

BUILDING TRUST AND CUSTOMER ENGAGEMENT IN CHIT FUND SYSTEMS: STRATEGIES FOR SUSTAINABLE GROWTH

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Abstract

Trust and customer engagement are pivotal to the success of chit fund systems, which rely heavily on community participation, mutual confidence, and the perceived credibility of fund operators. This study explores the key determinants influencing trust-building and customer loyalty within chit funds, with a focus on operational transparency, regulatory compliance, digitalisation, and effective communication strategies. Based on data drawn from four hundred participants, significant behavioural trends were identified—highlighting the role of financial literacy, scheme customisation, and technological integration in improving participant satisfaction. The findings reveal that factors such as the management of chit instalments, information availability, dispute resolution mechanisms, and fund monitoring are critical to sustaining engagement and trust. While most demographic factors like age and locality showed limited variation in perceptions, awareness was significantly higher among urban participants, pointing to a gap in rural outreach and education. The study offers constructive and classified recommendations for key stakeholders. For chit fund operators, implementing blockchain-backed systems, mobile platforms with real-time updates, and certified audits can significantly enhance transparency. Customised schemes and digital customer engagement tools like autopay and live chat support further build rapport. For customers, financial literacy initiatives are essential to understand risks, plan bids effectively, and make informed decisions. Regulatory bodies are encouraged to set uniform digital reporting standards and encourage third-party certification for credibility. The research underscores that in a financial ecosystem built on collective trust, proactive relationship management and technological innovation are not only beneficial but essential for the sustainable growth of chit fund operations.

Keywords: Chit Funds, Trust Building, Customer Engagement, Effective Management Practices, Technology Driven Management System, Digital Transformation, Chit Fund Sustainability

Editorial Record

First submission received:
June 08, 2025

Accepted for publication:
June 12, 2025

Cite this article

K, B., & P, L. (2025). Building Trust and Customer Engagement in Chit Fund Systems: Strategies For Sustainable Growth. *Sachetas*, 4(2), 29-38.
<https://doi.org/10.55955/420005>

INTRODUCTION

Chit funds a traditional form of rotating savings and credit association, continue to serve as a vital financial tool, have been a longstanding pillar of finance. Chit funds have been actively operating in various parts of the country and serve as a strong financial support for many

communities, which runs completely on mutual trust and cooperation (*Bajaj Broking Team, 2025*). Chit funds happened to be a boon to the households, both urban and rural households in Kerala. Chit funds are of unique in nature and offers higher flexibility as compared to that of other investment opportunities (*Lekshmi, 2023*). Chit fund institution is Indigenous, simple easy and readily understood and widely accepted by the rural and urban middle class people (*Anupam & Mamta, 2014*). They offer a dual benefit of saving and borrowing, especially for individuals and small businesses that lack easy access to formal financial institutions. Chit funds address the shortcomings left by the conventional banking sector and thus marked a key role in the financial system of Kerala. Chit fund is the only financial intermediary which combines both the characteristics of savings and borrowings and serves as the best alternative source to loan as compared to other financial avenues. (*Kapoor et.al, 2011*). Even though there are other sources of raising funds, people in rural area may find it difficult to obtain funds as they lack accessibility to banks or financial institutions as and when their need arises and rely mostly on chit funds (*Lekshmi, 2023*). Organized chit fund companies were functioning profitably, and people find chit funds close to their heart because of their easy accessibility, good returns on savings and availability of money (*Anupam & Mamta, 2014*).

However, the efficiency and trustworthiness of chit fund operations depend heavily on effective management practices and sustained customer engagement. Confidence among subscribers is now closely tied to how well these systems are managed and how actively customers are engaged. Effective management characterized by transparency, accountability, and operational efficiency coupled with strong, trust-based customer engagement practices, plays a critical role in enhancing the credibility and sustainability of chit fund operations. In an era where transparency, responsiveness, and credibility are paramount, building, and sustaining trust has become central to the long-term success of chit fund organizations.

