

BANKING AWARENESS AMONG RURAL HOUSEHOLDS: A STUDY ON INDIGENOUS HOUSEHOLDS IN PATHANAMTHITTA DISTRICT

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Abstract

The study explores the awareness of Indigenous households about banking activities in Pathanamthitta district. Financial literacy is essential for the economic well-being of the society. This study is conducted to analyze the availability/ accessibility of financial products and services among backward households. The study becomes helpful to know the number of people with access to these services. This data will empower rural households to know about these services and access them easily. This study was conducted on a sample size of 150 people in the Pathanamthitta district who responded positively to each question made their reviews on financial inclusion and demonstrated their knowledge about banking products and services. Financial literacy is associated with better access to banking services. So banks have a crucial role in the financial development of society. This study was conducted to analyze the financial knowledge and the measures that a bank can adopt to include the indigenous people in the world of financial knowledge.

Keywords:- Banking Awareness, Rural People, Indigenous Households, Financial literacy, Financial Inclusion.

India, being a developing country, requires pooling of savings of a large number of people as well as investment. To attain this remarkable objective, there should be accessibility to financial services among all sections of society. For this, financial

literacy must reach each person, that is, all individuals must have financial knowledge. Basic financial services are attained by the people through banking services. Measuring financial inclusion is a matter of great concern among policymakers, researchers, and governments.

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Financial inclusion is a multi-dimensional approach that cannot be measured with a single indicator but is influenced by a large number of indicators. Households with low income often lack access to financial services. These families find it more difficult to save or to plan financially for the future. The lack of financial services has an impact on the economic condition of the people as well as that of the country. For an accelerated growth of the country, financial inclusion must reach all segments of the society. Today, financial inclusion is considered an important input in the developmental process in all areas of economic activities.

1.2 Review of Literature

Stated below are a few available studies related to the impact of financial inclusion as it is important to gather information related to the specific area of study. This section attempts to provide a broader review of the literature, bringing into light the studies conducted by various eminent scholars:

1. Irshad Ahmad (2013) attempts to suggest some remedies to increase the customers' awareness regarding e-banking services. He pointed out that banks should take the initiative to inform customers when they launch new products and services. Well-informed customers can make use of the services and thereby be included in the financial aspects of the nation.

2. Amutha D (2016) tries to identify the main reasons for preferring e-banking facilities. From the data collected from the customers, the researcher identified the reasons for convenience and time-saving.

3. Shastri (2014) analyzed various levels of financial inclusion to investigate how financial inclusion operates and what causes its success. This study attempts to analyze the issues and challenges involved in financial inclusion for inclusive growth and has also successfully highlighted the factors that can aid in achieving financial inclusion for inclusive growth.

1.3 Statement of the Problem

The present study will throw light on the accessibility of financial services among the indigenous people to draw out the impact of financial inclusion. The study helped in understanding the needs of people in accessing financial services. Through this study, we could understand the need for financial inclusion of rural or indigenous households. This study can also help in reducing the disparities in access to financial services between the rich and the poor.

The study has been conducted to know the impact of financial inclusion among Indigenous households or in simple terms can be said as knowledge of the impact of accessibility of financial services among illiterate or backward sections of society of Pathanamthitta district.

1.4 Objectives of the Study

1. To examine the level of awareness about financial services among rural or indigenous households.
2. To identify the impact of financial literacy related to financial inclusion among indigenous households.
3. To study the usage of different financial products and services among various households.

1.5 Methodology of the Study

For measuring the banking awareness of rural households, both primary and secondary data were used for the study. The study was conducted in Pathanamthitta district in Kerala. Using random sampling, 150 people from the rural area are selected as the respondents for the study. The secondary data have been collected from the official site of RBI and other journal articles relating to the Banking sector. Data collected were analyzed using percentage and mean score analysis.

1.6 Data Analysis and Interpretation.

The study has been conducted to measure the level of awareness about financial services among rural people, to identify the impact of financial literacy, and to study the usage of different financial products and services among various households.

To identify the awareness and impact, data have been collected from 150 people from rural households.

Have an Account or any other transaction with a Bank

Data have been collected to identify the customer's primary relation with a bank, holding of account, or any other transaction with a bank

Table 1.1 analyses the primary relationship that a customer holds with a bank. The data shows that majority (94.67 per cent) of the respondents have an account or engage in similar financial transactions with a bank.

Awareness of Banking Services

The data have been collected from the respondents to measure the awareness among rural households about the different products and services offered by banks.

Table 1.2 explains the awareness level of rural households on the products and services provided by banks. It is evident from the above table that the majority (63.33 per cent) of the customers lack enough knowledge of all the services provided by the bank. This suggests that

Table 1.1
Primary Relations with the Bank

Account/financial transaction	No of respondents	Percentage
Yes	142	94.67
No	8	5.33
Total	150	100

Source: Primary Data

Table 1.2
Awareness of Banking Products and Services

Awareness of Banking services	Number of respondents	Percentage
Yes	55	36.67
No	95	63.33
Total	150	100

Source: Primary Data

the banks are not effectively communicating the relevance of financial stability to the customers and that the customers are not adequately updated on financial information.

Accessibility of Financial Services

It is evident from the table 1.3 that majority (78 per cent) of customers are not accessing and availing of financial services offered by banks. On detailed analysis, it is found that rural households avail the basic services like cheque, ATM Card, etc only. They don't have much access to the new products and services offered by banks like loan schemes such as Mudra loans, insurance, and investment schemes.

Awareness of Rural People on Banking Facilities

The awareness level of rural households on various facilities provided by banks is evaluated here using Mean score analysis

Table 1.4 presents the mean scores for awareness of various banking facilities. The data indicates that most people have awareness regarding the facilities provided by the banks. On closer analysis, it can be found that customers have greater knowledge about ATMs among the various services provided by banks. They also have significant knowledge about Credit card and Digital banking services.

