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# EMPIRICAL ANALYSIS OF THE COMMON PEOPLE'S ACCEPTANCE AND LITERACY OF THE TECHNOLOGICAL ADVANCEMENTS IN BANKING WITH SPECIAL REFERENCE TO GHAZIABAD

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## Abstract

In view of recent decisions of the Government, India is on the cusp of a major financial revolution. As we shift from a cash-dependent to a cashless economy, we look forward to better social equity, availability of more resources for development work through higher revenue collection, eradication of counterfeit currency, a reduction in illegal transactions and a curb on black money.

But there are few hindrances which need to be taken care of. People are not very literate about the Innovations in banking system like M Banking or mobile Apps of all the banks. To top all the hindrances Demonetization has taken the lead. After having less cash in the pocket common mass is absolutely clueless about the way their life is taking a turn. It is not that demonetization is a wrong move but the effect of it is getting tough on those who are financially illiterate.

Through this paper it has been brought to light that the common people are really illiterate when it comes to financial literacy irrespective of all the formal education they have received. There should be a rigorous exercise by the Government and its representatives.

**Keywords:** Financial Inclusion, Financial Literacy, Banking, Innovation, Government Policy

## Introduction

India has taken a quantum leap in terms of economy. We are the witness of the change but our next generation is the bearer of change. When economy needs to grow it has to see some smooth movements of banking, banking literacy, savings, investment, spending and about knowing the difference between expenditure and investment. Moreover to know and practice the nuances of all these economic concepts a person has to be economic literate. These concepts are the pillars and wheels of economy which keeps the economy strong and moving. For all aspects of the economy the people of the country should be financially inclusive. Financial inclusion has been broadly recognized as critical in reducing poverty and achieving inclusive economic growth. Financial inclusion is not an end in itself, but a means to an end—there is growing evidence that it has substantial benefits for individuals. Studies show that when people participate in the financial system, they are better able to start and expand businesses,

invest in education, manage risk, and absorb financial shocks.<sup>1</sup> Access to accounts and to savings and payment mechanisms increases savings, empowers women, and boosts productive investment and consumption. Access to credit also has positive effects on consumption—as well as on employment status and income and on some aspects of mental health and outlook. The case of financial inclusion in India is not that appealing. People are not into the banking system and they are financially exclusive.

### Extent of Financial Exclusion in India

- (a) According to World Bank's Global Financial Inclusion Survey (2012), only 35% of adults in India had access to a formal bank account and only 8% borrowed from institutional and formal sources.
- (b) As per Census 2011, only 58.7% of households are availing banking services in the country. However, as compared with previous Census 2001, availing of banking services increased

significantly largely on account of increase in banking services in rural areas.

- (c) According to the World Bank 'Financial Access Survey' Results, in our country, financial exclusion measured in terms of bank branch density, ATM density, bank credit to GDP and bank deposits to GDP is quite low as compared with most of developing countries in the world.
- (d) The Economic Census 2005 revealed that the massive Small and Medium Enterprises (SME) sector, which provides 90 per cent of non-farming employment, could access only 4 per cent of institutionalized finance, leaving the rest to usurious money lenders. Banks in India almost monopolize national cash savings. The significance of this sector lies in the fact that about two-third unit in SME sector are owned and operated by the disadvantaged section of the population, like SCs, STs, and OBCs.

- (e) Agriculture not only plays the central role for achieving high growth but also inclusive growth for the economy as a whole (generates about 20 per cent of India's GDP and provides employment to nearly two-third of its population). However, a very large segment of agricultural sector is starved of formal credit, forcing the farmers to borrow from the informal moneylenders at usurious interest rates. This sets a cycle of indebtedness.
- (f) At present, only about 5% of India's 6 lakh villages have bank branches. There are 296 under-banked districts in states with below-par banking services.

#### Some of the Government's scheme to bring the unbanked into banked stream

For making all the pillars strong and for bringing the inclusivity of banking into the citizen's life rather making the unbanked banked the current government has brought many steps towards this like

- i) PMJDY- Prime Minister Jan DhanYojana
- ii) Mahila bank.
- iii) Payment Bank
- iv) Fund for MSMEs e.g. MUDRA
- v) APY- Atal pension yojana
- vi) PMJJBY-Pradhan Mantri Jeevan Jyoti Bima Yojana

But as per success of these initiatives are concerned they are not very successful because the main concern is financial illiteracy.

This paper aims at finding out the extent of literacy among the people. A survey of the people of Ghaziabad was conducted.

#### Research Methodology

It is primary data base. Survey method is used. Sample size is 50. Area covered is Ghaziabad. Random sampling method was chosen.