DIGITAL TRANSFORMATION

In today's competitive world, the sole objective of each organisation is to create delightful customers by providing differentiated products with high quality. This can be possible through digitalisation, where digitalisation due to technology advancement is the breakthrough to think of customer delight (*Lekshmi & Biju, 2017*). Technology has completely changed the way of doing the business in banking and non-banking financial companies. There are few initiations in chit fund companies, wherein technology is playing vital role in conducting the business (*Ambika & Shambhu, 2019*). Technology holds immense potential to revolutionize the chit fund industry, making it more transparent, efficient, and accessible. However, this transformation is not without its challenges. Balancing technological innovation with regulatory compliance, cybersecurity, and inclusivity will be key to ensuring that the benefits of digitalization are fully realized. As the industry evolves, stakeholders must collaborate to address these challenges, fostering a robust and trustworthy chit fund ecosystem.

EFFECTIVE MANAGEMENT PRACTICES

Chit funds are typically operated among a trusted network of people, by a supervisor, completely relying on the trust and transparency of the transactional data audited through the network (*Jennath et.al., 2021*). Many companies have, in the recent past, either folded up or shifted their operations entirely to the informal arena becoming an 'unregistered' chit fund. Chit funds are the result of inefficient Indian banking operations in which the investors are not feeling free to invest (*Anupam & Mamta, 2015*). The lack of trust and transparency among the involved parties causes the fear of uncertainty in the chit-fund company. Therefore, it is essential to determine the credibility and reliability of members joining the chit fund (*Akhilesh & Preeti, 2023*).

Chit scheme software is a specialized application built to manage the day-to-day operations of chit funds or rotating savings and credit associations. It is a vital tool for financial institutions and chit fund organizations since it removes manual processes, lowers errors, and guarantees total transparency in financial transactions. Chit fund management software plays a crucial role in streamlining the operations of chit fund companies by automating key functions such as collection schedules, bidding processes, member management, and overall fund administration. By replacing manual processes with digital solutions, these software systems significantly reduce human errors, ensure regulatory compliance, and enhance operational efficiency. Automation facilitates timely and accurate payment collections, systematic tracking of auctions, and transparent member communication. Additionally, it helps in maintaining detailed records, generating reports, and managing finances with greater accuracy. Examples of widely used chit fund management software include KSFE Power, Chit Monks, Chit Fund Software, and FinTech Chit Solutions, all of which are tailored to meet the specific needs of chit fund operations, contributing to increased reliability, scalability, and trust in the system.

Digital KYC and onboarding have revolutionized the way financial institutions, including chit fund companies, verify and enroll their members. By leveraging eKYC processes that utilize Aadhaar, PAN, and biometric verification, the entire onboarding procedure becomes faster, more secure, and highly efficient. These digital methods eliminate the need for physical paperwork, minimize the chances of identity fraud, and ensure that all regulatory compliance requirements are met with greater accuracy. The integration of real-time data validation also enhances the reliability of customer information, thereby building trust and transparency in the system.

The integration of mobile apps and web portals has transformed the customer experience in chit fund operations by offering real-time access to essential services such as account statements, bidding updates, notifications, and grievance redressal mechanisms. These digital platforms empower members with 24/7 self-service capabilities, enhancing convenience, transparency, and overall customer satisfaction. In parallel, payment gateway integration with systems like UPI, net banking, and digital wallets ensures secure and seamless collection and disbursement of funds. This not only accelerates transaction processing but also minimizes delays, reduces manual intervention, and boosts trust in the system's reliability. Together, these digital tools significantly enhance customer engagement while promoting operational efficiency and financial transparency.

Many companies have the need to wind up business; and several other companies faced legal proceedings, and a few unscrupulous ones vanished without a trace. The industry history is widespread with stories of chit fund owners misappropriating public money (Veslie & Vallal, 2023). In recent years, the chit fund sector has faced growing challenges ranging from customer distrust due to fraud and mismanagement to inadequate communication and low financial literacy among participants. As the financial ecosystem becomes increasingly competitive and technology-driven, chit fund companies must evolve by enhancing customer trust and adopting effective engagement strategies. Building confidence and strengthening relationships with customers are no longer optional but essential for long-term success.

