



RURAL CUSTOMER'S AWARENESS AND PERCEPTION ABOUT BANKING PRODUCTS AND SERVICES IN TIRUCHENDUR AREA

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Abstract

Everyday banking transactions are very large in number. People are using banking services for many purposes such as availing loans, depositing money, withdrawing cash, transferring funds etc. It is essential to identify the banking services and their level of penetration, the level of usage of the banking service offered by the banker so that the need for banking services and the expectation of the bank customers regarding the services can be identified. Banks are providing various types of loans like agriculture loans, educational loans, business loans, etc. to the rural people. And other services such as ATM, electronic fund transfers, debit card, credit card, RTGS, NEFT, e-banking etc., are also becoming popular in Tiruchendur. Hence, this study makes an attempt to study the level of penetration of banking services in Tiruchendur.

Keywords: Rural Customer's Awareness, Perception About Banking Products And Services In Tiruchendur Area.

Introduction

Banks play a dynamic role in the economic development of a nation. It may not be an exaggeration to assert that without the evolution of commercial bank in the 18th and the 19th centuries, industrial revolution would not have occurred. It is equally true that without the development of sound commercial banking, underdeveloped countries cannot hope to join the group of advanced countries. The banking development for economic growth is marked by a comprehensive program of branch expansion, mobilization of saving, lending to priority sector and weaker sections of the society, assistance to agricultural sector and regulating flow of credit to industries and improvement in export sector (Golden and Natarajan, 2015).

Formal financial services have expanded rapidly in recent years. The question, therefore, arises as to what has been the impact of various measures on financial inclusion. Recently the Government had launched the high - profile financial inclusion program Pradhan Mantri Jan Dhan Yojana, which aimed at ensuring that all households have a bank account. The yojana had resulted in opening of 125 Million new bank accounts. The Government is taking a lot of initiatives to improve the standard of living of the people living in rural areas. Banking sector is playing a vital role in the development of the agriculture and MSMEs which constitute a major part of the country's economic development. Hence, many of the rural people are becoming aware of the banking services Arriving at firm conclusions on the extent of financial inclusion or exclusion is not easy from the existing data sources (Bandyo padhyay, 2011). Though the central government and RBI are taking steps to reach the banking products and services to the rural masses, some lacunae still exist. To overcome this issue, it is necessary to study the penetration of banking products and services. Therefore, this study proposes to analyze customers opinion regarding the banking services and their level of penetration in equal area of Tiruchendur.

Statement of The Problem

Rural banking in India plays a vital role in the growth of rural economy. The banks in rural areas are found to help the rural people in their all round progress. Rural banking is rightly called an engine of rural development. The overall position of rural banking in India is not quite encouraging. The banker offers almost the whole thing from a plain savings products, to loans for businesses and wealth management guidance – to the rural population and creates new strategies to support rural customers'. Though the Indian banks are penetrating the rural areas to meet the rural customers' needs, still they have not achieved the set goal. Penetration indicates how many users are there for products / services. Getting consumers to use its products / services is one of the measures of success of a company. The government also seems to be instrumental in the dispersal of branches of regional and rural banks at the grassroots level to provide banking services to the needy people. Therefore, the present study aims to analyze the penetration of the banking products and services in the rural areas of Tiruchendur.

Review of Literature

Jane M. Kolodinsky (2004) In their study entitled "The Adoption of Electronic Banking Technologies by US consumer's explored factors that affect the adoption to three E – Banking technologies such as automatic bill payment. Phone banking and personal computer banking. The author identified six factor namely relative advantage, complexity / simplicity, compatibility, observability, risk to learance and product involvement are associated with adoption.



Syтуie Lаfoeet and Xiaoyan Li (2005) in their study entitled “Consumers Attitude towards online and Mobile banking in china”, analysed the market status for internet banking and mobile banking in china. The study revealed that Chinese internet banking and mobile banking customers were predominantly male than female and male educated in contest with electronic banking users in the west.

Mrutyjunjava pradhan (2006) in this study entitled “Core banking solution with multi Dimension”, enumerated bank implemented phone banking. Internet banking, mobile banking, call centre, services ATM etc. one after another for better customers services. Now it was the core banking solution where the whole banking industry as focusing concentration for real time banking access to customer information and financial leans action posting was available 24 x 7 online.

Mobarek (2007) in their study entitled “E – banking practices and customer satisfaction – A case study in Botswana”, studied four commercial banks in Botswana namely standard chartered Bank, First National Bank, Barclay Bank of Baroda. All these banks are provided E – Banking services to their customers. This study focused on four major electronic delivery channels such as ATM, Internet banking, phone banking and manual banking. Therefore it is essential to investigate perception of customer about E – Banking services.

