



# A Study on Customer's Awareness and Preference on payment Banks with special reference to Mandya city

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## ABSTRACT

*Financial exclusion is expensive. It impact people's quality of life and it prevents them from investing in their future. Access to financial services is a vital factor for coping with escaping poverty. Bank and Financial institution play a vital role in financial inclusion. It aims to eliminate barriers and there are many sections of society in India that do not have any access to financial services. They are not aware of banks and their functions, even if they aware of banks they do not have the access to get services from banks. In order give solution to this, the ideas of payment Banks came out. The goal being to broaden the reach of payments, increased access to financial services to small business, low income households and vulnerable populations. The main objective of this study is to know awareness level, preference and impact of demographic factors on awareness level. The structured questionnaire has been used to gather the data from 132 respondents in Mandya city. Statistical tools like percentage and weighted average method is used to represent the data. The study found that most of the respondents are aware about payment banks and their role in financial inclusion. The study suggested that the bank should appoint more number of the executive in order to increase the awareness of the general public with respect to operations of the payment bank. The Study concluded that in order to provide financial services to unbanked section of the society. The government of the India encourages payment banks to ensure the financial inclusion by providing payments/remittance services to migrant labour workforce, opening up small savings accounts of small business holders, low-income households, workers of the unorganized sector.*

**Keywords: Awareness, Financial Inclusion, Payment bank, Unorganized Sector.**

## INTRODUCTION

Financial exclusion is expensive. It impact people's quality of life and it prevents them from investing in their future. Access to financial services is a vital factor for coping with escaping poverty. Bank and Financial institution play a vital role in financial inclusion. It aims to eliminate barriers and there are many

sections of society in India that do not have any access to financial services. The RBI and the Government of India have been taking many initiatives to promote financial inclusion of people in rural areas, low-income groups, migrant workers and small business, such as the Pradhan Mantri Jan Dhan Yojna (PMJDY), the Digital India Campaign, launching of electronic fund transfer mechanisms such as NEFT and RTGS, and promoting mobile payment tools. Although there is a need of financial inclusion for the underserved in the population. Higher transaction costs of making remittances in conventional banks accounts diminish these benefits. Therefore, the idea of setting up of payments banks latest initiative to further financial inclusion by providing (i) small savings accounts and (ii) payments / remittance services to migrant labour workforce, low income households, small businesses, other unorganised sector entities and other users, by enabling high volume-low value transactions in deposits and payments/remittance services in a secured technology-driven environment. Based on the recommendations of the Dr.Nachiket Mor Committee, Payments Bank was set up to operate on a smaller scale with minimal credit risk.

India currently has 6 Payment Banks namely,

- a) Airtel Payment Bank,
- b) India Post Payment Bank,
- c) Fino Payment Bank
- d) Paytm Payment Bank,
- e) NSDL Payment Bank and
- f) Jio Payment Bank.

The payments bank will be registered as a public limited company under the Companies Act, 2013, and licensed under Section 22 of the Banking Regulation Act, 1949, with specific licensing conditions restricting its activities mainly to acceptance of demand deposits and provision of payments and remittance services. It will be governed by the provisions of the Banking Regulation Act, 1949; Reserve Bank of India Act, 1934; Foreign Exchange Management Act, 1999; Payment and Settlement Systems Act, 2007; Deposit Insurance and Credit Guarantee Corporation Act, 1961; other regulators from time to time.

The payments bank will be given scheduled bank status once it commences operations, and is found suitable as per Section 42 (6) (a) of the Reserve Bank of India Act, 1934.

## LITERATURE REVIEW

**Neha Mehta, Sweety Shah (2019)** “Payment Banks: Digital Revolution in Indian Banking System” the Study suggested that cashless transaction. Security concern of users should be answered by the service provider soon upgrading their systems. Government, banks and marketers should communicate and create awareness and knowledge regarding payment banks, its importance and usability to increase subscribes or users which will increase adoption of this system.

**Dr. V. Venkatachalam (2019)** “Awareness Of India Post Payment Bank Services In Coimbatore District, Tamilnadu”. Objectives of the study is to know the awareness level about Indian Post office Payment Banks and core activities carried by the India post payment banks. The major findings of the study are there

is lack of awareness among the respondent and rate of interest offered on deposit is not competitive. The study suggested that India Post Payment Bank should take initiative to increase awareness among the public and rate of interest on deposit should be increased. It should take active steps for advertisement of its schemes. Encourage account holders to access the banking services by the India post payment bank with technology

**M.S.Kokila and Dr. S.Gokula Krishnan (2019)** conducted a Study on “An Empirical study on the Awareness and Usage of Payment Banks among College Students in Bangalore City”. Numbers of respondents selected are 200. Convenient sampling used to gather information. The Article revealed that with respect to the awareness level, there is less awareness in rural area, there is lack of confidence with respect to security of transaction through payment banks, respondents expecting more offers and discounts. The Study suggested that, it should create confidence among the security of the transactions and reduce the transaction charge and delay in clearing transaction with respect to payment.