THEORETICAL SUPPORT AND CUSTOMER ENGAGEMENT

1. **Agency Theory** (Jensen & Meckling, 1976)- This theory highlights the inherent principal-agent relationship in chit fund operations, where subscribers (principals) entrust their funds to organizers (agents). This relationship is susceptible to conflicts of interest and agency risks due to information asymmetry, where agents may have more information than principals and may not always act in the subscribers' best interests. To mitigate these risks and align the goals of both parties, effective management practices such as transparency in operations, regular and accurate reporting, and strong checks and balances are essential. These mechanisms help reduce uncertainty, build trust, and enhance accountability within chit fund systems.
2. **Stakeholder Theory** (Freeman 1984)- This theory stresses the importance of managing relationships with all stakeholders, not just shareholders. Chit fund managers must prioritize the needs and interests of subscribers, ensuring ethical practices and transparency to sustain trust and engagement.
3. **Trust Theory in Relationship Marketing** (Morgan & Hunt, 1994)- Trust and commitment are central to developing strong customer relationships. Chit funds must establish trust through consistent, reliable performance and transparent communication to build long-term engagement with subscribers.
4. **Service-Dominant Logic** (Vargo & Lusch, 2004) - Value is co-created with customers rather than delivered to them. Subscriber engagement in chit funds is not passive—they are co-creators of value. Hence, strong engagement and feedback mechanisms enhance perceived value and loyalty.
5. **Customer Engagement Theory** (Brodie et.al. 2011) - Customer Engagement Theory emphasizes that engagement extends beyond mere transactional behaviour to encompass emotional, cognitive, and behavioural involvement with a brand or service. *Chit funds can increase loyalty and reduce subscriber dropout by fostering proactive engagement through education, updates, and personalized communication. This theory emphasizes emotional, cognitive, and behavioural participation of customers in the brand or service experience. It moves beyond transactional relationships to long-term, interactive connections.* In the context of chit fund schemes, customer involvement can be broadly classified into emotional, cognitive, and behavioural dimensions, each influencing investment decisions and satisfaction levels. **Emotional involvement** encompasses factors such as *quality of life, lack of confidence, and customer satisfaction*, reflecting how personal experiences, trust, and emotional well-being shape participation in chit funds. **Cognitive involvement** refers to the mental processes driving decision-making, including *motivation to invest, comparative benefits, awareness among customers, and availability of information*. These elements determine how well-informed and rational a customer is when evaluating chit fund options. **Behavioural involvement**, on the other hand, focuses on the actions taken by participants, such as identifying the *source of funds, managing chit instalments, and monitoring fund usage*. This dimension reflects the practical engagement and financial discipline of members. Understanding these three layers of involvement is essential for improving customer engagement, ensuring transparency, and enhancing the overall effectiveness of chit fund schemes. Thus, this theory highlights the importance of creating meaningful, long-term connections that support customer retention and satisfaction.

STATEMENT OF THE PROBLEM

The success and sustainability of chit funds operations are fundamentally dependent on twin pillars of effective management practices and strong customer engagement. With increased competition and rising customer expectations in the financial services sector, chit fund institutions are compelled to adopt technology-driven management systems that ensure transparency, accountability, and operational

efficiency. These advancements not only improve the credibility of operations but also serve as a foundation for building trust among subscribers.

However, despite these developments, trust deficits and disengagement continue to challenge the long-term viability of chit fund businesses. Many organizations lack structured customer engagement strategies, leading to a disconnect between service providers and subscribers, reduced member retention, and suboptimal fund performance. In a trust-sensitive financial model such as chit funds, the absence of consistent and proactive trust-building mechanisms can severely undermine organizational credibility.

In this juncture it is important that to identify and analyse the key factors that influence trust among the subscribers of chits to strengthen the competitiveness of chit-funds. Furthermore, it is equally important to assess the current level of customer trust and participation to understand gaps in engagement and management practices. By exploring these dimensions, the study aims to offer insights that can guide chit fund organizations in formulating effective engagement strategies and fostering long-term relationships with their subscriber base.

OBJECTIVES OF THE STUDY

1. To investigate the key factors influencing trust among chit fund subscribers.
2. To analyse the current level of customer trust and participation in chit fund systems with respect to age, gender, and locality.