#### Data Analysis

##### Ques-1 It is important to have a bank account?

- a) Strongly agree b) Agree c) Neutral d) Disagree e) Strongly disagree

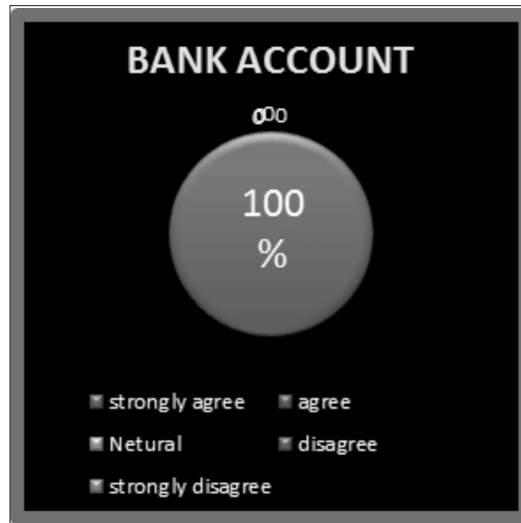


Fig: 1 Bank account

#### INTERPRETATION

In first question I pick all those people who have a bank account to proceeds' question.

##### Ques-2 The personal banking services products are of great use?

- a) Strongly agree b) Agree c) Neutral d) Disagree e) Strongly disagree

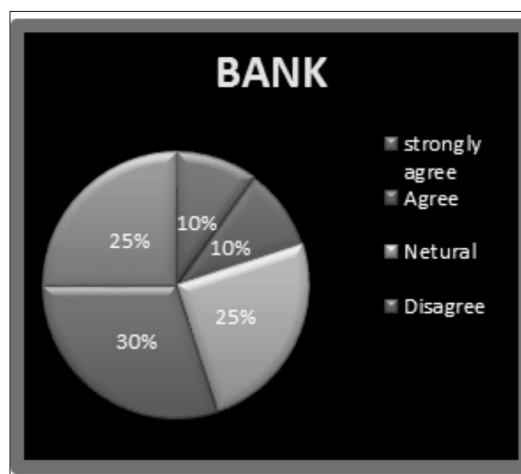


Fig: 2 banking services products

#### INTERPRETATION

There are different reasons of not use banking product by the respondents. Main reason for not use is lack of knowledge about the banking products. From survey we can find that 30% respondents are not use banking products because of insufficient knowledge about working of products. About 25% respondents are not use of banking products because of their less interest toward banking products. 25% accepted they use banking products because they aware all banking products.

##### Ques-3 Common people have the knowledge of all innovations in the banking?

- a) Strongly agree b) Agree c) Neutral d) Disagree e) Strongly disagree

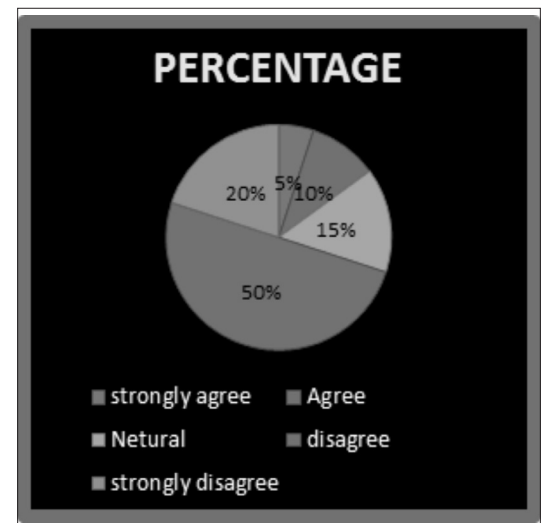


Fig: 3 Knowledge of all innovations

#### INTERPRETATION

According to survey 63% people accepts they have no knowledge of banking products due to different region, 19% people disagree on this basic I can say that Bank should more focus advertisement of Bank innovation.

##### Ques-4 Frequency of the use of online banking service is 4-5 in a week?

- a) Strongly agree b) Agree c) Neutral d) Disagree e) Strongly disagree



**Fig: 4 Use of online banking service**

#### INTERPRETATION

According to survey 30% people totally disagree with statement they use not online banking more, 30% people also disagree to use less than 30%. so we can say this people has lack of knowledge due to various region.