**Shalini Mittal and Anoop Pant, Shailesh Singh Bhadauria (2017)** in their paper “An Empirical Study on Customer Preference towards Payment Banks over Universal Banks in Delhi NCR”. Data has been collected from 255 respondents. The major finding of the Study is that convenience or ease in use of technology has a positive impact on the use of payment banks, The customer use payment banks for services such as mobile recharge and payment of bills, they still prefer universal banks for savings. The mind-set of the customers can be changed with proper promotion and awareness by the payment banks. The Study suggested that RBI has put many restrictions on payment banks with regards to their operations; they can be made more competitive by easing some restrictions

**Dr.Pralahad Rathod, Vidyashree, Seema Joseph (2017)** conducted a study on “Customer Awareness on Payment Banks, the latest IT-enabled Indian Banks connecting people – An Empirical Study”. The major objective of the study is to find out awareness level of respondents towards Payment Banks and how demographical variables have an influence on the awareness level of customers. Major findings of the study are that, all the respondents are not aware of Payment Banks and there was a less awareness with middle age group of people about the payment bank and lack of confidence to deposit the huge amount of money with it even though they are approved by Government. The study suggested that licensed companies should take up the task to reaching out all people about usage of payment bank,

### **PROBLEM STATEMENT**

Less research has been done on newly introduced financial services like payment banks and few studies discussed about the Awareness. This study tries to find out the impact of various demographic factors on awareness, preference and the usage of payment banks.

### **OBJECTIVES OF THE STUDY**

1. To Know whether the Demographical Variables has an influence on the awareness level
2. To Know the Awareness level of Respondents towards payment bank
3. To Know the Preference of the Respondents towards payment bank

## SCOPE OF THE STUDY

The payment banks have emerged in the Indian banking sector, As far as the review of literature is concerned. There is less research has been conducted on the customer's awareness and their view towards payment banks, The concept of payment Bank is a great initiation taken by RBI as a part of financial inclusion. This Study is related to analyse the awareness level, Preferences and influence of Demographical factors on awareness level in Mandya city.

## RESEARCH METHODOLOGY

Both primary and secondary data were used for the study. A Questionnaire is used to collect required data from the respondents. The area for the study is Mandya city. The required secondary data are collected from various articles and websites and official websites of Small Finance Banks etc.

## SAMPLING DESIGN

- **Sampling Area :-** Mandya City
- **Sampling Unit :-** Payment banks of Mandya city
- **Sampling Size :-** 132 Respondents
- **Sampling Technique:-** Convenient sampling was used to select required number of respondents from Mandya city.

## Payments Banks in Mandya city

*Airtel Payment Bank: - Bharti Airtel, India's largest telecom provider, launched Airtel Payment Bank in January 2017 to support the government of India's promised cashless revolution.*

### Airtel Payment Bank Features

- Individuals can open a Savings account at any branch ( 5 lakh+ banking points)
- Bank customer is eligible for a free personal accident insurance cover of Rs 1 Lac
- They can earn a 3.0% rate of interest
- The savings account offers an online debit card facility.

**India Post Payment Bank:** - The India Post Payments Bank was launched on September 1, 2018, to provide a complete suite of banking services. This bank is backed and operated by India Post. **IPPB** has enabled over 1.36 lakh India post offices including more than 1.13 lakh are located in rural India. The network of **IPPB** is widely spread all over the country with over 3 lakh employees working every single day. one can open zero balance **savings account** with IPPB. The India Post Payments Bank Limited had acquired about 4.0 crore customers by December 2020.

**Jio Payment Bank:** - Jio has to be that one brand that appears everywhere. The type of monogamy that Jio has over the market is remarkable. Jio Payments Bank owned by Reliance Industries Limited. In 2016, the Reserve Bank of India has provided "in-principle" approval to Reliance Industries Limited to create their Payment Bank. Jio Payments Bank started operating in 2018. Enjoy banking services through your phone app or at their banking outlets. You can open your savings account in few minutes without any paperwork.



**Paytm Payment Bank:** - Paytm has developed a separate, unique Passcode for each of its customers to ensure the protection of their money in Paytm bank. Every month, you will usually receive 2.75 percent interest. Features of Paytm Payment Bank

- There are no account opening fees or minimum balance requirements with Paytm Payments Bank's Savings Account.
- Make online transactions with free virtual card at any retailer that accepts RuPay cards.
- In Paytm Passbook, the Customer can see transaction and balance in real-time.
- Through the Paytm App, account holders may request a physical Debit Card.
- The bank offers a free insurance policy of up to Rs 2 lacs in the case of death or permanent complete disability.

