



ORIGINAL RESEARCH PAPER

COMMERCE

“Important Factors Affecting the Access of Financial Inclusion in Post Bank of India: A Study in Sivagangai District, Tamil Nadu”

KEY WORDS: Financial Inclusion, Post Bank of India, IFAAFI

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ABSTRACT

A Study was conducted in Sivagangai District, Tamil Nadu to identify the important factors affecting the Access of Financial Inclusion in Post Bank of India in the 79 sub post offices coming under the jurisdiction of four head post offices. Nine profile variables of the respondents and seven shortlisted important factors were taken for analysis. The analysis reveals the relative importance of lack of financial literacy, lack of customized products, staffs behaviour, identity requirements and terms and conditions in the determination of the level of index on financial inclusion offered by PBI among the customers.

INTRODUCTION

In Sivagangai District there are four head post offices, viz., Sivagangai, Manamadurai, Karaikudi and Devakottai. A total of 291 employees have been working in 79 post offices in the study area. By applying stratified random sampling technique, a total of 168 employees from these four head post offices and an equal number (168) of employees of banks totaling 336 were selected for the purpose of the Study.

To focus on the views of employees and also the respondents, the same total of 336 respondents who have account in both post office and bank have been included for the study. These 336 accountholders are distributed to the area under four head post offices on the basis of its total sampled employees in each area. The sampled respondents are identified with the help of the post master of the respective post offices.

Hence, the respondents for the present study are basically classified into employees and accountholders. Since this classification may reveal different view on the financial inclusion made by Post Bank of India (PBI) and also its scope respondents, the distribution of respondents based on their nativity is illustrated in Table 1.

TABLE - 1
Basic Classification of Respondents

Sl. No.	Basic classification	Number of respondents	Per cent to the total
1.	Employees	336	50.00
2.	Accountholders	336	50.00
	Total	672	100.00

Association between Profile of Customers and their View on IFAAFI:

The one-way analysis of variance has been executed to examine the association between the profile of respondents (such as their gender, age, level of education, occupation, marital status, family size, personal income, number of earning members in the family and family income) and their view on IFAAFI. All the nine profile variables and the score on first four important factors have been included for the analysis. The results are given in Table 2.

TABLE - 2
Association between Profile of Customers and their View on IFAAFI

Sl. No.	Profile variables	'F' statistics in			
		Lack of financial literacy	Perception on Post Bank of India	Lack of customized products	Banks staffs behavior
1.	Gender	3.9117*	2.9091	3.3084*	3.4117
2.	Age	2.4109*	2.5146*	2.6086*	2.6224*
3.	Level of education	2.3414*	1.9961	1.8084	2.5997*

4.	Occupation	2.7371*	2.6089*	2.8182*	2.7344*
5.	Marital status	2.1102	1.3344	2.5109*	2.8608*
6.	Family size	2.0896	2.0471	2.6848*	2.9117*
7.	Personal income	2.4084*	2.5141*	2.8088*	2.9676
8.	Number of earning members per family	2.5117	2.0886	2.3446	2.2894
9.	Family income	2.4542*	2.0346	2.6471*	2.9693*

*Significant at five per cent level.

Regarding the view on lack of financial literacy, the significantly associating profile variables are gender, age, level of education, occupation, personal income and family income whereas in the case of perception on Post Bank of India, these profile variables are age, occupation and personal income since their respective 'F' statistics are significant at five per cent level. The significantly associating profile variables regarding the view on lack of customized products are age, occupation, marital status, family size, personal income and family income whereas regarding the view on bank staffs behaviour, these profile variables are age, level of education, marital status, family size and family income.

The association between the profile of respondents and their view on last three factors has been examined with the help of one-way analysis of variance. The results are given in Table 3.

TABLE - 3
Association between Profile of Respondents and their View on IFAAFI

Sl. No.	Profile variables	'F' statistics in		
		Geographical remoteness	Identity requirements	Terms and conditions
1.	Gender	3.1171	3.3889	3.5089
2.	Age	2.8676*	2.9084*	2.6973*
3.	Level of education	2.1119	2.8664*	2.7089*
4.	Occupation	2.4515*	2.3886*	2.1084
5.	Marital status	1.9098	1.5671	1.7349
6.	Family size	2.1171	1.8669	1.7343
7.	Personal income	2.4518*	2.6227*	2.7393*
8.	Number of earning members per family	2.5084	2.4184	2.3969*
9.	Family income	2.5082*	2.4117*	2.8042*

*Significant at five per cent level.

The significantly associating profile variables regarding the view on geographical remoteness are age, occupation, personal income and family income whereas regarding the view on identity requirements, these profile variables are age, level of

education, occupation, personal income, family income. The significantly associating profile variables regarding the view on items and conditions are age, level of education, personal income and family income since its 'F' statistics are significant at five per cent level.

