CHAPTER 1

INTRODUCTION AND DESIGN OF THE STUDY

1.1 INTRODUCTION

Inclusive economic growth is one of the important focuses of the Government of India (GOI) over the past years. It is widely accepted that inclusive growth can be reached only through a well-developed financial system that brings poor, low income and the financially excluded people within the fold of inclusive segment. Even though there are significant steps taken to improve the financial feasibility, and profitability, still there is a great need pertained to a larger division of the population, particularly the under privileged people are financially excluded. The main intention of financial inclusion is to provide basic banking services to all the sections of the society in India at an affordable cost. The Reserve Bank of India’s (RBI) broad approach to financial inclusion aims at 'connecting people' with the banking system not just through credit dispensation but a range of services including savings through Basic savings bank deposit account (BSBDA), access to payment systems and insurance etc. Above all, financial inclusion as a policy initiative has become a viable business model and opportunity.

Accessibility of financial services for the low income and the deprived people is very much essential for attaining the goal of financial inclusion. Similarly access of basic banking services to the small entrepreneurs can boost the Gross Domestic Product (GDP) of the Indian economy. Many of the researchers in the past have concluded that the people who are not part of the formal financial system are socially excluded and lead to poverty. United Kingdom, one of the developed
nations has emphasized the need of financial inclusion for the growth of the economy (Kempson, 2006).

“Financial Inclusion is defined as providing the basic banking services and products to the weak and defenseless group of population at a reasonable cost”. (Rangarajan, 2008). In this regard, the Reserve Bank of India (RBI) in its annual policy statement for the year 2005-06, has emphasized the need of financial inclusion, as large section of the population are out of the purview of formal financial system. Thus RBI had initiated a basic banking account known as “No frill account” where it requires a zero or less minimum balance in the bank account. Thereby it attracts a larger population in the rural area to access the basic banking services.

In order to increase the frequency of transaction in “No frill account”, RBI has suggested, all the banks to afford a small dose of Over Draft (OD) in bank account as this will entice them to effectively use the bank account. In 2012-13, monetary policy statement of RBI, it was proclaimed that all the existing “No frill account” should be changed to ‘Basic Savings Bank Deposit Account’ (BSBDA) for avoiding various nomenclature of the bank account. Thus this study attempts to explore the awareness of Basic Savings Bank Deposit Account, transactional usage behavior, and analyze the major determinants influencing the customers in effective Utilization of the bank account.

1.2 STATEMENT OF THE PROBLEM

Even though there is a widespread enlargement of banking sector in the past years, a large section of the people especially the low income and disadvantaged people who are dwelling in the rural areas are not included in the formal financial system. In order to address this issue, the Reserve bank of India had
initiated the concept of financial inclusion which targeted at providing financial services at a reasonable cost to the downtrodden and poor people in the society who are financially excluded. Despite the fast growth of banking industry during the post liberalization, the banking service has yet to reach the low income and the poor people.

The outreach of financial services to an area is referred as breadth of financial services. Even though financial inclusion signifies a various range of financial services, the real measure of breadth of financial services indicates the number of people who really have linked to the banking system (Beck and De la Torre, 2006).

Access of banking services does not refer to opening a bank account alone, as providing a banking product or services without adequate training and promotion will end only in added cost and not benefitting to the rural community (Minakshi Ramji, 2009). Accessibility can be defined if a person is able to use a formal or semiformal financial services and products in a suitable form and at economical prices (Fernando, 2007). An increase in the accessibility of finance plays a greater role in reducing the disparity and aggregate the revenue of the poor people (Li et al.1998).

Informal sources of finance forms a major source for tribal people for managing their livelihood. These major sources of finance come from friends or relatives although they were using micro financial services (Singh, 2001). Psychological and cultural factors are the main obstacles in accessing the banking services. Many rural households still holds a wrong perception in their mind that banks are meant for sophisticated, cultured and wealthier individuals. This leads to a direct exclusion by banks (Ageba, et al. 2006).
Economic viability and social acceptability are the two pillars for the sustainability of the system. Hence financial inclusion does not end with opening the No frill accounts (Chandrakumar, 2009). Perceived usefulness and comfort of use, from technology acceptance, socio economic factors, trust, are the key determinants in influencing the unbanked population in rural area to use mobile banking services for savings and loan (Peter Tobbin, 2012).

