ORIGINAL RESEARCH PAPER

Volume - 9 | Issue - 12 | December - 2020 | PRINT ISSN No. 2277 - 8179 | DOI : 10.36106/ijsr

INTERNATIONAL JOURNAL OF SCIENTIFIC RESEARCH

ANALYSIS OF FACTORS INFLUENCING THE BANKING HABITS OF RURAL PEOPLE

Commerce

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ABSTRACT

Banking system is an important integral of overall economic system. It plays a crucial role in the attainment of macro -economic objectives. It acts as a vehicle for socio economic transformation and also as a substance to economic growth. In the present competitive environment consumers are increasingly aware of alternatives in relation to services and organization providing services. Consequently expectations rise and consumers become more critical of the quality of services. With a view to ensure efficient financial services, India has de-regulated and liberalized the financial sector in general and the banking sector in particular. Using Chi- square analysis, significant relationships were established between bank account and demographic factors. The findings of the study provide practical implications for bankers in terms of providing banking services in rural and urban areas.

KEYWORDS

Banking habits, Rural banking, Banking service

INTRODUCTION

A Bank is an institution which deals in money and credit. Thus bank is an intermediary, which handles people's money both for their advantages and to its own profits. But bank is not merely a trader in money but also an important manufacturer of money. In other words, a bank is factory of credit. An official Banking system should be a means for the important of standard of living of customers. It is known fact that existence of satisfactory level of banking will flourish customer standard of living and economy of the country.This chapter developed to identify the factors, which motivate the customer to operating banking services. For this required information from various banks of the customers, the interview schedule method were adopted 100 sample respondents in Gobichettipalayam Taluk is approached.

STATEMENT OF THE PROBLEM

The Indian banking system has been nationalized with the prime objective of extending services to the rural people. Many years have elapsed since nationalization and it is now relevant to study how far the bankers reach out the rural people and serve them. At the hindsight, it is evident that the bankers are targeting more on the urban customers for the obvious reason that it is more convenient and easier for them to deal with the urban customers than their rural counterparts. Only in the recent the banking habit of the rural people has started picking up and it seems that it has not yet reached the desired level. Understandably, the awareness about the various schemes and services is also among the rural people. This study on 'Banking habits of rural people in Gobichettipalayam Taluk' is a small effort to know the extent of utilization of Banking Services by the rural people and the problems and difficulties they face while dealing with the bankers.

REVIEW OF LITERATURE

Srinivas K(2012) in this study revealed that the lack of products and services appropriate to the needs of low-income family's results in static approaches like the 'no-fril' account, even while it has become apparent that mere availability is not the issue.

Singla H.K (2008) analyzed how financial management plays a crucial role in the growth of banking. The study is related to 2000-01 to 2006-07 and analyzed profitability position of the selected sixteen banks. The study reveals that profitability position was reasonable during the period of study when compared with the previous year. Return on investment proved that the overall profitability and the position of selected banks were sustained at a moderate rate.

Neeraj Dubey(2013) studied banks in India are strategically adopting newer technologies to deliver better services, cut costs and gain competitive advantage. The banks are responding to the contemporary security challenges through a formal security function that derives inspiration from leading security standards for overseeing security initiatives in the banks.

OBJECTIVES OF THE STUDY

The present study is undertaken with the following specific objectives:

1. To know about the extent of usage of banking facilities by the rural customers.
2. To find out how for the rural customers are aware of various services/schemes offered by the banks.
3. To know about their level of satisfaction with regard to the services offered by the bankers.
4. To offer suggestions to improve the quality of service provided by the bankers.

METHODOLOGY

This study is an empirical research based on the survey method. In Erode District, there are six taluks viz., Erode, Gobichettipalayam, Sathyamangalam, Bhavani, Anthiyur and Perundurai. Of them, Gobichettipalayam Taluk has been purposively selected. In Gobichettipalayam Taluk, Gobichettipalayam is a big town. Hence, this has been purposively selected. The study is based on primary data collected by interviewing the sample respondents personally. A detailed Interview Schedule embracing the objectives laid down was designed and canvassed to the sample respondents. The first hand information collected from the sample respondents with the help of an interview schedule prepared and pre-tested for its suitability through a pilot study.

SAMPLING DESIGN

On the basis of information provided by Gobichettipalayam branch of banks, it is found that there are more than 1,500 customers with various types of account. Of them, by using convenient sampling method 120 sample respondents selected. Due to incompletion and contradictory information, it is possible to have only 100 sample respondents as final sample size. The sample chosen consists of 100 respondents representing from Gobichettipalayam Taluk.

LIMITATIONS OF THE STUDY

Even though an elaborated analysis is made in the study, the study is not free from limitations. The following are the limitations:

1. This study is restricted only to Gobichettipalayam Branch. Hence, the results may not applicable to other areas.
2. Time was a limiting factor for the study.
3. The study is related to the period from July 2015 to December 2015 only. Therefore the findings may not be useful in the future period.
4. The study is based on some statistical tools like Chi-square and Percentage. These statistical tools have their own limitations.

ANALYSIS AND INTERPRETATION OF DATA

An official Banking system should be a means for the important of standard of living of customers. It is known fact that existence of satisfactory level of banking will flourish customer standard of living and economy of the country. This chapter developed to identify the factors, which motivate the customer to operating banking services. For this required information from various banks of the customers, the interview schedule method were adopted 100 sample respondents in Gobichettipalayam Taluk is approached.

Bank Preferred

PRINT ISSN No. 2277 - 8179 | DOI : 10.36106/ijsr

In the area of study only few banks are preferred by considerable number of respondents.

Table 1bank Preferred By The Respondents

Name of the Banks	No. of Respondents	Percentage (%)
Bank of India	36	36
State Bank of India	19	19
Canara Bank	15	15
Indian Overseas Bank	13	13
Housing Development Finance Corporation	10	10
Karur Vysya Bank	7	7
Total	**100**	**100**

Table 1 shows that 36% respondents are customers in the Bank of India, 19% respondents are the customers in State Bank of India, 15% respondents are the customers in the Canara Bank, 13% of the sample respondents are Indian Overseas Bank, 10% of the sample respondents are Housing Development Finance Corporation, 7% of the sample respondents are the customers in Karur Vysya Bank.

Types of Account

Banks have different account facilities, which may suit the varied needs of the customers. It is pertinent to know about the type of account operated by the respondents.

Table 2nature Of The Account Of The Respondents

Nature of Account	No. of Respondents	Percentage (%)
Savings Account	65	65
Current Account	21	21
Recurring Deposit	10	10
Fixed Deposit	4	4
Total	**100**	**100**

This table shows the classification of the account operated by the respondents.

Table 2 shows that 65% respondents operate savings account and 21% of them operate current account. It is clear that recurring deposit accounts is not common among the rural people.

CONCLUSION

Now-a-days banking is extremely important to the world economy. The banking functions are the routine functions of one's like. The emergence of banking habits has changed the whole scenario of the banking functions in the recent years. The use of e-banking services is still not up to the mark as expected by the banks. This requires awareness among the customers about benefits of the services. The customers should be educated about the benefits of these services. This would help the bank in a long run.

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