SIGNIFICANCE OF THE STUDY

This study aims to shed light on the human and relational dynamics at the core of chit fund operations. By focusing on trust and engagement, the research offers valuable insights for chit fund managers, policymakers, and financial inclusion advocates. For customers and potential subscribers, the study contributes to financial empowerment by highlighting the importance of informed participation and understanding their rights within the system. For policymakers and regulators, the research may support the development of improved frameworks that promote responsible chit fund operations, consumer protection, and digital adoption. Moreover, effective engagement can lead to improved compliance, reduced default rates, and higher customer satisfaction. Therefore, there is a critical need to understand how trust and engagement can be systematically built and sustained within the chit fund ecosystem.

METHODOLOGY OF THE STUDY

The methodology used for the study was both descriptive and analytical. Both primary and secondary data were used. Secondary data is gathered from a variety of sources, including websites, journals, and publications. Respondents actively engaged in chit funds from a variety of rural areas provided primary data, guaranteeing representation from a range of age groups, gender, and locality. The data were collected by using structured questionnaire from four hundred households participating in chit funds. The method of sampling used for the study is judgement sampling. The tools used for the analysis include Chi Square test, Mean Rank, Wilcoxon Sign test etc. and inference is drawn.

DATA ANALYSIS

Factors Influencing Building of Trust.

For the analysis of data, the variables identified as factors influencing trust among chit fund subscribers are grouped under ten heads namely Quality of Life, Motivation to Invest, Source of Fund, Comparative Benefits, Lack of Confidence, Satisfaction of Customers, Awareness to Customers, Management of Chit Instalments, Monitoring of Funds and Information Availability. The analysis of the above variables using Wilcoxon Sign test is given in Table 1. below:

Table 1. Analysis of Factors Influencing Building of Trust (Wilcoxon Sign Test)

Factors		Ranks			Z value	P Value
		N	Mean Rank			
Quality of Life	Negative Ranks	28 ^a	131.46	-15.399 ^b	<.0001**	
	Positive Ranks	359 ^b	198.88			
	Ties	13 ^c				
	Total	400				
Motivation to Invest	Negative Ranks	32 ^d	122.45	-15.167 ^b	<.0001**	
	Positive Ranks	351 ^c	198.34			
	Ties	17 ^f				
	Total	400				
Source of Fund	Negative Ranks	26 ^g	97.81	-15.924 ^b	<.0001**	
	Positive Ranks	360 ^h	200.41			

	Ties	14 ⁱ			
	Total	400			
Comparative benefits	Negative Ranks	16 ^j	96.19	-16.298 ^b	<.0001**
	Positive Ranks	366 ^k	195.67		
	Ties	18 ^l			
	Total	400			
Lack of Confidence	Negative Ranks	89 ^m	153.68	-9.738 ^b	<.0001**
	Positive Ranks	275 ⁿ	191.83		
	Ties	36 ^o			
	Total	400			
Satisfaction of Customers	Negative Ranks	81 ^p	157.76	-10.140 ^b	<.0001**
	Positive Ranks	282 ^q	188.96		
	Ties	37 ^r			
	Total	400			
Awareness to customers	Negative Ranks	38 ^s	139.67	-14.052 ^b	<.0001**
	Positive Ranks	329 ^t	189.12		
	Ties	33 ^u			
	Total	400			
Management of Chit Instalments	Negative Ranks	67 ^v	131.75	-12.520 ^b	<.0001**
	Positive Ranks	306 ^w	199.10		
	Ties	27 ^x			
	Total	400			
Monitoring of Funds	Negative Ranks	37 ^y	101.93	-15.022 ^b	<.0001**
	Positive Ranks	337 ^z	196.89		
	Ties	26 ^{aa}			
	Total	400			
Information Availability	Negative Ranks	18 ^{ab}	118.72	-16.044 ^b	<.0001**
	Positive Ranks	363 ^{ac}	194.58		
	Ties	19 ^{ad}			
	Total	400			

It can be inferred from the table that, the P values of all the variables are less than the significance level of 0.05. Hence, all the variables exist and are considered relevant for the study. For all factors, the P-value is < .0001, indicating statistically significant differences between negative and positive ranks. In each case, positive ranks outnumber negative ranks, and positive mean ranks are significantly higher. This suggests that respondents perceive improvement or strong positive influence of these factors on trust and engagement in chit fund systems. The statistical analysis confirms that factors like transparency, communication, monitoring, and comparative benefits play a critical role in building trust and customer engagement in chit funds. While most aspects are viewed positively, factors like management efficiency, awareness, and confidence still need targeted improvements.

