

# A STUDY ON FINANCIAL LITERACY AND USAGE OF BANKING SERVICES IN EAST SINGHBHUM DISTRICT

**Dr. Anil Chandra Pathak**  
Assistant Professor of Commerce  
Jamshedpur Workers' College  
Jamshedpur

## ABSTRACT

Financial inclusion is a broad term, but two of its foundational pillars are access to and usage of financial/banking services. The advantages of financial inclusion can only be realized if people have access to and make use of banking services. One of the major barriers to participation is a lack of financial literacy or awareness. Given that it has the potential to narrow the gap between those who have access to and actually use banking services, its significance grows. Many residents of the East Singhbhum District have bank accounts (at least one is a savings account), but they aren't fully aware of the benefits they can reap from their accounts. Many consumers have never used a financial service before, so they have no idea what they're missing out on. Challenges and opportunities for various account holder amenities at banks are explored. This research aims to assess the level of financial literacy and usage of banking services among citizens of East Singhbhum District, Jharkhand. Sixty households were picked at random and given a lengthy questionnaire to collect the primary data.

**Keywords:-** Banking Sector, Technology, Financial Literacy, Account holders.

## INTRODUCTION

Everyone should have unrestricted access to public goods and services in a free and open society. Since banking services are considered a public good, ensuring that they are equally available to everyone should be a top policy priority. So, the government of India is prioritizing the cause of financial inclusion. A situation in which banks voluntarily establish bank accounts for all of the 'unbanked' people in a certain region. The purpose of financial inclusion is to expand people's access to and use of a wide range of high-quality financial services. As a result, financial inclusion is "the process of ensuring access to appropriate financial products and services needed by all sections of society in general and vulnerable groups such as weaker sections and low income groups in particular, at an affordable cost in a fair and transparent manner by regulated mainstream institutional players". Greater access to financial services would release latent potential in the saving, spending, and investing behaviors of the poor. Giving everyone a fair shot at the financial system is a major factor in lifting people out of poverty and into the middle class.

## OBJECTIVES OF THE STUDY

The objectives of the studies are as follows:-

- To study the financial literacy level of account holders of various banks of East Singhbhum District.
- To analyse the knowledge and possession of Bank Credit/Loan.
- To analyse the knowledge and usage of Bank transfer or Remittance facility.
- To analyse the knowledge and participation in Financial Literacy Workshop.

## RESEARCH METHODOLOGY

60 families in the East Singhbhum district had their main information gathered using a thorough questionnaire. The Directorate of Census Operations has gathered secondary data. Secondary data may be found in a variety of print and online sources, including scholarly journals, books, newspapers, magazines, and websites.

## DATA ANALYSIS AND INTERPRETATION

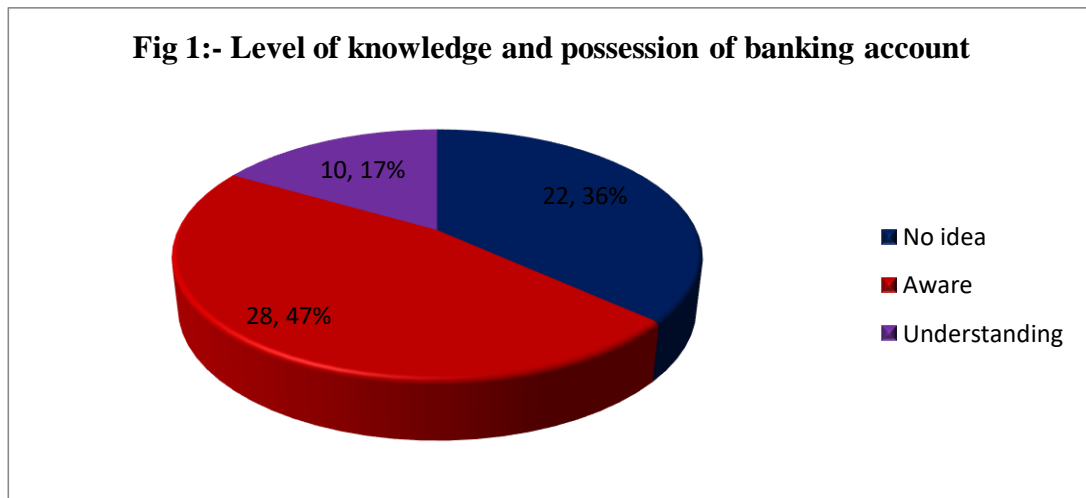
**Table 1:-**Demographic Profile of Respondents

