

Benefits of Financial Inclusion Programmes

^aAkhila A. Kumar, ^bD.Mahila Vasanthi Thangam

^aM. Phil Scholar in Commerce Sree Narayana Guru College Coimbatore,
Bharathiyar University, T.N, India

^bAssociate professor Karunya Institute of Technology and Sciences Coimbatore,
Tamil Nadu India

Abstract

The Kerala Gramin Bank provides a wide range of financial inclusion programmes. The programmes are implemented by the bank with the objective of provides financial services to the different sections of the economy at an affordable cost. This paper aims at analysing the major benefits that the customers gained through the financial inclusion programmes. The study is based on primary data based upon the customer's opinion. The study reveals that the financial inclusion programmes provides certain benefits to the customers.

KEYWORDS: Financial inclusion ,financial services.

INTRODUCTION

Financial inclusion is one of the major initiative of RBI in order to provide financial services at an affordable rate to the weaker sections in India. As per the recommendations of RBI and Government of India, the various commercial and regional rural banks perform the activities of financial inclusion. The Kerala Gramin Bank is one of the institution which performs a variety of financial inclusion programmes. The Kerala Gramin Bank implemented a number of financial inclusion programmes. By implementing these programmes the basic and prior aim of KGB is to provide maximum advantages to the customers.

Statement of Problem

The financial inclusion programmes are implemented by the banks with the aim of providing certain additional benefits to the customers as well as to the society as a whole. The prior objective of financial inclusion programmes is to provide financial products and services at an affordable rate to the disadvantaged peoples in the economy. But the major problems associated with financial inclusion programmes is that the people were financially illiterate. So that the expected result may not get through the implementation of these programmes.

Objective of the Study

To identify the major benefits of financial inclusion programmes implemented by Kerala Gramin Bank.

Scope of the Study

The study aims at identifying the major benefits that the customers got through the implementation of financial inclusion programmes through the Kerala Gramin Bank. The data were collected from 300 customers from the Thiruvananthapuram district.

Methods of data collection

Both primary and secondary data are used for the study. The primary data were collected through scheduled questionnaire and the secondary data were collected through published journals ,articles, newspapers etc.

Hypothesis

H₀: The benefits of financial inclusion programmes to the customers of KGB are high.

Benefits of Financial Inclusion Programmes- Independent Samples t-test

The independent sample t-test has been used to determine whether there is any difference between the Male and Female in respect of benefits of Financial Inclusion Programmes. The mean score has been used for finding out the difference, if any. A large t-score indicates the high difference between the male and female and smaller t-score shows more similarity between male and female. The opinion of the customers are the basis for the analysis.

Table1 - Opinion of Male and Female customers with Respect to Benefits of Financial Inclusion Programmes in KGB

| Benefits of Financial Inclusion Programmes in KGB | Gender | | | | t-value | p-value |
|---|---------|--------|---------|--------|---------|---------|
| | Male | | Female | | | |
| | Mean | SD | Mean | SD | | |
| Reduce cost of banking products | 3.29 | 1.124 | 3.55 | 1.022 | 1.194 | 0.235 |
| Reduce transaction cost | 3.50 | 1.279 | 3.59 | 1.106 | 0.374 | 0.709 |
| Improve quality of products | 3.59 | 1.092 | 3.66 | 0.987 | 0.331 | 0.741 |
| Increase choices to customers | 3.61 | 1.289 | 3.52 | 1.023 | 0.355 | 0.723 |
| Flexibility to customers Etc. | 3.36 | 1.212 | 3.34 | 1.238 | 0.066 | 0.948 |
| Easy financial transactions | 3.55 | 1.143 | 3.64 | 1.222 | 0.349 | 0.728 |
| Increase in saving habits | 3.39 | 1.423 | 3.25 | 1.332 | 0.513 | 0.609 |
| Improvement in standards of living | 3.25 | 1.443 | 3.32 | 1.506 | 0.230 | 0.819 |
| Introduction of general credit cards | 3.43 | 1.291 | 3.32 | 1.290 | 0.425 | 0.672 |
| Use of regional languages. | 3.95 | 1.034 | 4.07 | 1.043 | 0.582 | 0.562 |
| Direct cash transfers to beneficiary bank accounts | 3.77 | 1.009 | 3.80 | 1.250 | 0.122 | 0.903 |
| Overall Benefits of Financial Inclusion Programmes in KGB | 38.6786 | 8.1689 | 39.0455 | 9.3683 | 0.209 | 0.835 |

