

ADOPTING DIGITAL BNKING IN RURL AREA- A CASE STUDY OF BOMMARABETTU VILLAGE, KARNATAKA

A CASE STUDY OF BOMMARABETTU VILLAGE, KARNATAKA

1Sushma Rao K,2Naveena

1Assistant Professor ,2Assiatant Professor

1Commerce,

1MPM Government First Grade College, Karkala, India

Abstract: Present government has taken many steps to bring changes in Indian Economy. Among them Digital Banking in Rural Areas in lieu of Digital Banking is very important one. After the central government's demonetisation drive, the country is moving towards cashless economy . In this venture , the Government has rightly utilised the digital India campaign to promote digitalisation. Recently NPCI launched the Unified Payment Interface (UPI), which is expected to make more efficiently through UPI-based-mobile apps. Apart from this opening millions of bank accounts through Jan Dhan Yojana in rural areas and linking bank accounts with Aadhar are the other effective steps taken towards the digital journey of the country. Use of smart phones and mobile is showing a steady increase and demonetisation decision is revolutionary in respect of digital payments

This paper is a study to analyse the performance of various measures adopted by banks and government to implement digital banking in rural areas. And this is also an effort to focus on challenges incurred in this process. The study is conducted at Bommarabettu village of Udupi Taluk of Karnataka, where three nationalized banks, two co-operative societies and the Gram Panchayath together are concentrating on creating digital banking awareness in rural area. This study helps the government to overcome the problems in this course with new techniques

Index Terms - Digital banking, Rural Area, Challenges

I. INTRODUCTION

Present government has taken many steps to bring changes in Indian Economy. Among them Digital Banking in Rural Areas in lieu of Digital India is very important one. After the central government's demonetisation drive, the country is moving towards cashless economy . In this venture , the Govenmnet has rightly utilised the digital india camaign to promote digitisation.Recently NPCI launched the Unified Payment Interface (UPI), which is expected to make more efficiently through UPI- based-mobile apps. Apart from this opening millions of bank accounts through Jan Dhan Yojana in rural areas and linking bank accounts with Aadhar are the other effective steps taken towards the digital journey of the country.Statistics shows that 70% of the total population lies in rural India and it is true that only 13% of the total banking population use digital banking. However, with the continuous efforts of the government and banking industry, this figure is expected to rise dramatically now. In this context IT providers can be a big role in shaping India's digital future. The path of digital banking is associated with digital economy in which

government and banks are facing various challenges which requires new measures to overcome the problems.

According to the latest report released by RBI the volume of mobile banking transactions has increased to 53.086 crores from 38.949 crores which was in last financial year. i.e. 1.36 times higher. Statistics shows that 70% of the total population lies in rural India and it is true that only 13% of the total banking population use digital banking. However, with the continuous efforts of the government and banking industry, this figure is expected to rise dramatically now. In this context IT providers can be a big role in shaping India's digital future. The path of digital banking is associated with digital economy in which government and banks are facing various challenges which requires new measures to overcome the problems.

About Bommarabettu Village:

Bommarabettu village is located in Udipi Taluk of Udipi district in Karnataka, India. It is situated 12km away from Udipi, which is both district & sub-district headquarter of Bommarabettu village. Famous Sri Veerabhadreshwara temple is located in Hiriadka of Bommarabettu village.

The total geographical area of village is 2561.42 hectares. Bommarabettu has a total population of 8,363 people. There are about 1,932 houses in Bommarabettu village. Hiriadka is the administration centre of this village. Udipi is nearest town to Bommarabettu which is approximately 12km away. Literacy rate is 95%. Around 40% of population are adults and 25% is above the age of 60. 38% of the population is below poverty line. There are 6 cashew industries, 4 rice industries and 4 other small scale industries. 1 government higher primary school, 1 high school, 1 PU college, and one Government First Grade College.

There are 3 nationalised banks and 2 cooperative societies, 1 ATM centre of Karnataka Bank in the village. Gram Panchayath and banks are jointly undertaking various projects to attract rural population towards digital banking.

