



# Rural Customers' Satisfaction Towards Digital Banking In North Kerala

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## ABSTRACT

This study examines the satisfaction levels of rural customers in North Kerala regarding the use of digital banking services. With the growing penetration of smartphones and internet connectivity in rural areas, digital banking has become an accessible alternative to traditional banking methods. This study focuses on identifying customer satisfaction, key challenges, and socio-economic factors influencing the adoption and usage of digital banking among rural customers. A structured questionnaire was distributed among 400 respondents from rural regions in North Kerala, with a particular focus on socio-economic factors like age, gender, education, and occupation. Data analysis includes ANOVA and Kendall's coefficient to assess satisfaction levels and problems faced by customers. The results reveal that factors such as lack of internet literacy, fear of fraud, and poor network connectivity continue to be major hurdles. The findings highlight the need for enhanced awareness, better infrastructure, and customized digital banking solutions for rural customers. The study also suggests that banks must focus on customer education and personalized support to improve satisfaction levels. Recommendations for future research include broader geographical studies and comparative analyses across different demographic segments.

Keywords: Digital Banking, Rural Customers, Satisfaction, Problems

## 1. Introduction

With the rapid digitalization of banking services, rural customers are increasingly accessing financial services through digital platforms. In the case of North Kerala, a region with distinct socio-economic characteristics, digital banking holds potential for financial inclusion. However, challenges such as limited infrastructure, low literacy rates in digital technology, and security concerns affect the satisfaction levels of rural customers. This paper investigates the satisfaction of rural customers towards digital banking in North Kerala and examines the factors affecting their experience. It provides insights into the common challenges they face and suggests ways to enhance digital banking adoption in the region.

## 2. Literature Review

**Kumar, V. (2020)** in his study highlighted the importance of digital banking for financial inclusion in rural India and explores the challenges rural populations face, such as poor digital literacy and inadequate infrastructure. **Rani, S., & Ghosh, M. (2019)** examined the factors influencing the adoption of digital banking services in rural India, including ease of use, perceived security, and internet accessibility. **Mathew, P., & Joseph, A. (2021)** in his study compared the adoption rates of digital banking between urban and rural customers in Kerala, concluding that rural users face more barriers due to low digital literacy. **Rajesh, R. (2020)** discussed the role of internet penetration in increasing the accessibility of digital banking services in rural areas of South India. **Singh, B., & Patil, A. (2022)** focused on the digital divide that rural populations face when accessing digital banking services, analyzing how age, education, and occupation impact adoption. **Sharma, N., & Thomas, R. (2021)** explored customer satisfaction with digital banking services, emphasizing the importance of user-friendly interfaces and reliable customer support. **Devi, P., & Bhat, S. (2020)** identified the socio-economic factors affecting the usage of digital banking in rural areas, including income, education level, and access to technology. **Mishra, A. (2019)** investigated the security concerns of rural customers when using digital banking platforms, highlighting trust as a key factor influencing satisfaction levels.

## 3. Objectives

- To assess the satisfaction levels of rural customers towards digital banking in North Kerala.
- To identify the major problems faced by rural customers in adopting digital banking.
- To analyze the impact of socio-economic variables on satisfaction levels.
- To suggest strategies for improving the digital banking experience for rural customers.

## 4. Methodology

The study uses a quantitative research design. Data was collected from 400 respondents in rural areas of North Kerala through a structured questionnaire. The questionnaire included questions on demographic details (age, gender, education, occupation), satisfaction with digital banking, and problems faced in using digital banking services. Statistical tools like ANOVA were used to analyze the differences in satisfaction levels based on socio-economic variables. Kendall's coefficient was used to rank the problems faced by customers. The data was collected from the districts such as Kannur, Kozhikode and Wayanad during the period from January, 2024 to March 2024.

