



## MOBILE BANKING FOR FINANCIAL INCLUSION: AN ANALYSIS OF AWARENESS FOR MOBILE BANKING

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**ABSTRACT** Inclusive sustainable growth requires a strong financial system. Financial inclusion enables inclusive sustainable economic and social development of the Country. Financial inclusion stands for delivery of appropriate financial services at an affordable cost on timely basis to vulnerable group who lack access to most basic banking service. Technology is key to financial inclusion. It can take banking to masses. Among all technology led banking practices mobile banking has emerged as a most suitable technology for financial inclusion in a country like India where there is penetration of mobile. The use of mobile banking for financial inclusion depends upon its awareness by common people. Awareness in turn is effected by the socio economic profile of the people. Against this backdrop the present study is being proposed to know the awareness of the rural population for mobile banking. Here the study area is Jorhat district of Assam and the target group is rural population. Multi stage random sampling method is used to draw sample respondent and an interview schedule was constructed to collect relevant data.

**KEYWORDS :** Financial inclusion, mobile banking, awareness.

### INTRODUCTION:

With the growth of the Indian Economy, focus has been on the achievement of inclusive sustainable growth. With this objective attempt is being made to include maximum number of people from all the sections of the society in the process of economic growth. Finance has become an essential part of an economy for economic and social development. A strong financial system is required in a developing economy like India for inclusive sustainable growth. Financial inclusion enables inclusive sustainable economic and social development of the country.

Financial inclusion stands for delivery of appropriate financial services at an affordable cost on timely basis to vulnerable groups who lack access to even most basic banking service. Financial inclusion takes into account the participation of vulnerable groups such as weaker sections of the society, low income groups and women in the financial system of the country so that they have access to various financial services such as saving and payment account, credit, insurance, pension etc.

Technology led banking practices are the key to financial inclusion. It can reduce cost of achieving financial inclusion significantly and can take banking to masses. Technology led banking practices is a generic term encompassing internet banking, telephone banking, mobile banking etc. In other words, it is a process of developing banking services and products through electronic channel such as telephone, internet, mobile phone etc.

Now a day mobile phone has emerged as the most popular, promising and well suited technology for financial inclusion. The use of mobile phone is very suitable for financial inclusion in those countries where there is deep penetration of the mobile phone. Mobile banking is the provision of banking services to customers on their mobile devices. In other words mobile banking refers to provision and usage of banking and financial services with the help of mobile telecommunication devices. Mobile banking has emerged as new alternative way of banking which is more convenient and user friendly than traditional form of banking. It is covering the concept of anytime, anywhere banking into reality (Kaur, Madan. 2013). Mobile banking is a revolution that is driven by the world's one of the faster growing sectors mobile communication technology.

### Literature Review

According to Varshney and Vetter (2004), Mobile banking is a form of electronic banking where mobile wireless devices like mobile phone and PCs are used for performing various banking services like check account balance, mini account statement, fund transfer, bill payment, credit application etc. Mobile banking is the latest edition to the technology enabled banking services. ATMs, internet banking, credit card and debit card and tele banking have emerged as most effective technology led delivery channel for banking services and product. Mobile banking is the latest delivery channel offered by retail bank in developed countries. It is the simple, convenient, secure, any time and

any where banking which have great potential taking banking to masses.

According to Vinayagamoorthy and Sankar, (2012) Mobile Banking, also known as M-Banking, can perform various functions like mini statement, checking of account history, SMS alerts, access to card statement, balance check, mobile recharge etc. via mobile phones. Banks are constantly updating their technology and want to increase their customer base by reaching to each and every customer. There are many advantages of using mobile banking, such as people in the rural or remote areas can also get an easy access to mobile banking whenever required. Vinayagamoorthy and Sankar, (2012) have discussed about the mobile banking and according to them it is a term that is used for performing various banking transactions like fund transfer, balance check, payments etc. via mobile phones

According to V. Devadenan (2013) Technology plays a significant role in banking sector. Banking is one of the largest institutions in the financial system constantly exploring the opportunity of technology enabled services to provide convenience and better services to the customer. In the present day information era mobile phone has become a very common technology for every individual as a means of communication and information. Hence mobile banking is emerging as an alternate delivery channel for providing banking services. India is the second largest telecom market in the world which is having high potential for expanding mobile banking services. However, mobile banking has not become acceptable to millions of people in the country due to various factors mainly security issue in mobile banking. Hence, security issue is the main concern in the acceptability of mobile banking among banking customers of India.

