

**A Study on role of Financial Institution towards Financial Inclusion in Kankama Chatiram**

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**Abstract**

Financial inclusion means providing access of financial products and services to poorer people, weaker sections and low income category people at a cost borne by them by financial institutions. Are the efforts taken by banks reach the rural people? is said to be a big question. Hence this study is based on the role of financial institution (one bank alone) to financial inclusion to rural people in one place (kanakamachatiram alone) is taken for the study. The study deals with the awareness measures taken by bank on its financial products. The sample size of the study is 114 and questionnaire was used for data collection. The study revealed that the there is significant relationship between awareness products that are promoted among youth and children and the bank efforts to reach rural people is worthy.

**Key words:** Financial inclusion, financial institutions.

**Introduction**

Looking back into the ancient way of providing rural financial credits was through a concept called village banking. Village banking had its roots from ancient times before micro credits came into force, but later as the years passed by village banking took the route and concept of micro-finance credits. The concept of microfinance savings and credit groups that have operated for centuries include the "susus" of Ghana, "chit funds" in India, "tandas" in Mexico, "arisan" in Indonesia, "cheetu" in Sri Lanka, "tontines" in West Africa, and "pasanaku" in Bolivia. This informal way of banking was formalized by various commercial banks, financial institutions and co-operatives but still people neglected formal way of banking. One of the earlier and longer-lived micro credit organizations providing small loans to rural poor with no collateral security was the Irish Loan Fund system. This was initiated in the 1700s by the author and nationalist Jonathan Swift. Later this Irish way of funding system spread throughout Europe and by 1840 there were nearly 300 financial institutions providing rural credit and helping the poor people who are in need of money. Then in early 1900's rural credit were linked to modernizing agriculture by pooling idle money in the form of savings. In the period between 1950 and 1970's this concept took a wider shape where government and various agencies started to provide rural credit to marginal farmers at concessional rates. The credits were also given at subsidized rates which became a major victory during this period. After 1970s institutions like the Self Employed Women's Association (SEWA), Grameen bank in Bangladesh became very famous and started to reach poorer people to a larger extent. The 1990s saw growing enthusiasm for promoting microfinance and it was used as a strategy for poverty alleviation. The microfinance sector blossomed in many countries, leading to multiple financial services and various firms serving the needs of micro-entrepreneurs and poor households. As discussed above the government agencies which did not participate much in micro credit in early stages of 1950s and 1970s wanted to enter the race, participate and provide micro credit facilities to rural people at affordable cost. Hence this took the shape of financial inclusion not only throughout the world but also in India. Financial inclusion means delivery of banking services at an affordable cost to the vast section of disadvantaged and low income group. The main essence of financial inclusion is to ensure that a range of financial services are available to every individual and enabling them to understand and access those services. Based on financial inclusion a particular village in Thiruvallur district was selected which becomes the main part of the study.

## Review of Literature

**MandiraSarma and JesimPais (2010)** discusses on existence of relationship between financial inclusion and development by empirically identifying country specific factors that are associated with the level of financial inclusion. The author further highlights that level of human development and financial inclusion in a country move closely with each other. According to **Suresh Chandra Bihari (2011)** highlights while the importance of financial inclusion is widely recognized and has been prioritized by many economies, but it also becomes essential that this financial inclusion need to be measured. According to **Annual Credit Plan (2012-13)** by Lead Bank highlights that the farmer who possess low incomes in rural areas are unable to access financial services and products from banking institutions and for this purpose the bank has created Financial Inclusion Fund for developmental and promotional needs. **Hung, A., J. Yoong and E. Brown (2012)** further share their opinion on financial inclusion where it is said that gender specific issues do play a vital role in bringing awareness of financial literacy which helps in forming important policy decisions on financial oriented matters. The author further concludes that by empowering women in bringing awareness of financial literacy matters development can be obtained in accessing financial products by members in the family. Hence this awareness of financial products and efforts taken by bank and awareness among youth and children has been the main area of this study.

## Objectives of the Study

The main objectives of study are as follows:

1. To examine the efforts taken by bank to reach the financial products towards rural people.
2. To examine the promotion of financial products among youth and children
3. To suggest based on the above said study.

## Need and Scope of the Study

The network of financial institutions is very big and they do play a vital role in contributing towards the growth of the economy. Even after the birth of nationalization of banking had happened 70 years ago people belonging to rural areas are not able to access and enjoy the core banking rights offered to common people by the government. Offering this basic right which is termed as financial inclusion and the role taken by financial institution on this issue is the study of the article. This study deals with banks role and efforts in reaching the rural people and its efforts in promoting among youth and children.

## Limitations of the Study

The limitations of the study are:

1. Time constraint
2. The respondents took lot of time in understanding the meaning of the questionnaire.

## Research Methodology

The article critically analyses on the awareness offered by financial institution and its promotion of financial products among youth and children.

