

Customers' perceptions about Uttarakhand Gramin Banks' services for rural economic development in Uttarakhand's Dehradun area.

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Research Article

Customers' perceptions about Uttarakhand Gramin Banks' services for rural economic development in Uttarakhand's Dehradun area.

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Abstract

The Indian banking sector has come a long way since its inception in the 18th century. ATMs, debit and credit cards, NEFT, RTGS, and internet banking were all introduced as part of the financial revolution. However, technological advancements around the world have placed pressure on the banking sector to adopt more advanced technology. This paper focuses on Uttarakhand Gramin Banks' creative banking services and efforts to improve the rural economy in Uttarakhand's Dehradun district. The aim of this research is to look into the impact of emerging technology on rural customer satisfaction and the growth of the rural economy in the Dehradun region. Primary data was collected and analyzed from bank customers, producing significant results on the subject. Customers are dissatisfied with this bank's services and efforts to improve the rural economy, according to the results. Rural banks must improve the quality of their services and provide efficient banking services for rural growth.

Key words: Gramin bank, Customer satisfaction, rural economy, Digitalization

Introduction

Every modern economy tends to rely on banking for survival. It is one of the essential pillars that play a critical role in the operation of an economy. It is essential for a country's economic development that its financing requirements for trade, manufacturing, and agriculture are met with greater commitment and responsibility. Banks should not be seen as money traders in a modern economy but rather as economic development leaders. Banks play an essential role in mobilizing deposits and the disbursement of loans to various sectors of the economy

The banking system represents the country's economic health. The strength of the economy is dependent on the power and efficacy of the financial system, which is dependent on a sound and solvent banking

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system. A stable financial system efficiently mobilizes deposits in productive industries, and a solvent banking system means that the bank can meet its obligations to depositors.

The banking industry has gained access to new markets, new products, and more productive distribution networks due to liberalization and information technology. In the current scenario, technology has allowed banks to open branches in the lobby of a commercial building without the need for manual labor. Tele Banking, ATMs, Internet Banking, Mobile Banking, and E-banking ensure that the units are available 24 hours a day, seven days a week. These technology-enabled distribution networks are used to serve the greatest number of consumers at the lowest possible cost and in the most reliable way possible. The benefit of these banking innovations is that they provide a win-win situation for both the banker and the client. The effective use of technology multiplies growth and development.

The government opened up the economy and encouraged both domestic and foreign investors to invest in India. The entry of private players into the banking sector was marked by this change. The RBI issued banking licenses to ten private entities, including ICICI, HDFC, Axis Bank, IndusInd Bank, and DCB. In 1998, the Narsimham Committee suggested that more private players join the market. Thus, the RBI granted a license to Kotak Mahindra Bank in 2001, and Yes Bank in 2004. After nearly a decade, the third round of licensing was held. IDFC Bank and Bandhan Bank received licenses from the RBI in 2013-14. The story does not end there; in order to ensure that every Indian has access to finance, the RBI established two new banks – payments banks and small banks – ushering in the fourth phase of the banking sector. Globalization has resulted in technological advancement in the Indian banking industry.

The table below shows the technological development of Indian banking sector.

Sl.No	1980-1990	1990-2000	2000-2010	2010-2020
1.	MICR	Auto Teller Machine	Immediate payment	Bio Metrics
2.	Bank Cheques	ETF(Electronic fund	system(IMPS)	Mobile banking
3.	Encoder	Transfer)	Real Time Gross	Cheque Truncation
4.	-	Branch Connectivity	Settlement (RTGS)	Unified Payment
5.	-	Digitalization	National Electronics Fund	Interface (UPI)
6.	-	-	Transfer (NEFT)	Unstructured
		-	National Electronics	Supplementary
			Clearing Service (NECS)	Service Data
			Internet Banking	(USSD)
			Tele-banking	E-wallet

