

# Digital Literacy in Net Banking

## *Rural Areas*

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**Abstract:** The purpose of this paper is to illustrate an Inclusive Digital Literacy in Net Banking amongst Rural population. The banking sector has been the backbone of every economy whether developed or emerging. It plans and implements the economic reforms. Any change in this sector through the adoption of technology will have an extensive impact on an economy's growth. Nowadays, banks are seeking unconventional ways to provide and differentiate amongst their diverse services. Also, Government of India encourages people to move towards Cashless Economy. This can be achieved by use of Debit, Credit cards, electronic payment gateway systems. Also increase in Internet, mobile adoption, new channels like websites, social media and mobile App provides new way to access financial transactions. Technology has become a tool that facilitates banks' organizational structures, business strategies, customer services and related functions. Digitalization changes face of branch banking in rural areas. Digital literacy enables rural population to have right access to education, right access to employment and right access to equitable resources. Besides this empowers them with right decision-making power. Because of this Digital Literacy works as a powerful lever for Digital Inclusion.

**IndexTerms - Digital banking, Digital India, E-banking, Rural population**

### I. INTRODUCTION

Banking industry is one of fastest growing industry with lots of challenges and opportunities. The start of digital revolution in the is an art of adapting new challenges, strategies, understanding requirement. E-banking or Net Banking is a major innovation in the field of banking. Recent developments in electronic distribution service channels have become increasingly sophisticated. As these developments has pave the way to the user to enjoy a broader variety of services and their operations are now more convenient and not bound by office hours.

Digital banking and its technology have facilitated the access and availability of more and more services and products which made availability of lots of opportunities to meet the rising aspirations of the underserved and unreached rural India. But the recent data says, only 38% of the 117,200 branches of scheduled commercial banks are working in rural areas, and a meagre 40% of the households have bank accounts. Thus, India is home to 19% of the world's unbanked population. This gap at the last-mile is being filled by banks through a combination of finance and technology enabled by business correspondent agents at these Kendra's where customers can open accounts and do normal banking transactions. To further enable mass transactions, AePS (Aadhaar-enabled Payment System) has been launched wherein rural citizens can perform simple banking transactions like deposit and withdrawal through their biometric ID and Aadhaar number at any of the AePS Kendra. Adoption of financial services like life, motor and health insurance by rural consumers is a challenge, considering their difficulty in understanding the need and importance of such an insurance cover; it is also time-consuming.

### II. OBJECTIVE

The paper aims to highlights the Digital banking trends in Rural India along with identifying the challenges faced by banks in incorporating these digital banking trends. The main objective of research is as follow:

- To Study different rural customers usage towards Internet banking.
- To Study different age group of rural customers is using Internet banking.
- To identify factors affecting to rural consumer while selecting internet banking.
- To study the awareness related the internet banking facilities provided by the banks.
- To identify relation between demographic factor like Gender, occupation, education, income and choice of internet banking among rural consumers.
- To study efforts of RBI to develop rural banking.

### III. RESEARCH METHODOLOGY

The study is based on secondary data which was collected through various published sources.

### IV. SOME OF IMPORTANT CONTRIBUTION OF INDIAN BANKS TOWARDS DIGITAL LITERACY

- Indian's first digital village is Akodara in Sabarkantha district of Gujarat. The village with a total population of 1191 people and 250 household used a cashless system for payment of goods and services. All transaction in the village are carried out through digital modes like SMS, net banking or debit cards. The village was adopted by ICICI bank under its digital village project in 2015 and made cashless by adopting digital technology. The villager's most important transactions selling agri-produce at the local market or selling milk at the co-operative society have been made cashless. This village is practically example of how e-banking is practically implemented in Indian villages without much difficulty to make India cashless economy.
- SBI bank has adopted Shirki village in Maharashtra to make the entire village will turn cashless within 30days.
- First and second cashless village in Maharashtra are Dhasai (Thane district) and Pimpri Budruk.
- Other state whose 1st village are cashless are Telangana-Ibrahimpur, Jharkhand- Nuagram (Singhbhum), Uttarakhand-Lachampur (Pauri Garhwal), Chhattisgarh- Palnar ( Dantewada),Jammu and Kashmir- Lanura (Shrinagar).
- Karnataka Vikas Grameen bank launched a scheme named 'Bank Sakhi' for empowering women who will be employed to promote cashless transaction.
- To promote cashless transaction, Haryana government has issued Petro cards to drivers working with the state government for cashless payments of fuel in association with Indian Oil Corporation and Bharat Petroleum.
- IDFC bank has launched the Aadhaar-linked cashless merchant solution "Aadhaar Pay" in association with Unique Identification Authority of India (UIDAI) and the National Payments Corporation of India.

### V. MAJOR CHALLENGES FACED FOR IMPLEMENTATION

There are about **2,50,000** panchayats in India encompassing some **640,800** villages and almost all of them are not connected to the internet. Neither are majority of 1.4 million government schools, 7-10 million teachers and several millions of children, as per official figures. There are millions of people who are denied of their rights and entitlements because of a corrupt administrative, financial and governance system. Their illiteracy, lack of information and inability to question the authorities become their biggest enemies.

