



# AWARENESS OF FINANCIAL SERVICES TOWARDS SOCIO ECONOMIC FACTORS IN RURAL AREAS

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## **ABSTRACT**

*Universal access to financial services is a key ingredient for achieving socioeconomic development. Financial inclusion theme is particularly relevant for India, where around 21% of the world's unbanked population resides. Recently, India has taken several steps towards financial inclusion for achieving faster inclusive growth. This paper analyzes the significance of socio-economic factors of the respondents towards awareness of financial services among 150 respondents belonging to rural households of Coimbatore district. It is an ongoing exercise that blends the government's vision with concerted efforts by public and private players and policymakers. Financial inclusion is a key element in the strategy to achieve inclusive development of a nation. Providing access to financial services is becoming a neighborhood of concern for the policymakers because it has far reaching economic and social implications. Financial inclusion is a key element in the strategy to achieve inclusive development of a nation. Financial inclusion is required to uplift the poor and disadvantaged people by providing them the customized financial products and services.*

**Keywords:** *Financial Service, Financial Inclusion and Rural Households.*

## **Introduction**

Starting with the nationalization of banks, priority sector lending requirements for banks, agent bank scheme, establishment of regional rural banks (RRBs), place approach, self-help group-bank linkage programme, etc., multiple steps have been taken by the Reserve Bank of India over the years to increase access to the poorer segments of society 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.

Inclusive growth' has been a priority of the Government over the past decade , with the main objective of the growth of the economy, where all sections participate in the growth process and benefit out of it. Access to finance or financial inclusion plays a crucial role in this direction, which is imperative for achieving the equity objective and to sustain the growth momentum of the economy.

According to World Bank Report, "Financial Inclusion is an absence of price and non-price barriers in the use of financial services". The roles of banks either formal or informal cannot be over emphasized in that they perform intermediate functions between savers and those in need of credits. The formal financial system also shows higher poverty ratios and higher inequality. Thus, financial inclusion is no longer a policy choice today but a policy

compulsion. And, banking is a key driver for financial inclusion/inclusive growth. Reserve Bank of India has proposed that financial inclusion is a cornerstone of developing economy and it also aimed for providing access to formal financial services in an affordable manner to reduce poverty and create jobs. India now needs a multidimensional approach which existing digital platforms, infrastructure, human resources and policy frameworks to be strengthened to promote financial literacy among customers. (RBI report 2020)

## OBJECTIVE OF THE STUDY

- To analyze the significance of socio-economic profile of the respondents towards awareness of financial services

## REVIEW OF LITERATURE

**Rao (2020)** examined that India should take more efforts to expand access to organized financial systems through digital payments and there is a need to increase financial and digital knowledge among the people. RBI's policy to promote digital inclusion, making online remittances through National Electronic Funds Transfer (NEFT) and Real Time Gross Settlement System (RTGS) facilities in savings bank accounts free from the indeed significant. While the global recognition of India's policy thrust for pursuing FI through digital approach is encouraging, tackling inoperative accounts and deepening for the wellbeing of the society.

**Farzana (2018)** examined that Digital financial services have significant potential to provide a range of affordable, convenient and secure banking services to poor people in developing countries. The digital India initiative can easily connect the different groups of society and can help to achieve the objective of financial inclusion through digital banking. Adopting digitization in financial services and including most of population in the net of banking will help in growth and development of country.

**Borsa Istanbul (2018)** the study found that digital finance through Fintech providers has positive effects for financial inclusion in emerging and advanced economies, and therefore the convenience that digital finance provides to individuals.

**Finca (2018)** examined the role of financial services in closing the gender gap. The study found that around two billion people do not have access to financial services in which more than one billion of them are women. Financial access is a key way that social performance task force measures goals and impact, access creates greater stress for many women because they don't have the opportunity to make financial decisions in their households.

## Methodology

A sample size of 150 respondents was selected using 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. The study was conducted among the rural people in Coimbatore district. ANOVA is done to analyze the significance of socio economic factors of the respondents on awareness towards financial services. (Coimbatore south region, November 2016).

**Table 1: Awareness of Financial Services Towards Socio Economic Factors in Rural Areas**

Socio-economic factors	Sum of Squares	Df	P value
Status of employment	3.694	38	<b>.000</b>
Total	73.307	150	
Nature of work	5.462	25	<b>.002</b>
Total	105.459	150	
Type of Income	2.276	9	<b>.000</b>
Total	73.307	150	
Monthly income	5.462	10	<b>.000</b>
Total	99.997	150	
Number of adults in your household	3.248	6	
Total	73.307	150	<b>.024</b>
Literate	.938	100	
Total	73.307	150	
Period of Saving	.932	15	<b>.034</b>
Total	73.307	150	
Own a piece of land	.063	7	.638
Total	73.307	150	

(Source: Primary Data)

## Results and Discussions

It is found that current status of employment, nature of work, type of income earned monthly income of the family, number of adults in the family, literacy and period of saving of the respondents significantly influences the awareness of financial services. It's also found that ownership of a land of the respondents does not influence the awareness level of financial services. The study found that all the socio economic factors of the respondents except ownership of land have significant influence on the awareness level of financial services..Tabitha Durai (2019) analyzed in his study that Digital finance provides a greater control of customer personal finance, quick financial decision making, and the ability to make and receive payments. And also states that digital financial services are often more convenient and affordable than traditional banking services, enabling low-income and poor people in developing countries to save lots of and borrow within the formal economic system , earn a financial return and smooth their consumption

Except the factor own a piece of land, the other factors like current status of employment, nature of work, type of income earned, monthly income earned, number of adults, literacy and savings were the factors which influence the awareness of financial services.

Financial services aim unbanked individuals to gain access to financial inclusion of unbanked people to be banked. India has witnessed rapid growth in mobile adoption and today more than 70 per cent of the population owns a mobile phone. The banking sector has made rapid strides largely because of the swift advancement in technology.RBI has been actively involved in harnessing technology for the develop-ment of the Indian banking sector over the years.

The apex bank took upon the task of promoting computerization in banking to improve customer services, book keeping and management infor-mation system (MIS) to enhance pro-ductivity. RBI has played a pivotal role in achieving various objectives like implementation of the electronic payment system like RTGS (Real Time Gross Settlement), electronic funds transfer (NEFT), mobile banking system. Financial inclusion status is more likely to enhance through technological interventions. Unbanked economies have tapped the potential of digital technology,

particularly within the mobile space, to measure the impact of technology-driven inclusion. Here the study found that all socio economic factors significantly influence the awareness of the financial services

## CONCLUSION

The demand side of financial inclusion is education which includes skill development and health, irrigation, power, roads, transport, marketing arrangements etc., supply side financial inclusion includes availability of timely finance at affordable rate of interest. The financial literacy and awareness among the marginalized sector of people are absolutely necessary to achieve financial inclusion. Financial Inclusion is an essential part which can be achieved through creating awareness about the income, education and savings among the customers. Any Economic Development growth can said to be success, by the most of the people and also bringing the serious change in the people's attitude on different social aspects. India, it is very diverse in almost all senses, it becomes all the more important to maintain equilibrium between various socio-economic-political dimensions and efforts should be made to bridge the gaps existing today. Financial inclusion promotes the culture of saving, improves access to credit both entrepreneurial and personal emergency and also enables efficient payment mechanism.

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