Source: ICMAI

Uttarakhand Gramin bank's innovative banking products and Services

The State Bank of India funded Uttarakhand Gramin Bank was founded on November 1, 2012, following the merger of two former RRBs in Uttarakhand, namely Uttaranchal Gramin Bank, Dehradun (SBI) and Nainital Almora Kshetriya Gramin Bank, Haldwani (Sponsored by Bank of Baroda). The bank's share capital was Rs. 4214.87 Lacs as of 31.03.2019, with contributions from the Central Government, the State Government, and the Sponsor Bank in the proportions of 50:15:35. The bank's coverage area spans all 13 counties and is served by a network of 286 branches. The bank's service area is rural, with 238 rural branches, 34 semi-urban branches, and 14 urban branches to serve this population density. The RBI encourages banking services such as NEFT, RTGS, IMPS, and PPI, and banks are working to raise awareness about these services among rural customers.

The following are the different types of digital payments available to bank customers.

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- i. Debit/Credit Card: This type of payment is appropriate for both online and offline retailer transactions. The transaction limit is determined by the card issuer. The card's details must be given.
 - ii. RTGS/NEFT: This method is appropriate for high-value online transactions. Transaction limits are set at a minimum of 2 lakh with no maximum. Account number, password, beneficiary information, and IFSC code are all needed.
 - iii. Immediate Payment Service (IMPS): Allows for immediate transfers. Transaction limits of up to Rs. 2 lakh per day are in effect. Account number, password, beneficiary information, and IFSC code are all needed.
 - iv. Unified Payment Interface (UPI): Allows for real-time transfers. The maximum transaction value is one lakh rupees. It is necessary to have the recipient's virtual payment ID (VPA).
- Unstructured Supplementary Service Data v. (USSD): Suitable for mobile phones that do not have internet access. An Aadhar number, an IFSC code, or a bank-assigned code is needed during registration.
- vi. E-Wallet: This type of payment method is appropriate for small-ticket transactions. Monthly transactions are limited to 20,000. (1 lakh for KYC-compliant wallet holders). It is necessary to enter a login ID.

Literature Review:

Dr. R. Sivakumar et al. (2020) : The author has examined the impact of digital marketing like Mobile marketing, Social Media Marketing, and Web Sources on overall rural bank performance. The study reveals that it has increased the performance of Indian rural Banks. The banking sector needs to understand the impact of technological upgradation on profitability and productivity of rural bank. Adoption of the digital technology is essential of the survival of rural banks.

Lavanya V.(2019) : The researcher has examined the impact of digital banking on Indian Economy. The study has examined that with the rise in online transactions, one can notice how people are becoming more inclined to use digital payment services instead of cash. The digital banking services should be designed in such a way that it is customer friendly and it is easy to use for the rural customers.

Singh, R. et al. (2019) – In this paper, the researcher explores the opportunities and challenges emerging in the rural banking sector, with a focus on digitalization. The study examines the significance of digital literacy in today's banking environment. The study concludes that there are tremendous opportunities for raising knowledge about digital transactions and financial literacy among rural people by collaborating with various educational organizations and non-governmental organizations (NGOs). Furthermore, banks may provide multilingual online payment channels, such as mobile apps in regional languages, to facilitate transactions.

Manjula Bai, H (2019) - In this report, the researcher investigated the service quality provided by the RRB to their employees and customers. Customers typically use specific parameters to assess service quality, such as dependability, responsiveness, assurance, empathy, and physical aspects. The higher the service level, the greater the customer satisfaction. In the banking industry, there are no standardized

scales for measuring perceived quality of service. As a result, high service quality is a critical tool for any bank's survival.

M Puttaswamy Gowda (2018) - The paper addressed the idea and development of internet banking in rural areas. The primary goal of this research is to examine the role of e-banking in rural areas. The study examines the role of ICT in the Indian banking sector. In India, technological development has occurred with the widespread use of the internet, cell phones, and online bill payments. A strong banking system will boost and uplift the Indian economy from the ground up, and the rural population will contribute to the country's economic development.

