



Awareness of Banking Services in Rural Areas – A Case Study

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Abstract: *The rural banking system is clearly more inclusive of low income families than those provided by the commercial banks. Financial inclusion means that individuals and businesses have access to useful and affordable financial products and services such as transactions, payments, savings, credit and insurance that meet their needs and are delivered responsibly and sustainably. Access to a transaction account is the first step towards broader financial inclusion since a transaction account allows people to store and send money and receive payments. A transaction account serves as a gateway to other financial services, which is why ensuring that people worldwide can have access to a transaction account is the focus of the World Bank Group's Universal Financial Access initiative. This study discusses awareness of banking services in rural areas.*

Keywords: *Rural Banking System, financial Inclusion, Financial Services, Complex Banking Services and Consumer Awareness.*

Introduction

Development of rural areas represents a priority for the country's economic development which has elaborated a series of strategies for sustainable rural development. In this respect, commercial banks can also be involved in the sustenance and development of rural areas, which can transform into new and attractive customer markets for banks. First step towards conquering these markets is the extension of territorial banking network in rural areas with great and diverse customer potential. In their portfolios of banking products and services, commercial banks can devise banking services specific for customers from rural areas. An important objective for rural areas is the increase of the level of banking culture and civilization, which is the next step towards financial prosperity. The existence of a modern IT banking system provides a high-quality management of complex banking services and products in rural areas as well as a quick and efficient customer service.

Some of the modern and complex banking products and services are listed below:

- Private banking services which provide banking information about customers' accounts, electronic payments and various operations within customers' accounts;
- Internet banking, Home banking, Mobile banking, Telephone banking, etc.
- Direct debit and Standing Order, which enable the customers from rural areas to make payments of utilities directly to their bank accounts;
- bank cards, global instruments for payment, cash withdrawal;
- bank credits destined for various categories of customers from rural areas;
- specialty services of banking counseling and consultancy.

Apart from banking services offered, some commercial banks have been actively involved in the life of the rural community. The perspective of rural development creates great opportunities for commercial banks. Thus, a market of prosperous customers brings prosperity for the commercial banks that activate within it.

Consumer Awareness

Consumer awareness is about making the consumer aware of his/her rights. It is a marketing term which means that consumers are aware of products or services, its characteristics. Though the first consumer movement began in England after the second world war, a modern declaration about consumer's rights was first made in the United States of America in 1962.

India lives in numerous villages, scattered throughout the country. Rural areas are home to nearly 70 percent of India's population and have historically accounted for more than half of Indian consumption. Even with increasing urbanization and migration, it is estimated that 63 percent of India's population will continue to live in rural areas by 2025. In terms of economic output, rural India accounts for 48 percent of the country's economy and the rural markets have the potential to reach \$500 billion by 2020. Thus rural areas will continue to remain vitally important to the Indian economy.

The rural population in India comprises the core of Indian society and represents the real India. According to the 2011 census, there are 6,40,867 villages in India and about 83.3 crores of Indian population lives in these villages among 121 crores of total population.

In India a substantial number of the rural people are living below the poverty line, having high level of unemployment and poor literacy level; consumer awareness continues to remain low.

Rural Banking

The role of banks, which is central to formal credit in rural areas, was fast changing. The emergence of new technology allows access to banking services without physical direct recourse to the bank premise by the customer. At present, ATMs are city oriented in our country. It is inevitable that ATMs will be widely used, in semi-urban and rural areas. The increased popularity of credit cards which were bound to reach rural areas. As the level of education in rural areas rises, customers will start seeking efficient, quicker and low cost services.

The growth of the rural banking industry fosters financial inclusion by providing financial products and services to people in the farthest reaches of the

country. In India, even now the rural areas lack of access to basic financial services. E-banking, which is gradually replacing the traditional branch banking system. Satisfied customers are central to optimal performance and financial returns. Customer awareness is necessary to identify the key success factors to survive in intense competition and increase the market share. Today, the concept of core banking has made 'Any where and any time' banking a reality. Along with technology, banking services have also evolved and the delivery of various banking products are carried out through the medium of high technology at a fraction of the cost to the customer.

Awareness is that type of social component which increases the collective consciousness among the people and generates confidence in the industrial to face the problem confidently. The success of the bank depends upon its functioning. The functioning is measured in term of its schemes. The bank should take all effort to reach its schemes to the customers. The bank must popularize the scheme in such a way and thereby make the customer aware of the schemes. It must also pay attention to mobilize deposits which is a contribution factors in determining the profitability.