## Selection of Sampling Area

Basic financial services are available in the district of Thiruvallur through the formal credit agencies comprising bank branches of both public sector and private commercial banks and central co-operative bank operating through 20 branches in the district. In the study only one bank was selected due to time constraint and the number of rural people selected based on the customers arrival to the bank.

The steps initiated by the bank for the purpose of financial inclusion are:

1. Wide publicity
2. Simplification of KYC norms for account opening
3. Simplified saving bank pass books issued.

4. Using mobile vans as a part of their campaign as a part of campaign for opening of accounts
5. Conducting exclusive awareness/sensitization programs for the people

As a part of the steps initiated by the bank the researcher liked to contribute a little bit towards the study. Hence a sample size of 114 among rural people was taken for the study purpose in one village called Kanakama Chatiram in Thiruvallur district. Likert 5 point scale was used to collect the responses. The analysis was done through SPSS package using various statistical tools needed for the study

### Analysis of the Study

#### 1. Reliability test was taken for the questionnaire.

##### Reliability Statistics- Cronbach alpha test for financial inclusion

Cronbach's Alpha	N of Items
.708	13

#### Inference:

Cronbach alpha test was done for the reliability test which yielded a value of .708 or 70.8%.

#### 2. Chi-Square Tests for bank awareness on financial products among children and youth

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	39.116 <sup>a</sup>	9	.000
Likelihood Ratio	17.016	9	.048
Linear-by-Linear Association	12.506	1	.000
N of Valid Cases	114		

a. 13 cells (81.3%) have expected count less than 5. The minimum expected count is .04.

**2.Chi-Square Tests for bank awareness on financial products among children and youth**

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Likelihood Ratio	17.016	9	.048
Linear-by-Linear Association	12.506	1	.000

**Inference:**

The chi-square analysis shows there is significant relationship between efforts taken by banks to promote its financial products among rural youth and children.

**Anova tests between age groups and perception level towards awareness,product and service**

		Sum of Squares	df	Mean Square	F	Sig.
aware	Between Groups	22.900	4	5.725	1.701	.155
	Within Groups	366.889	109	3.366		
	Total	389.789	113			
product	Between Groups	5.452	4	1.363	1.193	.318
	Within Groups	124.487	109	1.142		
	Total	129.939	113			
service	Between Groups	2.094	4	.523	.298	.879
	Within Groups	191.345	109	1.755		
	Total	193.439	113			

**Inference:**

From the above table it can be inferred that there is no significant difference between various age groups in the perception level towards awareness about the financial functions and financial living. From the above table it can be inferred that there is no significant difference between various age groups in the level of perceptions towards the knowledge of various products. Even the younger generation are not interested to show does not possess the knowledge of financial products which are beneficial for life and economic growth. It can be concluded from the above table that the age group has no statistical significant effect towards the service rendered by the banking sector to achieve complete financial inclusion.

**Paired Samples Test On Opinion on Awareness and Product Knowledge**

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 aware - product	-1.11491E1	2.16665	.20293	-11.55115	-10.74709	-54.942	113	.000

**Inference:**

From the above table it can be inferred that Paired “t” tests is used to compare the opinion from the subjects towards awareness and product knowledge. As p value <0.05, there is no evidence to accept that opinion towards the product knowledge and awareness coincides with each other. Hence it is concluded that awareness on banking and product knowledge remains the same, but the mean score of product knowledge of the banking functions people keep availing the products. Paired “t” tests is used to compare the opinion from the subjects towards awareness and services provided by the banks. As p value <0.05 there is no strong evidence to accept H0, hence it is rejected. On comparing the mean rank service has got the higher rank (18.07) than awareness implies that to achieve the financial inclusion more awareness has to be created among the public than rendering banking services.

**Paired Samples Test on opinion of product and general public**

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 product - service	1.50000	1.34526	.12600	1.25038	1.74962	11.905	113	.000

**Inference:**

On comparing the opinion towards product service  $p < 0.05$  has suggested no statistical significance between the opinion but the mean score of product (19.57) and service (18.07) suggest that general public shows more interest towards the banking products on banking and its services.

**Conclusion**

The study paves a way to achieve and complete financial inclusion an yard stick need to be created in a full-fledged manner. Awareness among the society regarding the products and services offered by banks is a must and should be done in an innovative and attractive manner with proper financial products that would fetch good returns to the customers. Youth and children have participated and provided positive results for the study. The government to take more steps in promoting its products and should also get feedback from the rural people in order to know the flaws and reach of its products among rural people. Without creating proper awareness the products introduced and the services offered are only by regular customers and hence new ways need to be found in order to find new customers.

**References**

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