**Fino Payments Bank Limited:-** Founded on April 4, 2017, Fino Payment Bank has made the entire banking process a lot simpler for common men. The Fino Payment Bank Savings account itself has multiple advantages. They have services present in more than 25000 banking points, including 28 Indian states and around 500 districts. The bank has a record of reaching out and impacting the lives of over 100 million customers over the years.

**NSDL Payment Bank Limited:** - Founded in October 2018, NSDL jiffy is the face of NSDL Payments Bank. It is one of the best payment banks in India which provides faster and smoother transactions. Overall, it just makes one banking experience a lot better. The purpose of NSDL Payments Bank is to provide seamless banking services to all Indians.

## DATA ANALYSIS AND INTERPRETATION

**Table No.1 showing demographic details of the respondents.**

Demographic Factors	Responses	No. of Respondents	Percentage
<b>Gender</b>	Male	74	56%
	Female	58	44%
	<b>TOTAL</b>	<b>132</b>	<b>100%</b>
<b>Age</b>	Below 20 years	24	18%
	20 to 30 years	46	35%
	31 to 40 years	38	29%
	Above 40	24	18%
	<b>TOTAL</b>	<b>132</b>	<b>100%</b>
<b>Qualification</b>	Below PUC	52	39%
	Graduation	40	30%
	Post-Graduation	18	13%
	Others	22	16%
	<b>TOATL</b>	<b>132</b>	<b>100%</b>
<b>Occupation</b>	Agriculturist	17	13%
	Self Employed	29	22%
	Professionals	20	15%
	Private company employee	31	23%
	Daily wages workers	35	27%
	<b>TOTAL</b>	<b>132</b>	<b>100%</b>

(Source: Primary Data)

### Interpretation

Though the study conducted, it was observed majority of the respondents belong to male category which represents 56% and 44% are female. 35% of the respondents belong to age group between 20-30 years, 29% of the respondents belong to the age

group of 31-40 years and remaining respondents are distributed among other age groups. 39% of the respondents are belongs to below PUC qualification, 30% of the respondents are graduated and followed by 13% post graduate and 16% are uneducated. 27% of the respondents belong to Daily wages workers and 23% are private employees, 22% of respondents are belonging to private company and 15% and 13% respondents are professionals and agriculturist.

**Table No.2 Sources of Information about Payment Banks**

Sources	No. of Respondents	Percentage
Through Advertisement	29	22%
Approaches by Bank Executives	20	15%
Reference by Friend and Relatives	45	34%
Pre-service experience with Service provider	38	29%
<b>Total</b>	<b>132</b>	<b>100%</b>

(Source: Primary Data)

#### Interpretation

It is analyzed that 49 % of the Respondents came to know about payment bank through reference by Friend and Relatives, 29% of the respondents having Pre-service experience with the Service provider, 22% of the respondents known about bank through advertisement, only 15% of Respondents came to know through approaches by bank Executives.

**Table No.3 Period of using of Payment Banks**

Sources	No. of Respondents	Percentage
Since 2015	8	5%
Since 2017	18	14%
Since 2019	28	22%
Since 2020	38	29%
Since 2021	40	30%
<b>Total</b>	<b>100</b>	<b>100%</b>

(Source: Primary Data)

#### Interpretation

It is analyzed that 30 % of the Respondents using payment bank since 2021 and 29% of the Respondents using it since 2020 and 22% of the Respondents using it since 2019 then followed 14%, Since 2017, and 5 % of the Respondents using payment bank since 2015.

**Table No.3 Easy of Opening an account in Payment Bank**

Sources	No. of Respondents	Percentage
Yes	118	90%
No	14	10%
<b>Total</b>	<b>132</b>	<b>100%</b>

(Source: Primary Data)

**Interpretation**

The above table indicates that, 90% of the respondent's opinion that it is easy to open an account in payment bank and 10% respondent's opinion that it's not easy

**Table No.4 Factors influences for Using Payment Bank**

Factors	No. of Respondents	Percentage
Convenience of making operations	46	35
Use of Technology	18	14
Attractive Interest rate on Deposits	18	14
Low Transaction Charges	15	11
Consumer Friendly services	35	26
<b>Total</b>	<b>132</b>	<b>100</b>

(Source: Primary Data)

**Interpretation**

The above table indicates that, 35% of the respondents using payment bank because of convenience 35% of respondent stated that customer friendly services, 14% of the respondents influenced by the attractive interest rate and use of technology, Only 11% of the respondents opened because of the low transaction charges.

