A STUDY ON LEVEL OF AWARENESS TOWARDS FINANCIAL SERVICES IN RURAL HOUSEHOLDS

Dr. K.Vidyakala[1], Dr.K.Nithyakala[2], S.Nivethika[3]
[1]Assistant Professor, Department of Business Administration, PSGR Krishnammal College for Women, Coimbatore, Tamilnadu, India
[2]Assistant Professor, Department of Business Administration, PSGR Krishnammal College for Women, Coimbatore, Tamilnadu, India
[3]Research Scholar, Department of Business Administration, PSGR Krishnammal College for Women, Coimbatore, Tamilnadu, India

ABSTRACT

Finance is very essential for every activity in our day today life. Financial inclusion is the process of ensuring access to financial services, timely and adequate credit needed by vulnerable groups such as weaker sections and low income groups at an affordable cost. Financial services have become an important driver of financial inclusion in a growing number of countries. This paper analyzes the significance of demographic factors of the respondents and awareness of financial services among 150 respondents belonging to rural households of Coimbatore using one way- Anova. The study found that gender, area of the residence and number of dependents of the respondents significantly influences the awareness of the financial services.

Keywords: Financial services, financial inclusion and rural households.

1. INTRODUCTION

1.1 FINANCIAL SERVICES

Financial inclusion is a national priority for the Indian government as it enables for inclusive growth and its main objective is to bring the bottom of the pyramid of the financial landscape for the ambit of formal banking. And efforts to include the financial services used by all segments of society. India's financial inclusion drive is not just a one-time effort to ensure better banking services or a wider reach. It is an ongoing exercise that blends the government's vision with concerted efforts by public and private players and policymakers. Moreover, it is also a strident step towards creating a financially literate population which is equipped with basic skills to make sound financial decisions. (IBEF 2017).

Today's providers of such financial services can be divided into four broad groupings based on the party holding the contractual relationship with the customer: (i) a full-service bank offering a "basic" or "simplified" transactional account for payments, transfers, and value storage via mobile device or payment card plus point-of-sale (POS) terminal; (ii) a limited-service niche bank offering such an account via mobile device or payment card plus POS terminal; (iii) a mobile network operator e-money issuer; and (iv) a nonbank non-MNO e-money issuer. All four models function via three components: a digital transactional platform, an agent network, and the customer's access device. With these components in place, payments and transfers, as well as credit, savings, insurance, and even securities, can be offered digitally to excluded and underserved customers. (Kate & Lyman, 2016).

India has realized the potential of mobile as well as technology to be game changers vis-à-vis the financial inclusion drive. A number of schemes aim to cash in on the proliferation of mobile technology, especially to include rural customers in the organized financial system. And the financial services are all set to boost infrastructure, technology accessibility, and last-mile connectivity. These would not only improve cash flow to boost the economy, but also help the government facilitate rural development through various services such as gas subsidies.

2. OBJECTIVE OF THE STUDY

- To analyze the significance of demographic profile of the respondents on awareness towards financial services.

3. REVIEW OF LITERATURE

Bhuvana & Vasantha (2016) examined the dimensions for measuring financial inclusion in the rural areas of Tamil nadu. The Reserve Bank of India (RBI) has stated that financial inclusion is a process of delivering financial services at a reasonable cost to the people especially from the most down sided sections in the society. The financial services such as timely credit facilities and accessing financial products like small saving deposits reach the rural people easily by the formal financial institutions such as banking industries

Baruta & Sane (2015) has opined that financial inclusion doesn't only mean that you open accounts for people. That's relatively easy and it has already been done on a large scale in India in the past. Financial inclusion should mean that you provide adequate financial services to everyone. That includes not only providing a bank account, but also the fact of being paid one's pension or wage on time, of being able to withdraw your money conveniently, of being informed when your money is deposited in your bank account. It also means providing services like ATMs and Internet banking.

RBI (2014) examined the various challenges and alternatives in the domain of technology that can help large scale expansion of mobile banking across the country. The report divided the challenges into 2 broad categories Customer enrollment related issues and Technical issues. The study concluded that detailed comparison of four channels of mobile banking - SMS, USSD, IVRS and Mobile Banking Application, and evaluates each one of them based on accessibility, security and usability. And found that different problems identified, the report suggests developing a common mobile application, using SMS and GPRS channels, for all banks and telecom operators. For customers already using SIM cards, the application can be transferred "over the air" using a dynamic STK facility provided by banks to use the financial services.

