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A Study on the Pawning System in Commercial Banks in the Vavuniya District

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The pawning system is anticipated to adopt an efficient way to make available of the pawning facilities to the public. By taking this into consideration it is possible to find out how the commercial Banks are operating the pawning system and how these reach the people and give them the necessary facilities. For this analysis, Bank of Ceylon, People's Bank, and Hatton National Bank PLC in the Vavuniya district were considered. In view of the pawning we can identify several problems regarding this pawning activities. Normally pawning system is not similar to the other credit system. So, the pawner should submit the security while getting money in pawning system and also on the due date, that security must be redeemed. Otherwise it will be auctioned. In banks practice for this system, It has known that the banks could not recover the money from powners for sometimes. This will definitely lead for an auction. So the banks face problems while auctioning them with regard to the value of jewels and the interest rate. In this study the researcher selected a sample size of three bank managers, three pawning officers and 240 pawners. This study identifies the major issues in pawning in commercial banks and suggests remedial measures for the smooth functioning of the pawning system. According to the multiple correlations, the efficiency of pawning services is 94% in view of bankers and 92% in view of pawners. Therefore, the researcher can come to the conclusion that the efficiency of pawning system in commercial banks in the Vavuniya district is almost perfect.

Keywords: Pawning system, commercial bank, remedial measures.