Particulars		Frequency	%
Gender	Male	30	50.00
	Female	30	50.00
Educational Qualification	Till matriculation	18	30.00
	Intermediate	15	25.00
	Under Graduate	17	28.33
	Others	10	16.67
Occupation	Agriculture	10	16.67
	Labour	24	40.00
	Service	15	25.00
	Businessman	11	18.33
Household Monthly Income	Less than ₹5,000	23	38.33
	₹5,000-₹9,000	16	26.67
	₹9,000-₹13,000	15	25.00
	More than ₹13,000	06	10.00
Household Monthly Saving %	Up to 5%	21	35.00
	5%-10%	17	28.33
	10%-15%	12	20.00
	Above 15%	10	16.67

**Table 2:-**Level of knowledge and possession of banking account

<b>Knowledge and possession of Banking account</b>	<b>Frequency</b>	<b>%</b>
No idea	22	36.67
Aware	28	46.67
Understanding	10	16.66
<b>Total</b>	<b>60</b>	<b>100.00</b>

*Sources:-* Primary data



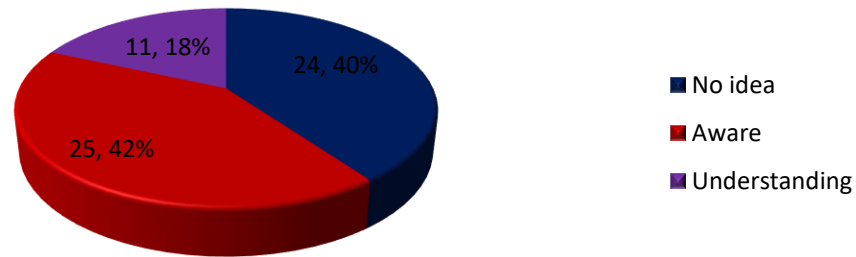
The overview of above table is stated that out of 60 account holders of a various banks, 22(36.67%) account holder have no idea about banking account, 28(46.67%) account holder aware about knowledge and possession of banking account and 10(16.66%) account holder understand about knowledge and possession of banking account.

**Table 3:-** Level of knowledge and possession of Bank Credit/Loan

<b>Knowledge and possession of Bank Credit/Loan</b>	<b>Frequency</b>	<b>%</b>
No idea	24	40.00
Aware	25	41.67
Understanding	11	18.33
<b>Total</b>	<b>60</b>	<b>100.00</b>

*Sources:-* Primary data

**Fig 2:- Level of knowledge and possession of Bank Credit/Loan**



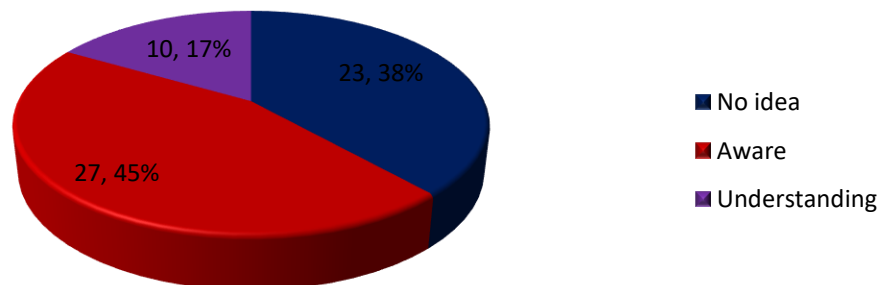
The overview of above table is stated that out of 60 account holders of a various banks, 24(40%) account holder have no idea about Bank Credit/Loan, 25(41.67%) account holder aware about bank credit/loan and 11(18.33%) account holder understand about bank credit/loan facility provided by bank.