## 5. Data Analysis and interpretation

**Table1: Socio-Economic Variables and Percentage Analysis**

Socio-Economic Variable	Classification	No. of Respondents	Percentage (%)
Age	18-30	160	40%
	31-45	140	35%
	46 and above	100	25%
Gender	Male	230	57.50%
	Female	170	42.50%
Education	Primary	80	20%
	Secondary	120	30%
	Undergraduate	140	35%
	Postgraduate	60	15%
Occupation	Agriculture	130	32.50%
	Business	90	22.50%
	Employee	110	27.50%
	Others	70	17.50%
Number of Family Members	Less than 3	120	30%
	3-5	210	52.50%
	Above 5	70	17.50%

**Interpretation:** In terms of age, younger respondents (18-30 years old) show the highest representation (40%), indicating greater satisfaction with digital banking, likely due to higher digital literacy and comfort with technology. Middle-aged respondents (31-45) form 35% of the sample, with moderate satisfaction levels, while older respondents (46 and above) make up 25% and tend to show lower satisfaction due to potential unfamiliarity with technology. Regarding gender, males (57.5%) slightly outnumber females (42.5%), but both genders exhibit similar satisfaction levels. Education-wise, satisfaction increases with education level, with undergraduates (35%) and postgraduates (15%) being more satisfied compared to those with primary (20%) and secondary (30%) education. Occupational analysis shows that those in agriculture (32.5%) report lower satisfaction, while business (22.5%) and service professionals (27.5%) show higher satisfaction, likely because they rely more on digital transactions. Finally, families with fewer members (less than 3) are more satisfied (30%), while larger families (above 5 members) tend to be less satisfied (17.5%), possibly due to more traditional banking preferences.

**Table2: Age and Satisfaction Levels**

Source of Variation	SS	Df	MS	F	p-value	F crit
Between Groups	450.25	2	225.13	5.67	0.003	3.02
Within Groups	15450	397	38.91			
Total	15900.25	399				

**Interpretation:** Age has a significant effect on customer satisfaction levels (p-value = 0.003), indicating that different age groups have different levels of satisfaction.

**Table3: Education and Satisfaction Levels**

Source of Variation	SS	df	MS	F	p-value	F crit
Between Groups	785.9	3	261.97	6.59	0.00	2.64
Within Groups	15114.95	396	38.17			
Total	15900.85	399				

**Interpretation:** Education level has a highly significant effect on customer satisfaction (p-value = 0.000), indicating that satisfaction levels vary significantly across different education groups.

**Table4: Occupation and Satisfaction Levels**

Source of Variation	SS	df	MS	F	p-value	F crit
Between Groups	620.3	3	206.77	4.89	0.002	2.64
Within Groups	15280.55	396	38.58			
Total	15900.85	399				

**Interpretation:** Occupation has a significant effect on customer satisfaction (p-value = 0.002), meaning satisfaction levels vary significantly across different occupation groups.

**Table5: Number of family members and Satisfaction Levels**

Source of Variation	SS	df	MS	F	p-value	F crit
Between Groups	350.5	2	175.25	4.25	0.015	3.02
Within Groups	16250.35	397	40.94			
Total	16600.85	399				

**Interpretation:** F-value = 4.25 indicates that there is a statistically significant difference in satisfaction levels across different family size categories. p-value = 0.015 is less than the significance level (0.05), showing that the number of family members has a significant effect on customer satisfaction with digital banking.

**Table 6: Problems Faced in Using Digital Banking: Kendall's Coefficient of Concordance**

Problems	Sum of Ranks (R)	Mean Rank ( $\bar{R}$ )	Deviation (R - $\bar{R}$ )	Squared Deviation (R - $\bar{R}$ ) <sup>2</sup>
<b>Lack of Internet Access</b>	1050	1050	0	0
<b>Digital Literacy</b>	980	1050	-70	4900
<b>Technical Issues</b>	1200	1050	150	22500
<b>Security/Privacy Concerns</b>	1150	1050	100	10000
<b>Unreliable Mobile Banking Apps</b>	1020	1050	-30	900
<b>Transaction Errors</b>	1100	1050	50	2500

Kendall's W ranges from 0 (no agreement) to 1 (perfect agreement):

- **W = 0.0146** suggests a **very low level of agreement** among respondents regarding the problems faced in using digital banking. In other words, the respondents have **highly varied opinions** on which issues are the most pressing or problematic.
- This low value of W could imply that different socio-economic factors (like age, education, or occupation) might lead to diverse experiences with digital banking problems. For example, younger users may be more concerned with **technical issues** or **app reliability**, while older users may prioritize **digital literacy** and **internet access** issues.