Many of the households in the rural area do have some savings in their bank account when compared to the past ten years ago. Recent initiatives by RBI had a big impact on financial inclusion of rural household people (Doug Johnson and Meka, 2010). No frill accounts are just the beginning of financial inclusion. There should be many more efforts to improve the literacy of the rural people (Anurag rai and Amrita Saha, 2010).

Therefore, the biggest challenge faced by the banking sector and the Reserve bank of India was to target the excluded people of formal financial system and to bring them within the inclusive segment. Further bank customers open their bank account and they don’t use their account frequently or seldom use their bank account. Thus the question of “dormancy” usually troubles the service providers in many parts of the world, however India reports unusually high in such troubles. Consequently the minimal account activity and dormancy of bank account affects the mission of financial inclusion in a longer term perspective.

It is in this context, the researcher has made an attempt to analyze the major determinants influencing the Basic Savings Bank Deposit Account holders in effective Utilization of the bank account. Hence, this study has been undertaken.
1.3 NEED OF THE STUDY

Access to bank account will enable an individual from a poor household to perform better financial functions such as increase savings from his income, accessing credit, insurance, pensions, making loan or premium payment through the availability of bank account (Mohan, 2006). The barriers have become big both on the demand side and supply side. Demand side barriers are illiteracy, and unwillingness, whereas supply side barriers are difficult procedures, unsuitable products, and staff attitude which make the barriers a little wider (Thorat, 2007 and Agrawal, 2008).

Average time taken to issue a loan is as high as 33 weeks in commercial banks. Such time consuming process and hectic procedures make it challenging for rural people to depend on formal banking system (Basu 2005, 2006). Even though the poor people require flexible financial products and services, bank savings account requires high minimum balances which act as a barrier in opening a bank account (Peachey and Roe, 2006).

The success of the financial inclusion should be measured not only by opening the account, but actually through the real usage and operation of the opened No frill accounts. Therefore the first step to achieve 100 percent financial inclusion is by creating awareness of the drive, and providing financial literacy among people (Suresh Bihari, 2011).

In Indian context, the inclusive banking system will lead to the overall growth and better development of the economy. Thus the results of the present study, which focuses on exploring the determinants, that influence the bank customers of Basic savings bank deposit account for effective utilization of bank account, will help decision makers and government authorities for a better inclusive
banking system and growth. Hence the present study undertaken has assumes greater significance.

1.4 SCOPE OF THE STUDY

The study attempts to explore the reasons for opening a BSBDA, transactional usage behavior, and analyzes the major determinants influencing the customers in effective Utilization of the bank account. Scope of the study is limited to public sector banks which are spread in 12 blocks in Coimbatore district. The study embraces only the Basic savings bank deposit account holders, their awareness on banking products, with the identification of the problems perceived by them. The study was undertaken from November 2012 to April 2016. The study excludes, the account opened through ‘Pradhan Mantri JandhanYojana’(PMJDY), post demonetization effect on BSBDA, and other types of bank like regional rural banks and nonscheduled banks.

1.5 OBJECTIVES OF THE STUDY

Based on the statement of the problem and the research gap identified, the following research objectives for the study have been framed.

1) To study the awareness of Basic Savings Bank Deposit Account (BSBDA), its facilities, products, usage and banking services among the rural customers in Coimbatore district;

2) To analyze the transactional usage behavior among rural customers of Basic Savings Bank Deposit Account (BSBDA);

3) To validate a strategic model on Utilization of Basic Savings Bank Deposit Account (BSBDA);
4) To assess the impact of factors influencing on Utilization of Basic Savings Bank Deposit Account (BSBDA);

5) To examine the impact of selected demographic variables on each of the overall usage of bank account dimensions;

6) To identify the problems perceived by the customers while operating their bank account.