**Table 4:- Level of knowledge and usage of Bank transfer or Remittance facility**

Knowledge and usage of bank transfer/remittance facility	Frequency	%
No idea	23	38.33
Aware	27	45.00
Understanding	10	16.67
<b>Total</b>	<b>60</b>	<b>100.00</b>

Sources:- Primary data

**Fig 3:- Level of knowledge and usage of Bank transfer or Remittance facility**

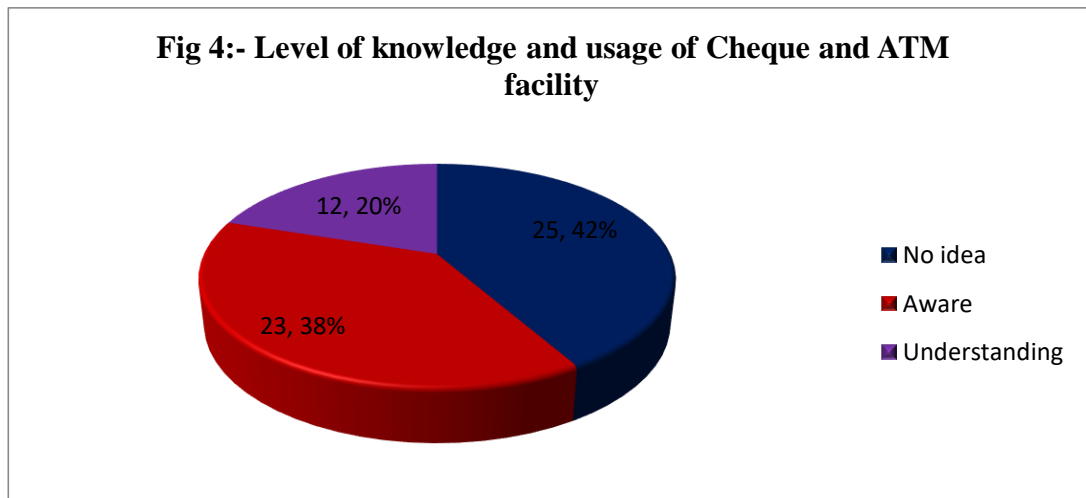


The overview of above table is stated that out of 60 account holders of a various banks, 23(38.33%) account holder have no idea about bank transfer or remittance facility, 27(45%) account holder aware about bank transfer and remittance facility and 10(16.67%) account holder understand about bank transfer and remittance facility provided by bank.

**Table 5:-** Level of knowledge and usage of Cheque and ATM facility

Knowledge and usage of cheque and ATM facility	Frequency	%
No idea	25	41.67
Aware	23	38.33
Understanding	12	20.00
<b>Total</b>	<b>60</b>	<b>100.00</b>

*Sources:-* Primary data



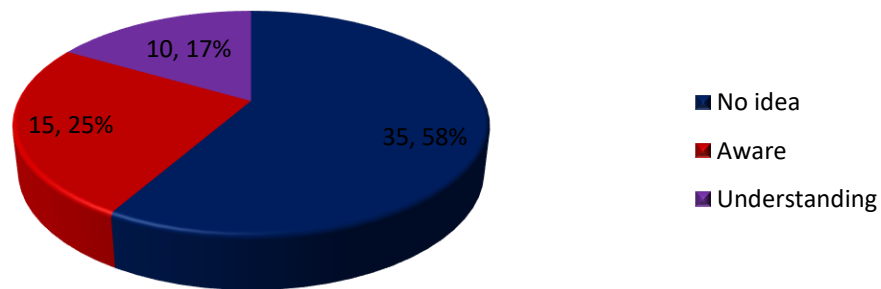
The overview of above table is stated that out of 60 account holders of a various banks, 25(41.67%) account holder have no idea about cheque and ATM facility, 23(38.33%) account holder aware about cheque and ATM facility and 12(20%) account holder understand about cheque and ATM facility provided by bank.

**Table 6:-** Level of knowledge and participation in Financial Literacy Workshop

Knowledge and participation in FL workshop	Frequency	%
No idea	35	58.33
Aware	15	25.00
Understanding	10	16.67
<b>Total</b>	<b>60</b>	<b>100.00</b>

*Sources:-* Primary data

**Fig 5:- Level of knowledge and participation in Financial Literacy Workshop**



The overview of above table is stated that out of 60 account holders of a various banks, 35(58.33%) account holder have no idea about financial literacy workshop, 15(25%) account holder aware about financial literacy workshop and 10(16.67%) account holder understand about financial literacy workshop facility provided by bank.

## CONCLUSION

The data analysis shows the influence of knowledge level on the use of various financial banking/services. Although banks place a strong emphasis on expanding access to banking services for last-mile customers in rural areas, there is a critical need to close the usage-access gap by raising household awareness and comprehension of banking services so that they can get the most out of them. There is an urgent need to encourage the village residents to attend financial literacy courses by raising their knowledge of their existence. Thus, it is essential to ensure financial inclusion that people are financially literate and aware. This involves modifying behavior as well as disseminating financial knowledge and information.

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