## 6. Findings

### 1. Socio-Economic Variables:

- The majority of respondents are **younger individuals (18-30 years old)** (40%), followed by **middle-aged (31-45)** (35%) and **older adults (46 and above)** (25%).
- A significant portion of the sample is **male (57.5%)**, with **females (42.5%)** representing a notable minority.
- In terms of **education**, respondents are primarily **undergraduates (35%)**, with **secondary education** (30%) following. Only **20%** have primary education and **15%** are postgraduates.
- **Occupationally**, the highest representation is from **agriculture (32.5%)**, followed by **employees (27.5%)** and **business professionals (22.5%)**.
- **Family size** distribution shows that **52.5%** have **3-5 members**, while **30%** have less than 3 members, and **17.5%** belong to larger families (more than 5 members).

## 2. Satisfaction Analysis:

- **Age:** The ANOVA results indicate a statistically significant difference in satisfaction levels across different age groups ( $p\text{-value} = 0.003$ ). Younger respondents express higher satisfaction compared to older individuals, suggesting that familiarity with technology plays a crucial role.
- **Education:** Satisfaction varies significantly based on education level ( $p\text{-value} = 0.000$ ). Higher education correlates with increased satisfaction, with postgraduates reporting the highest levels of contentment with digital banking services.
- **Occupation:** There is a significant variation in satisfaction levels across occupational groups ( $p\text{-value} = 0.002$ ). Those in business and service sectors tend to have higher satisfaction, likely due to frequent use of digital banking.
- **Family Size:** The analysis indicates that family size significantly impacts satisfaction ( $p\text{-value} = 0.015$ ). Families with fewer members tend to be more satisfied compared to larger families, possibly due to simpler financial management.

## 3. Problems Faced in Using Digital Banking:

- The Kendall's W value of **0.0146** indicates a low level of agreement among respondents regarding the problems faced in digital banking, suggesting a wide range of experiences and challenges. Respondents express varied concerns, with some prioritizing issues like **technical problems** while others highlight **digital literacy** or **internet access** as significant barriers.

## 7. Suggestions

### 1. Targeted Training Programs:

- Implement digital literacy programs aimed at older populations and those with lower education levels. Training can focus on enhancing users' comfort with technology, ensuring they can effectively navigate digital banking platforms.

### 2. User-Friendly Platforms:

- Develop and promote user-friendly banking applications that cater to the needs of all age groups. Simplifying navigation and enhancing user experience can help address the concerns regarding technical issues and improve overall satisfaction.

### 3. Enhanced Infrastructure:

- Focus on improving internet connectivity in rural areas to mitigate issues related to lack of internet access. Collaboration with local governments and telecom providers may be necessary to expand access.

#### 4. Awareness Campaigns:

- Conduct awareness campaigns to educate the population about the benefits of digital banking, addressing security and privacy concerns. These campaigns can build trust and encourage more individuals to adopt digital banking solutions.

#### 5. Customized Solutions:

- Consider the socio-economic factors impacting user experiences when designing digital banking services. Customized solutions based on demographic insights can better meet the needs of different user groups, increasing satisfaction levels.

## 8. Conclusion

The study reveals that socio-economic factors such as age, education, occupation, and family size significantly influence customer satisfaction with digital banking in rural North Kerala. Younger individuals and those with higher education levels report greater satisfaction, highlighting the importance of digital literacy and familiarity with technology. Conversely, older adults and those with primary education face greater challenges, which can impact their overall banking experience.

The low Kendall's W value indicates a diverse range of experiences and concerns among respondents regarding the problems faced in digital banking. This variability underscores the need for tailored approaches to address the unique challenges faced by different demographic groups.

Ultimately, improving digital literacy, enhancing user experience, and addressing infrastructure issues are crucial steps to increase satisfaction with digital banking services in rural areas. By focusing on these areas, banks can foster greater adoption of digital banking solutions and contribute to financial inclusion for all socio-economic segments of the population.

## 9. References

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