Satish Kumar et al. (2018) According to the researcher's paper, in this digital age, RRBs must focus on providing timely, high-quality, and reliable banking services in order to maintain existing customers and attract new ones. Furthermore, rural banks must eliminate the lack of accountability in their operations, which contributes to an unequal relationship between banker and customer. To address this problem, bank employees should communicate with their customers more frequently. Banks can establish branches in areas where consumers do not have access to banking services.

Boro & Goswami (2018). In this paper, the researcher attempted to classify the most prominent technology-based banking services, as well as the factors that motivate urban customers to use such services. A total of 350 people were surveyed, with 302 of them deemed eligible for data collection. ANOVAs, chi-square, cross tabulation, and factor analysis were used to analyze the results. The findings concluded that user-friendliness factors influenced the use of technology-based banking services.

Najah Hassan Salamah (2017):

The researcher investigated the effect of electronic banking services on banking transactions. According to the findings, electronic services have contributed to a rise in both the bank's financial operation and the number of its customers. The electronic form of banking has facilitated banking services for both customers and bank officials. The customer preference for electronic banking has had a positive impact on banking transactions.

S. V. Krishna Kishore et al. (2016)- The researcher investigated the technology adoption factors, performance expectancy, effort expectancy, social impact, attitude, perceived danger, and behavioral intention of the rural masses in Karnataka towards mobile banking in this paper. The multiple regression–interaction study shows that age and gender moderated attitude's direction toward behavior purpose in technology adoption. Mobile phones are the future of financial transactions. Rural people were found to have a favorable mindset.

D.Jayaprasad et al. (2016) - The researcher evaluates the types of technical facilities used by bank customers, the benefits of technology, and its challenges to customers in this paper. There is a paradigm change from seller's market to buyer's market. As a result, banks' strategies move from "Conventional Banking to Convenience Banking" and "Mass Banking to Class Banking." As a result, banks are focusing more on offering value-added services to customers. The banking sector has been making rapid strides by using information technology as a medium and aspires to reach higher heights in the future.

Roy, S.K., et al. (2016): The researcher has highlighted the rise of internet banking. Customers must be mindful of security threats and take steps to protect their identity and other sensitive information from hackers. The study focuses on the challenges and opportunities of net banking/online banking. Many

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people are uncomfortable with computers and the Internet. They find it difficult to use this service. As a result, education about net banking activity is urgently needed, and proper training arrangements must be made for online banking users.

Objective of the study

1. To investigate digital banking services offered by UGB banks, as well as their knowledge among rural customers in the Dehradun district.
2. To evaluate the effect of banking services on the rural economy in Dehradun.
3. To assess the level of customer satisfaction in Uttarakhand Gramin Banks in the Dehradun region of the state of Uttarakhand.

Research methodology

The data from the analysis was critically and meaningfully evaluated in order to draw logical and concrete conclusions. Data processing methods include percentages, averages, and other statistical methods. The study is based on primary data collected from bank customers via a structured questionnaire with the study's goal in mind.

In order to avoid misinterpretation of results, the study's findings were interpreted in a strictly logical, objective manner, and factual manner. The percentages and the data analysis tools are being used as well as other approaches are being applied. This data was gathered using an uninfluenced protocols to ascertain what are the most important issues that affect customers and how those issues are measured to deliver results

Hypothesis of the Study

Ho: Banking services have not significantly affected the life of an Individual in rural area.

H1: Banking services have significantly affected the life of an Individual in rural area.

Analysis and Interpretation

Demographic profile of respondents of Uttarakhand Gramin Bank customers

Table:1

Sl.no	Particulars of Respondents	Frequency	Per Cent (%)
1	Male	65	65
2	Female	35	35
Total		100	100
Ages of the respondents			
1	Below 25	15	15
2	25-35	25	25
3	35-45	20	20