Discriminant IFAAFI among the Employees and Customers:

Since the views on IFAAFI among the employees are differing from the view of customers, an attempt was made to identify the discriminant IFAAFI for some policy implications. Initially, the mean difference in each IFAAFI and its statistical significance has been computed. The discriminant power of each IFAAFI has been estimated with the help of Wilks Lambda. The results are shown in Table 4.

TABLE - 4
Mean Difference and Discriminant Power of IFAAFI among Employees and Customers

Sl. No.	IFAAFI	Mean scores among respondents in		Mean difference	't' statistics	Wilks Lambda
		Employees	Customers			
1.	Lack of financial literacy	2.8645	3.4724	-0.6079	-2.4886 *	0.1341
2.	Perception on post office	3.0623	3.5686	-0.5063	-2.5997 *	0.1276
3.	Lack of customized products	3.7790	3.1371	0.6419	2.7969*	0.1034
4.	Staffs behaviour	3.4087	3.8903	-0.4816	-2.4089 *	0.1596
5.	Geographical remoteness	3.5929	3.7759	-0.1833	-0.5186	0.4189
6.	Identify requirements	3.2443	3.4133	-0.1690	-0.4884	0.5671
7.	Terms and conditions	3.3945	3.5512	-0.1567	-0.3963	0.6883

*Significant at five per cent level.

The significant mean differences are noticed in the case of four IFAAFI out of seven IFAAFI since their respective 't' statistics are significant at five per cent level. The higher mean differences are noticed in the case of lack of customized products and lack of financial literacy since its mean difference is 0.6419 and - 0.6079 respectively. The higher discriminant power is identified in the case of lack customized products and perception on post office since its Wilks Lambda is 0.1034 and 0.1276 respectively.

The significant IFAAFI are included to estimate the two group discriminant function. The unstandardized procedure has been followed to estimate the function. The estimated function is:
 $Z = -0.3093 - 0.1173 X_1 - 0.2676 X_2 + 0.1096 X_3 - 0.2887 X_4$

The relative contribution of IFAAFI in the total discriminant score is computed by the product of the discriminant co-efficient and the mean difference of the respective IFAAFI. The results are given in Table 5.

Impact of IFAAFI on the level of Financial Inclusion offered by PBI among the customers:

Since the factors affecting the level of financial inclusion may have its own influence on the level of financial inclusion offered by PBI among the customers, the present study has made an attempt to examine it for some policy implications. The multiple regression analysis has been administered for the purpose. The fitted regression model is:

$Y = a + b_1 X_1 + b_2 X_2 + \dots + b_7 X_7 + e$
 Whereas

- Y – Level of index of financial inclusion among the customers
- X₁ – Score on the view on level of financial literacy among the customers
- X₂ – Score on the view on perception on banking among the customers
- X₃ – Score on the view on lack of customized products among the customers
- X₄ – Score on the view on banks' staffs' behaviour among the customers
- X₅ – Score on the view on geographical remoteness among the customers
- X₆ – Score on the view on identity requirements among the customers
- X₇ – Score on the view on terms and conditions among the customers
- b₁, b₂, . . . b₇ – regression co-efficient of independent variables
- a – intercept and
- e – error term

The impact of IFAAFI on the level of index of financial inclusion have been measured among the employees and customers separately and also for pooled data. The results are shown in Table 6.

TABLE - 5
Impact of IFAAFI on the Level of Financial Inclusion among Customers

Sl. No.	IFAAFI	Regression co-efficient among respondents in		
		Employees	Customers	Pooled data
1.	Lack of financial literacy	-0.0841	-0.1779*	-0.1393*
2.	Perception on post office	0.0496	-0.0454	-0.0417
3.	Lack of customized products	-0.1811*	-0.0884	-0.1502*
4.	Staffs behaviour	-0.1332*	-0.1502*	-0.1406*
5.	Geographical remoteness	0.0556	-0.1732*	-0.0997
6.	Identity requirements	-0.0919	-0.1909*	-0.1516*
7.	Terms and conditions	-0.1399*	-0.2117*	-0.1818*
	Constant	-0.3919	-0.6886	-0.4908
	R2	0.7419	0.7808	0.8189
	'F' statistics	8.1477*	9.1173*	10.0886*

*Significant at five per cent level.

The significantly affecting factors on the level of financial inclusion as per the view of the employees are lack of customized products, staffs behavior and terms and conditions since their respective regression co-efficient are significant at five per cent level. A unit increase in the level of view on the above said factors result in a decrease in the level of index of financial inclusion among the customers by 0.1811, 0.1332 and 0.1399 units respectively. The changes in the view on the factors explain the changes in the level of index on financial inclusion among the view of employees to an extent of 74.19 per cent since its R2 is 0.7419.

Conclusion:

The analysis of pooled data reveals the relative importance of lack of financial literacy, lack of customized products, staffs behavior, identity requirements and terms and conditions in the determination of the level of index on financial inclusion offered by PBI among the customers.

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