Participation in Chit Funds

The level of customer trust and participation in chit fund systems has been analysed using three demographic classifications, i.e., with respect to age, gender, and locality.

a. Analysis for Participation in Chit Funds with respect to Age Groups

The analysis for the participation in chit funds with respect to age groups using Chi Square along with their mean rank is mentioned in Table 2.

Table 2: Comparison with Different Age Groups

Factors	Age	N	Mean Rank	Chi-x ²	P Value
Quality of Life	Up to 25	61	189.51	2.020	.568
	25-35	131	199.63		
	35-45	117	212.09		
	Above 45	91	194.22		

	Total	400			
Motivation to Invest	Up to 25	61	198.38	.205	.977
	25-35	131	203.48		
	35-45	117	201.13		
	Above 45	91	196.82		
	Total	400			
Source of Fund	Up to 25	61	194.39	2.505	.474
	25-35	131	198.13		
	35-45	117	213.92		
	Above 45	91	190.75		
	Total	400			
Comparative benefits	Up to 25	61	179.57	3.430	.330
	25-35	131	197.31		
	35-45	117	211.81		
	Above 45	91	204.58		
	Total	400			
Lack of Confidence	Up to 25	61	241.71	12.062	.007
	25-35	131	203.88		
	35-45	117	179.21		
	Above 45	91	195.38		
	Total	400			
Satisfaction of Customers	Up to 25	61	210.11	13.028	.005
	25-35	131	210.25		
	35-45	117	168.79		
	Above 45	91	220.79		
	Total	400			
Awareness to customers	Up to 25	61	214.72	2.283	.516
	25-35	131	195.81		
	35-45	117	191.95		
	Above 45	91	208.71		
	Total	400			
Management of Chit Instalments	Up to 25	61	215.35	5.611	.132
	25-35	131	214.27		
	35-45	117	185.65		
	Above 45	91	189.82		
	Total	400			
Monitoring of Funds	Up to 25	61	199.62	1.470	.689
	25-35	131	206.33		
	35-45	117	203.85		
	Above 45	91	188.38		
	Total	400			
Information Availability	Up to 25	61	197.30	2.037	.565
	25-35	131	210.85		
	35-45	117	199.14		
	Above 45	91	189.49		
	Total	400			

While analysing participation in chit funds with respect to age groups, only two factors Lack Confidence and Satisfaction of Customers — have p-values less than the significance level of 0.05, which means Lack of Confidence and Satisfaction of Customers are significantly associated with age groups. For other factors (those with p-values > 0.05), the relationship with age groups is not statistically significant, meaning any observed variation could be due to random chance. Different age groups differ significantly in their level of confidence in chit

funds and different age groups also experience or perceive different levels of satisfaction with chit funds is the cardinal fact in this regard. Younger individuals might lack confidence more than older ones, or middle-aged participants might be more satisfied than others. Younger participants (under 25) show less confidence, due to lack of financial experience or exposure to chit fund mechanisms. Mid-age group (35–45) reports lower satisfaction, due to higher expectations or prior experiences, while older individuals tend to be more satisfied.

b. Analysis for Participation in Chit Funds with respect to Gender

The analysis for the participation in chit funds with respect to age groups using Chi Square along with their mean rank is mentioned in Table 3.

Table 3: Participation in Chit Funds-Comparison between Genders

Factors	Gender	N	Mean Rank	Sum of Ranks	Z value	P value
Quality of Life	Male	270	200.19	54051.00	-.078	.938
	Female	130	201.15	26149.00		
	Total	400				
Motivation to Invest	Male	270	200.19	54050.50	-.078	.938
	Female	130	201.15	26149.50		
	Total	400				
Source of Fund	Male	270	200.57	54153.00	-.017	.987
	Female	130	200.36	26047.00		
	Total	400				
Comparative benefits	Male	270	202.33	54628.50	-.462	.644
	Female	130	196.70	25571.50		
	Total	400				
Lack of Confidence	Male	270	200.24	54064.00	-.066	.948
	Female	130	201.05	26136.00		
	Total	400				
Satisfaction of Customers	Male	270	202.53	54682.00	-.506	.613
	Female	130	196.29	25518.00		
	Total	400				
Awareness to customers	Male	270	206.51	55759.00	-1.515	.130
	Female	130	188.01	24441.00		
	Total	400				
Management of Chit Instalments	Male	270	201.26	54339.50	-.189	.850
	Female	130	198.93	25860.50		
	Total	400				
Monitoring of Funds	Male	270	197.58	53346.00	-.738	.461
	Female	130	206.57	26854.00		
	Total	400				
Information Availability	Male	270	199.12	53763.50	-.352	.725
	Female	130	203.36	26436.50		
	Total	400				

