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A Study on Awareness of Rural Population towards Financial Services (W.R.T Banking Services)

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ABSTRACT

In present days there is a lot of development in rural areas in form of Infrastructures, sanitary, Education, health and financial service like banking services. Due to development schemes, introduced by Government of India and other financial institutions helps to improve Financial Inclusion in rural areas. Financial inclusion helps the rural population to adopt innovate financial services in Banking and insurance sectors. As in this research "The "Study on Awareness of Rural Population towards Financial services" is conducted in rural areas to analyse the awareness about financial services, Factors influencing rural population, Issues encountered in receiving financial services(Banking), satisfaction of rural customers towards financial services. It is conducted by collecting quantitative data from rural population. Data is completely related to financial services of banking sector. Data is collected for research in both methods i.e.: primary data and secondary data. Samples are collected from Population through Primary data. Primary data is collected from samples of population in the form of well- structured Questionnaire. Secondary Data is collected from Reference Books, Articles, Published research papers, etc. Sample is collected by using Random sampling method. Sample size is of 50 members which are selected from rural villagers. Analysis and interpretation of data collected is done with the help of Tables & Pie Diagrams. Statistical methods and techniques like Percentage, etc are used to analyse the data.

Keywords: Banking, Financial services, Financial Inclusion, Rural Financial system.

INTRODUCTION:

The financial system in India plays an important role for circulating finance from financial institution to those who are needy. These financial service providers are called the intermediaries. "*Financial service is a process by which funds are mobilized from a large number of savers and make them available to all those who are in need of it and particularly to corporate customers*" (Avadhani, 2019). Before its emergence the commercial banks and other financial institutions dominated the field and they met the financial needs of the Indian industry. The Indian financial services industry has undergone a metamorphosis since 1990. In the year 1991 due to introduction of LPG model, financial system has become strong. Now this sector has developed into an industry (Khan, 2018).

There are various institutions which render financial services. Some of the institutions are banks, investment companies, accounting firms, financial institutions, merchant banks, leasing companies, venture capital companies, factoring companies, mutual funds etc. (Machiraju, 2014) These institutions provide variety of services to corporate enterprises. Such services are called financial services (Sri praveen, 2011).

Thus, services rendered by financial service organizations to industrial enterprises and to ultimate consumer

markets are called financial services. These are the services and facilities required for the smooth operation of the financial markets (Khan, 2018). In short, services provided by financial intermediaries are called financial services.

Rural Financial System:

Rural financial services are nowadays concerned with a variety of services including not only agricultural lending but lending to farm households for non-agricultural production and consumption purposes, loans made to non-farm rural firms, rural savings deposit services and other financial services such as insurance. Rural financial services are provided by RRB's to farmers and other Small scale industries (Khan, 2018). Rural population mainly depends on money lenders and other mediators for this reason financial inclusion has been increased in the rural areas. After introduction of NABARD an apex bank for agriculture and rural development, majority of services are introduced in rural areas to develop the financial strength in rural population.

Rural financial services are provided by Cooperative societies (State level, District Level, Primary agriculture Co-operative societies), RRB's, Post office and other commercial banks. The main aim of these service providers is to lend money to farmers on credit with flexible interest rate for the investment in agriculture and small scale industries. In the study it is to find the awareness about rural population towards financial services, especially in banking sector.

Banking In India:

In Indian Financial System banking services play an important role in the Development of the economy. Indian Banking system has been improved as per the rules and regulations of Banking Regulation Act 1949.

The regulations are basically of two types-First, regulations which result in the formation of new banks to meet the specific needs of a group of economic activities. Secondly, legislation that affects the structure by means of nationalisation, mergers or liquidation (Machiraju, 2014). The structure of the banking system is determined by two basic factors – economic and legal. Banks has been classified into Commercial banks, Development banks, Regional banks and Private and Foreign banks. RBI is the central bank of India and it regulates entire banking system in India. Bank circulates money from the public and to the public (Sundharam). As per this banking system is called Nervous System to the Country.

