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Impact of Ebanking in Rural India with Special Reference to Selected Taluk in Erode District, Tamil Nadu

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ABSTRACT

The banking system is the back bone of any economy system. The strength of financial system depends on sound banking system. Due to lack of awareness among people, even after decades of emergence of banking industry it was not used effectively. In recent times the Indian population has started availing the facilities of the banks. E banking trend is spreading at a faster rate in all the countries. Banks provide internet banking services to its national and international customers. The study is an attempt to measure to the awareness of E banking system introduced by banks in rural areas. The study was conducted in Modakurachi village of Erode district of Tamilnadu. The primary data was obtained using a well- designed questionnaire. The questionnaire was equipped with questions relating to demographic factors, level of awareness on E- banking among the respondents and factors influencing to choose E-banking. For this study, 250 respondents irrespective of their type of bank account, occupation, age and educational level have been selected randomly as a sample of the data analysis. The banks available in the study area are Canara bank, Indian overseas bank, State bank of India and City union bank. Out of 250 respondents, 55.2% were holding account in public sector banks. The awareness level on E banking was 68.8%. The accounts of 34.8% of the respondents were not self- maintained. Majority of the respondents were familiar with internet browsing but were reluctant to use facilities like bill payments and fund transfer, etc. The reasons for not using E banking facilities were found to be that there are no regular banking activities among the customers, lack of high speed internet and the bank website is not user friendly. The banks can consider changing the website

bilingual (English & regional language). The errors and frauds happening in internet banking should be reduced to motivate the users of internet banking facilities.

KEYWORD: E banking.

INTRODUCTION

The banking system is the back bone of an economy. The strength of financial system depends on sound banking system. An effective and sound banking system uses its savings in productive sectors and also meets the obligations of the depositors. In the chariot of economic progress, banking is the kingpin. Due to lack of awareness among people, even after decades of emergence of banking industry it was not used effectively. In recent times the Indian population has started availing the facilities of the banks. E banking trend is spreading at a faster rate in all the countries. Banks provide internet banking services to its national and international customers. Internet banking is very cost effective and speedy processing method.

The process of using computers/mobiles as a medium for banking services is known as internet banking. The customers access their account information through a web-based service. The bank website permits the customer to log in and do any kind of transactions, but such log in must be authorized by the banking system through personal identification number (PIN). Due to advancement in technology, banks have come forward to accept the change. The banks use electronic and telecommunication networks to provide a huge range of value added services to its customers. Internet plays vital

role between banks and customer to receive and deliver information, this form of banking is described as Internet banking (Reserve Bank of India, 2001).

Defining Electronic banking

A banking system that allows customers to perform bank transactions through internet, Transactions like account transfers, balance enquiries, bill payments, etc. are done through this system. Some banking offer services like loan, credit card applications forms through this system. The banking activities can be classified as transactional and non- transactional activities. Electronic transfer of funds, Payment of bills, Loan & credit card application

Investment products are few of transactional activities and Viewing of account balance, Viewing of previous transactions, Downloading of Bank statement, Ordering Check book, mobile banking and internet banking application forms are few of non-transactional activities.

RESEARCH SIGNIFICANCE

The banking industry, being backbone of Indian economy is undergoing vast changes. Advancement in information technology, global business development and demand from customers has paved way for changes in the banking scenario. The study is a bird’s eye view of E-banking in rural India. After demonetization, remonetization has taken place. Due to the advancement of technology, banking sector looks ahead for more paperless transactions. This was considered as right time to study about the usage of electronic banking system in rural India. The study aims to understand the awareness about the electronic banking system in rural India. The study was conducted in Modakurachitaluk of Erode district, Tamil Nadu, South India.

STATAEMENT OF THE PROBLEM

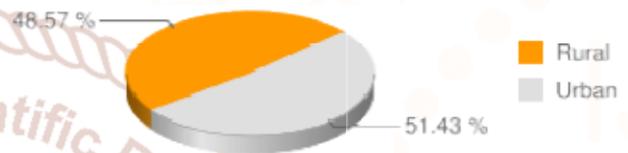
According to census 2011, out of 121 crore Indians, 83.3 crore live in rural areas while 37.7 crore live in urban areas. The total population of Tamil Nadu is 7.21 crores out of which 51.6% live in rural areas and 48.4% live in urban areas. (India Population Census, 2011)

Rural Urban Tamil Nadu



The study area is Erode district, which contributes around 3.12% of the total population of Tamil Nadu. Around 51.43% of the Erode district population are staying in urban areas of the district while 48.57 % stay in rural areas.

