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Impact of E-Banking in Rural Areas of District Shahjahanpur

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ABSTRACT

A Bank is a financial institution licensed by the Government to provide financial services, such as wealth management, currency exchange and safe deposit boxes. Banking system is the most important pillar of any economy. The whole economy is based on banking system. Banks also provide their services through internet using computer or mobile phones. Such types of services are known as 'Internet Banking' or 'Electronic Banking'. The trend of internet banking is spreading throughout the globe very rapidly. In recent times, Indian population has also started using the facilities of e-banking. Now, people of rural India have also aware about the products and services of e-banking system. The main reason behind the study is to analyse the awareness and impact of e-banking among the people of rural areas of India. The area of the study is Tehsil Powayan of district Shahjahanpur of Uttar Pradesh. This study is based on primary data. The primary data has been collected with the help of a well designed questionnaire and the sample size is 150 respondents. Random sampling technique has been used in this study. The questions in the questionnaire are related with demographic factors and level of awareness on e-banking among the respondents. The main banks available in the study area are SBI Bank, Bank of Baroda, Allahabad Bank, and Axis Bank. Out of 150 respondents, 66% are holding an account with the banks of public sector. The level of awareness among the respondents on e-banking is 49.4%. Most of the respondents in the study area are aware with Internet Browsing but they are not interested using the facilities of e-banking. They are not interested in e-banking services because there are no regular banking activities among customers and slow speed of internet. Most of the banking websites are also not user friendly. Banks should motivate their customers towards e-banking services by providing user friendly websites with local or regional languages. Online banking frauds and errors should be checked. Proper privacy and security should be maintained while using e-banking services for the promotion of e-banking services in rural areas.

Keyword: E-Banking, Net Banking, Mobile Banking

INTRODUCTION

As we know, India is a country of villages. Near about 70% of Indian population has found their livelihood in villages. Therefore, we cannot ignore the importance of rural economy of India. According to the 2011 census, there are 6,40,867 villages in India and about 85 crores of Indian population lives in villages among 130 crores of total population. The rural markets have the potential to reach $500 billion by 2020. The whole financial system depends on banking system. Today, banking system has become the backbone of the economy. The concept of web based banking system came into existence in Europe and USA in 1980s. Internet based banking services arrived in India in 1990. ICICI was the first bank that introduces online banking system in India. Due to lack of awareness and interest among the people of India, even after decades of emergence of banking industry it was not used effectively. In recent times the Indian population has started taking advantage of the facilities of the banks. Each bank tries to satisfy their customers. Even in rural areas customer awareness has become the key point.

E-banking is continuously replacing the traditional branch banking system in India. E-banking is also spreading in rural areas of Indian states. The process of using computers and mobile Phones as a medium for banking services is known as E-Banking or Internet Banking. E-Banking is an electronic banking system that provides customers various banking services through internet. Customers can access their bank account information by using internet based banking services. It has been estimated that about 51% of banking transactions in India has been done through e-banking.[1] With the ongoing digital drive in India, the number of users opting for e-banking is expected to double to reach 150 million by 2020, from the current 45 million active online banking users in India.[2]

WHAT IS E-BANKING?

The term ‘E-Banking’ stands for ‘Electronic Banking’. It is also known as many names, such as Virtual banking, Internet Banking, Online Banking, Digital Banking, Mobile Banking etc. It is simply used for delivering various banking products and services with the help of electronic and telecommunication network. With the help of e-banking, a customer can

[1] Economic Times, Aug. 28, 2017
[2] Financial Express, June 22, 2017

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access his bank account using a computer or mobile phone and can conduct many transactions. An E-banking system allows customers many services, such as Balance Enquiry, Bill Payment, Fund Transfer, Bank Statements, Mobile and DTH recharges, request a Cheque Book and blocking and unblocking of debit and credit cards. Most of the traditional banks offer their e-banking services as an additional method of providing services, but there are also some banks that provide only e-banking services. These banks are known as payment banks, such as Airtel Payment Bank, PayTM Payment Bank etc.

Banking activities can be divided into two groups- Transactional Activities and Non Transactional Activities. Funds transfer, bill payments, Load and credit or debit card application are such services that come under Transactional Activities. Downloading bank statement, requesting cheque book and viewing account balance etc. are the services of banks that come under Non Transactional Activities. E-banking has made life much easier and banking much faster for both customers and banks. Following are the main benefits of e-banking in India:

- E-Banking saves the time of customers and banks both.
- It provides way to International banking and trade.
- It provides security and privacy to customers, by using encryption and security technologies.
- It provides well-organized cash management for internet optimization
- It provides convenience in terms of capital, labour, time all the resources needed to make a transaction.
- It provides banking throughout the year 24/7 days from any place have internet access.