Source: Primary Data

Opinion of customers

The opinion of the customers were collected in order to analyse if there exist any significant differences of opinion between the male and female customers. The independent sample t test shows that there is no significant differences between the male and female customers in respect of the benefits of financial inclusion

programmes ($p > 0.05$) (Table 1). The result of overall benefits of financial inclusion programmes were also shows that there is no significant differences between the opinion of males and females

Benefits of Financial Inclusion Programmes One-way ANOVA

The one-way ANOVA (Analysis of variance) has been used to find out whether there is any significant difference in the awareness level based on the occupations with regard to the opinion of customers on the benefits financial inclusion programmes. The customer's opinion is taken for the basis for the analysis.

Table 2 - Opinion of employees based on their Occupation with Respect to Benefits of Financial Inclusion Programmes in KGB

| Benefits of Financial Inclusion Programmes in KGB | Occupation | | | | F value | p-value |
|---|-----------------|------------------|-----------------|-----------------|---------|---------|
| | Govt. Employee | Private Employee | Farmer | Others | | |
| Reduce cost of banking products | 2.91 (1.375) | 3.73 (0.804) | 3.25 (1.076) | 3.29 (1.233) | 2.239 | 0.089 |
| Reduce transaction cost | 2.55 (1.368) | 3.76 (1.065) | 3.68 (1.278) | 3.50 (1.063) | 3.257 | 0.025* |
| Improve quality of products | 3.18 (1.471) | 3.81 (0.938) | 3.46 (1.071) | 3.71 (0.908) | 1.341 | 0.266 |
| Increase choices to customers | 2.82 (1.471) | 3.76 (1.140) | 3.46 (1.201) | 3.75 (0.944) | 2.151 | 0.099 |
| Flexibility to customers Etc. | 2.55 (1.128) | 3.43 (1.237) | 3.46 (1.232) | 3.46 (1.141) | 1.850 | 0.143 |
| Easy financial transactions | 2.82 (1.168) | 3.65 (1.033) | 3.57 (1.230) | 3.88 (1.227) | 2.167 | 0.097 |
| Increase in saving habits | 3.45 (1.293) | 3.65 (1.136) | 2.79 (1.524) | 3.42 (1.472) | 2.259 | 0.086 |
| Improvement in standards of living | 3.09 (1.446) | 3.49 (1.367) | 3.07 (1.585) | 3.29 (1.517) | 0.489 | 0.691 |
| Introduction of general credit cards | 2.91 (1.446) | 3.41 (1.235) | 3.39 (1.343) | 3.54 (1.250) | 0.617 | 0.606 |
| Use of regional languages. | 3.64 (1.027) | 4.03 (1.040) | 3.93 (1.052) | 4.21 (1.021) | 0.826 | 0.483 |
| Direct cash transfers to beneficiary bank | 3.82 (1.079) | 3.68 (1.05) | 3.79 (1.13) | 3.92 (1.248) | 0.227 | 0.877 |

| | | | | | | |
|---|-------------------------|-----------------------------|-----------------------------|-----------------------------|-----------|-----------|
| accounts | | 6) | 4) |) | | |
| Overall Benefits of Financial Inclusion Programmes in KGB | 33.7273 (9.5508) | 40.37 84 (7.60 24) | 37.85 71 (9.16 40) | 39.95 83 (8.735 1) | 1.9 71 | 0.12 3 |

Source: Primary Data

Note: 1. the value within bracket refers to SD

* denotes significant at 5% level.

