A STUDY ON EFFECT OF DEMOGRAPHICAL FACTORS ON AWARENESS OF BANKING SERVICES

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Abstract

A survey research is conducted among the consumers who reside in Nizamabad district to know the level of awareness on banking services and to identify the demographical barriers which restricts it. The study shows that all consumers are aware about banking services provided by their bank, but only 24% of the consumers are very fairly aware of the services. This study revealed that the demographical factors age, education and occupation affects the   awareness of banking services and not effected by other demographical factors like income, gender and caste.

Key words: *Financial inclusion, awareness, banking services, demographical factors, relation ship*

Financial inclusion: Financial inclusion is a buzz word now in all over the world. Financial inclusion broadens the base of financial system as it develops the saving habit people which in turn serve the need of supply side of financial system. Financial Inclusion paves the way for large segment of India to get include in formal financial system. Inclusion of the large segment that is living in rural areas helps them to come out from exploitation of money lenders and gives easy access of formal credit

The Government of India and the Reserve Bank of India have been making concerted efforts since independence to promote financial inclusion as one of the important national objectives of the country. Financial inclusion initiatives made in the last six decades include - nationalization of banks, liberalization, increase in branch network of scheduled commercial banks,

establishment of co-operatives and regional rural banks, introduction of mandated priority sector lending targets, lead bank scheme, formation of self-help groups, BCs/BFs model to provide door step delivery of banking services, zero balance BSBD accounts, etc. The prime objective of all these initiatives is to reach the large sections of the financially excluded[1].

Literature Review: RBI's concerted efforts since 2005, resulted in increase in the number of branches of Scheduled Commercial Banks from 68,681 in March 2006 to 1,02,343 in March 2013, across the country . In rural India, the number of bank branches increased from 30,572 to 37,953 from March 2006 to March 2013 . Number of branches in semi-urban areas increased more rapidly than rural areas.

The new Government of India (NDA) has made financial inclusion one of the corner stone's in its modernization aspirations for the country. In his first budget speech, Finance Minister Arun Jaitley set the target of a financial account for each woman and each man in every Indian household by August 2015. This ambitious target is recognition of how important access to basic financial transaction services and ultimately to better savings, credit and insurance options are for full economic citizenship in a country where more than 80 percent of people live and work in the informal economy[2]. For 100 per cent financial inclusion in the country the government wants add more should add 7,000 branches and 20,000 ATMs in banking sector as part of the plan. Currently, the banking network comprises of 1,15, 082 bank branches and 1,60,005 ATMs and other initiative is to provide two bank accounts for every household in two phases on August 15. Apart from providing banking and pension and insurance services, the government will also focus on financial literacy as well as creation of a credit guarantee fund for coverage of defaults in overdraft accounts[3]. Though many initiatives by the government and RBI still 40% of the people are excluded from formal finance. NSSO 59th Round Survey Results says 51.4% of farmer households are financially excluded from both formal/ informal sources, Of the total farmer households, only 27% access formal sources of credit; one third of this group also borrowed from non-formal sources. Overall, 73% of farmer households have no access to formal sources of credit.

As per census 2011, only 58.7% of households are availing banking services in the country. However, as compared with previous census 2001, availing of banking services increased significantly largely on account of increase in banking services in rural areas, estimates that of

the 24.67 crore households in the country, only 14.48 crore had access to banking services — 9.14 crore households in villages and 5.34 crore in cities.

Above results revealed that still about 40% of rural India is unbanked. Awareness about the banking services plays a vital role in achieving cent percent financial inclusion. There are numerous demographical and social barriers, restricting the level of awareness about the banking services.

Objectives

1. To identify level of awareness of banking services in rural areas

2. To find out the factors effecting the awareness of banking services

Hypothesis

H1: There is no significant association between gender and awareness of banking services

H2: There is no significant association between age and awareness of banking services

H3: There is no significant association between education and awareness of banking services

H4: There is no significant association between income level and awareness of banking services

H5: There is no significant association between occupation and awareness of banking services

H6: There is no significant association between community and awareness of banking services

Research Methodology

A Sample of 100 respondents was selected by convenience sampling method. The primary data was collected with a structured questionnaire by approaching the respondents personally. Research area is Nizamabad district. Secondary data collected from RBI website, news papers and journals.