1.6 HYPOTHESIS OF THE STUDY

To substantiate the objectives of the study developed, the following hypotheses are framed and tested using appropriate statistical tools.

- H1: There is a significant impact of Literacy and Promotions, Bank Services, Bank Facilities, Savings and Borrowings on Satisfaction.
- H2: There is a significant impact of Satisfaction on Overall Usage of bank account
- H3: There is a significant difference in perception of Age group with respect to factors on Utilization of bank account
- H4: There is a significant difference in perception of Marital status with respect to factors on Overall usage of bank account
- H5: There is a significant difference in perception of Monthly income with respect to factors on Overall usage of bank account
- H6: There is a significant difference in perception of Occupation with respect to factors on Overall usage of bank account
- H7: There is a significant difference between Gender with respect to factors on Overall usage of bank account
1.7 RESEARCH GAP

Several studies have been carried out on measurement of financial inclusion by many researchers in India and abroad. However, only a limited study has focused on RBI’s financial inclusion scheme of ‘Basic savings bank deposit account’. From the thorough review of literature, the researcher has identified the following gaps such as:

Usage of financial services by the households should be determined by access to bank account (Littlefield et al, 2006). Accessibility can be defined if a person is able to use a formal or semiformal financial services and products in a suitable form and at economical prices (Fernando, 2007). When compared with the developing countries the accessibility of the financial services by the households have reached only 20 percent of the population (Peachy and Roe, 2004).

Only 15 percent of the account holders of the No frill account were found to be using the bank account, and the majority of the account holders haven’t operated their account, even after a year of bank account opening (Thyagarajan and Venkatesan, 2008).

Many of the banks are using various technologies in catering banking services to the rural area, but many of the customers are not aware of the entire financial products offered by the banks (Tamilarasu, 2014). Employee behavior of the banking staff towards its customers was very important in increasing the quality of banking services. Reliability and Innovation are the other factors in impacting the service quality on customer satisfaction (Esmailpouri et al., 2012).

The determinants that influence the bank customers include convenience of the customer, cost factor, facility rendered to customers, and other general factors. Banks are lagging behind due to the modern customized products like Real Time
Gross Scheme (RTGS), mobile banking and internet banking services which are very poor (Shiralshetti and Bagewadi, 2011). The success of financial inclusion is not determined either by the number of bank account, or being non-operative, but it is based on quality usage of opened account and frequent transactions (Suresh Chandra, 2011). Thus the research has been built upon all the research gaps mentioned above and with a detailed investigation and validating a model has been performed to find the effectiveness on Utilization of Basic Savings Bank Deposit Account (BSBDA), in Coimbatore district.

1.8 CONCEPTUAL FRAMEWORK OF THE STUDY

Based on the research gap in the existing literature, the research model of the study was developed to validate the model on Utilization of Basic Savings Bank Deposit Account (BSBDA) which is elucidated in the figure 1.1

![Figure 1.1 Conceptual Model of the Study](image-url)

(Source: Developed by the Researcher)
1.9 RESEARCH METHODOLOGY

The selected area of study relates to empirical type of research, which quantifies the behavior of rural customers in operating the BSBDA with the help of hypothesis. The sample is collected by undergoing in-depth interview schedule and is measured statistically.

A conceptual model related to the study is developed and various variables that are selected for the study are also measured by using related statistical tools and techniques. A structured Interview schedule is designed in order to obtain feedback on facts, figures, opinions, experiences and judgment among rural customers of BSBDA and to fulfill the objectives of the research study.

The Interview schedules are constructed and distributed among 100 BSBDA customers of the banks. The data collected during the pilot study has undergone for reliability test using Cronbach’s Coefficient alpha (α) to determine the internal consistency of items used in the study. Primary data sources are used to collect the data from the customers of BSBDA in various banks at Coimbatore district.

The secondary data are collected from the Lead bank office at Coimbatore, in order to know the various blocks, branches and customer details in Coimbatore district. The latest information’s are collected from various websites like well-equipped libraries in institutions and other leading journals like Emerald, Ebsco and research bulletins.