Yang et al (2007) in their study entitled “New issues and challenges facing E – banking in Rural Areas: An Empirical study”, identified current trend and development of the application of E – banking is equal and also invested that economic impact on local financial institutions. The result showed that small and local community banks have presently lower percentage awareness of E – Banking customer. Hence the author conform the perception that the addition of innovative E – Banking services will reduce banks operating cost, save time, paperless and increase the quantity of customer satisfaction.

Lauk Kanen (2007) in this study entitled “Internet Vs Mobile banking comparing customer value perception” described a comparative study on customer perception in online banking and mobile banking services and also measured customer perceived value and value creation between online and mobile bill payment services. The study found that the customer perceived positive value and value created negative value to fund transfer between one account one account to another account via online and mobile banking.

Mathur and Khan (2008) in their study entitled “A study of the Trends and issues in implementation of E – Banking”, examined the recent technologies, trends issues and challenges in banking sectors identification, the penetration, adoption and usage of E – Banking technologies namely ATM, Internet banking. Phone banking, and payment and settlement system and also investigated that the factors in influencing the usage by customers.

Yang and Ahmed (2009) In their study entitled “A comparative study on E – Banking services between china and USA”, investigated the present trend and improvement of E – Banking industry and also provided administrative insight for the banking industry in those under developed nations. The authors showed that even in a under developed a nation the application of E – Banking can help their local banks to reduce paper less time costs for banks and provide a better and quick services to their customers.

Singh and komal (2009) in their study “Impact of ATM on customer satisfaction (A comparative study of SBI, ICICI, and HDFC Bank)”, analysed the current ATM facilities offered by SBI, ICICI and HDFC Bank and also examined the factors affecting the preference of ATM. A comparative study of three public and private sectors namely state bank of India. ICICI bank and HDFC bank in India.

Elisha (2010) in this study entitled E – Banking in developing Economy : Evidence from Nigerial in this paper discuss explored the major attributes reasonable for internet banking based on customer perception on different E – Banking technologies. the study found that E – Banking serves more advantages to Nigerian banking sector. Factor analysis found that security time factor queue management fund transfer time factors. queue management fund transfer accessibility and user friendly are manufactory influencing to E – Banking services.

Uppal(2010) in this study entitled Customer complaints in banks : Nature, Extent and Strategies to Mitigation”, identified the extent of complaints in three type of bank group like public sector banks. Indian private sector banks, and foreign banks. The number of complaints gave from public sector banks and the maximum complaints are related to deposit, credit card and housing loans. The study concluded that the maximum complaints were in the public sector banks and were continuously increasing and as such they adversely affected customers satisfaction and performance.



Sharma (2011) in this study entitled “Bankers perspectives on E Banking”, investigated bankers views about E – banking and also examined bankers views about E – banking and also examined bankers perception on E – Banking activities of customer impact of E – Banking and promotional measures caused by bank to promote E – Banking. The study showed that there was little awareness in Indian customer regarding use of E – Banking services and also indicated that E – Banking helps in developing the association between bankers and customers.

Malarvizhi and Rajeswari (2012) in their study entitled “Users criteria for selecting mobile banking services in Coimbatore Empirical Evidence”, examined the level of awareness and usage of mobile banking services and estimated the criteria for selecting the mobile banking services in Coimbatore city. The study based on primary data was collected from 100 sample respondents in Coimbatore city purposive sampling technique was used. The study found that mobile banking adopted all are educated.

Nadar (2012) in this study entitled “customer satisfaction towards ATM services – A study of bank customer in Navi – Mumbai”, investigated the attitude of customers towards ATM services and identified customer satisfaction towards ATM services. The study was based on survey method. Primary data was collected from the bank customers with the use of use structure interview schedule.

Javed Ahmed Chandia (2013) in this study entitled ATM Transactions versus Paper Based Transaction in consumer retail banking, In this articles focus examined recent trend of ATM facilities VS paper based transactions in customers retail banking. The result showed that ATM was frequently used for cash withdrawal, check balance enquiry. Majority of 84 percent of the customers use ATM in their own banks. They do use ATM of other banks some times.

Pallavi (2013) in this study entitled “A study of perception of customer towards E – Banking services in city – Maharashtra (India)”, identified the customers perception towards electronic banking services and also find out the problems faced by bank customers and strategies to enhance electronic banking services. Customers faced more problems like inadequate computer knowledge, poor response of bank staff, lack of internet banking facilities, forget ATM PIN and language problem.