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4	45-55	10	10
5	Above 55	30	30
Total		100	100
Educational Background			
1	Matriculation	20	20
2	Higher Secondary	15	15
3	Graduation	45	45
4	Post Graduation	20	20
Total		100	100
Occupation			
1	Farmer	35	35
2	Business men	25	25
3	Professionals	05	05
4	Govt. Service	15	15
5	Private Service	10	10
6	Students	10	10
Total		100	100
Monthly Income			
1	Below 50,000	30	30
2	50,000 -1,00,000	35	35
3	1,00,000-2,00,000	15	15
4	2,00,000-3,00,000	10	10
5	3,00,000 and Above	10	10
Total		100	100
Types of Deposits			
1	Saving bank Account	35	35
2	Current Account	65	65
Total		100	100
Marital Status			
1	Bachelor (Single)	25	25
2	Married	75	75
Total		100	100

Field survey:

The above table 1 figure shows the demographic profile of the customers of the Uttarakhand Gramin bank in the Dehradun district of Uttarakhand. 65% of the male respondents have a bank account in Uttarakhand gram in bank. The figure shows that 30% of the people above 55 years have an account with this bank. The table also shows that 45% of graduates also prefer to have an account with Gramin bank in Dehradun region. The table shows that 35% respondents are farmers and in rural areas. More over respondents in the income group of 50,000 -1,00,000 prefer Uttarakhand Gramin bank as per the survey. The table also shows that 65% of the respondents have current account with this bank and 75% are married as per the field survey have an account with this bank in rural areas of Dehradun.

Table- 2: Purpose for availing digital banking services from Uttarakhand Gramin Bank , Dehradun

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Sl.No	Description	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
		No	Percent (%)	No	Percent (%)	No	Percent (%)	No	Percent (%)	No	Percent (%)
1	Secured online-banking Transaction	-	-	45	45	20	20	25	25	10	10
2	Quick Settlement	20	20	25	25	30	30	20	20	5	5
3	ETF (Electronic Fund Transfer)	20	20	10	10	25	25	45	45	-	-
4	Online bill payments	35	35	20	20	25	25	20	20	-	-
5	Online shopping	20	20	15	15	30	30	25	25	10	10
6	Balance Inquiry	-	-	-	-	55	55	20	20	25	25

Field survey:

Table 2. The table shows that 45% of the respondents UGBs' customers feel that the bank has provided secured online banking services. 25% of the respondents are of the opinion that there is quick settlement, 35% of the respondents carry out online bill payments through digital banking services provided by the bank. 55 % prefer to check bank balance and 45% for Electronic fund transfer from their own account through e-banking services

Table-3: Problems faced in usage of digital banking Services by UGBs' rural customers, Dehradun

Sl.no	Category	No of respondents	Percentage (%)
1	Internet & connectivity speed	40	40
2	Technical problems	35	35
3	Security risk	15	15
4	malware	10	10
Total		100	100

Field survey:

Table-3

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This table depicts the problems faced by the Uttarakhand Gramin bank in Dehradun region. 40% of the respondents have faced problems related to internet connectivity and 35% of the respondents have issues related to the website of Uttarakhand Gramin bank services.15% of the respondents fear security and 10% malware from UGB in Dehradun region.

Table – 4 Are the rural customers satisfied with the efforts of Uttarakhand Gramin bank in the upliftment of rural economy.

SL.No	Particulars	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
		No	Percent (%)	No	Percent (%)	No	Percent (%)	No	Percent (%)	No	Percent (%)
1	Increase in Business Income	15	15	35	35	45	45	5	5	-	-
2	Increase in Agriculture income	15	15	25	25	20	20	40	40	-	-
3	Increase in Property income	25	25	45	45	10	10	20	20	-	-
4	Increase in poultry income,dairy income and sheep rearing.	15	15	20	20	35	35	30	30	-	-
5	Increase in employment opportunity	15	15	35	35	5	5	45	45	-	-

Field Survey:

