

A CASE STUDY ON DIGITAL BANKING IN RURAL AREAS AMONG VIJAYAPURA DISTRICT

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Article History

Received : 16 February 2022

Revised : 28 February 2022

Accepted : 12 March 2022

Published : 2 September 2022

To cite this article

Suresha K.P. (2022). A Case Study on Digital Banking in Rural Areas among Vijayapura District. *Indian Journal of Global Economics and Business*, Vol. 1, No. 1, pp. 9-15

ABSTRACT: An attempt has been made by the Government of India to bring the entire country into Digital Era. Hon'able Prime Minister Shri. Narendra Modi has launched the digital India initiative in 2015, "**Faceless, Paperless, Cashless**" is one of the proposed function of Digital India. Digitalization is contributing to almost all sectors of the society. Digital India in the banking sector has grown rapidly. We are living in the era of e-banking. Banking sector plays a vital role to build a strong pillar for overall development and have witnessed a radical change from conventional banking to convenience banking. Digitalization has contributing significantly in banking sector and has improved banking services immensely which helps to maintain transparency in transactions. The deployment of technology for digital payments have improved the performance of banking sector which able to achieve the motive of cash less economy in the country. The drive of Cashless India was started on 15th August, 2014 when Prime Minister announced the opening of Jan- Dhan accounts with free of charge and zero balance at affordable cost for poor and unbanked areas taking them under the bigger financial umbrella. Today the banks aim to provide fast, accurate and quality banking service to its customers through digital banking services.

Under the "Digital India initiative", rural people have some cashless transaction techniques and services. The use of cashless transactions by the rural folk in the villages helps them to create a safer space and financial freedom to their economic status and to reduce cash based crimes. In a cashless economy all transactions are carried out by using different types of digital payment methods but not with the use of cash. The present study was conducted with the objectives of identifying the provisions and services of digital banking and hurdles faced by rural folk in accessing those services in rural areas.

The study was based on both primary and secondary data. Primary Information was obtained from the Bank customer Syndicate banak of Torvi Branch of Vijayapura District and also from reports published by banking sector, articles in reputed journals and websites.

KEYWORDS: Digital India, Cashless Economy, E- Banking

1. INTRODUCTION

According to 2011 census there are 6, 40,867 villages in India and the rural sector constitutes 68.84% of population and has a significant impact on the economic progress of the country. India is one of the fastest developing countries where in the digitalization of banking will bring revolution in rural economy. An attempt has been made by the Government of India to bring the entire country into Digital Era. Prime Minister Shri. Narendra Modi has launched the digital India initiative in 2015, "Faceless, Paperless, Cashless" is one of the proposed function of Digital India. Banking sector plays a vital role to build a strong pillar for overall development and have witnessed a radical change from conventional banking to convenience banking. Digitalization has contributing significantly in banking sector and has improved banking services immensely which helps to maintain transparency in transactions. The deployment of technology for digital payments have improved the performance of banking sector which able to achieve the motive of cash less economy in the country. This drive of Cashless India was started on 15th August, 2014 when Prime Minister announced the opening of Jan- Dhan accounts with free of charge and zero balance at affordable cost for poor and unbanked areas taking them under bigger financial umbrella. Today the banks aim to provide fast, accurate and quality banking service to its customers through digital banking services. Under the "Digital India" initiative, rural people have some cashless transaction tools and services. The use of cashless transactions by the rural folk in the villages helps them to create a safer space and financial freedom to alleviate cash based crimes. In a cashless economy all transactions are carried out by using different types of digital payment methods but not with the use of cash.

2. A GLANCE AT DIGITAL BANKING

Digital banking is a move to online banking where banking services are delivered over the internet. It is also called as on line banking through which customers can make tractions, submit requests and conduct other banking activities. The services of Digital Banking provided by banks are Automated Teller Machine, Electronic Clearing Cards, Electronic Clearing Service, Electronic Fund Transfer System, Clear Time Gross Settlement, Immediate Payment Service, etc. The Services of Digital Banking provided by banks to the customers are Telephone Banking, Smart Cards, Mobile Banking, Internet Banking, Tele Banking, Door-step Banking etc.