**Table No.5 Opinion about Payment Bank Product and Services and Quality of Banking Services**

Opinion						Total	Total Weighted Score	Weighted Average
	Very High(5)	High (4)	Medium (3)	Low (2)	Very Low (1)			
Knowledge of Bank Services	35	49	31	6	10	132	486	3.68
Quality of Banking Services	39	68	20	2	3	132	534	4.04

In the above Likert's five point analysis Table, the opinion on payment bank products and services and quality of banking services are studied. Value of 5 is assigned for Very high level awareness, value is 4; for High awareness level, value 3 is assigned for Medium awareness level, value 2 is assigned for low awareness level, for very low awareness value 1 is assigned. With respect to quality of banking services and Knowledge of bank services respondents have high level of awareness because weighted average of the respondents is around.

**Table No. 6 Customers' Preferences towards Payment Bank**

Sl. No.	Preferences	Level of Preference					Total	Total Weighted Score	Weighted Average
		Strongly Agree(5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)			
1	Offer more convenience	86	28	12	6	0	132	590	4.469
2	Easy of Operations	76	23	19	12	2	132	555	4.204
3	Customer Friendly Response	53	31	25	15	8	132	502	3.803
4	Increase efficiency of financial services	58	46	10	8	10	132	530	4.015
5	Risk involved in providing of Services	59	39	8	2	0	132	479	3.628

(Source: Primary Data)

In the above Likert's five point analysis tables, Preference level of the customers has been measured. For understanding the preference, weighted average method has been adopted. Value of 5 is assigned for strongly agree Statement, value is 4; for Agree, value 3 is assigned for Neutral, value 2 is assigned for Disagree, for strongly disagree value 1 is assigned.

The weighted average is around 5 for offer more convenience in providing Financial services, Therefore majority of the respondents strongly agree with offer more Convenience,. Risk involved in providing of services is comparatively high since the value is 3.628.

## FINDINGS

- Out of 132 Respondents 74 of the Respondents are Male, which is 56% out of the total respondents, Female respondents are account to 44% , it indicates that payment banks are attracted the Male Customers



- The Study found out of 132 Respondents 35% of the respondents are belonging to the age group of 20-30 years it indicates young people are more attracted towards payment bank I.T. Enabled banking financial service.
- People having education level below PUC are the Major participants in Small finance bank which accounts for 39% out of 132 Respondents.
- The Study found that 27% of the respondents out of 132 occupations are self employment and only 13% of the respondents out of 132 respondent's occupation are agriculture.
- Knowledge about payment bank 34 % of the respondents came to know about bank through reference made by friend and relatives, which is followed by 29% through Pre-service experience, 22% through advertisement and there is less made by the executives of the bank to approach the customer it accounts for only 15%.
- 30% of the respondents having an account in payment bank since 2020, there is a remarkable increase in the number of the customer in 2020 onwards. During the phase of its introduction only 5% of the respondents have an account in payment bank.
- Factor influence to open account: - 35% of the respondents opened their bank account because of convenience of the operation, only 11% of the respondents open account because of low transaction charge.
- Opinion about bank service and Quality of providing service: - With respect to quality of banking services and Knowledge of bank products and services respondents have high level of awareness because weighted average of the respondents is around 4.
- With reference to preference of customer towards payment bank services offering more convenience in providing financial services have high level of preference because weighted average of the respondents is around 4.

## RECOMMENDATIONS

- Majority of the respondents are Male, Payments bank must provide attractive offers in order to attract female customers. The payment banks are intended to introduce providing basic banking services to unbanked customer, by providing attractive officers it should encourage females especially house wife's to opened bank account in payment bank and enable them in financial inclusion.
- The study found that majority of the respondents are belong to age group of 20-30, it clearly indicates that younger generation are very much attached towards payment bank modern technology enabled banking services. Therefore bank should encourage others to use payment banking services by clearing their confusions regarding operations.
- The bank should appoint more number of the executive in order to increase the awareness level in the general public with respect to operations of the payment bank.
- From this study it was found that the bank should decrease service charges that involved in financial transaction.
- Eliminate bugs and make transactions in a secured manner.

- Regarding preference level of various financial services the respondents have high level of understanding as weighted mean score is around the value of 4. It should develop more financial assistance initiatives which are helpful to poor, unserved sections

## CONCLUSION

The bank and financial institutions play an important role in financial inclusion of the country, but it is uneconomical to the traditional banks to open their branches in most of the time in many places. Therefore still some of the section of the society is far away from financial inclusion. In order to provide financial services to unbanked section of the society. The government of the India encouraging of payments banks **to ensure the financial inclusion by providing payments/remittance services to migrant labour** workforce, opening up small savings accounts of small business holders, low-income households, workers of the unorganized sector. This study was conducted to analyses the Customers awareness and preference with respect to payment bank. Finding of this study indicate that level of awareness of the payment bank in Mandya city is reached a satisfactory level. Majority of the respondents have stated favorable feedback about financial services of the payment banked the their role in providing payments services to unbanked section of the community enable them to have banking facilities and become effective alternative to commercial banks and efficiently deals with low value, high volume transactions.

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