor that is vital for fostering business growth. The statistical findings further validate that customer satisfaction exerts a direct and significant influence on organizational performance.

The study concludes that KB Finance has successfully embraced a customer-centric strategy alongside efficient financial management and digital transformation. These elements have driven the company's consistent expansion and robust market standing.

By maintaining a steadfast commitment to innovation, service excellence, and financial stability, KB Finance is ideally positioned to drive sustained growth and maintain its competitiveness within the NBFC sector.

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