Manav Aggrawal (2014) states that banking is the backbone of every industry and technology plays an important role in every industry. Mobile Banking is a big mobile telecommunication platform of new technology which promotes the banking functions in India. Mobile banking helps the banks to increase their customer base. Today everyone has a mobile phone in hands. The number of mobile users in India got second position in the world. The increasing frequency of mobile internet users gives the boost energy to the mobile banking.

### STATEMENT OF THE PROBLEM:

Financial inclusion is recognized as prerequisite of inclusive growth. The prime objective of financial inclusion is to deliver financial services at an affordable cost to entire population without discrimination. Technology like mobile banking is widely used in banking practices as a mean of financial inclusion. Mobile banking is key to financial inclusion as it can reduce cost significantly and can take banking to the masses. But the people who use the services of banks do not have complete knowledge and awareness about the mobile banking services. This calls for a need to study about the awareness of people regarding the use of mobile banking services. The present study entitled "Mobile banking for financial inclusion : An analysis of awareness for mobile banking" will address this problem.

In this study the target group is rural population of Jorhat district of Assam. The study will reflect the awareness of rural people for mobile banking

**OBJECTIVE OF THE STUDY:**

The study has been designed to examine the awareness of the mobile banking system among the rural population of Jorhat district.

**PROFILE OF THE STUDY AREA:**

The study was carried out in Jorhat district in the state of Assam. Jorhat district is one of the twenty nine districts of Assam state in North Eastern India. Jorhat town is the district headquarter. The total population of the district is 1,091,295 (as per 2011 census) out of which male population is 557,944 and female population is 533,351. The average literacy rate of the district is 83.42%. The Jorhat district consists of 867 villages and two towns, Jorhat and Mariani. Prior to the formation of Majuli district Jorhat district consists of 3 sub-divisions, namely Jorhat, Majuli and Titabor and 8 development blocks. According to Lead Bank report total operative account in Jorhat District as on 31st December, 2017 was 12,25,897. Out of which total mobile seeding account was 9,76,926 which was around 80 percent of the total account. Again according to lead bank report total account opened under Pradhan Mantri Jan Dhan Yojana (PMJDY) in the period 28/8/2014 to 31/12/2017 was 3,46,631 in all the 32 banks of the district.

**METHODOLOGY:**

In the present study the population or universe comprises the rural population of Jorhat district. Multi stage purposive cum random sampling method was used for the present study to collect data. Jorhat district being the native district of the scholar was purposively chosen for the present study. At the next level out of 6 development blocks of Jorhat district 2 blocks were selected randomly. In the later stage 3 revenue villages from each of the selected blocks were randomly selected. As a result total number of villages under study were 6. In the next stage 20 households from each village were randomly selected, as a result total number of sample households were 120. To collect information the most representative member of each household was selected as respondent. An interview schedule was constructed for the collection of relevant data for the study. The schedule was divided into three parts consisting of structured and unstructured question. The first part of the schedule was related to the general information of the respondents, the second part was related to the personal socio-economic profile of the respondents and the third part of the schedule was related to the awareness of the people towards mobile banking.

**Finding and analysis:**

The findings of the study are presented under following heads:

**1. Socio-economic profile of the respondents:**

A total of three variables were selected for analyzing the socio economic profile of the respondents. The variables were age, level of education and occupation.

**1.1 Age:**

Most of the respondents (56.67 percent) are young aged (35 years and below) followed by 33.33 percent middle aged (35-55 years) and 10.00 percent are old aged (55 years and above). The young aged people are quite familiar with the use and operation of smart phones. Hence, most of the households were represented by young members.

**Table:1 Frequency and Percentage distribution of respondent according to their age**

N=120			
Category	Score Range	Frequency	Percentage
Young Aged	35 years and below	68	56.67
Middle Aged	35-55	40	33.33
Old Aged	55 and above	12	10.00

(Source: field study)

**1.2 Level of Education:** Majority of the respondents belongs to the category of graduate and above (54.16 percent) followed by 25.83 percent with higher secondary pass. There were 15.83 percent respondents who were high school pass, whereas 4.17 percent were school dropout. No illiterate persons were found as respondents. Most of the sample households of the study are represented by the most educated member of the family as respondent. It is true that some amount of education and knowledge is required to speak about topic

like mobile banking.