A number of standard text books are also referred to obtain information about financial inclusion.
1.10 SAMPLING DESIGN

1.10.1 Population

A well-defined target population is very important for the selection of sample and for the correct findings. Thus the selection of sample for the study includes the customers of Basic savings bank deposit account (BSBDA) from 12 Administrative blocks namely Karamadai, Sulur, Periyanaickanpalayam, Sultanpet, SSkulam, Madukarai, Pollachi (South), Kinathukadavu, Annur, Pollachi (North), Anamalai, and Thondamuthur of Coimbatore district respectively. Sample of male and female customers across all age groups and marital status are also included in the study.

1.10.2 Sample Size

In order to determine the sample size, the researcher has adopted ‘sample size method based on proportion’. Therefore the formula used for calculating the sample size for the study is,

\[ n = \frac{NZ^2p(1-p)}{Nd^2 + Z^2 p(1-p)} \]  

(1.1)

Where \( n \) is the size of sample, and \( N \) is the population size

\( Z \) is the value of standard normal variate at a given confidence level. The confidence level deployed in the study is at 95% and presumed to be a normal distribution. Hence its corresponding table value under normal curve is 1.96.

‘d’ is the margin of error that can be tolerated, where ± 0.04 is the margin of error that are used for the current study. ‘p’ is the assumed proportionate distribution of
the sample. i.e. 0.35 is assumed as proportionate sampling distribution of the study.

Hence the sample size required for the study is

\[
 n = \frac{51323 \times (1.96)^2 \times 0.35(1 - 0.35)}{51323 \times (0.04)^2 + (1.96)^2 \times 0.35(1 - 0.35)}
\]

\[
 = \frac{(44737.232/82.987)}{539.08}
\]

Hence when ‘n’ value is rounded off, 540 respondents are required for the current study. Thus the desired sample size for the study is 540 samples.

1.10.3 Sampling Plan

The sampling plan of the study is explained in the Table 1.1 as follows:

Table 1.1  
Sampling plan of the study

<table>
<thead>
<tr>
<th>S. No</th>
<th>No of Blocks (6/12 Blocks)</th>
<th>No of Banks (12/33 banks)</th>
<th>Total Population Size of Customers</th>
<th>Sample Size of the Selected Population (540/51323 Customers)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Pollachi (South)</td>
<td>Indian Overseas Bank (IOB)</td>
<td>4219</td>
<td>44</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Canara Bank</td>
<td>4827</td>
<td>51</td>
</tr>
<tr>
<td>2</td>
<td>Anamalai</td>
<td>Indian Bank</td>
<td>5295</td>
<td>56</td>
</tr>
<tr>
<td></td>
<td></td>
<td>State Bank of India</td>
<td>2745</td>
<td>29</td>
</tr>
<tr>
<td>3</td>
<td>Kinathukadavu</td>
<td>Bank of Baroda</td>
<td>2834</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Indian Bank</td>
<td>4896</td>
<td>52</td>
</tr>
<tr>
<td>4</td>
<td>Thondamuthur</td>
<td>Corporation Bank</td>
<td>2673</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Indian Overseas Bank (IOB)</td>
<td>7833</td>
<td>82</td>
</tr>
</tbody>
</table>
Thus by knowing the total population size, and total sample size, desired sample size for the selected banks can be calculated by

\[ n_1 = \frac{(N_1/N) \times n}{n} \]

‘\(n_1\)’ is the individual sample size of the banks
‘\(N\)’ is the total population size
‘\(N_1\)’ is the population of the individual banks
‘\(n\)’ is the total sample size of the study

1.10.4 Sampling Framework

The respondents for the study are the Customers of BSBDA in retail banks of Coimbatore district. To select the respondents from the given population, Multi (three) stage Random sampling technique has been employed and arrived at the required sample size for the study using random table numbers.