SIGNIFICANCE OF THE STUDY

As we know that banking sector is the backbone of Indian Economy. The Advancement of Information Technology and global business development has changed the whole scenario of Indian banking system and e-banking is playing an important role in this change. Today's banking services are consumer centric. Therefore, banks providing advanced and improved services to their customers. This study is based on the impact of e-banking on customers in rural areas of India. After demonitisation in India, banking sector and its services have totally changed. So, this is the right time to study about the usage of e-banking in rural India. The

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main objective of the study is to focus the e-banking system in rural areas of India. The study is conducted in a small town i.e. Tehsil Powayan in district Shahjahanpur of Uttar Pradesh.

STATAEMENT OF THE PROBLEM

The current total population of India in 2019 is about 133 Crore. As per details from Census 2011, Uttar Pradesh has population of 19.98 Crores, an increase from figure of 16.62 Crore in 2001 census. Out of the total population of Uttar Pradesh state, 22.27% people live in urban regions and around 77.73% live in the villages of rural areas.[3]

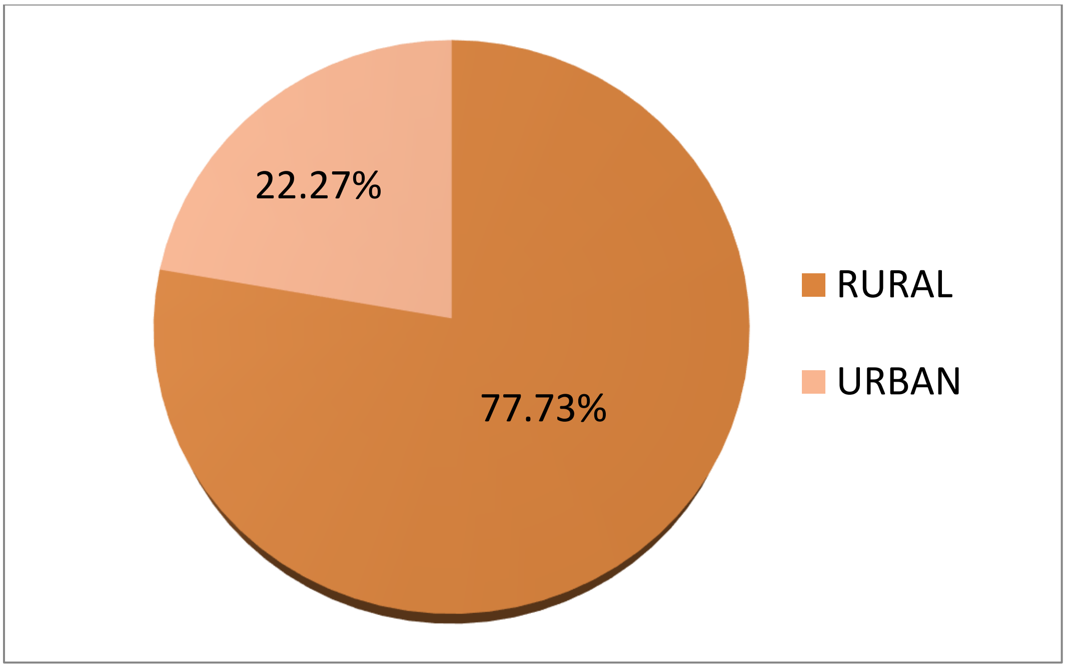

Figure 1: Rural and Urban Population of Uttar Pradesh, (Source: Census – 2011)

The area of the study is district Shahjahanpur of Uttar Pradesh. District Shahjahanpur has total population of 3,006,538 as per the Census 2011. Out of which 1,606,403 are males while 1,400,135 are females. Out of total population, 19.8% people lives in urban areas while 80.2% lives in the rural areas.[4] The average literacy rate in urban areas is 64.6% while that in the rural areas is 58.2%.

[3] Indian Population Census 2011
[4] Indian State Population Census 2011

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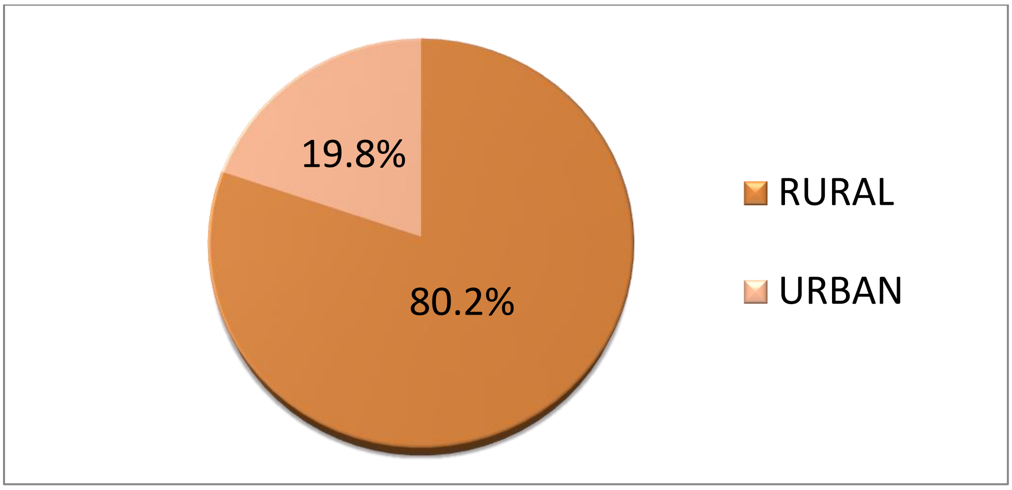