Rural Urban Erode



The around 70% of the total Indian population lives in rural areas. So the study on this topic in rural areas was found to be of high importance. The study aimed to understand the awareness of electronic banking facilities available to the people in rural areas. This would be an eye opener to the people also to move forward to an electronic transaction mode from paper and manual mode of transactions.

Population outline:

The study has been conducted in Modakurachitaluk of Erode district. Modakurachi is a town panchayat. The taluk is divided into 15 wards. The population of the taluk with 3076 families is 9907. The numbers of male are 4931 and female are 4976. The sex ratio is 1009 and the literacy rate is 72.4%. (Statistics, 2014-15)

Data	Male	Female	Total
Population	4931	4976	9907
Literacy	81.25%	63.66%	72.36%

Data from Census report, 2011

OBJECTIVES OF THE STUDY

The following are set objectives of the study.

- To study the impact of demographic factors on the awareness level of respondents about E- Banking.
- To find and analyse the factors influencing use of E- banking.
- To find out the opinion of the respondents regarding the various problems of phone / mobile banking.

RESEARCH METHODOLOGY

Scope of the study

This study is a demographical study, based on usage of E-Banking services by various classes of people irrespective of occupation, age, sex and literacy. The research work was undertaken by getting the research questionnaires filled by the respondents.

Methodology

This study is based on primary data collected from the respondents. The data was analysed with the help of simple statistical tools like percentage, average, t-test, etc.

Data collection and sampling method

The primary data was obtained using a well-designed questionnaire. The questionnaire was equipped with questions relating to demographic factors, level of awareness on E-banking among the respondents and factors influencing to choose E-banking. For this study, 250 respondents irrespective of their type of bank account, occupation, age and educational level have been selected randomly as a sample of the data analysis. The banks available in the study area are Canara bank, Indian overseas bank, State bank of India and City union bank.

Limitations of the study

- The study area is confined only to Modakurachitaluk, Erode district, Tamil Nadu.
- The sample size of the research is only 250 respondents.
- The data collection was done during the month of January, 2018. The attitude of the customer may change in the future.
- The study considers bank transactions done using internet and mobile only as the e banking activities.

ANALYSIS AND INTERPRETATION

The following table shows the analysis of data collected with related interpretation detailing the results of the analysis.

Table 1: Gender of the respondents

Gender	No. Of Respondents	Percentage (%)
Male	132	52.8
Female	118	47.2
Total	250	100

The above table shows that 52.8% of the respondents are male and 47.2% of the respondents are female.

Table 2: Age of the respondents

Age	No. of	Percentage (%)
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	Respondents	Percentage (%)
Below 20 Years	52	20.8
21 to 30 Years	124	49.6
31 to 40 years	41	16.4
Above 40 Years	33	13.2
Total	250	100

The above table clearly states that the maximum percentages of the respondents are in the age group of 21 to 30 years. As the study is related to e-banking, this age group are the maximum users.

Table 3: Educational Qualification of the respondents

Educational Qualification	No. of Respondents	Percentage (%)
Below HSC	40	16
HSC	38	15.2
Under Graduate	60	24
Post Graduate	62	24.8
Professional	50	20
Total	250	100

From the data collected from the respondents regarding their educational qualification, it shows that higher percentages (24.8 %) of the respondents are educated upto post graduate level.

Table 4: Occupation of the respondents

Occupation	No. of Respondents	Percentage (%)
Student	43	17.2
Employed	60	24
Self - Employed	74	29.6
House wife	48	19.2
Others	25	10
Total	250	100

From the above table it clearly shows that 29.6% of the respondents are self – employed and 24% of the respondents are employed.

Table 5: Type of bank where account is maintained by the respondents

Type of bank	No. Of Respondents	Percentage (%)
Public sector	138	55.2
Private	112	44.8

sector		
Total	250	100

The table shows the type of bank where the respondents are maintaining their accounts. Higher percentage (55.2%) of the respondents are having their account with the public sector banks and 44.8% of the respondents are having their account with the private sector banks.