In developing countries like India, rural population is suffering with improper financial system. Financial Inclusion is abundant in rural areas. To remove such gap Regional Rural Banks are established by government of India. More than 50 RRB's are now rendering there services in India to improve financial system in backward regions. The study is on financial services in rural areas to improve financial services.

OBJECTIVES:

a. To determine the awareness of financial services to rural population.
b. To determine the issues which are encountered in receiving financial services, specially the banking services.
c. To analyse the factors influencing rural customers towards Banking Services.

SIGNIFICANCE:

1. The study gives brief information about preferences and awareness of rural population in financial services (banking activities).
2. It provides the data regarding the issues facing by rural population in financial services (banking activities)

2. It helps the customers to get awareness about banking activities.

3. It provides information about different aspects related to banking activities.

4. It supports rural financial institutions to improve their services as per the expectations of the customers.

LIMITATION OF THE STUDY:

In this study there are following limitations:

1. The sample size of the study is limited to "50" rural population.

2. The study is limited to rural villages in Nanded district, Maharashtra State,

3. The study focused only on financial services specially the "banking services".

4. While collecting data from the respondents, personal, officially confidential and other unrelated information about the study is avoided.

RESEARCH METHODOLOGY:

Hypothesis Testing:

Hypothesis testing begins with an assumption called a hypothesis. It helps us to make a population parameter. A hypothesis in statistics is simply a qualitative statement about a population (Gupta, 1969). The hypothesis tests are normally referred to as a. Null hypothesis b. Alternative hypothesis. The following were Research Hypothesis formulated for testing the study:

1. There is no significant difference between qualification of rural population and preference of financial services specially banking services.

2. There is no significance difference between age of the respondents and expectation of the banking services.

Methods of Collecting Data:

Primary data:

Primary data are obtained by a study specifically designed to fulfil the data the data needs of the problem at hand (Gupta, 1969). Such data are original in character and are generated in large number of surveys conducted mostly by government and also by some individuals and research bodies.

In this study primary data collected is in the form of well-structured questionnaire which was filled by the rural population.

Secondary data:

Secondary data is a data which are not originally collected by a researcher but rather obtained from published or unpublished books, journals, articles, organisations websites, etc. It is a data were material is available from pre existing sources of organisations and institutions (Gupta, 1969). Based on the research type, method of collecting data will be changed in that process secondary data is a source of data research activity.

In this study Secondary data is collected from various sources like reference books, textbooks and from official sites related to banks.

Sampling Methods:

In this study, sample is obtained by using simple random sampling techniques in which each and every unit of the population has an equal opportunity of being selected in the sample (Gupta, 1969). In simple random sampling which items get selected in the sample is just a matter of chance personal bias of the investigator does not influence the selection. It should be noted that the word random does not mean haphazard or hit or miss it rather means that chance only

determines which items shall be included in sample.

Sample Size:

An important decision that has to be taken in adopting a sampling technique is about the size of the sample. Size of the sample means numbers of sampling units selected from the population for investigation (Gupta, 1969). In this study the sample size is "50"Rural Villagers from rural villages. It is more than "30" respondents and it is considered as large sample.

Review of Literature:

M VASAN:

In the article Customer's satisfaction towards internet banking of ICICI bank ltd. He conducted the study in order to evaluate and examine the level of satisfaction towards internet banking services. This study is also to observe and analyse the using of internet banking, reasons for chosen internet banking, satisfaction of the customers towards internet banking and to find out the problems encountered by the customers. In his study clearly indicated that the majority of the users of internet banking were in the high level of satisfaction (Vasan, 2015). Hence by the study the important points that ICICI bank's top management must consider in order to increase the number of internet banking users and to improve their service quality.

In the study private employees and students have got good opinion on the internet banking, banker has to adopt right strategies to avail facilities to other category people like government employees, professionals, etc.

