



## Consumer Awareness in Rural India with special reference to E-Banking services of State Bank of India

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### ABSTRACT

Consumer awareness is about making the consumer aware of his/her rights. In terms of economic output, rural India accounts for almost half (48%) of the country's economy, and the rural markets have the potential to reach \$500 billion by 2020.

E-banking was gradually replacing the traditional branch banking system. Customer awareness is necessary to identify the key success factors to survive in intense competition and increase the market share.

The objective of the research paper is to assess the customer awareness about different services provided by the SBI particularly in rural India. This research paper is based on secondary data which is to be collected from the official website of State Bank Of India, Reserve Bank of India and from different oral primary sources.

The consumers in the rural areas lack awareness about various schemes and e-banking services of SBI. The SBI should launch campaign to educate and create awareness to consumers.

**Keywords: Consumer awareness, Rural Banking, SBI, E-Banking Services.**

### I INTRODUCTION

Consumer awareness is about making the consumer aware of his/her rights. It is a marketing term which means that consumers are aware of products or services, its characteristics. Though the first consumer movement began in England after the second world war, a modern declaration about consumer's rights was first made in the United States of America in 1962.

India lives in numerous villages, scattered throughout the country. Rural areas are form to nearly 70 percent of India's population and have historically accounted for more than half of Indian consumption. Even with increasing urbanization and migration, it is estimated that 63 percent of India's population will continue to live in rural areas by 2025. In terms of economic output, rural India accounts for 48 percent of the country's economy and the rural markets have the potential to reach \$500 billion by 2020. Thus rural areas will continue to remain vitally important to the Indian economy.

The rural population in India comprises the core of Indian society and represents the real India. According to the 2011 census, there are 6,40,867 villages in India and about 83.3 crores of Indian population lives in these villages among 121 crores of total population.

In India a substantial number of the rural people are living below the poverty line, having high level of unemployment and poor

literacy level; consumer awareness continues to remain low.

### II RURAL BANKING

The role of banks, which is central to formal credit in rural areas, was fast changing. The emergence of new technology allows access to banking services without physical direct recourse to the bank premise by the customer. At present, ATMs are city oriented in our country. It is inevitable that ATMs will be widely used, in semi-urban and rural areas. The increased popularity of credit cards which were bound to reach rural areas. As the level of education in rural areas rises, customers will start seeking efficient, quicker and low cost services.

The growth of the rural banking industry fosters financial inclusion by providing financial products and services to people in the farthest reaches of the country. In India, even now the rural areas lack of access to basic financial services.

E-banking which is gradually replacing the traditional branch banking system. Satisfied customers are central to optimal performance and financial returns. Customer awareness is necessary to identify the key success factors to survive in intense competition and increase the market share. Today, the concept of core banking has made 'Any where and any time' banking a reality. Along with technology, banking services have also evolved and the delivery of various banking products are carried out through the medium of high technology at a fraction of the cost to the customer.

Table: 1 Branches and ATMs of Scheduled Commercial Banks (March 2012)

| Name of the Bank           | Branches |            |        |               | ATMs   |         |          |        |
|----------------------------|----------|------------|--------|---------------|--------|---------|----------|--------|
|                            | Rural    | Semi-urban | Urban  | Metro-politan | Total  | On-site | Off-site | Total  |
| Scheduled Commercial Banks | 23,776   | 22,468     | 17,878 | 17,118        | 81,240 | 47,545  | 48,141   | 95,686 |
| Public Sector Banks        | 22,188   | 17,773     | 14,248 | 13,257        | 67,466 | 34,012  | 24,181   | 58,193 |
| Nationalised Banks         | 15,606   | 12,154     | 10,744 | 10,132        | 48,636 | 18,277  | 12,773   | 31,050 |
| State Bank Group           | 6,582    | 5,619      | 3,504  | 3,125         | 18,830 | 15,735  | 11,408   | 27,143 |
| State Bank of India        | 5,250    | 3,956      | 2,442  | 2,214         | 13,862 | 12,198  | 9,943    | 22,141 |
| Private Sector Banks       | 1,581    | 4,687      | 3,569  | 3,615         | 13,452 | 13,249  | 22,830   | 36,079 |
| Old Private Sector Banks   | 881      | 2,025      | 1,395  | 1,085         | 5,386  | 3,342   | 2,429    | 5,771  |
| New Private Sector Banks   | 700      | 2,662      | 2,174  | 2,530         | 8,066  | 9,907   | 20,401   | 30,308 |
| Foreign Banks              | 7        | 8          | 61     | 246           | 322    | 284     | 1130     | 1414   |

Source : RBI reports 2011-2012

Table: 1 explains the coverage of scheduled commercial banks services with their branches and ATMS based on rural, semi-urban, urban and metropolitan area basis. During the year 2012 march the total scheduled commercial branches in India are 81,240 and ATM's are 95,686 providing different services to the nation. Particularly 23,776 branches in rural and 22,468 branches in semi-urban areas providing their services to rural people.