Figure 2: Rural and Urban Population of District Shahjahanpur, (Source: Census – 2011)

On the basis of above data, it can be seen that in district Shahjahanpur, 80.2 % population are staying in rural areas while only 19.8% stay in urban area. Therefore, the study on this topic in rural areas was found to be high importance. This study tries to focus the impact of e-banking on the people of rural areas of district Shahjahanpur.

POPULATION OUTLINE:

On the basis of Census 2011, the total population of district Shahjahanpur is 3,006,538 but the main are of the study is Tehsil Powayan of district Shahjahanpur of Uttar Pradesh. It is one of 4 Tehsils of Shahjahanpur district. There are 715 villages and 2 towns in Powayan Tehsil. On the basis of Census 2011, total population of Powayan is 6,74,066 in which 3,57,030 are males and 3,17,036 are females. The literacy rate of Powayan Tehsil is 53.48% out of which 61.53% males are literate and 44.42% females are literate.

Table No. 1: Population of Tehsil Powayan, district Shahjahanpur

Data	Male	Female	Total
Population	357030	317036	674066
Literacy	61.53%	44.42%	53.48%

OBJECTIVES OF THE STUDY

1. To focus on the impact of e-banking on the people of rural areas of district Shahjahanpur.
2. To find out the level of awareness among the respondents about E-Banking.
3. To analyse the factors those are influencing e-banking in rural areas.

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4. To find out the various problems related to e-banking in rural areas.
5. To know the opinions of the respondents towards e-banking services.

REASEACRCH METHODOLOGY

The present study is a demographical study based on the awareness and usage of e-banking services by the people of rural areas irrespective of occupation, age, sex and literacy. The data used in this study is collected through both primary and secondary sources. Primary data is collected through a designed and structured questionnaire while secondary data is collected from reviewing various related literature, books, magazines and different related websites. For this study, 150 respondents have been selected on the basis of type of bank account, occupation, age, sex and education. For the purpose of analysis and interpretation, required Statistical Methods will be applied. The statistical tools used for the study are percentages mean, standard deviation, median and factor analysis. The main banks available in the study area are SBI Bank, Bank of Baroda, Allahabad Bank, and Axis Bank. Out of 150 respondents, 66% are holding an account with the banks of public sector.

LIMITATIONS OF THE STUDY

1. The area of the study is a small town of district Shahjahanpur in Uttar Pradesh.
2. The sample size of the research is very small and that is only 150 respondents.
3. Most of the study is based on primary data collected through questionnaire.
4. The month in which data is collected is November 2019. The attitude, choices and preferences of the customer may change in future.
5. The present study focuses only on the impact of e-banking services on the people of rural areas of district Shahjahanpur.

DATA ANALYSIS AND INTERPRETATION

1. **Gender of the Respondents:**

   The table given below shows the gender of the respondents. Total numbers of respondents are 150. Out of them 82 respondents are male while 68 respondents are female. The percentage of the male respondents is 54.6% while the percentage of female respondents is 45.4%.

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Table 2: Gender of the respondents

Gender	No. of Respondents	Percentage
Male	82	54.6
Female	68	45.4
Total	150	100

2. Age of the respondents:

Following table shows the age of the respondents. There are four age groups but the age group of 21 to 30 years has the maximum users. It means this age group has more awareness and interest in e-banking system.

Table 3: Age of the respondents

Age	No of respondents	Percentage
Below 20 Years	29	19.3
21 to 30 Years	77	51.4
31-40 Years	26	17.3
Above 40 Years	18	12
Total	150	100

3. Educational Qualifications of the Respondents:

The next table shows the data collected from the respondents on the basis of their educational qualification. The given table shows that the qualification level of Post Graduation has the maximum number of respondents.

Table 4: Educational Qualification of the respondents

Educational Qualification	No. of Respondents	Percentage (%)
Up to High School	17	11.3
Intermediate	26	17.3

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Graduation	38	25.4
Post Graduation	40	26.6
Professional	29	19.4
Total	150	100

4. Occupation of the Respondents:

Following table shows the data of the respondents on the basis of their occupation and from the given table, it is clear that 32.6% of the respondents are self employed and 23.4% of the respondents are employed.

