

The challenges faced by Kerala Gramin Bank in implementing Financial Inclusion

¹Akhila.A.Kumar, ²Dr.D.Mahila Vasanthi Thankam,

¹Mphil scholar, ²Associate professor

¹Department of commerce,

¹Sree Narayana Guru College , Coimbatore , India

Abstract : . The financial inclusion programmes are continuously performed by the main stream banks in order to provide easy access of financial products and services in an affordable rate. Kerala Gramin Bank is the one of the main stream player in performing these financial inclusion programmes. But the bank faces a lot of challenges in association with these programmes .The present study aims at identifying the major challenges of KGB while implementing these programmes.

IndexTerms - financial inclusion programmes,financial products

INTRODUCTION

Financial inclusion is the process of providing financial services accessible at affordable costs to all individuals and businesses, irrespective of the level of income, their net worth and size, respectively. Financial inclusions make an effort to address and extent solutions to the constraints that exclude people from participating in the financial sector.

Majority of the section in the society still remains unbanked. Unbanked people those, who only have the basic transaction bank accounts. These are people who have secured the basic tools for conducting transactions. But they were not using the digital transactions. This has led to a lot of financial instability and difficulties among the people of lower income group who do not have access to financial services and products. These disadvantaged people were so being exploited by the money lenders and so on.

STATEMENT OF PROBLEM

Financial inclusion is the process of providing basic banking facilities at an affordable rate to the poor and disadvantaged people. The major problem faced by the agencies of financial inclusion is that most of the rural people were financially illiterate and they were not much aware about the usage of technologies. There awareness level was very low regarding the products and services offered as a part of financial inclusion programmes. Above all the rigid terms and conditions of financial institutions is one of the major problems among the rural people.

OBJECTIVE OF THE STUDY

To identify the major challenges faced by Kerala Gramin Bank while implementing financial inclusion among the rural people.

SCOPE OF THE STUDY

The study aims at identifying the major challenges faced by the Kerala Gramin Bank in implementing the financial inclusion programmes in thiruvananthapuram district.

METHODS OF DATA COLLECTION

Both primary and secondary data are used for the study. The primary data were collected through scheduled questionnaire and the secondary data were collected through published journals, articles, newspapers etc.

HYPOTHESIS

H_0 : The employees of KGB are not free from challenges while implementing new financial inclusion programmes.

ANALYSIS AND INTERPRETATION

Challenges of implementing Financial Inclusion Programmes- Independent Samples t-test

The independent sample t-test has been used to analyze whether there is any difference between the Male and Female related to the challenges of implementing Financial Inclusion Programmes. The mean score has been used for finding out the difference, if any. A large t-score indicates the high difference between the male and female and smaller t-score shows more similarity between male and female. The opinions of employees are the basis for the analysis.

Table1

Opinion of Male and Female employees with Respect to Challenges of Implementing Financial Inclusion Programmes in KGB

Challenges of Implementing Financial Inclusion Programmes in KGB	Gender				t-value	p-value		
	Male		Female					
	Mean	SD	Mean	SD				
Less number of branch networks	2.15	0.961	1.88	0.765	1.492	0.139		
More complicated banking products	3.62	1.161	3.59	1.099	0.113	0.910		
Non-operating and less operating accounts	3.62	1.350	3.76	0.885	0.632	0.529		
Inaccurate feedback facilities	3.38	1.091	4.00	0.917	2.906	0.005**		
Under utilisation of technologies	4.08	1.010	4.29	1.026	1.002	0.319		
Inaccurate popularization measures	3.46	1.166	4.18	0.865	3.340	0.001**		
Lack of Financial Literacy	4.31	0.614	4.35	0.688	0.324	0.747		
Lack of formal identification documents	3.85	1.247	3.35	1.036	2.049	0.043*		
Influences of money lenders	3.23	1.441	4.06	1.121	3.067	0.003**		
lack of knowledge about use of technology	3.69	1.341	4.18	0.713	2.206	0.030*		
financial status of the people	3.62	1.016	4.06	0.947	2.133	0.036*		
Limited understanding of customer needs	3.31	1.280	3.71	1.137	1.559	0.123		
Inadequate regulatory framework	3.23	1.063	4.00	1.200	3.164	0.002**		

Lack of quality services	3.08	1.285	3.41	1.252	1.243	0.217
Level of income and bank charges	3.15	1.424	3.53	1.206	1.353	0.179
Rigid terms and conditions	3.54	1.295	3.82	1.053	1.152	0.252
Level of awareness	3.85	1.113	3.82	1.260	0.089	0.930
Overall Challenges of Implementing Financial Inclusion Programmes in KGB	59.1538	12.52059	64.0000	9.49947	2.089	0.040*