Table 6: Reason for visiting the bank

Reason for visiting bank	No.of Respondents	Percentage (%)
Deposit	105	42
Withdraw	52	20.8
Avail Services	44	17.6
Enquiry	31	12.4
Others	18	7.2
Total	250	100

The above table points out the reason for visiting the bank by the respondents. Majority (42%) of the respondents visit the bank for the purpose the depositing their amount in the bank. Around 20.8% of the respondents are visiting the bank for the purpose of withdrawal.

Table 7: Awareness of E- banking facility

Awareness of E-Banking facility	No.OfRespondents	Percentage (%)
Yes	172	68.8
No	78	31.2
Total	250	100

The above table shows that the 68.8% of the respondents are aware of the E-Banking facility provided by their banks and 31.2% of the respondents are not aware of the E- Banking facility provided by their bank.

Table 8: Awareness level of E- banking services

Awareness level of E-Banking services	No.of Respondents	Percentage (%)
Fully aware	120	48
Aware	52	20.8
May be	30	12

Table 11: Usage of E-Banking facility based on familiarity

Usage of e- banking facility based on familiarity	Strongly familiar	Familiar	Neutral	Very less familiarity	Completely not familiar	Total
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Unaware	15	6
Totally unaware	33	13.2
Total	250	100

Table 8 is the awareness of E-Banking services provided by their bank. The results shows that 48% of the respondents are fully aware of the services provided by their respected banks. Around 20.8% of the respondents are aware of the E-Banking services. The study reveals that around 13.2% of the respondents are totally unaware of the E-Banking services.

Table 9: Reasons for lack of awareness

Reasons for lack of awareness	No.OfRespondents	Percentage (%)
Education	78	31.2
Lack of facility	85	34
Account not self-maintained	87	34.8
Total	250	100

The above table shows the reasons for the lack of awareness on E-Banking among the respondents. The reason with higher percentage (34.8) is that the account is not self- maintained.

Table 10: Reason for using the E-Banking facility

Reasons for using E-Banking facility	No.OfRespondents	Percentage (%)
Easy	75	30
Safe and secure	52	20.8
Low transaction charges	45	18
Not used	78	31.2
Total	250	100

Table 10 states the reasons for using the E- Banking facility by the respondents. ROUND 31.2 % of the respondents have not used the facility and 30% of the respondents used the facility as it is easy and 18% of the respondents are using the facility because of low transaction charges.

Internet browsing	120	52	30	40	8	250
visiting bank website	112	46	29	35	28	250
Access of online banking information	108	44	25	42	31	250
Viewing account statements	115	50	30	25	30	250
Transfer funds	110	41	22	28	49	250
Make bill payments	115	52	26	27	30	250
Avail banking facilities online	100	48	22	35	45	250

The above table shows the usage of E-Banking facility based on the familiarity of the facility. Majority of the respondents (120 respondents) are familiar with internet browsing which makes them familiar with the E-Banking facility.

The above table shows that the reasons for not using E-Banking facility. Around 95 respondents say that lack of high speed internet facility is the reason for not using the facility.

Table 12: Reasons for not using E-Banking facility

Reasons for not using e-banking facility	Rank					Total
	1	2	3	4	5	
Lack of enough knowledge	49	60	72	25	44	250
No computer	20	32	35	43	120	250
Lack of high speed internet	95	74	49	22	10	250
Non-user friendly bank website	64	44	40	72	30	250
No regular banking activities	22	40	54	88	46	250
Total	250	250	250	250	250	

CONCLUSION

The banking industry being back bone for economic development is undergoing vast advancement through technology. But does this technology advancement in banking sector reached the rural areas, The customers in rural areas are maximum aware of E banking services but are reluctant to use it due to pitfalls in the system. The customers will start to use the services of the banks if the bank website is made user friendly and fraud free. There were many studies made in the past on various aspects related to E banking services. The services provided in rural banks can be enhanced like that of urban area banks. The study reveals that knowledge of E banking, no regular banking activities and lack of high speed internet are the drawbacks of E banking in rural areas.

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