Sumathi and Thyagarajan (2013) in their entitled “A study on customer perception towards services of selected public and private sector banks with special reference to Coimbatore city”, analyzed the expectations and the level of satisfaction of the customers towards the services rendered by public and private sectors banks.

Scope of The Study

The study has been undertaken mainly to analyze the Rural Customers Awareness and Perception about banking Products and Services in Tiruchendur Area. It also identify the awareness of banking products and services, opinion about variables of penetration, problems in banking products, advantages, got from adopting banking products and services are analysed. In addition to these ,relationship between level of satisfaction and socio economic profile of the respondents are also analysed.

Objectives of The Study

1. To know the personal profile of the respondents.
2. To analyze the customers’ opinion towards the variables of penetration.
3. To study the problems faced by the respondents while using banking products and services.
4. To suggest measures that help in improving the banking services while using banking products and services.
5. To identify the satisfaction level of the customers towards the banking services offered.

Hypotheses To Be Tested

In order to study the relationship between demographic profile of the respondents and their level of perception towards banking products and services, the following null hypotheses were framed.

1. There exists no significant relationship between gender of the respondents and their level of satisfaction.
2. There exists no significant relationship between age of the respondents and their level of satisfaction.
3. There exists no significant relationship between marital status of the respondents and their level of satisfaction.
4. There exists no significant relationship between educational qualification of the respondents and their level of satisfaction.
5. There exists no significant relationship between monthly income of the respondents and their level of satisfaction.



Area of Study: The present study has been carried out in Tiruchendur area.

Methodology And Sampling Design: This section describes the methodology which includes the collection of data, the construction of questionnaire, pre-test, the sampling design and the scheme of analysis.

Collection of Data: The researcher has collected data from both primary and secondary sources. The primary data were collected from the respondents with the help of interview schedule. The secondary data were collected from books, journals and websites.

Construction of Tools And Pre – Test

The researcher herself has structured the interview schedule for this study. The variables to be studied have been identified in the preliminary interview with some selected respondents in and around Tiruchendur. The variable thus identified by the researcher have been converted into appropriate questions. The interview schedule was suitably revised in the light of the experience gained.

Sampling Design: The sample was selected from Tiruchendur area which was considered to be rural area. The sample size was selected as 120. They were selected at random by applying convenience sampling method.

Field Work And Data Collection: The researcher herself carried out the fieldwork for this study. It was conducted during the period from December 2017 and March 2018. The researcher have used questionnaire for collecting the data. The data was collected on Sundays and holidays.

Analysis of Data: The master table was prepared for entering the responses of each respondents and small cross tables were made from the master tables for analysis.

Frame Work of Analysis

The present study is an empirical one. The tools for analysing the data include conventional techniques such as simple percentage analysis, total score analysis and likert scale method. Tables and percentages are used in the appropriate places to analyse the data.

Likert Scale is used to measure the awareness and perceptions about banking product and services. The likert scale is one of the most widely used attitude scaling techniques.

In this approach the respondents are asked to indicate his degrees of agreement with each of their statement about awareness and perception about banking products and services which are related to the object of the questions.

Five categories are normally used although three and seven have sometimes been used. The usual description for five categories are

1. Strongly agree.
2. Agree.
3. No Opinion.
4. Disagree.
5. Strongly Disagree.

The total score of each respondent is obtained by adding scores that he received for 12 statements from the total score obtained by adding the individual scores obtained by 120 respondents. Arithmetic mean and standard deviation have been calculated and the level of perception have been found out.

Limitations of The Study

The following are the limitations of the study.

1. It is restricted to Tiruchendur only. Hence, the results obtained cannot be generalized to the population as a whole.
2. As the study was conducted for a short duration of 3 months, it was difficult to study in depth about various aspects.
3. Time, cost and other resources were constraints for a fully comprehensive study.

4. Demographic factors may influence the attitude for different set of customers and the findings cannot be generalized for the respondents with different personal profiles. The number of respondents is relatively small.

Analysis And Interpretation of Data Occupational Status of The Respondents

S.No	Occupation	No. of Respondents	Percentage
1.	Private employee	42	35
2.	Govt. employee	20	17
3.	Business man	26	22
4.	Professional	14	11
5.	Agriculturist / farmer	18	15
	Total	120	100

Source: Primary data

It was found from the above Table that, 35 percent of the respondents were private employee, 22 percent of the respondents were business man, 17 percent of the respondents were Govt. employee, 15 percent of the respondents were agriculturist/farmer and 11 percent of the respondents were completed professional courses.

