
Perception of Bank Customers about Financial Inclusion Programmes (A Comparative Study of Punjab and Haryana)

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Abstract

Financial inclusion is one of the methods through which Inclusive Growth can be achieved in India where large sections are unable or incompetent to participate in the Financial System. Financial inclusion aims at drawing the “unbanked” population into the formal financial system so that they have the opportunity to access financial services ranging from savings, payments, and transfers to credit and insurance. It refers to the delivery of financial services to disadvantaged and lower income sections of society. An inclusive financial system mobilizes more resources for productive purposes leading to higher economic growth, better opportunities and reduction of poverty. The present paper endeavours to study the perception of bank customers of Punjab and Haryana regarding financial inclusion programmes on the basis of various aspects like Awareness and Affordability.

Keywords: *Financial Inclusion, Welfare, Awareness, Availability, Affordability.*

Introduction

Despite of considerable progress made by microfinance institutions, credit unions, and savings cooperatives over the last two decades, the majority of the world's poor remain unserved by formal financial intermediaries that can safely manage cash and intermediate between net savers and net borrowers. Reliable and comprehensive data that capture various dimensions of financial inclusion are a critical condition for evidence-based policymaking. That includes the definition of consistent financial inclusion indicators that not only may set a clear direction for policymaking by translating the concept of financial inclusion into operational terms but also may allow tracking progress and measuring outcomes of policy reforms. Growth is inclusive when it allows all members of a society to participate in and contribute to the growth process on an equal basis regardless of their individual circumstances. Significant improvements in the areas relating to financial viability, profitability and competitiveness still, there are concerns that banks have not been able to include vast segment of the population, especially the underprivileged sections of the society, into the fold of basic banking services. Attempts have been made by the policymakers and financial institutions to bring large sections of the rural population within the banking system having realized that financial inclusion is the essence of sustainable economic growth and development in a country like India. Though our country's economy is growing at a one digit, still the growth is not inclusive with the economic condition of the people in rural areas worsening further.

On the other hand financial market imperfections, such as information asymmetries and transactions costs adversely affect the poor, the micro- and small enterprises resulting in lack of opportunities, persistent inequality and slower growth. Also financial inclusion is inevitable in creating economic opportunities to the

poor, sustaining it, overcome the risk associated with it and continue to participate so that they become successful economic agents to the growth process of the country. Keeping this in mind Government, RBI, banks and other financial institutions are making policy interventions to accommodate the vulnerable in to the financial system.

Banks and other financial services players are largely expected to mitigate the supply side processes that prevent poor and disadvantaged social groups from gaining access to the financial system. Access to financial products is constrained by several factors which include lack of awareness about the financial products, unaffordable products, high transaction costs and products which are inconvenient, inflexible, not customized and of low quality. However, we must bear in mind that apart from the supply side factors, demand side factors such as lower income and /or asset holdings also have a significant bearing on inclusive growth. There are many challenges faced by banks in India on financial inclusion process.

Even though there are many villages in the country without bank branches, penetration of bank branches in to rural areas is difficult as they are unviable, saturated and having higher transaction cost. The villages are fragmented limiting the scale of operation of banks in rural areas. This necessitates last mile of financial inclusion to be met with a combination of agents and providers through technology leverage. The present Business Correspondent (BC) model is too restrictive, cash delivery points are too modest and the ideal financial inclusion model is yet to evolve in the country. The robust financial inclusion model requires comprehensive participation of all stakeholders which is currently lacking in the country. Financial inclusion among urban poor warrants an alternate strategy as the physical access is not the critical issue here. The pricing of financial assets and services is delicate in urban areas as it should ensure the poor are able to afford them at these prices.

Objectives of the study:

1. To compare the perception of bank customers of Punjab and Haryana regarding various Financial Inclusion components.
2. To examine various aspects of Awareness and Affordability for the various Financial Inclusion schemes with regard to lead bank customers.

Sources of data Collection

The study is based on primary data which was collected from 200 bank customers comprising of 100 customers of lead banks each from the states of Punjab and Haryana with the help of self designed structured Questionnaire.

Data Analysis and Interpretation

For the purpose of the study Independent samples t-test has been applied to the data along with descriptive statistics.

Interpretation 1.1 :

Table 1.0 shows Independent sample t-test applied to the level of awareness of customers about Zero minimum balance account/BSBDA with regard to the states of Punjab and Haryana. For the purpose of the study:

H0: There is no significant difference between Punjab and Haryana in the level of awareness about Zero minimum balance account/BSBDA.

H1: There exists a significant difference between Punjab and Haryana in the level of awareness about Zero minimum balance account/BSBDA.