India's first digital village is Akodara in Sabarkantha district of Gujarat. The village with a total population of 1191 people and 250 household used a cashless system for payment of goods and services. All the transactions in the village are carried out through digital modes like SMS, net banking or credit cards. The village was adopted by ICICI bank under its digital village project in 2015 and made cashless by adopting digital technology. The villagers carried out their transactions by selling agriculture commodities in the local market and milk to cooperative society through digital banking. This village is an example of how digital banking is practically implemented in Indian villages without any problem to make Indian economy as a digital economy

3. STATEMENT OF THE PROBLEM

There is a need to change pedagogy from conventional banking to convenience banking. The digital banking is inevitable in present competitive and globalised world. In the rapid transforming society the transaction process of banking with traditional methods is considered to be outdated. So, the need for the study gets its significance.

4. REVIEW OF LITERATURE

Asma K. Bagwan and Sarang Bhola (2018) in their article "Awareness and Significance of E- Banking among Rural India" pointed out that banks should arrange training programmes for customers for how to use e-banking services. So that it will reduce the fear of customers in rural areas about e- banking.

Dr. Chilumuri Srinivasa Rao (2018) in his research article "Consumers Awareness in Rural India with special reference to E- Banking services of State Bank of India has "opined that customer awareness about e-banking services is necessary to survive in the competitive era because consumers in rural areas lack awareness about e-banking services of SBI. It should launch campaign to educate and create awareness among rural consumers.

Panda S. Kand Dr. Misra D.P (2019) in their study on Customers Perception on E-Banking: An Empirical Study on in the Rural Banks in the selected district of Odisha pointed out that in the era of IT revolution the use of technologies by the rural banks in the form of net banking for customer's satisfaction will boost the various activities of the rural sector.

Prof. Sadhana s. Thatte and Prof. Shubhade M. Kulkarni (2020) in their paper "A study on awareness of M-Banking App in Rural areas of Jalgaon District "opined that need of training of M- banking App is necessary. Efforts must be made to increase about awareness of M-banking App among rural people.

Dr. A Vinayagamoorthy, M Ganesan (2020) in their research article "A study on consumer perception towards internet banking services in Salem District" opined that internet banking becomes more powerful when it is integrated with

other channels to improve the customer's satisfaction even though there are shortfalls. Thus banks can update the internet technology to equip themselves for the competition.

5. OBJECTIVES

1. To understand the concept of digital banking and facilities available to rural area
2. To examine change in perception of banking habits after digitalization.
3. To identify barriers faced by rural in Digital payment.
4. To suggest policy measures.

6. RESEARCH METHODOLOGY

The present study is based on primary and secondary data Vijayapura District, Torvi Branch was chosen for the study. For this study a sample of 200 customers of syndicate bank from Torvi Branch was chosen randomly. Simple tabular analyses of data were used for indicating the findings of the study.

7. RESULTS

7.1. Data Analysis and Interpretation

The perception of rural customers towards digital banking indicates its success in digital India.

Table 1.1: Demographic variables of the Respondents

<i>Sl.No</i>	<i>Variable</i>	<i>Classification</i>	<i>Frequency</i>	<i>Percentage</i>
1	Gender	Male	133	66.50
		Female	67	33.50
2	Age	20 to 40 Years	87	43.50
		Above 40 Years	113	56.50
3	Education	Literate	18	91.50
		Illiterate	317	08.50
4	Marital Status	Single	22	11.00
		Married	178	89.00
5	Occupation	Agriculture	14	73.00
		Employed	654	27.00
6	Size of the Family	Small	96	48.00
		Big	104	52.00
7	Nature of the Family	Joint	10	51.00
		Nuclear	298	49.00
8	Family Annual Income	Less than RS. 2,00,000	28	14.00
		More than RS. 2,00,000	172	86.00

Table 1.1 indicates the demographic variables of the respondents which also determines their attitude towards digital banking. Majority of the respondents are male compare to female which constitute 66.50 percent and 33.50 percent respectively. 56.50 percent of respondents are fall in the age group 20 to 40 years where as 43.50 percent of them are above 40 years. Majority of the respondents are educated (91.50 percent) and few of them are uneducated (08.50 percent) may have greater impact on their perception towards digital banking in rural areas. Most of the respondents are married and few of them are single and their percentage stood at 89.00 and 11.00 respectively. The main occupation of majority of respondents is agriculture constitute 73.00 percent and 27.00 percent of them are employed who are using digital banking services regularly. The study observed that there should not be much variation in their size and nature of the family. The study reveals that 86.00 percent of respondents stated to earn annual income of more than Rs. 2, 00,000 and 14.00 percent of respondents earn less than Rs. 2, 00,000 as annual income. The variation in their income is generally based on the nature of their activity.