It was found from the table that majority (35 percent) of the respondents were private employee.

Bank Account – Wise Classification

S.No	Bank account	No. of Respondents	Percentage
1.	Public Sector Bank	46	38
2.	Private Sector Bank	30	25
3.	Co – Operative Bank	24	20
4.	Regional Rural Bank	20	17
	Total	120	100

Source: Primary data

It was found from the above Table that, out of 120 respondents 38 percent of the respondents had their account in 'public sector bank', 25 percent of the respondents had their account in 'private sector bank' 20 percent of the respondents had their account in co – operative bank and 17 percent of the respondents had their accounts in 'Regional Rural bank'.

Hence it was inferred from the table that Majority (38 percent) of the respondent preferred to open account only in 'Public sector bank'.

Frequency of Deposit Money

S.No	Frequency	No. of Respondents	Percentage
1.	Weekly	20	17
2.	Biweekly	18	15
3.	Monthly	54	45
4.	Rarely	28	23
	Total	120	100

Source: Primary data

It was found that out of 120 respondents, 45 percent of the respondents were deposit money monthly once, 23 percent of the respondents were deposit money rarely, 17 percent of the respondents were deposit money weekly once, and 15 percent of the respondents were deposit money biweekly in the bank.

Hence, it was inferred that majority of the respondents (45 percent) were deposit money monthly once in the bank.

Type of Loan Availed In Bank

S.No	Type of Bank	No. of Respondents	Percentage
1.	Agricultural loan	16	14
2.	Animal Husbandry	4	3
3.	Business loan	22	18
4.	Educational loan	42	35
5.	Housing loan	22	18
6.	Vehicle loan	14	12
	Total	120	100

Source: Primary data

Table 3.14 revealed that, 35 percent of the respondents were taking educational loan from bank, 18 percent of the respondents were taking business loan and another 18 percent of the respondents were taking housing loan, 14 percent of the respondents were taking agricultural loan, 12 percent of the respondents were taking vehicle loan, and 3 percent of the respondents were taking animal husbandry loan.

It was found that majority of the respondents were taking education loan.

Problem of Banking Products And Services

The problems faced by the respondents while using the banking products and services are studied in this section. The main problems are ATM problem Internet banking problem and mobile banking problem. 't' test is applied to find out the problem of consumers.

Application of T – Distribution

The following are some of the examples to illustrate the way in which the T – distribution is generally used to test the significance of the various results obtained from small samples.

To Test The Significance of The Mean of Random Sample

In determining whether the mean of a sample drawn from a normal population deviates significantly from a stated value (the hypothetical value of the population mean), when the variance of the population is unknown.

Problems Faced By The Customers While Using Banking Products And Services

Table 3.17 present the results of 't' – test through mean, standard deviation, co – efficient of variation and 't' value. The null hypothesis framed for the present study was "There is no significance difference between banking products and services and their level of problems of the respondents".

Problem of Banking Products And Services – Statement Wise Analysis

S.No	Dimensions	Mean		Co efficient variation	t – value	rank
	ATM Problem					
1.	Cards get blocked	2.74	0.50	18.22	0.29	III
2.	Machine out of cash	2.54	0.63	24.61	0.14	II
3.	Non printing of statement	2.20	0.76	34.33	0.04	I

4.	Machine out of order	1.97	0.83	41.77	0.003	V
5.	Long waiting time in queues	1.91	0.73	38.34	0.02	IV
	Internet Banking Problem					
1.	Not providing information	2.42	0.69	28.75	0.07	I
2.	Not being able to maintain security	2.30	0.77	33.38	0.05	III
3.	Not giving fast response	1.96	0.78	39.74	0.006	V
4.	Leaving the operation unfinished	1.83	0.67	36.57	0.04	IV
5.	Internet banking can be tempered with by others	2.30	0.68	32.22	0.007	II
	Mobile banking problem					
1.	Login / sign off are not easy	2.74	1.115	40.75	0.06	II
2.	Lack of security in transactions	1.58	0.73	40.32	0.08	I
3.	Lack of appropriate software	2.8	1.52	54.47	0.04	III

Level of significant at 0.05. Table value of 0.05 level 2.353 for degree of freedom $(n-1)=(3-1)=2$.

it was depicted that with regard to “ATM problem” the mean scores of all statement were above the neutral point (2), except two statement i.e, “Machine out of order” and “Long waiting time in queues”. Hence the customers are partly satisfied and partly dissatisfied with regard to the dimension “ATM problem”.