The state Bank of India have 5,250 branches in rural and 3,956 branches in semi-urban areas providing lot of services to the rural India and also the SBI subsidiary banks have 1332 branches in rural area and have 1663 in semi urban area. 64.79 percent of total SBI group branches are providing their services in rural and semi-urban area. In rural areas 7 foreign bank branches, 1581 private sectors bank branches and 22,188 public sector bank branches are operating services to the customers.

There are only 54 savings accounts for every 100 persons in rural areas and only 26% of rural citizens with an annual income of less than Rs. 50,000 have a bank account. In the same income level only 13% farmers have ever availed of bank loans while 54% have used non-institutional and other forms of lending. Thus, there is sufficient need for extending financial services to the rural areas and need of customer awareness about banking services.

### III OBJECTIVES AND METHODOLOGY

The objective of the research paper is to assess the customer awareness about different services provided by the SBI in rural areas. For the evaluation purpose this research paper divided into two parts.

aggregate. The advances given by these groups are 11,51,991 crores to their customers. The advances are equal to 22.70 percent of the total advances given by the total banking industry. The analysis indicates the SBI and its group have only the share of 22.70 % in the total market and should concentrate to improve the market share.

**Table : 2 Performance of SBI and its Associates (Amount in million)**

| Items                          | 2007-08   | 2008-09   | 2009-10   | 2010-11   | 2011-12    | Group Aggregate 2011-12 | All Banks' Aggregate 2011-12 |
|--------------------------------|-----------|-----------|-----------|-----------|------------|-------------------------|------------------------------|
| No. of offices                 | 10,683    | 12,034    | 13,094    | 14,046    | 14,316     | 19,485                  | 83,229                       |
| No. of employees               | 1,79,205  | 2,05,896  | 2,00,299  | 2,22,933  | 2,15,481   | 2,80,256                | 10,13,390                    |
| Capital and Reserves & Surplus | 4,90,327  | 5,79,477  | 6,59,492  | 6,49,860  | 8,39,512   | 10,72,494               | 60,85,315                    |
| Investments                    | 18,95,013 | 27,59,540 | 29,57,852 | 29,56,006 | 31,21,976  | 41,73,221               | 2,23,05,472                  |
| Deposits                       | 53,74,039 | 74,20,731 | 80,41,162 | 93,39,328 | 104,36,474 | 1,40,50,241             | 6,45,36,642                  |
| Advances                       | 41,67,682 | 54,25,032 | 63,19,142 | 75,67,194 | 86,75,789  | 115,19,913              | 5,07,45,793                  |
| Interest income                | 4,89,503  | 6,37,884  | 7,09,939  | 8,13,944  | 10,65,215  | 14,34,878               | 65,50,565                    |
| Other income                   | 86,949    | 1,26,908  | 1,49,682  | 1,58,246  | 1,43,514   | 1,78,904                | 8,57,402                     |
| Interest expended              | 3,19,291  | 4,29,153  | 4,73,225  | 4,88,680  | 6,32,304   | 8,88,512                | 43,05,185                    |
| Operating expenses             | 1,26,086  | 1,56,487  | 2,03,187  | 2,30,154  | 2,60,690   | 3,27,396                | 13,71,033                    |

### V ELECTRONIC BANKING SERVICES OF SBI

Internet banking systems means that clients can now do banking at the leisure of their homes. Also known as online banking, the system allows both transactional and non-transactional features. Online banking allows customers to conduct financial transactions on a secure website operated by

In the first part, the consumer awareness, the Rural Banking, SBI and Electronic Banking services of SBI was analysed and in the second part, the customer awareness about SBI services were discussed finally concluded with findings and conclusions.

This research paper is based on secondary data which is to be collected from the official website of State Bank Of India, Reserve Bank of India and from different oral primary sources.

### IV STATE BANK OF INDIA

State Bank of India is the country's largest commercial Bank in terms of profits, assets, deposits, branches and employees. With over 200 years of existence, State Bank Group has a presence in 33 countries and extensive network of more than 18,830 branches & 27,143 plus ATMs in India. The only Indian Bank to feature in the Fortune 500 list, SBI has 5 Associate Banks and 7 Subsidiaries arguably the largest in the world. With millions of customers across the country, SBI offers complete range of banking products and services with cutting edge technology and innovative banking model.