#### Ques-5 Many problems are faced by the users of online banking.

- a) Strongly agree b) Agree c) Neutral d) Disagree e) Strongly disagree



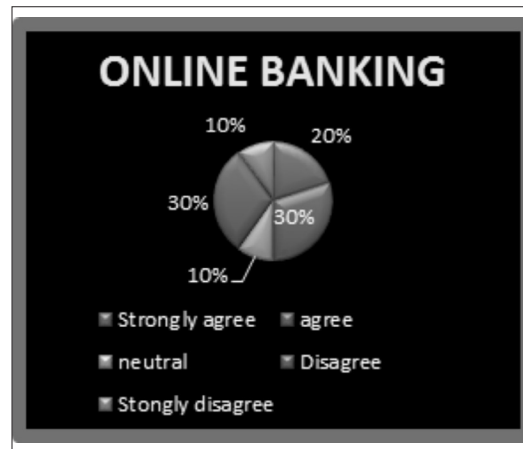
**Fig: 5 problem faced by the users of online banking**

#### INTERPRETATION

According to survey 40% people agree they face so many problem while use online banking, 30% people also agree with this statement, on 5% people agree they face no problem on above statement I can say people are not user friendly with online banking

#### Ques-6 Online banking is user friendly.

- a) Strongly agree b) Agree c) Neutral d) Disagree e) Strongly disagree



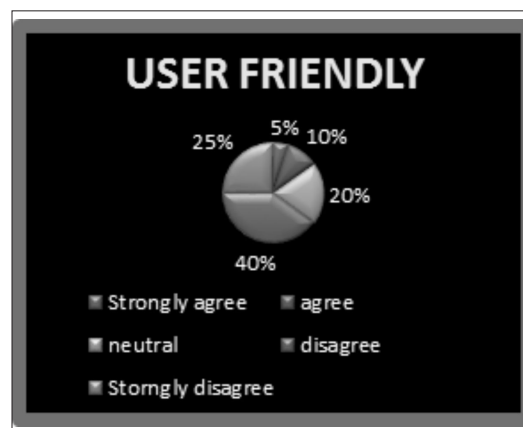
**Fig: 6 Online banking is user friendly**

#### INTERPRETATION

IN this question people accept they have lack of knowledge of net banking, they are afraid due to various reason that why people avoid online banking.

#### Ques-7 People are familiar with online banking?

- a) Strongly agree b) Agree c) Neutral d) Disagree e) Strongly disagree



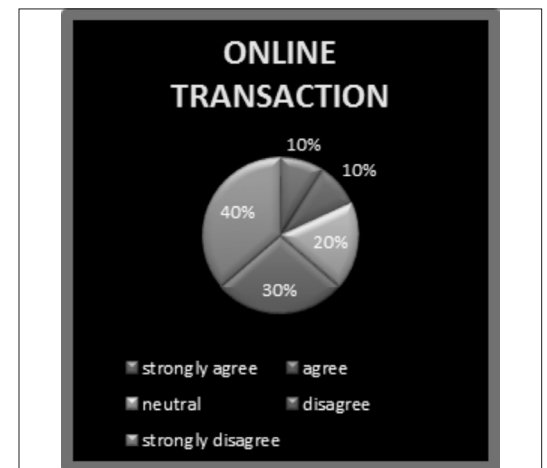
**Fig: 7 familiar with online banking**

#### INTERPRETATION

According to answer 40% people disagree he has not friendly with online banking due to various reason like frauds case, difficult to operate, must have net connection, they prefer spot banking.

#### Ques-8 Do people make transaction through online banking?

- a) Strongly agree b) Agree c) Neutral d) Disagree e) Strongly disagree



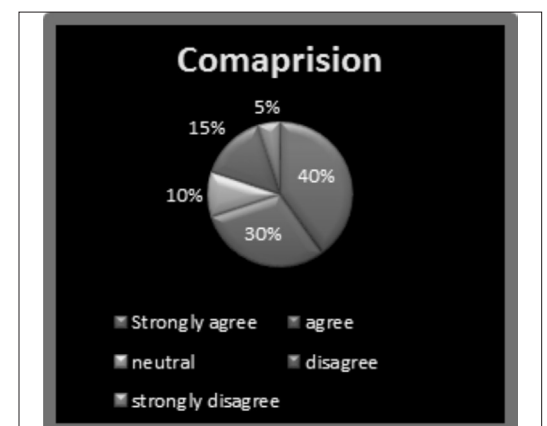
**Fig: 8 Transactions through online banking**

#### INTERPRETATION

In this question I ask people how many time they use online banking for transaction, 40% totally denied they never use online for transaction, 30% people know the online transaction but not use. On the following basic I can say this people prefer bank branch compare to online banking.

#### Ques-9 People make more use of branch facilities compare to online banking?

- a) Strongly agree b) Agree c) Neutral d) Disagree e) Strongly disagree



**Fig: 9 Branch facilities compare to online banking**

## INTERPRETATION

According to survey people prefer branch banking compare to onlinebanking, 40% people agree they uses branch facilities always,30% people most time use branch banking, so we clearly say this people use more branch banking compare so online banking.

## Conclusion

After the survey it was found that the people are actually illiterate as far as the banking knowledge is concerned. Some people who were surveyed were not having formal degrees but it was for the surprise of the surveyor that the people who were having

the formal degrees did also not know about the banking products. It is suggested that the financial literacy is of utmost importance before thinking of the complete financial inclusion and digitalization process.

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