Data Analysis

Table-1: Level of awareness of banking services

Awareness	No of Respondents	%
Poorly Aware	13	13%
Fairly Aware	63	63%
Very Fairly Aware	24	24%
Total	100	100%

Table-1 reveals that all respondents are aware of the banking service, but only 24 % respondents are very fairly aware of banking services. There are various factors affect the awareness like

demographical, societal, transactional and infrastructural factors. The following hypotheses are tested to know the effect of some demographical factors on awareness of banking services.

H1: There is no significant association between gender and awareness of banking services

Table-2:

Gender	Poorly Aware	Fairly Aware	Very Fairly Aware	Total
Male	4	21	10	35
Female	9	42	14	65
Total	**13**	**63**	**24**	**100**

Test Used	Degrees of freedom	Level of significance	Calculated Value	Table Value	Result
Chi-square	2	5%	0.65	5.991	Accepted

Inference: In above table $\chi2_{cal} < \chi2_{tab,}$ hence null hypothesis is accepted, so it can be concluded that there is no significant association between gender and awareness of banking services

H2: There is no significant association between age and awareness of banking services

Table-3:

Age	Poorly Aware	Fairly Aware	Very Fairly Aware	Total
15-25	1	22	10	33
25-35	6	10	10	26
35-45	2	9	2	13
45-55	3	12	1	16
Above 55	1	10	1	12
Total	**13**	**63**	**24**	**100**

Test Used	Degrees of freedom	Level of significance	Calculated Value	Table Value	Result
Chi-square	8	5%	15.549	15.507	Rejected

Inference: Table -3 reveals that $\chi2_{cal} > \chi2_{tab,}$ hence null hypothesis is rejected, so it can be concluded that age affects the awareness of banking services.

H3: There is no significant association between education and awareness of banking services Table-4:

Education	Poorly Aware	Fairly Aware	Very Fairly Aware	Total
Illiterate	2	18	1	21
Primary	6	8	1	15
SSC	2	8	4	14

Intermediate	1	7	3	11
UG and above	2	22	15	39
Total	13	63	24	100

Test Used	Degrees of freedom	Level of significance	Calculated Value	Table Value	Result
Chi-square	8	5%	21.586	15.507	Rejected

Inference: In above table $\chi2_{cal} > \chi2_{tab}$, hence null hypothesis is rejected, so it can be conclude that there is a significant association between education and awareness of banking services

H4: There is no significant association between income level and awareness of banking services

Table-5

Income	Poorly Aware	Fairly Aware	Very Fairly Aware	Total
<40000	3	11	3	17
40000-50000	3	27	15	45
50000-100000	7	25	6	38
Total	13	63	24	100

Test Used	Degrees of freedom	Level of significance	Calculated Value	Table Value	Result
Chi-square	4	5%	5.63	9.488	Accepted

Inference: Above table reveals $\chi2_{cal} < \chi2_{tab}$, hence null hypothesis is accepted, so it can be concluded that there is no significant association between income level and awareness of banking services

H5: There is no significant association between occupation and awareness of banking services

Table-6:

Occupation	Poorly Aware	Fairly Aware	Very Fairly Aware	Total
Agriculture	6	23	3	32
Employee	2	3	7	12
Small Business	2	11	5	18
NRIs	3	14	4	21
Others	0	12	5	17
Total	13	63	24	100

Test Used	Degrees of freedom	Level of significance	Calculated Value	Table Value	Result
Chi-square	8	5%	15.85	15.507	Rejected

Inference: Above table reveals $\chi2_{cal}> \chi2_{tab}$, hence null hypothesis is rejected, so it can be concluded that there is significant association between income level and awareness of banking services

H6: There is no significant association between community and awareness of banking services Table-7:

Community	Poorly Aware	Fairly Aware	Very Fairly Aware	Total
OC	1	7	2	10
BC	6	41	18	65
SC	1	8	4	13
ST	5	7	0	12
Total	13	63	24	100

Test Used	Degrees of freedom	Level of significance	Calculated Value	Table Value	Result
Chi-square	6	5%	12.334	12.592	Accepted

Inference: Above table shows that $\chi2_{cal}< \chi2_{tab}$, hence null hypothesis is accepted, so it can be concluded that there is no significant association between community and awareness of banking services

Conclusion: From above research it can be concluded that demographic factors of age, education and occupation effects the level of awareness on banking services and gender, income level and caste are irrelevant with the level of awareness on banking services. Only 24% of respondents responded that they are very fairly aware of banking services others are just aware of it .Regulators and banks should take initiatives like conducting workshops, seminars and awareness programmes at gross route level to improve the knowledge of banking procedures and services which in turn assist to reach the objective of 100% financial inclusion.

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