The customer awareness about the service depends upon many factors such as return on investment, promptness, care, security, convenience, growth, flexibility, etc., Hence, the bank as to pay special attention to satisfy the needs of the customers. The customer's satisfaction in the action mainly depends upon their service to customer to the fullest extent at the right time. The bank has to continuously assess and reassess how its banking services are to the customers, and also find out the new and emerging customer expectations from time to time.

Objectives of the study:

1. To study about the awareness among the public about Banks.
2. To identify the satisfactory level of customer about the Banking services.
3. To study about the hindrances faced by the customers of Banks.
4. To study about the awareness of the customer regarding banking services.

Sources of data:

The main objective of the research is a study on “A survey report on customer awareness towards

Banking Services. For this purpose SSR puram (Village) Etcherla Mandal was selected. Customer who has significant knowledge of the topic were identified and selected at random for questioning.

Table 1: Customer opinion about the banking services

Sr	Services	Public			Private			Co -operative			Total		
		M	SD	R	M	SD	R	M	SD	R	M	SD	R
1	Balance Inquiry	3.90	.90	2	4.3	.48	3	4	.91	1	3.94	.45	2
2	ATM card/ Debit card/ Credit card	3.68	1.2	6	3.4	1.27	6	3.9	1.2	2	3.70	.89	6
3	Electronic Fund Transfer NEFT/RTGS	3.82	1.09	5	4.1	.85	4	3.4	1.2	4	3.78	1.22	5
4	Bill payment	3.88	1.04	4	4.0	.73	5	3.9	1.2	2	3.89	1.10	4
5	Mini Statement of Account	3.95	1.06	1	4.7	.45	1	3	1.7	5	3.99	1.03	1
6	Stock & trading (DMAT)	3.89	1.28	3	4.5	.97	2	3	.00	6	3.91	1.07	3

Source: (Field data)

Table 1 shows satisfaction of customers about banking services. Mean, SD is calculated and rank is given on mean basis. The above Table 1 shows satisfaction of respondents towards banking services. Mean satisfaction score ranges from 3.70 to 3.99 and SD ranges from 0.89 to 1.03. Maximum customers are satisfied about mini statement of account and balance inquiry services which secure rank I and II having mean satisfaction score of 3.99 and 3.94 respectively. Whereas customers are less satisfied about ATM card/ debit card/ credit card and electronic fund transfer services as it secures rank 5 and 6 with a mean score 3.70 and standard deviation 0.89. Opinions of samples with sample Public sector banks towards satisfaction of e-banking services, the mean ranges from 3.68 to 3.89 and SD between 0.90 to 1.28. It shows sample customers are moderately satisfied about e-banking services.

Respondents are more satisfied about mini statement of account and balance inquiry, whereas less satisfied about ATM card/ debit card/ credit card. With sample customers of Private sector the mean ranges from 3.04 to 4.7 and SD between 0.45 to 1.27. It shows sample customers are moderately satisfied about banking services. Respondents are more satisfied about mini statement of stock & trading (DMAT). Whereas customers are less satisfied about ATM card/ debit card/ credit card.

Connectivity problem is a major problem in rural area. Both banks and customers face this problem. Backup power problem, Load shedding problems

are also arises in rural area frequently. During demoralization period people in rural area have to suffer more due to these problems.

Conclusion

The purpose of this field survey conducted by the students of MBA, Dept. of Commerce and Management Studies, Dr.B.R.Ambedkar University, Srikakulam is to assess the level of banking penetration in a sample village and to find the relationship between bank accounts and related factors, such as, occupation, income and asset-holding status. The findings indicate that 75.2 per cent of the respondents have bank accounts and 26.7 per cent of the respondents avail credit facilities. Two-thirds of the respondents have inclination to avail credit facilities for dairy and for other business activities. The findings provide practical implications for bankers in terms of providing banking services in rural areas. The existing gap in credit facilities offers manifold opportunities to bankers for providing various credit facilities. Majority of the respondents to customer services. Majority of the respondents always get prompt services whenever visit branch and 78% of respondents are satisfied with financial transaction with the bank. Majority of the respondents immediately solving banking problems and issues addresses by bank staff. Majority of the respondents' knowledge about banking products. By reviewing the entire survey report it is concluded that majority of the customers are satisfied with the Banking Services and some are

dissatisfied with the services that provided to the customers. The study offers not only valuable suggestions to bankers and academicians but also to the government and policy bodies for designing and monitoring financial inclusion targets.

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