Objectives of the study :

1. To analyse the strategy of nationalised banks, cooperative societies and Gram Panchayath in adoption of digital banking in rural area.
2. To analyse the effectiveness of various programmes in financial inclusion of rural population.
3. To find out the problems and challenges in the implementation of this program.
4. To study the response of old, illiterate and poor rural people towards digital banking.

Research Methodology :

This is descriptive paper based on 80% primary data and 20% secondary data. Data have been collected through personal visit to banks, cooperative societies, Self Help Groups, Milk Diary, factories, local weekly market and Gram Panchayath through personal interviews and interaction. Information also have been collected from newspapers, research papers, journals and magazines.

Review of literature :

1. According to Yang et al. (2007), 1. online banking is one of the world's fastest-growing technologies. It is defined as a service provided by banking institutions to their customers via the internet. It is regarded as an additional channel for providing convenient banking to customers anywhere without wasting resources such as time spent visiting bank branches, waiting in long lines, and so on. Digital banking has removed time constraints as well as physical and geographical boundaries from banking services.
2. Kashyap and Sharma (2012) 2. investigated the impact of online banking services on branch productivity, profitability, and labour productivity between before and after online banking periods and discovered that mobile banking and internet

banking improved the profitability of Indian financial institutions. According to reports, financial institutions' financial performance improved significantly after the implementation of information technology.

3. R K Uppal in his research article 'E-Age Technologya' "New Face of Indian Banking Industry Emerging Challenges and New Potentials' concluded that, in the era of e-banking and severe competition, the expectations of the bank customers have increased. Due to this banks should offer a broad range of deposits, investment and credit products through diverse distribution channels including upgraded branches, ATMs, Internet facilities etc. Superior systems and infrastructure for the e-delivery of services is quintessential for the banks. Mere developing infrastructure will not help attract the customers but they need to be approved by some authority to be of international standards.
4. In the journal article 'Emerging challenges and new potentials' Journal of Social and Development Sciences concludes that transformation is taking place almost in all categories of the banks. This transformation will helpful to cope with new economic and financial policies of the banks. It is playing a crucial role to create the drastic changes in the banking industry particularly in the new private sector and foreign banks. It can be concluded that mere introduction of IT alone will not be sufficient to bring necessary performance improvement and to get the competitive edge

Findings of the study :

Measures taken to implement digital banking :

1. Syndicate bank is the first bank established in the village, which is the oldest and well established bank in the locality. It has around 45% of the market share. It has conducted road shows and street plays during the time of demonetisation to create awareness about digital banking. It has also arranged guest lectures on digital banking to the public.
2. Corporation bank has 30% of the market share which has conducted digital banking awareness programmes at schools, colleges and various enterprises to motivate employees, employers and also the households through students. They have also motivated through self help groups.
3. Vijaya Bank which has around 5000 bank accounts has organised digital banking awareness program at various parts of village.
4. Grama Panchayath with the coordination of banks has arranged a motivational talk on digital banking in janasamparka sabha which are held at regular intervals.
5. Grama panchayath has applied for POS machine and expecting to get it shortly. All water bills, electricity bills, house taxes, trade licence fees, building licence fees, market rent, shop rent etc are expected to be collected through this POS machine. Awareness about this is being conducted.
6. Totally 8 applications for POS machines have been received from Factories and traders of the locality. Inadequate supply of the machine has delayed the process.
7. All the banks have created awareness about internet banking, mobile banking, e-commerce etc.
8. After digital banking awareness campaign demand for Rupay, VISA, Credit and debit cards are increased remarkably. Many have opted for internet banking also.
9. Cooperative banks have not taken any steps for digitalising bank transactions. PAN registration for accounts is under process.

Opportunities :

Eventhough Hiriadka is a rural place, convincing the people in this place is not difficult. Because literacy rate is 95% and it is very close to the district head quaters i.e Udupi and 9 Km away from manipal, an educational and commercial centre. Most of the people are connected to these cities either for education or for job. There are many small scale industries like cashew, rice, Pickle, Papad, hollow block industries etc in Bommarabettu village and many are working in these industries. So salary disbursement can be compulsarily digitalised. Then automatically all people will be used to borrow debit card. Most of the people use smart phones. The village has a Government PU college and a Government First Grade College. There are around 1500 students in these institutions. These students can be involved in awareness programmes of digital banking. Corporation bank is planning to undertake a project of involving these students for convincing their parents and neighbours about digital banking.