Table 1.2: Utilization of Digital Banking Services by Rural Folk

<i>Sl.No.</i>	<i>Services</i>	<i>Frequency</i>	<i>Percentage</i>
1	Accessibility to E- Services	105	52.50
2	Use of ATMs	152	76.00
3	Using Credit and Debit cards	145	72.50
4	Aadhaar enabled Payment	78	39.00
5	Mobile Banking services	80	40.00
6	Accounts information	21	10.50
7	Accounts to accounts transfer	09	04.50
8	Statement request	13	06.50
9	SMS alerts	05	02.50

Table 1.2 indicating the frequency of using the digital banking services by the rural customer. 76.00 percent of the respondents are familiar with ATMs and are using frequently. Some respondents indicated that their children help them with all bank related matters, which may enable them to eventually learn the new system for using e- services. Majority of respondents (72.50 percent) are using credit as well as debit cards in their day today activities. 40.00 percent of respondents use the mobile banking services which is very convenient for them to conduct their banking activities. 10.50 percent of respondents are using digital banking services for getting account information. It is revealed from the study that only few respondents use e- banking services for gaining information of account to account transfer, statement request and SMS alert which would be 4.20 percent, 6.50 percent and 2.50 percent respectively.

Table 1.3: Reasons for not using Digital Banking by Rural folk

<i>Sl. No</i>	<i>Particulars</i>	<i>Frequency</i>	<i>Percentage</i>
1	Habit of using cash	46	23.00
2	Lack of e-banking awareness	73	36.50
3	Not interested in digital banking	52	26.00
4	Hacking of data and fake calls	12	06.00
5	Cannot understand the language	17	08.50
	Total	200	100.00

By analyzing the reasons for not using the digital banking by the rural customer, in Table 1.4, we found that 36.50 percent of respondents do not have awareness of digital banking and its benefits. Rural customer do not change so easily as 26 percent of respondents have not interest in digital banking. 23 percent of respondents indicated that their transactions are still entirely in cash than digital cash because the Indian economy has been dominated by cash. Illiteracy is one of the major reasons behind the successful implementation of digital banking where 8.50 percent of respondents are not able to understand the language. 6 percent of respondents are not in favour of digital banking due to the concern about record data may get hacked by unknown people over the web.

Table 1.4: Perception of ruralites pertaining to not using Digital Banking

<i>Sl. No</i>	<i>Particulars</i>	<i>Frequency</i>	<i>Percentage</i>
1	Lack of proper Internet Access	46	23.00
2	Security risk	20	10.00
3	Server Problem/Poor network quality	59	29.50
4	Less Smartphone penetration	45	22.50
5	Difficult to download the App	30	15.00
	Total	200	100.00

It could be noted from the table 1.4 that majority of the respondents are not using digital banking due to server problem or the quality of network is very poor which accounts 29.50 percent. Most of the respondents do not have proper internet access which may not encourage them to go for digital banking accounting about 23percent. About 10.00 percent of respondents refuses to opt digital banking due to security concern. They have the perception that online transaction is risky due to security problem.

8. SUGGESTIONS

1. Awareness campaign about digital banking in rural areas should be undertaken effectively.

2. Training on Digital Banking should be arranged by banks to rural people.
3. Rules and regulations of banking transactions should be provided not only at the time of getting financial benefits but should be given prior to it.
4. In order to enhance the propensity to use digital banking among rural customer the use of regional languages during transactions should be promoted.
5. Security Steps should be undertaken to create trust in the minds of rural folk while accessing their accounts.
6. Banks should assist the rural customers in developing secure digital banking practices and risk management procedures.

9. CONCLUSION

Banking is a customer oriented industry. Customer centric approach is need of an hour. Most of the banks have adopted digital banking services which are beneficial to both banks as well as customers. The benefits underlying the use of digital banking are based on customer's perception about its future prospects. Efforts must be taken to encourage more digital banking transactions especially among rural folk. But the lack of knowledge about computers and the use of the internet is a challenge. Whereas the usage of digital banking for enhanced service is imperative. The success of digital banking not only depends upon latest technology but also on to a greater extent the attitude, interest, involvement and commitment of the customer in general and rural folk in particular. Therefore the future of digital banking in rural India is very bright and we can look forward to adopt many more new innovative services by the banking sector.

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