Aaron Van Klyton, et al.: The study "Innovation resistance and mobile bank in rural Colombia", examines innovation resistance to a mobile banking and digital money initiative in rural communities. In this research, how innovation resistance persists in traditional rural communities, particularly with respect to gender in rural area. (Aaron van klyton, 2021) This research considered the factors like the reconfiguration of rural life, the dematerialisation of cash, local and regional politics and gender relations (Aaron van klyton, 2021). So, based on the factors research gap has been found on mobile banking and how it is applicable in rural areas. The above factors lead to a study on rural population towards financial services, specially the banking services.

Analysis of data:

In every study analysis of data collected from different sources is an important step. Analysis of data is done by using different statistical tools and mathematical methods. In this analysis researcher can easily explain his research work. For understanding the data, interpretation plays a vital role (Gupta, 1969). Analysis and Interpretation of data is done with techniques and methods.

The technique used for interpretation the detail percentage method. Percentage method is technique which analyse the data in numerical. It helps to compare one variable with other. With this analysis we can easily draw the inference from the data (Gupta, 1969). In this study interpretation is done through Tables and Pie charts. The table is used to convert the raw data into a structured form so, that everyone can easily analyse the data and can draw conclusions. Pie chart is other form of interpretation of the data. It is in chat form. By observing the chart we can analyse the data. Tables and pie chart are time saving techniques to interpret and analyse the study.

1. GENDER:

TABLE 1

Gender	Respondents	Percentage
Male	32	64%
Female	18	36%
Total	50	100%

Interpretation: From the above table it can be observed that, there are two types of respondents in the study. They are males and females. The male respondents are 32(64%) and female respondents are 18(36%). Among them male respondents are more than female.

2. EDUCATION QUALIFICATION:

TABLE 2

Qualification	Respondents	Percentage
SSC	22	44%
Intermediate	12	24%
Graduation	10	20%
Others	8	16%
Total	50	100%

Interpretation: From the above table it can be observed that there are four types of respondents with different qualification. In this study the respondent with the qualification of SSC-22 (44%), intermediate-12 (24%), graduation-10 (20%) and others are 8 (16%). In this analysis respondents with qualification of graduation are higher than other education qualification.

3. OCCUPATION:

TABLE 3

Occupation	Respondents	Percentage
Student	22	44%
Business	12	24%
Job holder	6	12%
Others	10	20%
TOTAL	50	100%
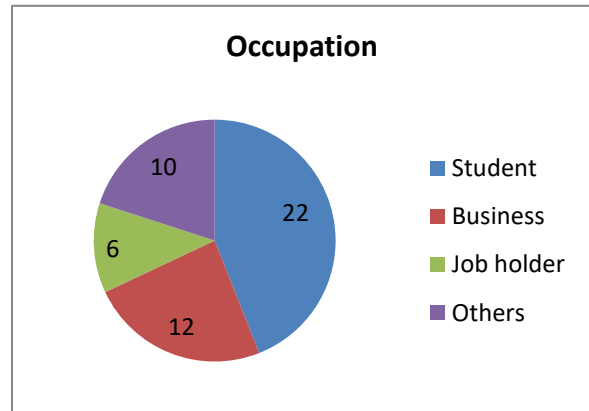
Figure 1

Interpretation: In the above table and chart there are different respondents with their occupations. It can observe that students are 22(44%), businessmen are 12(24%), job holders are 6(12%) and others are 10(20%). Among them students are more than others in this study.

4. INCOME:

TABLE 4

Income	Respondents	Percentage
0-1lks	24	48%
1lks-2lks	12	24%
2lks-3lks	10	20%
3lks-4lks	4	8%
TOTAL	50	100%

Interpretation: From the above table it can be observed that there are different income level respondents in this study. The respondents with 0-1lks income are 24(48%), 1lks-2lks are 12(24%), 2lks-3lks are 10(20%) and 3lks-4lks are 4(8%). In this analysis income group of 0-1lks are more than others income groups.