Challenges :

1. Old aged people other than retired employees are finding it difficult to adjust to this digital world. Because they are used to traditional system of making payment. Due to their ill-health they do not prefer to come to the ATM centres as and when money is required. Instead they withdraw money once in a month and keep liquid cash with them to meet their daily requirements.
2. Most of the people are agriculturists and they carry their crops and vegetables to sell in the weekly local market. So receiving petty sale proceeds through digital devices is challenging one. Therefore the cash received through sales will be held by them at home to meet their needs.
3. Time gap between making advance payment through internet banking and getting delivery of goods through online shopping will make the rural people tensed and they think it is not trustworthy. So they prefer cash on delivery.
4. There is huge concern over the security of the data being tapped by hackers or unscrupulous people for their own men ends.
5. Excessive use of debit card/credit card, internet banking may increase the web traffic and load the servers. This may delay the transactions.
6. Poor network in remote area will discourage internet users to make various payments. It is also a big challenge for both networking and banking sector to move together in bringing the new era in the annals of country's development.
7. Some of the innocent villagers were cheated through fake phone calls and they lost their money. So now they hesitate to disclose their phone number to banks. There fore adoption of mobile banking is somewhat difficult to these kind of people.
8. Since there is only one ATM, people complain about inadequate availability of cash in ATM.
9. Most of the people have opened accounts under Jan Dhan Yojana. But later they have not done any financial transactions. Hence banks may keep them as suspense accounts. It is not possible for the banks to bring under digitalisation of accounts. But such accounts are considered for the calculation of percentage of digital Banking. Therefore the percentage of digital banking falls drastically.

Suggestions :

1. College students can be appointed as ambassadors to convince the family members and neighbours regarding internet banking and mobile banking.
2. Personal counselling should be made to illiterate and old aged people.
3. All payments in Panchayath, factories Schools, and Colleges should compulsarily digitised.
4. Networking companies should set up the infrastructre and services in such a manner that will help the digitalisation of banking services.
5. Networking companies should ensure protection of highly confidential data. As customers learn about internet banking , they should always be made aware of the security concerns while opting for digital banking.
6. Sufficient cash should be accessible at ATM centres.

Conclusion :

RBI has made it mandatory that one-fourth of the new branches must be opened in rural and semi urban unbanked regions. Thus smaller towns and rural areas become part of the organizing banking sector and the banks will be able to adopt digital banking in rural area. And now central Government projects like Jan Dhan Yojana, Demonetisation and digitalisation are coupled together in bringing the country's economy in the fast mode and in the longer run we can look forward to a bright economic development of rural India.

References :

1. Agarwal (2012), “Modern Banking of India” Himalaya Publishing House Pvt. Ltd, New Delhi, India.
2. Asad and et al(2016), “Prioritizing Factors Affecting Customer Satisfaction in the Internet Banking System Based on Cause and Effect Relationships”, Procedia Economics and Finance, 36(16), 210–219.
3. Dhananjay and Suresh Chandra (2015), “The Electronic Banking Revolution in India”, Journal of Internet Banking and Commerce, August 03, 2015, ISSN: 1204-5357
4. Emerging challenges and new potentials. Journal of Social and Development Sciences, 1(3), 115-129.
5. Kashyap, M., & Sharma, D. K. (2012). Internet banking: Boon or Bane. Gian Jyoti E-Journal, 1(2), 1-16.
6. Murli & Subbakrishna (2012), “Bank Credit Management”, Himalaya Publishing House Pvt. Ltd, New Delhi, India.
7. Uppal, R.K. (2011). E-Age technology- New face of the Indian banking industry:
8. Yang J Whitefield(2016) – ‘ New Challenges and Issues facing e-banking in rural areas, Journals, E-source etc.