The analysis of Participation in Chit Funds with respect to gender, it was observed that none of the examined factors yielded p-values less than the significance level of 0.05. This indicates that there is no statistically significant relationship between gender (male or female) and the various factors influencing participation in chit funds. Gender does not appear to influence how participants perceive or behave with respect to those chit fund factors. Adults, irrespective of their gender, show similar levels of confidence, satisfaction, trust, or other measured variables related to chit fund participation.

c. Analysis for Participation in Chit Funds with respect to Locality

The analysis for the participation in chit funds with respect to rural urban differences using Mann-Whitney U Test along with their mean rank is mentioned in Table 4.

Table 4: Participation in Chit Funds Comparison with respect to Locality

Factors	Location	N	Mean Rank	Sum of Ranks	Z value	P value
Quality of Life	Rural	231	198.11	45764.50	-.485	0.628
	Urban	169	203.76	34435.50		
	Total	400				
Motivation to Invest	Rural	231	201.41	46526.50	-.185	0.853
	Urban	169	199.25	33673.50		
	Total	400				
Source of Fund	Rural	231	206.11	47612.50	-1.148	0.251
	Urban	169	192.83	32587.50		
	Total	400				
Comparative benefits	Rural	231	198.55	45866.00	-.399	0.690
	Urban	169	203.16	34334.00		
	Total	400				
Lack of Confidence	Rural	231	199.61	46110.50	-.180	0.857
	Urban	169	201.71	34089.50		
	Total	400				
Satisfaction of Customers	Rural	231	195.31	45117.50	-1.052	0.293
	Urban	169	207.59	35082.50		
	Total	400				
Awareness to customers	Rural	231	190.35	43970.50	-2.074	0.038
	Urban	169	214.38	36229.50		
	Total	400				
Management of Chit Installments	Rural	231	200.81	46386.00	-.062	0.951
	Urban	169	200.08	33814.00		
	Total	400				
Monitoring of Funds	Rural	231	193.50	44699.00	-1.433	0.152
	Urban	169	210.07	35501.00		
	Total	400				
Information Availability	Rural	231	198.91	45947.50	-.330	0.741
	Urban	169	202.68	34252.50		
	Total	400				

On analysing Participation in Chit Funds with respect to locality, it was found that only one factor, i.e., 'Awareness to Customers' have p-value less than the significance level of 0.05. This indicates that there is a statistically significant relationship between the locality (e.g., urban vs. rural) of the participants and their level of awareness about chit funds. For all other factors analysed, the p-values were above 0.05, meaning that locality does not have a statistically significant effect on those other aspects of chit fund participation. Customer awareness levels differ significantly based on locality. For example, individuals in urban areas might be more aware of chit fund operations and benefits than those in rural areas, or vice versa. Awareness to Customers is significantly higher in urban areas, which suggests that Urban customers may have greater access to financial literacy, media, or institutional outreach. On the same time Rural areas require targeted awareness campaigns, educational drives, and better access to information. All Other Factors Show No Significant Locality-Based Difference. Hence Trust, satisfaction, motivation, and operational perceptions of chit funds are consistent across rural and urban populations.

SUGGESTIONS FOR IMPROVEMENT

Based on the analysis, here is a classified and constructive recommendation framework tailored to the three primary stakeholder groups in the chit fund ecosystem: Chit Fund Operators, Investors (Customers), and Others (Regulatory/Support Bodies).