Table 5: Occupation of the Respondents

Occupation	No. of Respondents	Percentage (%)
Student	26	17.4
Employed	35	23.4
Self Employed	49	32.6
House Wife	27	18
Others	13	8.6
Total	150	100

5. Account Holders Bank Type:

Following table shows the types of banks where the respondents are maintain their accounts. Most of the respondents are having their accounts in public sector banks. 66% of the total respondents are maintaining their accounts in public sector banks. Only 34% respondents are maintaining their accounts in private sector banks.

Table 6: Type of bank where account is maintained by the respondents

Type of Bank	No. of Respondents	Percentage (%)
Public Sector	99	66
Private Sector	51	34
Total	150	100

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6. Reasons for Visiting Bank:

Table No. 7 is showing the reasons for visiting the banks by the respondents. Most of the respondents (43.4%) visited their banks for deposit only, 21.4% respondents visited banks for withdrawal purpose and only 6.6% of the respondents visited bank for other purposes.

Table 7: Reason for visiting the bank

Reasons	No. of Respondents	Percentage (%)
Withdraw	32	21.4
Deposit	65	43.4
Enquiry	18	12
Avail Services	25	16.6
Others	10	6.6
Total	150	100

7. Awareness about E-Banking Facility:

The following table shows that 65.4% respondents are aware about the e-banking facilities provided by the banks while 34.6% of the respondents are not aware about the e-banking facility provided by their banks.

Table 7: Awareness about E-Banking facility

Awareness of E-Banking Facility	No. of Respondents	Percentage (%)
Yes	98	65.4
No	52	34.6
Total	150	100

8. Level of Awareness for E-Banking Services:

Following table shows the data about the level of awareness for E-Banking services. According the table, 49.4% of the total respondents are fully aware about the e-banking services, 23.3% respondents are aware of e-banking services. 10.7% of the total respondents are unaware, while 16.6% respondents are totally unaware about the e-banking services provided by the banks.

Table 9: Level of Awareness for E-Banking Services

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Awareness level of E-Banking Services	No. of Respondents	Percentage (%)
Fully Aware	74	49.4
Aware	35	23.3
Unaware	16	10.7
Totally Unaware	25	16.6
Total	150	100

9. Reasons for Unawareness:

Table No. 10 shows the data of the reasons for the unawareness of e-banking facility among the respondents. On the basis of the given data, most of the respondents have not self maintained accounts and the percentage is 38%.

Table 10: Reasons for Unawareness

Reasons for Unawareness	No. of Respondents	Percentage (%)
Education	44	29.4
Lack of Facility	49	32.6
Account not Self-Maintained	57	38
Total	150	100

10. Reason for Using E-Banking Facility:

The given next table is showing the reasons for using the e-banking facility by the respondents and the table is showing that most of the respondents have not used the facilities of e-banking till now. 30.6% respondents are using the e-banking facility because it is easy while 17.3% are using because of its low transaction charges.

Table 11: Reason for using the e-banking facility

Reasons	No. of Respondents	Percentage (%)
Easy	46	30.6
Safe and Secure	29	19.4
Low Transaction Charges	26	17.3
Not Used	49	32.7

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Total	150	100

11. Reasons for not using E-Banking Facility:

Table No. 12 is showing the reasons for not using e-banking facilities by the respondents. The below table shows that 57 respondents said that they are not using e-banking facility just because of slow internet speed.

Table: 12 Reasons for not using E-Banking Facility

Reasons for not using E-Banking Facility	Rank					Total
	1	2	3	4	5	
Don't know how to use?	30	36	43	15	26	150
No Computer	12	19	21	26	72	150
Slow Internet Speed	57	44	30	13	6	150
Bank's website is not user friendly	38	27	24	43	18	150
Irregular banking activities	13	24	32	53	28	150
Total	150	150	150	150	150	-

CONCLUSION

As we know that the rural population plays an important role in the growth and development of our country's economy. Therefore the focus of banks has been shifted from well structured cities to rural banking platform. A strong banking system in rural areas can improve and uplift the economy from its grass-roots level.

On the basis of above discussion, it can be said that the customers of rural areas have maximum awareness towards e-banking facilities provided by the banks but most of the

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people are not interested to use e-banking facilities due to certain deficiencies in the banking system. The study reveals that most of the customers of banks have not much knowledge about the e-banking services. They also have no regular banking activities. The very slow speed of internet is also a barrier in the way of e-banking facilities in rural areas. If the websites of the banks are made user friendly and fraud free then customers will start using the services of banks. Speed of internet should also be enhanced for better experience. If –e-banking is made more safe, secure and personal, the interest of the people of rural areas can be enhanced towards e-banking facilities.

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