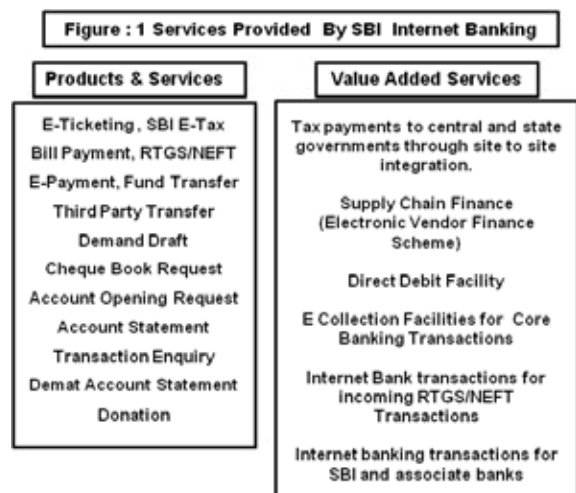
SBI's access to ever 100 million accounts across the country provides a vibrant base for insurance penetration across every region and economic strata in the county, thus ensuring true financial inclusion.

Table 2 demonstrates that during 2011-12 the SBI and its associates group are operating 19,485 offices and have 2,80,256 total employees. The total deposits raised by these group was 14,05,024 crores during 2011-12, it is equal to 21.77 percent share in the total deposits of the total banks

the virtual bank.

State Bank of India offers a wide range of banking products and services to corporate and retail customers. Onlinesbi.com is the Internet banking portal for State Bank of India. The portal provides anywhere, anytime, online access to accounts

for State Bank's retail and corporate customers.



The some of the most important services are, E-Ticketing is useful to book railway, air and bus tickets online through online SBI; SBI E-Tax is enables to pay TDS, Income tax, Indirect tax, corporation tax, wealth tax, estate duty and fringe benefits tax; Bill Payment is a simple and convenient service for viewing and paying bills online; RTGS/NEFT is useful to transfer money from State Bank account to accounts in other banks; E-Payment provide to pay insurance premium, mobile phone bills and also can purchase mutual fund units; Funds Transfer facility enables to transfer funds within accounts in the same branch or other branches; Third Party Transfer is useful to transfer funds to third parties by adding them as third party accounts. The Internet Banking application can generate an online, downloadable account statement for any accounts for any date range and for any account mapped to username. Online SBI enables to view Demat account statement and maintain such accounts etc.

For State Bank of India, the number of transactions using internet banking has gone up by 180.04% while the amount has shot up by 105.50% in a time frame of January 2010 to August 2011. However, from January 2011 to August 2011, the number of internet banking transactions has increased by 43.42% and the amount transacted witnessed a 24.31% increase. The average amount per transaction stood at Rs 703.21.

#### VI CUSTOMER AWARENESS ABOUT SERVICES OF SBI

It is felt that offering good banking facilities in the rural areas is a vital for success of any banks especially SBI. The SBI providing a lot of services to customers in the rural areas at the same time the level of awareness of the customers is not up to the mark.

It is found that SBI customers are having low level of awareness towards the E-banking services provided by the bank

in the rural areas. Particularly most of the customers do not know the ranges of products and services offered by the banks and they do not benefit out of it.

The major weaknesses of SBI was lack of awareness of internet banking among the customers, obsolesce of technology related to security, complicated procedures of availing internet banking facilities in the rural.

The SBI Employees are not appropriately aware with all E-banking services of SBI such as (52%) Recharge/Mobile Re-fill, (40%) Ticket Booking, (28%) Request for Demand Draft, etc.

#### VII FINDINGS AND CONCLUSION

The study found that the consumer's awareness about the services provided by the SBI is less, particularly regarding all internet banking services the awareness is very low in the rural area. It is suggested that The SBI should launch campaign to educate and create awareness to consumers. Instead of merely displaying the information in the branches through posters and banners, media could used intensively for this purpose in local language.

It is suggested that The SBI has to initiative necessary measures to increase the awareness level through awareness programmes in the rural areas and the bank has to concentrate more on Promotional measures through agents, banks' services, advertisement and merchant establishments are the sources of information and awareness providers for bank customers.

It is suggested that for creating customer awareness regarding all services the SBI should directly communicate with farmers, small businessmen, Self-help groups, students and other small town population in the rural area to clarify all the doubts including create awareness.

As part of create awareness SBI should pay attention to reach out their female customers who are in a majority of cases would have less experience and willingness to avail e-banking.

It is suggested that the SBI is required to more emphasis on training programs for their employees to aware them in order to promote Online Banking Services& facilitate all the services to their customers.

SBI should can introduce expert mode of system to reduce troubles of employees while providing guidance about online banking services as well as to reduce troubles of customers while availing online banking services.

There is a need to prioritise the protection of rural consumers by strengthening the enforcement mechanism and should introduce transparent fee structure on the use of e-banking services in order to maximize accessibility, frequency of services and to reduced the doubt's of the customers.

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