### VI. INITIATIVE BY GOVERNMENT TO BRING DIGITAL LITERACY

The government aimed high-speed affordable internet to 150,000 villages in the country with the expanding budget to Rs 100 billion (\$1.4 billion) and laid 155,000 km long optical fibre cable across the country. Under these initiatives introduced 'Digital Village', the Indian government aims to bring free Wi-Fi to 1050 villages in the next six months. The Digi Gaon program as it is colloquially known, aims to provide digital technology. With 2500 crore digital transaction the project falls under the larger head termed Bharat Net Project with a massive allocation of Rs 10,000 crore. This initiative can formulate to more commercial banks to reach the unreached rural part of the India.

### VII. INNOVATIONS IN DIGITAL BANKING AND INVESTMENT SERVICES IN INDIA BY RBI

Digital innovation practice has reached a critical mass, banks are shifting gears to create a stronger innovation culture via the Internal Social Collaboration platform and adopting cutting edge technologies like Artificial Intelligence, Block Chain and Internet of Things (IOT), among others. Customers are taken into a new world of multi-channel banking, where they can access services from home, at the office, or on-the-go through Mobile Banking, SMS Banking, Phone Banking, ATMs and Net Banking. Banks are also collaborating with IT service providers for e-Sign (digital signature) facility to help digitally signing the loan documents. This will help in faster approval process, lesser paper work and lesser paper storage space. Some of the innovations and related initiatives taken by Indian banks in collaboration with FinTech start-ups/academia and other service providers in the recent past are SBI FinTech IPDaaS Software Developed with IIT-KGP; Zing HR using Microsoft AI; Digital Village; cross border remittances, etc

### VIII. ROLE OF NABARD IN DEVELOPING DIGITAL LITERACY IN RURAL AREAS

NABARD has been instrumental in grounding rural, social innovations and social enterprises in the rural hinterlands. This endeavor is perhaps unparalleled in the country. Following this trends NABARD took initiative to launch Kisan Credit Card Scheme, RuPay Kisan Card, PoS, micro-ATM etc. Apart from these NABARD also puts efforts to follow its regular functions:

- Carrying out government operations like disbursement of wages of MGNREGA workers, distribution of pensions etc.
- Providing Para-Banking facilities like locker facilities, debit and credit cards.
- This allows cash transfers and bill settlement with in the time.
- Providing banking facilities to rural and semi-urban areas

## IX. LITERATURE REVIEW

- Rakesh H M & Ramya T J (2014) In their research paper titled “A Study on Factors Influencing Consumer Adoption of Internet Banking in India” tried to examine the factors that influence internet banking adoption. Using PLS, a model is successfully proved and it is found that internet banking is influenced by its perceived reliability, Perceived ease of use and Perceived usefulness. In the marketing process of internet banking services marketing expert should emphasize these benefits its adoption provides and awareness can also be improved to attract consumers’ attention to internet banking services.
- Ms. Nisha Malik & Mr. Chand Prakash Saini (Jul 2013) In their research titled on “Private Sector Banks Service Quality and Customer Satisfaction” A Empirical Study two Private Sector Banks”. This research paper is an effort to examine the relationship between service quality and customer satisfaction of two private sectors bank of India. Service quality has been described as a form of attitude that results from the comparison of prospect with recital (Cronin and Taylor, 1992, Parasuraman et al, 1985). Gronroos 1982) argued that customers, while evaluating the quality of service, compare the service they expect with perceptions of the services they actually receive. Since financial products offered by various banks are similar by nature then why any particular bank of product of any bank is preferred than others a matter of interest for academicians as well as banking industry. They may be difference between customers of public and private sector banks, but why are two banks of one sector being preferred differently by customers. This research study is an effort to find out the answer of these questions
- Neetu Jain & DR. Pooja Malhotra (2012) in their research paper “Demographic Factors Affecting the Adoption of Internet Banking in India”. The goal of this paper to find out the demographic factors affecting adoption of electronic banking in general and Internet banking in particular in India. The data for this study is based upon a survey of bank customers using a convenience sampling technique with the aid of a structured self-administered questionnaire. The survey was conducted during the period of April 2012. The results of this study indicate that age, education, income, and profession are the most influential demographic variables affecting Internet banking usage. Using a mailed questionnaire with a response rate of 38.9 per cent, it was found that 40 per cent of the Indian consumers who responded to this survey were already using Internet banking services. The results of this study provide interesting additions to knowledge of electronic banking and contribute to our understanding of Internet banking users as well as nonusers

## X. CONCLUSION

The different technology is provided to the rural areas by the banks through internet but due to lack of digital use awareness the net banking is not much develop. So many other services such as term loans, online Fixed deposits, demand draft facilities etc. are available but balance enquiry is much common amongst all.

## XI. REFERENCES

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