Ramasubbian & Duraiswamy (2012) analyzed the issues pertaining to implementation of financial services with financial inclusion in economically down trodden district of Tamil Nadu. Interview based questionnaire method was used to collect the data The study concluded that no-frill saving bank accounts & general purpose credit cards had been issued to ensure the implementation of financial inclusion in India but other steps such as, granting overdraft facilities in saving bank accounts & providing banking services at the door step of villages through smart card had not been implemented. The study found that nationalized banks entrusted the task of implementing financial inclusion in rural & semi-urban locations gradually increases in opening of saving accounts.

4. RESEARCH METHODOLOGY

Research methodology describes how the research study was undertaken. This includes the specification of research design, source of data, and methods of primary data collection and the sampling method.

4.1 Type of Research

The present study is in descriptive research.

4.2 Area of the study

The study was conducted among the rural people in Coimbatore.

4.3 Sample size

A sample size of 150 respondents is selected using stratified sampling method. Stratified sampling is a type of non-profitability which involves the sample being drawn from the part of the population which is close to the hand.

5. DATA ANALYSIS AND INTERPRETATION

The collected data is processed, classified and interpreted using the following statistical analysis.

5.1. One way Anova

ANOVA is done by demographic profile of the respondents towards financial services.

Tools used for analysis

One way Anova is used to analyze and draw conclusion.

a). Analysis of significance of demographic factors of the respondents on awareness towards financial services:

The following table shows the analysis of awareness towards financial services according to the demographic profile of the respondents.

Table 5.1: Awareness towards financial services and demographic factors.

Area of Residence		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
	Between Groups	13.394	50	4.465	55.070	**.000**
	Within Groups	59.913	100	.081		
	Total	73.307	150			
Gender		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
	Between Groups	13.830	25	13.830	172.303	**.000**
	Within Groups	59.477	125	.080		
	Total	73.307	150			
Age		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
	Between Groups	.327	30	.082	.827	.508
	Within Groups	72.979	120	.099		
	Total	73.307	150			
Nature of family		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**

	Between Groups	.063	40	.063	.641	.424
	Within Groups	75.243	110	.099		
	Total	75.306	150			
Number of dependents		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
	Between Groups	2.276	15	.325	3.364	**.002**
	Within Groups	71.031	135	.097		
	Total	73.307	150			
Educational Qualification		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
	Between Groups	.638	38	.106	1.077	.375
	Within Groups	72.669	112	.099		
	Total	73.307	150			

INTERPRETATION

Area of Residence: The f value is 55.070 and the significant value is .000 which is less than the acceptable value of 0.05 and it is inferred that area of residence influences the awareness towards financial services.

Gender: The f value is 172.303and the significant value is .000 which is less than the acceptable value of 0.05 and it is inferred that gender influences the awareness towards financial services.

Religion: The f value is 1.320 and the significant value is.267 which is greater than the acceptable value of 0.05 and it is inferred that religion does not influences the awareness towards financial services.

Age: The f value is .827 and the significant value is.508 which is greater than the acceptable value of 0.05 and it is inferred that age does not influences the awareness towards financial services.

Nature of family: The f value is .641and the significant value is .424 which is greater than the acceptable value of 0.05 and it is inferred that nature of family does not influences the awareness towards financial services.

Number of dependents: The f value is 3.364 and the significant value is .002 which is less than the acceptable value of 0.05 and it is inferred that number of dependents influences the awareness towards financial services.

Educational qualification: The f value is 1.077and the significant value is .375 which is greater than the acceptable value of 0.05 and it is inferred that educational qualification does not influences the awareness towards financial services.

6. FINDINGS OF THE STUDY

- It is found that area of residence, gender and number of dependents of the respondents' influences the awareness level of financial services.
- It's also found that age, religion, nature of family and educational qualification of the respondents does not influence the awareness level of financial services.
- Here it shows that financial services had a influence of the demographic profile of the respondents, therefore the people in rural areas are accessing the services provided.

7. CONCLUSION

The access to financial services helps the poor to ensure themselves against the income and enable them to meet the financial emergencies. Availability of using financial services is necessary for building the financial capabilities among households. Even today the fact remains that nearly half of the Indian population doesn't have access to formal financial services and are largely dependent on money lenders". Mere opening of no-frill bank accounts is not the purpose or the end of financial inclusion while formal financial institutions must gain the trust and goodwill of the poor through developing strong linkages with community-based financial ventures and cooperative. Financial Inclusion has not yielded the desired results and there is long road ahead but no doubt it is playing a significant role and is working on the positive side. It is important that banks should make the people learn the various financial products offered by them, how they have to make use of them. The financial inclusiveness has to take initiative make all the people are part utilize the finance for their wellbeing and development it helps to financial sustainability and economic growth of the individual. The financial inclusion play pivotal role in economic development of the country.

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