To find out the most perceived statement with regard to “ATM problem, co – efficient of variation was used and the least value of co – efficient of variation is ranked as first and foremost perceived statement. Therefore, “Machine out of cash” was the main problem of customers while using banking products and services.

with regard to the dimension “Internet banking problem” the results showed that the mean scores of all statement were above the neutral point(2) except two statement i.e, “Not giving fast response” and “Leaving the operation unfinished”. Hence, the customers are partly satisfied and partly dissatisfied with regard to dimension “Internet Banking Problem”.

To find out the most perceived statement with regard to “Internet Banking Problem”. Co – efficient of variation was used and the least value of co – efficient of variation is ranked as first and foremost perceived statement. Therefore “Not providing information” was the main problem of customers, while using banking products and services. It was also proved by ‘t’ value at 5% level of significance.

With regard to the dimension “Mobile banking problem”, the result showed that the means scores of all statement were above the neutral point (2) except “Lack of security in transaction”.

To find out the most perceived statement with regard to “Mobile Banking Problem”. Co – efficient of variation was used and the least value of co – efficient of variation is ranked as first and foremost perceived statement. Therefore “Login / Signoff are not easy ” was the main problem of customers, while using banking products and services.

Problems Faced By The Customers While Using Banking Products And Services

S.No	Problem	Mean	SD	CV	T – value	Rank
1.	ATM Problem	2.28	0.69	30.26	0.41	I
2.	Internet banking problem	2.16	0.72	33.3	0.22	II
3.	Mobile banking problem	2.37	1.21	51.05	0.31	III

Level of significant at 0.05 . Table value at 0.05 level of perception for degree of freedom = (n-1) = (3-1) = 2.

To find out the most influencing dimension of banking products and services, co – efficient of variation is applied and the least value of co – efficient of variation is ranked as first and foremost influencing dimension while using bank products and services. Therefore, “ATM Problem” score the least value of co- efficient of variation (30.26) and it is selected as the first and foremost influencing dimension with regard to their problems. The last rank is allotted to “Mobile Banking Problem”, it shows the highest value of co – efficient of variation (51.05) it was also proved by ‘t’ test at 5% level of significance.

Major Findings

1. 52 percent of the respondents were male.
2. 48 percent of the respondents were in the age group of below 30 years.
3. 70 percent of the respondents were married.
4. 30 percent of the respondents were completed school level education.
5. 62 percent of the respondents are in Nuclear family system.
6. 32 percent of the respondents were in the income level of ` 10,000 – `20,000.
7. 35 percent of the respondents were private employees.
8. Majority of the respondents preferred to open account only in ‘Public sector banks.
9. Majority of the respondents preferred to open account only for ‘saving money’.
10. 30 percent of the respondents are said that Electrical card is needed for opening an account.
11. Majority of the respondents are deposit money monthly once in the bank
12. 80 percent of the respondents were opened bank account with ` 501 – ` 1000.
13. 37 percent of the respondents having accounts in a bank for the period of above 10 years.
14. 35 percent of the respondents were taking educational loan.
15. 43 percent of the respondents were aware about bank products and services through bank employees.
16. Majority of the respondents are aware about the banking services of deposit and withdraw cash from bank.
17. With regard to opinion about banking services, majority of the rural customers are aware about ‘ATM services’.
18. The result of ‘F’ test proved that there is no significant relationship between gender and educational qualification of the sample respondents and significant relationship between gender, age, marital status, education qualification, type of family and area of residence of sample respondents and usage of banking products and services.
19. With regard to the problems faced by the respondents while using banking products and services ‘t’ test is applied. It clearly depicts that the major problem faced by the respondents are ‘ATM Services’.

Suggestions

Bank should take necessary step to create awareness among rural people about the advantages of e – banking / internet banking services available in the bank.

1. The e – banking / internet banking system should be enhanced to make the online enquiry and online payment much more easier to the customer.
2. Public sector banks should improve their e – banking / internet banking to compete with their bank sector counterparts
3. Most of the customers have not availed of the e – banking internet banking services because they are not trust the internet channel presuming it as complicated. So bank may set up a team of personal to train the customers to get acquainted with internet banking.
4. The need for banking services provided by banks is to improve their speed and efficiency of service delivery in a secure environment.

Conclusion

Today customers expect higher quality services from banks which, if fulfilled, could result in significantly improved customer satisfaction levels. Customers can be satisfied if they are providing with better and efficient service. E – Channels are very helpful in managing efficient transformation. With the development of information technology, the world has become a global village and it has brought evolution in the banking operations.



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