On Awareness about Zero minimum balance account/BSBDA aspect the Sig. value of the levene's test of equality of variance is (0.004) which is less than 0.05 so the values of equal variance not assumed (i.e Welch test) has been taken into consideration. The Sig. value computed for the t-test in this case was (.000) which was less than 0.05 which states that H1 will be accepted which implies that a statistical significant difference exists between the banks of Punjab and Haryana in the level of awareness for Zero minimum balance account/BSBDA. As the mean difference shows (0.54), implies that the bank customers in Punjab are having more awareness level about Zero minimum balance account/BSBDA than that of bank customers in Haryana.

Table 1.0 Independent Samples t-test about awareness level of various Financial Inclusion schemes

Awareness		Levene's Test for Equality of Variances		t	df	Sig. (2-tailed)	Mean Difference
		F	Sig.				
Zero minimum balance account/BSBDA	Equal variances assumed	8.467	.004	5.710	198	.000	.5400
	Equal variances not assumed			5.710	171.188	.000	.5400
Overdraft Facility	Equal variances assumed	2.048	.154	5.798	198	.000	.9500
	Equal variances not assumed			5.798	184.372	.000	.9500
Direct Benefit Transfer	Equal variances assumed	3.732	.055	8.935	198	.000	1.1300
	Equal variances not assumed			8.935	196.471	.000	1.1300
Insurance Schemes	Equal variances assumed	20.710	.000	-4.388	198	.000	-.6100
	Equal variances not assumed			-4.388	181.165	.000	-.6100

Source: Primary Data

Interpretation 1.2 :

Table1.0 shows Independent sample t-test applied to the level of awareness of customers about overdraft facility with regard to the states of Punjab and Haryana. For the purpose of the study:

H0: There is no significant difference between Punjab and Haryana in the level of awareness about overdraft facility

H1: There exists a significant difference between Punjab and Haryana in the level of awareness about overdraft facility

On Awareness about overdraft facility aspect the Sig. value of the levene's test of equality of variance is (0.154) which is more than 0.05 so the values of equal variance assumed has been taken into consideration. The Sig. value computed for the t-test in this case was (.000) which was less than 0.05 which states that H1 will be accepted which implies that a statistical significant difference exists between the banks of Punjab and Haryana in the level of awareness for overdraft facility. As the mean difference shows (0.95), implies that the bank customers in Punjab are having more awareness level about overdraft facility than that of bank customers in Haryana.

Interpretation 1.3 :

Table 1.0 shows Independent sample t-test applied to the level of awareness of customers about Direct Benefit Transfer with regard to the states of Punjab and Haryana. For the purpose of the study:

H0: There is no significant difference between Punjab and Haryana in the level of awareness about Direct Benefit Transfer facility

H1: There exists a significant difference between Punjab and Haryana in the level of awareness about Direct Benefit Transfer facility

On Awareness about Direct Benefit Transfer facility aspect the Sig. value of the levene's test of equality of variance is (0.055) which is more than 0.05 so the values of equal variance assumed has been taken into consideration. The Sig. value computed for the t-test in this case was (.000) which was less than 0.05 which states that H1 will be accepted which implies that a statistical significant difference exists between the banks of Punjab and Haryana in the level of awareness about Direct Benefit Transfer facility. As the mean difference shows (1.13), implies that the bank customers in Punjab are having more awareness level about Direct Benefit Transfer facility than that of bank customers in Haryana.

Interpretation 1.4 :

Table 1.0 shows Independent sample t-test applied to the level of awareness of customers about Insurance Schemes with regard to the states of Punjab and Haryana. For the purpose of the study:

H0: There is no significant difference between Punjab and Haryana in the level of awareness about Insurance Schemes

H1: There exists a significant difference between Punjab and Haryana in the level of awareness about Insurance Schemes

On Awareness about Insurance Schemes aspect the Sig. value of the levene's test of equality of variance is (0.000) which is less than 0.05 so the values of equal variance not assumed (i.e Welch test) has been taken into consideration. The Sig. value computed for the t-test in this case was (.000) which was less than 0.05 which states that H1 will be accepted which implies that a statistical significant difference exists between the banks of Punjab and Haryana in the level of awareness about Insurance Schemes. As the mean difference shows negative value (-0.61), implies that the bank customers in Haryana are having more awareness level about Direct Benefit Transfer facility than that of bank customers in Punjab.