**Table:2 Frequency and Percentage distribution of respondent according to the level of education**

N=120		
Category	Frequency	Percentage
Illiterate	0	0.00
School Dropout	5	4.17
High School	19	15.83
Higher Secondary	31	25.83
Graduate and Above	65	54.16

(Source: field study)

**1.3 Occupation:** Occupational status of the respondents are categorized as daily wage earner, cultivator, self-employed, student and service holder. Most of the respondents occupation is service (28.33 percent) which includes teachers, other govt. services and services in private sector. 25.00 percent of the respondents were students who mainly represent their family as respondent to speak about mobile banking. There were 23.33 percent respondents who were self-employed. The self-employed persons mainly include shopkeepers, small tea growers, rice miller, black smithy, petty contractors etc. They are basically educated people and some of them are engaged as self employed due to lack of employment in organized sector. About 21.67 percent of the respondents were cultivator. Only 2 respondents are daily wage earner.

**Table:3 Frequency and Percentage distribution of respondent according to their occupational status**

N=120		
Category	Frequency	Percentage
Daily wage earner	2	1.67
Cultivator	26	21.67
Self employed	28	23.33
Student	30	25.00
Service	34	28.33

(Source: field study)

**2. Awareness and Sources of Awareness of Mobile Banking:**

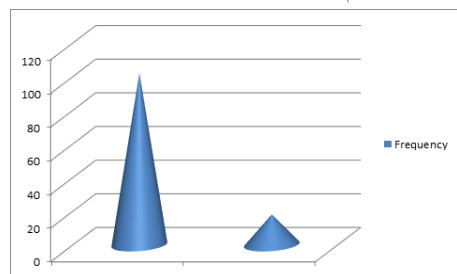
**2.1 Awareness of mobile banking:**

One of the objectives of the present study is to know the level of awareness of mobile banking among the rural population. To know the awareness, the respondents were asked whether they heard about mobile banking. The table 4 reveals that 85.00 percent of the respondents were aware of mobile banking and remaining 15.00 percent of the respondents were unaware of mobile banking.

**Table 4: Frequency and percentage distribution of respondent according to their awareness of mobile banking**

N=120		
Category	Frequency	Percentage
Heard about mobile banking	102	85.00
Not heard about mobile banking	18	15.00

(Source: Field Study)



**Fig. No1: Frequency distribution of respondent according to their awareness of mobile banking**

**2.2. Sources of awareness of mobile banking:**

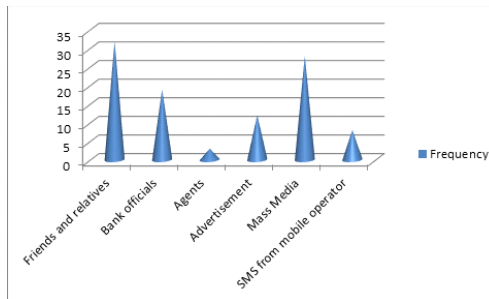
The present study takes into account six sources of awareness of mobile banking. They are friends and relatives, bank officials, agents, advertisements, mass media and SMS from mobile operator. A total of 102 respondents were aware about mobile banking. Out of which the table 5 reveals that 31.37 percent of the respondents came to know

about mobile banking from friends and relatives, followed by 27.45 percent from mass media, 18.63 percent from bank official and 11.76 percent from advertisement. Again 7.84 percent of respondents came to know about mobile banking from the SMS of mobile operator and 2.94 percent from the agents. Since most of the people are very close to their friends and relatives, hence they are the primary source of any information. Therefore, it is quite obvious that majority of respondents came to know about mobile banking from friends and relatives. Mass media and advertisements are continuously focusing on mobile banking especially after demonetization, therefore, it is becoming important source of awareness. Some respondents reveal that when they visit banks for some purposes sometimes they were informed by bank officials about mobile banking. After demonetization some public sector banks organized workshops on cashless transaction in the villages of study area where the respondents came to know about mobile banking.