Table 1.3
Accesses of Banking Services

Access to Banking services	No of respondents	Percentage
Yes	33	22
No	117	78
Total	150	100

Source: Primary Data

Table 1.4
Various Banking Facilities

Banking Facilities	Mean Score
Cheque	22.4
ATM/ Debit Card	26.3
Credit Card	25.9
Digital Banking/Mobile Banking	25.1
Core Banking	19.5
Mudra Loans	22.2
Insurance schemes	22.5
Investment Schemes (e.g.: Mutual Fund)	21.1

Source: Primary Data

Financial Awareness / Financial Literacy by Banks

In this part, analysis was conducted to find out the percentage of households receiving financial literacy from banks.

It is clearly evident from the above table 1.5 that 92 per cent of customers opined that they didn't get any support and awareness from the bank regarding financial inclusion. Banks are not initiating programs that aim to deliver financial information to customers. It is also necessary to provide the information in the local language which is also lacking. Another main problem is that the banks tend to prioritize urban customers over rural customers.

Reasons for Financial Illiteracy

There may be several reasons why customers choose not to avail the different products and services offered by banks.

Table 1.6 depicts the data collected from the respondents to identify the

reasons for financial illiteracy among rural people. The analysis, using mean scores, indicates that the primary reasons are lack of trust in banking services and limited access to financial institutions. However, other factors such as communication problems with the bank staff, lack of awareness regarding the products and services, and low income also play a significant role as their mean values are closely aligned. Low-income category people will be reluctant to approach banks directly. So banks must take the initiative to guide them properly to invest in the most suitable schemes that are appropriate for their income.

Identification of Problems of Financial Inclusion

In this part, researchers have identified the key factors limiting the financial inclusion of rural households, using mean score analysis. Major problems identified were Low Financial Awareness, Limited accessibility to financial products and

Table 1.5

Financial awareness / Financial Literacy by Banks

Financial Awareness	Number of respondents	Percentage
Yes	12	8
No	132	92
Total	150	100

Source: Primary Data

Table 1.6

Reasons for Financial Illiteracy

Reasons	Mean Score
Lack of awareness regarding the products and services	20.4
Lack of Trust in banking services	22.7
Limited access to Financial institutions	21.5
Low income	20.2
Communication problems with the Bank Staff	20.9

Source: Primary Data

services, and insufficient benefits to households despite the introduction of new schemes.

Table 1.7 presents the mean scores of various problems faced by the respondents. The respondents were asked to rank the problems they face while being included in banking schemes and services. The above data reveals that most households face the problem of limited availability of financial products and services, indicated by the highest mean score. Low financial awareness also comes as the next major issue.

1.7 Results and Discussions

The analysis of the collected data reveals that a significant proportion of the respondents belonged to Scheduled Castes and Other Backward Castes. Financial awareness can be obtained directly from banks but most of the respondents reported a lack of financial awareness from banks regarding their products and services. Despite this, most of the respondents acknowledged that the instructions on bank products and services are available in their native language.

It is evident from the study that customers don't have enough knowledge on all the services provided by the bank. This suggests that banks are not effectively communicating the relevance of financial

stability to their customers. Customers were not receiving regular updates on the financial information. They have limited access to the new products and services offered by banks like loan schemes such as Mudra loans, insurance, and investment schemes. Low-income individuals may be hesitant to approach banks directly. So banks must take the initiative to guide them properly to invest in the most suitable schemes based on their income levels. Limited availability of financial products and services and low financial awareness are major problems faced by the customers.

Accessing financial services requires a strong understanding of the available products and services. So banks should focus and take measures to make sure that information about different schemes and services offered to rural households reaches them.

The concept of financial inclusion was introduced in the year 2005. Even though almost all the respondents have accounts with a bank, they do not have much awareness regarding the products and services offered by the banks. So the aim of financial inclusion is yet to be achieved. Banks should focus on organizing awareness campaigns among rural households regarding the variety of schemes and services offered by them.

Table 1.7
Identification of Problems

Problems	Mean Score
Low Financial Awareness	23.2
Limited availability of financial products and services at ease	24.6
No Benefits to households even after introducing new schemes	21.1
High Cost of Financial Products and Services	22.8

Source: Primary data

1.8 Suggestions

From the analysis and interpretation of data, researchers intend to make some recommendations that will benefit the rural households to be financially included by getting more awareness regarding the schemes and services provided by banks.

1. Banks should actively encourage customers to invest their savings through the pooling of resources to enhance financial stability and growth.
2. Although customers benefit from banking services, banks have a responsibility to inform rural households about available financial inclusion schemes to ensure broad access to financial resources.
3. It is essential for banks to provide information in local languages, as this practice is currently lacking and can significantly improve accessibility for rural customers.
4. Banks must prioritize rural customers over urban clients, tailoring their services to meet the unique needs of these communities.
5. It is imperative for banks to raise awareness about their banking products and services, informing

the public about the benefits and features available to them.

6. Financial products and services should be made readily accessible to all customers, removing any barriers that may hinder their use.
7. Banks should promote online banking solutions, enabling customers to save time and reduce costs associated with traditional banking methods.

1.9 Conclusion

After completing this research work, the researchers drew a conclusion stating the needs and impacts of financial inclusion. Financial Inclusion is meant to remove the disparities between rich and poor regarding accessibility of financial products and services. The Government of India, along with respective State Governments, is implementing new schemes to address these disparities and ensure that illiterate and unaware individuals can benefit from them. In this context, banks should play a vital role in disseminating information about these new schemes and services that can positively impact society. By utilizing various methods, including classes and the advantages of social media, banks can effectively reach and inform a broader customer base.

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