Table 2.0 Independent Samples t-test about Affordability level of various Financial Inclusion schemes

Affordability		Levene's Test for Equality of Variances		t	df	Sig. (2-tailed)	Mean Difference
		F	Sig.				
Zero minimum balance account/BSBDA is without any cost	Equal variances assumed	2.189	.141	.969	198	.334	.0900
	Equal variances not assumed			.969	191.656	.334	.0900
Reasonable Interest on loans provided by bank	Equal variances assumed	.738	.391	-4.616	198	.000	-.7100
	Equal variances not assumed			-4.616	197.420	.000	-.7100
Nominal expenses are charged for Interbank money transfer (NEFT)	Equal variances assumed	.098	.755	-.343	198	.732	-.0300
	Equal variances not assumed			-.343	197.875	.732	-.0300
Low Premium Insurance plans are provided under Financial Inclusion schemes	Equal variances assumed	10.044	.002	-6.259	198	.000	-.9300
	Equal variances not assumed			-6.259	192.049	.000	-.9300

Source: Primary Data

Interpretation 2.1 :

Table 2.0 shows Independent sample t-test applied to the level of Affordability of customers about Zero minimum balance account/BSBDA with regard to the states of Punjab and Haryana. For the purpose of the study:

H0: There is no significant difference between Punjab and Haryana in the level of affordability of Zero minimum balance account/BSBDA.

H1: There exists a significant difference between Punjab and Haryana in the level of affordability of Zero minimum balance account/BSBDA.

On Affordability of Zero minimum balance account/BSBDA aspect the Sig. value of the Levene's test of equality of variance is (0.141) which is more than 0.05 so the values of equal variance assumed has been taken into consideration. The Sig. value computed for the t-test in this case was (.334) which was more than 0.05 which states that H0 will be accepted which implies that no statistical significant difference exists between the states of Punjab and Haryana in the level of affordability for Zero minimum balance account/BSBDA. As the

mean difference shows (0.09), implies that the bank customers in Punjab as well as Haryana are similar in terms of affordability regarding Zero minimum balance account/BSBDA.

Interpretation 2.2 :

Table 2.0 shows Independent sample t-test applied to the perception level of reasonable Interest on loans provided by bank with regard to the states of Punjab and Haryana. For the purpose of the study:

H0: There is no significant difference between Punjab and Haryana on the reasonable Interest on loans aspect

H1: There exists a significant difference between Punjab and Haryana on the reasonable Interest on loans aspect

On the reasonable Interest on loans aspect the Sig. value of the levene's test of equality of variance is (0.391) which was more than 0.05 so the values of equal variance assumed has been taken into consideration. The Sig. value computed for the t-test in this case was (.000) which was less than 0.05 which states that H1 would be accepted which implies that a statistical significant difference exists between the states of Punjab and Haryana the reasonable Interest on loans aspect. As the mean difference shows negative value (-0.71), implies that the bank customers in Haryana are having the strongly agree that the Interest on loans provided by the banks was reasonable than that of bank customers in Punjab.

Interpretation 2.3 :

Table 2.0 shows Independent sample t-test applied to the affordability level of Interbank money transfer (NEFT) with regard to the states of Punjab and Haryana. For the purpose of the study:

H0: There is no significant difference between Punjab and Haryana in the level of affordability of Interbank money transfer

H1: There exists a significant difference between Punjab and Haryana in the level of affordability of Interbank money transfer

On Affordability of Interbank money transfer (NEFT) aspect the Sig. value of the levene's test of equality of variance is (0.755) which is more than 0.05 so the values of equal variance assumed has been taken into consideration. The Sig. value computed for the t-test in this case was (.732) which was more than 0.05 which states that H0 will be accepted which implies that no statistical significant difference exists between the states of Punjab and Haryana in the level of affordability for Interbank money transfer (NEFT). As the mean difference shows (0.03), implies that the bank customers in Punjab as well as Haryana are similar in terms of affordability regarding Interbank money transfer (NEFT).

Interpretation 2.4 :

Table 2.0 shows Independent sample t-test applied to the availability of Low Premium Insurance plans with regard to the states of Punjab and Haryana. For the purpose of the study:

H0: There is no significant difference between Punjab and Haryana in the level of availability of Low Premium Insurance plans

H1: There exists a significant difference between Punjab and Haryana in the level of availability of Low Premium Insurance plans

On availability of Low Premium Insurance plans aspect the Sig. value of the levene's test of equality of variance is (0.002) which is less than 0.05 so the values of equal variance not assumed (i.e Welch test) has been taken into consideration. The Sig. value computed for the t-test in this case was (.000) which was less than 0.05 which states that H1 will be accepted which implies that a statistical significant difference exists between the banks of Punjab and Haryana in the level of awareness about Insurance Schemes. As the mean difference shows negative value (-0.93), implies that the bank customers in Haryana were having the perception that there is better availability of Low Premium Insurance plans than that of bank customers in Punjab.

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