**Table 5: Frequency and percentage distribution of respondent according to the source of awareness of mobile banking** N=102

Category	Frequency	Percentage
Friends and relatives	32	31.37
Bank officials	19	18.63
Agents	3	2.94
Advertisement	12	11.6
Mass Media	28	27.45
SMS from mobile operator	8	7.84

(Source: Field Study)



**Fig. No2: Frequency distribution of respondent according to sources of awareness of mobile banking**

**2.3. Respondents awareness of mobile banking on the basis of age profile:**

Age of the respondents is a significant factor effecting his/her awareness for mobile banking. Age wise awareness for mobile banking is shown in the table 6

**Table 6: Age wise awareness of mobile banking**

Category	Score Range	Frequency	Awareness of mobile banking	Percentage
Young age	35 years and below	68	66	97.05
Middle aged	35-55	40	31	77.50
Old aged	55 years and above	12	5	41.67
Total		120	102	

(Source: Field Study)

The table reveals that, in the young age group there were 68 respondents. Out of which 66 respondents (97.05 percent) were aware of mobile banking. In the middle age group there were 40 respondents. Out of which 31 respondents (77.50 percent) were aware of mobile banking. In the old age group only 5 respondents (41.67 percent) out of 12 respondents were aware of mobile banking. It is observed that awareness level of the respondent decreases with the increase in their age.

**2.4. Respondents awareness of mobile banking on the basis of education profile:**

The level of education of the respondents effects his/her awareness for mobile banking. Education wise awareness of mobile banking is tabulated in the table 7

**Table 7: Education wise awareness of mobile banking**

Category	Frequency	No. of respondents awareness of mobile banking	Percentage
Illiterate	0	0	0
School drop out	5	1	20.00
High school	19	10	52.63
Higher secondary	31	26	83.87
Graduate and above	65	65	100.00
Total	120	102	

(Source: Field Study)

The table reveals that there were 5 number of school dropout respondents, of which only 1 respondent (20.00 percent) was aware of mobile banking services. 19 number of respondents were high school pass and of them 10 respondents (52.63 percent) have awareness of mobile banking. Total number of higher secondary passed respondents were 31. Out of them 26 number of respondents (83.87 percent) were aware of mobile banking. 65 number of respondents have education graduate and above. All of them i.e. 100 percent were aware of mobile banking services.

It is observed that level of mobile banking awareness increases with the increase in the level of education of the respondents. It is obvious that more educated people are quite knowledgeable, informative and are in touch with new technology and hence they are more aware about mobile banking. On the other hand, less educated people are ignorant and therefore less aware of mobile banking.

**2.5: Respondents awareness of mobile banking on the basis of occupation profile:**

Occupational status of the respondents also influence his/her awareness for mobile banking. Occupational status wise awareness for mobile banking is tabulated in the table 8.

**Table 8: Occupational status wise awareness of mobile banking**

Category	Frequency	No. of respondents aware of mobile banking	Percentage
Daily wage earner	2	0	0.00
Cultivator	26	15	57.69
Self employed	28	25	89.29
Student	30	29	96.67
Service	34	33	97.05
Total	120	102	

(Source: Field Study)

The table reveals that there were 2 respondents as daily wage earner. Both of them were unaware of mobile banking services. Number of cultivator respondents were 26. Out of which 15 number of respondents (57.69 percent) were aware of mobile banking. 25 numbers (89.29 percent) out of 28 number of self employed respondents were aware of mobile banking. Total number of students were 30 and of them 29 (96.67 percent) were aware of mobile banking. The number of respondents as service holders were 39. Out of them 33 numbers (97.05 percent) were aware of mobile banking.

**CONCLUSION:**

The study reveals that the rural populations of Jorhat district of Assam were quite aware of mobile banking as about 85.00 percent of the respondents revealed that they heard about mobile banking. This means 15.00 percent of the respondents were unaware of mobile banking services mainly because of ignorance of those people or due to lack of effort on the part of bank and other agencies. The main source of awareness is friends and relatives followed by mass media, bank official and advertisement respectively. Since people are generally very close to friends and relatives, therefore they are the primary source of any information. Mass media and advertisement are continuously focusing on mobile banking, especially after demonetization, therefore they are important sources of awareness of mobile banking. Awareness of mobile banking is affected by socio-economic profile of the respondents like age, education and occupational status. It was observed that awareness decreases with the

increase in age of the respondent. Further awareness increases with the increase in the level of education. It is obvious that more educated people are quite knowledgeable, informative and are in touch with new technology and hence they are more aware of mobile banking. Among all occupations awareness level of students and the service holders are relatively more than the self employed and the cultivators.

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