5. EXPECTATIONS OF THE CUSTOMERS:

TABLE 5

Expectations	Respondents	Percentage
Banking services like bill payments, standard instructions, etc.	30	60%
Availability of loans & advance	37	74%
Proper response from staff	20	40%
Customer awareness	45	90%
Card/ online/paperless banking	25	50%
Total	50	100%

Interpretation:

- 30 customers are expecting Banking services like bill payments, standard instructions, etc. in the rural banking activities.
- 37 customers are expecting availability of loans and advances (agriculture innovation).
- 20 customers are expecting proper response from bank staff.
- 45 customers are expecting to improve awareness towards rural banking activities.
- 25 customers are expecting card/online/paperless banking in rural banking.

6. RATING FOR BANKING SERVICES:

TABLE 6

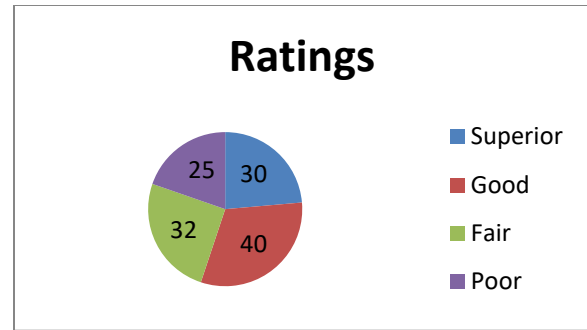| Ratings	Respondents	Percentage
Superior	30	60%
Good	40	80%
Fair	32	64%
Poor	25	50%
Total	50	100%

FIGURE 2

Interpretation:

- 30 (60%) customers are given their opinion as "Superior" for banking services.
- 40 (80%) customers are given their opinion as "good" for banking services.
- 32 (64%) customers are given their opinion as "fair" for banking services.
- 25 (50%) customers are given their opinion as "poor" for banking services.
- Among them maximum respondents are rated for "good" services. I.e.: 80%.

Findings:

In the study "A study on awareness of rural population towards financial services W.R.T Banking services" the following are the findings:

- It is found that they are banking in rural areas.
- In this study it was found that retail customers are more among in rural population.
- The respondents of different income groups and their preference towards different modes of digital banking. Income group of 0-1lks are using physical banking, 1lks-2lks are using both physical and mobile banking, 2lks-3lks are preferring internet

banking and 3lks-4lks are preferring internet banking.

- The respondents of different occupation and their preference towards different modes of digital banking. The respondents in this study are students, businessmen, jobholders and others. In this study students are using physical banking, businessmen are using internet banking, jobholder are using both internet banking and card banking and others are using physical banking.
- The respondents of different education qualification and their preference towards modes of digital banking. The respondents with qualification of SSC are using physical banking, intermediate are using physical banking, graduation are using mobile banking and other respondents are using both internet banking and card banking.

Conclusions:

In this study "A study on awareness of rural population towards financial services W.R.T Banking services" it has been analysed that there are some factors which are influencing consumer preference in choosing mode of banking. They are age group, income levels, gender, occupation, marital status, qualification. All these factors are analysed and interpreted in table and pie chart. The male customers are more than female and they preferred mobile banking and internet banking. From all the respondents with graduation are more and they preferred mobile banking. With the help of analysis it can be found that maximum number of customers are facing problem of formalities in banking activities, further they faced the problem of transaction limit in mobile banking, internet banking and in ATM e corners. From the above study it is analysed

that financial services are available in rural areas but they are in limit like mostly the banking, insurance and some other services (post Office Deposit). From this I need to conclude that financial inclusion should be removed by improving financial services mostly through digital platform.

Suggestions:

- From this study it is suggested that bank management should reduce formalities in banking activities, because majority of the customers are facing problem of formalities.
- Further study suggests that transaction limit like withdrawal, transfer of funds, etc. should be increased. It make convenient for the customers to make transactions.
- The study suggests that expectation of the customers is innovation the technology in banking activities helps the bank to compete in the market.
- The study suggests the bank to support students for higher studies by issuing loans for Education.
- It suggests the customer to prefer mobile and internet- banking, so that your banking activity will be in your fingertips.

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