Table 4: This table shows the opinion of the respondents about the efforts of Uttarakhand gramin bank in the upliftment of the rural bank. 45% of the respondents believe that financial assistance to enhance business income is not fruitful.40% of the respondents are of the opinion that bank assistance is not enough to increase agricultural income.45% of the respondents are of the opinion that through housing loan from the bank, they have increased their property income. 45% of the respondents are of the opinion that bank credit has not been enough in generating employment opportunities in the region and 35% of the respondents feel that banks have not increased the income level of people engaged in poultry, fishing and dairy business in the rural areas of Dehradun region of Uttarakhand

Table-5: Customer satisfaction level of UGBs’ digital and innovative banking Services, Dehradun

SL.No	Particulars	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
		No	Percent (%)	No	Percent (%)	No	Percent (%)	No	Percent (%)	No	Percent (%)
1	Highly Satisfied	15	15	20	20	20	20	45	45	20	20

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2	Satisfied	25	25	45	45	10	10	20	20	-	-
3	Average	45	45	20	20	35	35	-	-	-	-
4	Dissatisfied	55	55	45	45	-	-	-	-	-	-
5	Highly Dissatisfied	-	-	-	-	15	15	40	40	45	45

Field Survey

Table: 5 This table shows the satisfaction level of the customers of Uttarakhand Gramin bank. 45% of the respondents are highly dissatisfied with the banking services of Uttarakhand Gramin bank. Further it has been found that 45% of the respondents are satisfied by the services from Uttarakhand Gramin bank.

Testing of hypothesis

Chi square Test

Ho: Banking services have not significantly affected the life of an Individual in rural area.

H1: Banking services have significantly affected the life of an Individual in rural area.

Respondents	Observed	Expected	(O-E)	(O-E) ²	(O-E) ² /E	Values
Agree	25	15	10	100	100/15	6.6
Disagree	55	65	-10	100	100/65	1.5
Neutral	20	20	0	0	0/20	0

Calculated Value: 8.1; Degree of Freedom (n-1) i.e. 3-1=2

Table value of Chi-square test for 2 degree of freedom@5% level of significance is 5.99

Since the measured value is more that the calculated value, null hypothesis is rejected.

Thus, banking services have significantly affected the life of an individual in rural areas.

Finding and conclusion

The following are the findings from the empirical data collected from the respondents of Dehradun regarding Uttarakhand Gramin banks' banking services for the development of the rural economy.

1. Respondents have opted for having an Account in Uttarakhand gramian bank for carrying out online banking transactions from their own account. The study reveals that 45% of the respondents feel that UGBs' provides secure online banking services. 25% of the respondents are of the opinion that there is quick settlement, 55 % prefer to check bank balance and 45% for Electronic fund transfer from their own account through e-banking services.

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2. The 40% of the respondents have faced problems related to the usage of UGBs' online banking services due to internet connectivity and speed in Dehradun region. 35% of the respondents have issues related to technical problems of the website and 15% of the respondents fear security risk and 10% due to malware,

3. The respondents have not been satisfied by the efforts of UGB bank in uplifting the rural economy in increasing their income level in rural areas through bank credit. 45% of the respondents believe that financial assistance to enhance business income is not fruitful. 40% of the respondents are of the opinion that bank assistance is not enough to increase agricultural income. Further the study also reveals that bank credit has not been enough in generating employment opportunities or in increase the income level of people engaged in poultry, fishing and dairy business in the rural areas of Dehradun region of Uttarakhand.

4. The 55% of the respondents in the Dehradun region are highly dissatisfied with the services of Uttarakhand Gramin bank in the rural development in Dehradun.

Conclusion: Uttarakhand Gramin Bank since its inception in Nov, 2012 has come a long way with its innovative banking services and in expanding its branches all over the state of Uttarakhand. Efforts need to be enhanced in mobilization of deposits and credit distribution in remote regions for the further growth of the regional and rural areas of the Dehradun district in Uttarakhand, Bank officials need to understand the credit needs of the poor rural people and accordingly focus in the disbursement of credit for agricultural growth and in increasing the income level and various economic activities of the rural people in Dehradun region. This study will also guide policymakers in designing the credit policy of Uttarakhand Gramin Bank for rural customers and also in understanding the financial needs of the customers of rural Banks.

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