Source: primary data

Note: 1. ** denotes significant at 1% level

* denotes significant at 5% level

i.Opinion of employees

The opinion of employees were collected in order to ascertain is there any significant differences between the male and female employees with respect to the challenges of implementing financial inclusion programmes. The result of t test depicts Inaccurate feedback facilities($P<0.005$), Inaccurate popularisation measures($p<0.001$), Lack of formal identification documents ($P<0.043$), Influences of money lenders ($P<0.003$), lack of knowledge about use of technology ($P<0.030$), financial status of the people($P<0.036$), Inadequate regulatory framework ($P<0.002$).All other variables didn't show a significant difference among the male and female employees (Table1).The Overall Challenges of Implementing Financial Inclusion Programmes in KGB($P<0.040$).

Challenges of implementing Financial Inclusion Programmes One-way ANOVA

The one-way ANOVA (Analysis of variance) has been used to find out whether there is any significant difference in the awareness level based on the occupations with regard to the opinion of employees on the Challenges of financial inclusion programmes.

Table2

Opinion of different Category of employees with Respect to Challenges of Implementing Financial Inclusion Programmes in KGB

Challenges of Implementing Financial Inclusion Programmes	Category of Job				F value	p-value
	Manager	Officers	Clerks	Others		
Less number of branch networks	1.861 (0.014)	1.00 (0.000)	2.00 (0.802)	2.67 (0.500)	3.636	0.016*
More complicated banking products	2.71 (1.309)	5.00 (0.000)	3.84 (0.941)	3.67 (0.500)	8.592	<0.001* *
Non-operating and less operating accounts	2.71 (1.309)	5.00 (0.000)	4.05 (0.766)	3.33 (1.000)	12.887	<0.001* *
Inaccurate feedback	3.14	5.00	4.00	3.00 (0.866)	8.084	<0.001*

facilities	(1.389)	(0.000)	(0.732)			*
Under utilisation of technologies	3.86 (1.014)	5.00 (0.000)	4.58 (0.498)	2.33 (1.323)	25.986	<0.001* *
Inaccurate popularization measures	3.29 (1.419)	3.00 (0.000)	4.00 (0.866)	4.67 (0.500)	5.481	0.002**
Lack of Financial Literacy	4.14 (0.655)	5.00 (0.000)	4.37 (0.672)	4.33 (0.500)	1.732	0.166
Lack of formal identification documents	3.43 (1.326)	5.00 (0.000)	3.58 (1.101)	3.33 (1.000)	1.823	0.149
Influences of money lenders	3.43 (1.434)	4.00 (0.000)	4.16 (0.941)	1.33 (0.500)	19.842	<0.001* *
lack of knowledge about use of technology	3.86 (1.276)	5.00 (0.000)	4.16 (0.751)	2.67 (1.323)	7.611	<0.001* *
financial status of the people	3.86 (1.153)	4.00 (0.000)	4.11 (0.795)	2.33 (0.500)	10.966	<0.001* *
Limited understanding of customer needs	2.86 (1.493)	5.00 (0.000)	3.68 (1.038)	3.67 (1.000)	4.447	0.006**
Inadequate regulatory framework	3.00 (1.342)	5.00 (0.000)	3.89 (1.030)	3.33 (1.323)	4.884	0.003**
Lack of quality services	2.57 (1.326)	5.00 (0.000)	3.68 (0.985)	1.67 (0.500)	16.343	<0.001* *
Level of income and bank charges	2.57 (1.207)	5.00 (0.000)	3.63 (1.190)	3.00 (1.500)	6.008	<0.001* *
Rigid terms and conditions	3.57 (1.434)	4.00 (0.000)	3.79 (0.959)	3.33 (1.803)	0.552	0.648
Level of awareness	4.29 (0.717)	3.00 (0.000)	4.00 (1.035)	2.00 (1.500)	12.408	<0.001* *
Overall Challenges of Implementing Financial Inclusion Programmes	55.1429 (14.1396)	74.0000 (0.0000)	65.5263 (7.8515)	50.6667 (5.6347)	12.216	<0.001* *

Source: primary data

Note : 1. The value within bracket refers to SD

2. ** denotes significant at 1% level.

i.Opinion of employees

The opinion of the employees were collected in order to ascertain whether there is any significant differences in the awareness level regarding the position of job . The study reveals that there is a significant difference in the factors like Less number of branch networks($p < 0.016$), More complicated banking products($p < 0.001$), Non-operating and less operating accounts($p < 0.001$),Inaccurate feedback facilities($p < 0.001$), Under utilisation of technologies($p < 0.001$), inaccurate popularization measures($p < 0.002$), Influences of money lenders($p < 0.001$), lack of knowledge about use of

technology($p<0.001$), Limited understanding of customer needs($p<0.006$), Inadequate regulatory framework($p<0.003$), Level of income and bank charges($p<0.001$), Level of awareness($p<0.001$).