Opinion of customers

The opinion of the customers were collected in order to ascertain whether there is any significant differences in the awareness level regarding to the occupation. The study reveals that there is a significant difference on reduction in transaction cost ($P < 0.025$), the mean value shows that private employees are much aware than others ($\bar{x} = 3.76$). All other variable do not shows any difference in opinion with regards to the occupation (Table 2).

Benefits of Financial Inclusion Programmes- Friedman test

The Friedman test was used to find is there any significant difference among mean rank towards the awareness level of employees and customers with regard to the benefits of financial inclusion programmes of KGB. The benefits of customers towards financial inclusion programmes are the basis for analysis.

Opinion of customers

Here the benefits of customers revealed that there is a significant difference among mean rank towards various benefits of financial inclusion programmes ($p < 0.01$). Based on mean rank use of regional languages is the major benefit of customers that are gained through the financial inclusion programmes (7.44), direct cash transfers to beneficiary bank accounts (6.78), easy financial transactions (6.23), improve quality of products (6.13), increase choices to customers (6.12), reduce transaction cost (5.98), Introduction of general credit cards (5.53), improvement in standards of living (5.49), increase in saving habits (5.48), reduce cost of banking products (5.48), flexibility to customers (5.37) (Table 3).

Table 3 - Opinion of employees regarding the Benefits of Financial Inclusion Programmes in KGB

| Benefits of Financial Inclusion Programmes in KGB | Mean Rank | Chi-Square value | p-value |
|--|-----------|------------------|----------|
| Reduce cost of banking products | 5.48 | 48.090 | <0.001** |
| Reduce transaction cost | 5.98 | | |
| Improve quality of products | 6.13 | | |
| Increase choices to customers | 6.12 | | |
| Flexibility to customers | 5.37 | | |
| Easy financial transactions | 6.23 | | |
| Increase in saving habits | 5.48 | | |
| Improvement in standards of living | 5.49 | | |
| Introduction of general credit cards | 5.53 | | |
| Use of regional languages. | 7.44 | | |
| Direct cash transfers to beneficiary bank accounts | 6.78 | | |

Source: Primary Data

Note: ** Denotes significant at 1% level

Testing of hypothesis

The one sample t-test was applied to test the hypothesis. To test the benefits derived from various financial inclusion programmes the opinion of customers are analysed. The test reveals that the customers get certain benefits like reduce cost of banking products, reduce transaction cost, improve quality of products, increase choices to customers, flexibility to customers, easy financial transactions, increase in saving habits, introduction of general credit cards, use of regional languages, direct cash transfers to beneficiary bank accounts etc from the financial inclusion programmes of KGB. Since P value is greater than 0.05. Hence the null hypothesis that is the benefits of financial inclusion programmes to the customers of KGB are high is accepted.

Findings and conclusion

The customers get a certain benefits from the implementation of the financial inclusion programmes. The major benefits that they got through this programmes is the usage of regional languages. And also they get a certain benefits like reduction in the cost of banking products, easy financial transactions etc. These benefits were mostly available to the private employees, farmers and others.

References

Prabhakar nandru, Satyanarayana Rentala, Anand byram, “Determinants of financial inclusion: Evidence from accounts of ownership and use of banking services”, International Journal of Entrepreneurship and Development Studies, 2016, pp 141-155

Mr. Jerlin Jose, Dr. Alice Mani, “Scope of Banks in Financial Inclusion for Kerala State”, International Journal of Management Studies, Vol.-V, Issue – 1(3), January 2018, pp 29- 38

Sakshi Verma, Khushboo Aggarwal, “Financial Inclusion through Microfinance Institutions in India”, International journal of innovative research & development, Vol 3 Issue 1, January 2014, pp 178- 183.

Alpana Vats, “Promoting Financial Inclusion: An Analysis of the Role of Banks”, Indian Journal of Social development, Vol.7, No.1, June 2007, pp.107-126.

Porkodi and Aravazhi “Role of Micro Finance and Self Help Groups In Financial Inclusion”, International Journal of Marketing, Financial Services & Management Research, Vol.2, No. 3, March 2013, pp.137-149