1.1. For Chit Fund Operators

Trust-Building Strategies

- i. Transparency in Operations: As part of this, the operators should publicly share real-time updates on auctions, member contributions, and fund disbursements through digital dashboards or mobile apps. They should provide monthly performance summaries and audit trails accessible to members.

- ii. **Digitalisation & Technology Adoption:** The operators can implement secure and tamper-proof systems such as blockchain or encrypted databases to track fund flows and bidding history. They can also launch secure member portals allowing users to view the past and upcoming contributions, bid history and alerts, and fund disbursement records.
- iii. **Audits & Financial Certification:** The chit fund operators can partner with accredited financial rating agencies to regularly assess and certify your chit operations. They should also display certifications on all digital and physical platforms for credibility reinforcement.
- iv. **Dispute Resolution Mechanism:** Set up a dedicated grievance cell with a clear Service Level Agreement (SLA) for resolving issues. The chit fund operators should publish a member charter outlining customer rights and the complaint process for building trust among the investors.

Enhancing Customer Engagement

- i. **Targeted Communication for Youth (Under 25):** Address lack of confidence with educational content, transparency, and relatable success stories.
- ii. **Re-engagement Strategy for Mid-Age Group (35–45):** Investigate pain points for this segment. Offer customized plans or improved customer service to boost satisfaction.
- iii. **Bridge the Awareness Gap:** Implement **outreach programs**, workshops, or digital awareness initiatives in **rural areas**. Leverage local influencers, self-help groups, or cooperatives to **improve information dissemination**.
- iv. **Maintain Consistent Service Quality:** The similarity in most metrics suggests a **uniform delivery of chit fund services**, which should be maintained and further improved.
- v. **Digital Platforms & Mobile Apps:** Build intuitive mobile applications that allow automated reminders, auto-payment setup, live chat or support features and document uploads (e.g., KYC)
- vi. **Customised Scheme Offerings:** Design chit options with flexible tenures or amounts based on user segments viz; Fixed schemes for salaried individuals and Flexible/seasonal schemes for self-employed or gig workers.
- vii. **Customer Communication & Feedback:** Conduct quarterly feedback surveys and create a customer advisory panel for product co-creation. Use WhatsApp, SMS, and email channels for bid alerts, payment confirmations, and educational tips.

1.2. For Investors / Customers

- i. **Financial Literacy & Awareness:** Attend regular educational sessions offered by chit fund operators or independent bodies to understand the Chit fund mechanics, Risk factors and Strategic bidding timing. Also Use online calculators or mobile tools to simulate returns before investing.
- ii. **Due Diligence:** Verify whether a chit fund company is registered with regulators (e.g., State Registrar of Firms or Companies) and certified by a reputed third-party auditor or financial body.
- iii. **Digital Participation:** Prefer chit funds that offer app-based or online management for better tracking and transparency.

1.3. For Others (Regulators, Industry Bodies, Tech Providers)

- i. **Policy & Regulation Support:** It is important that the regulators should think to introduce uniform digital reporting standards for chit funds. Also mandate minimum audit frequency and public disclosure of performance.
- ii. **Technology & Infrastructure Providers:** Collaborate with chit fund operators to offer white-labelled digital platforms for secure and scalable fund management. They can encourage innovation in AI-powered fraud detection and customer engagement analytics.
- iii. **Third-Party Certifiers & Financial Planners:** Offer trust badges or independent ratings to legitimate operators, aiding customer decision-making. Also partner with chit funds to co-host financial wellness sessions for underserved communities.

CONCLUSION

The study underscores the significant role that chit funds play in empowering women and promoting rural development. Findings reveal that chit funds serve not only as an accessible source of informal credit but also as a platform for women to engage in savings, build financial discipline, and gain economic independence. Participation in chit funds has helped many women, particularly in rural areas, to support household needs, start small businesses, and manage emergencies without reliance on traditional moneylenders. Moreover, chit funds contribute to community-level financial literacy and trust-building, fostering cooperative behaviour and enhancing local economic activity. While challenges such as regulatory gaps, fraud risk, and limited awareness persist, the overall impact of chit funds is positive especially when they are well-managed and supported by transparent practices.

Therefore, strengthening, and formalizing chit fund operations, improving financial education, and increasing outreach can further amplify their effectiveness as a grassroots financial tool for women's upliftment and rural economic development.

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