There is no significant differences in the variables like Lack of Financial Literacy, Lack of formal identification documents, Rigid terms and conditions. The overall challenges of implementing financial inclusion is also shows a significant difference ($P<0.001$) (Table2)

Challenges of implementing Financial Inclusion Programmes Friedman test

The Friedman test is used to find is there exist any significant difference among mean rank towards the awareness level of employees and customers with regard to the challenges of implementing financial inclusion programmes of KGB

Table 3

Opinion of Employees towards Challenges of Implementing Financial Inclusion Programmes in KGB

Source: Primary data

Challenges of Implementing Financial Inclusion Programmes in KGB	Mean Rank	Chi-Square value	p-value
Less number of branch networks	3.10		
More complicated banking products	8.48		
Non-operating and less operating accounts	9.10		
Inaccurate feedback facilities	9.00		
Under utilisation of technologies	11.78		
Inaccurate popularization measures	9.92		
Lack of Financial Literacy	12.20		
Lack of formal identification documents	8.42		
Influences of money lenders	9.47		
lack of knowledge about use of technology	10.23		
financial status of the people	9.83		
Limited understanding of customer needs	8.47		
Inadequate regulatory framework	9.07		
Lack of quality services	7.02		
Level of income and bank charges	7.82		
Rigid terms and conditions	9.22		
Level of awareness	9.88		

Note: ** Denotes significant at 1% level

i. Opinion of employees

Employees challenges towards the implementing the financial inclusion programmes reveals that there is a significant difference among mean rank towards the challenges of implementing financial inclusion($p<0.01$). Based on the mean rank the high mean rank is for the variable, lack of Financial literacy (12.20), Under utilisation of technologies(11.78), lack of knowledge about use of technology(10.23), Inaccurate popularization measures(9.92), Level of awareness(9.88), financial status of the people(9.83),

Influences of money lenders (9.47), Rigid terms and conditions(9.22), Non-operating and less operating accounts(9.10), Inaccurate feedback facilities(9.00), More complicated banking products(8.48), Limited understanding of customer needs(8.47),Lack of formal identification documents(8.42), Level of income and bank charges(7.82),Lack of quality services(7.02), Less number of branch networks(3.10) (Table 3)

TESTING OF HYPOTHESIS

The One-Sample t-test was applied to test the hypothesis. To test the Challenges of implementing the Financial Inclusion Programmes in KGB, the opinion of employees on the overall Challenges of implementing the Financial Inclusion Programmes in KGB was considered. The study found that, employees face challenges while implementing the financial inclusion programmes. The study finds that the opinion is significant ($p<0.05$). That is employees of KGB are not free from challenges while implementing new financial inclusion programmes.

FINDINGS

1. The employees of Kerala Gramin Bank faces a lot of challenges while implementing the financial inclusion programmes.
2. The major challenges faced by the employees are lack of financial literacy, under utilization of technologies, lack of knowledge about use of technology etc. of the customers.
3. Both the male and female employees have similar opinion regarding the financial inclusion programmes.

CONCLUSION

The term financial inclusion is not at all a new concept to Kerala Gramin Banks. The KGB makes a continuos efforts for making the programme in a successful manner .But still there were a lots of challenges faced by them while implementing these programmes. The major challenges faced by the employees of KGB is lack of Financial literacy , under utilisation of technologies, lack of knowledge about use of technology, Level of awareness etc.

REFERENCES

- [1] Uma.H.R and Rupa.K.N .2013.The Role of SHGS in Financial Inclusion-A Case Study, International Journal of Scientific and Research Publications, 3(6), 1-5.
- [2] Nitin Kumar, 2013, Financial inclusion and its determinants: evidence from India, Journal of Financial Economic Policy, .4 – 19
- [3] Gandhi, M.M.2013. “Financial Inclusion in India Issues and Challenges”, International Multidisciplinary Journal of Applied Research,.1(3), 012-22.