In Coimbatore district, there are Administrative 12 blocks which are involved in the mission of financial inclusion drive through Basic Savings Bank Deposit Account. Accordingly the sampling framework is done as follows:
Blocks (12) providing BSBDA services in Coimbatore district

Karamadai  
Sulur  
Thondamuthur  
Sultanpet  
Pollachi(S)  
Kinathukadavu  
Annur  
P.N.Palayam  
Madukarai  
Pollachi (N)  
Anamalai  
S.S. Kulam

STAGE 1 - Random selection of 6 Blocks out of 12 (by means of Random Table)

STAGE 2 – Random selection of 2 Banks from selected 6 Blocks (i.e., 12 Banks using Random Table)

STAGE 3 – Random selection of customers from 12 banks selected

Proportionate sample on customers of randomly selected 12 banks

Interview schedule administered among randomly selected customers (540)

Interview schedule discarded due to missing values (160)

Final sample size (380)

Figure 1.2 Sampling Framework

(Source: Developed by the Researcher)
a) **Stage 1:** (Selection of Blocks) Random selection of 6 blocks out of 12 blocks (by means of Random Table)

b) **Stage 2:** (Selection of Banks from the selected blocks) Random selection of 2 banks out of 6 blocks selected in stage 1 i.e. 12 banks by means of Random Table

c) **Stage 3:** (Selection of Customers from the selected banks) Random selection of 540 customers from 12 selected banks as done in stage 2 which has a total population of 51,323 BSBDA customers by means of Random Table.

At the first stage of sampling, 6 blocks namely Pollachi (South), Kinathukadavu, Annur, Pollachi (North), Anamalai, and Thondamuthur were selected. At the second stage, 12 public sector banks are selected from the 6 blocks identified from stage one. In the third stage, by means of proportionate sampling customers from each selected banks are chosen for the study. This process yielded in identification of 540 customers for whom the Interview schedule had been administered. After due editing process the Interview schedule which were incomplete, missing values and want of information numbering, about 160 responses have been discarded. Finally 380 filled in responses resulting in 70.37 percent of response rate are considered and subjected to further analysis of the study.

**1.10.5 Data Collection Period**

The data collection for the study by using Interview schedules are administered over a period of time from July 2015 to April 2016.

**1.10.6 Research Instrument**

A structured Interview schedule is designed in order to obtain feedback on facts, figures, opinions, experiences and judgment among rural customers of BSBDA. The In-depth Interview schedule of the current study is developed and
framed on a multi-item scale to find the customer perception of major determinants influencing the Basic savings bank deposit account holders.

The Interview schedule with five point Likert scale (strongly disagree to strongly agree) is used as an instrument to collect the data from the customers of BSBDA. The research instrument developed is disseminated among few industry experts in banking industry and academic research experts for their evaluation and based on their feedback and comments, the Interview schedule is modified according to the suggestions recommended.

1.10.7 Constructs of the Instrument

The Interview schedule of the research instrument has two parts. The first part of the schedule includes demographic information like Gender, Age, Marital status, Income, Educational qualification, Occupation of the respondents and other details.

The second part of the schedule includes general perception of customers about the Utilization of Basic savings bank deposit account. The table below explains the measurement items of the constructs and sources of the study:

<table>
<thead>
<tr>
<th>Items of the constructs and Source</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Measurement items</strong></td>
</tr>
<tr>
<td>Literacy and Promotions</td>
</tr>
<tr>
<td>Newspaper promotion of BSBDA is very useful</td>
</tr>
<tr>
<td>Television/Radio promotion helped to know about BSBDA</td>
</tr>
<tr>
<td>Financial counseling provided by bank is useful to operate this account</td>
</tr>
</tbody>
</table>
Credit Counseling Centre located in my area is helpful
Advise on money investment is useful
Promotions helped me to be aware of banking facilities

<table>
<thead>
<tr>
<th>Savings and Borrowings</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am able to access bank loan easily through this account</td>
</tr>
<tr>
<td>Repayment process for the loan is simple</td>
</tr>
<tr>
<td>My savings account is safe and secure</td>
</tr>
<tr>
<td>I am able to make small savings effectively in this account</td>
</tr>
<tr>
<td>I am able to operate the savings account independently</td>
</tr>
<tr>
<td>I am satisfied with the bank assistance for my borrowing</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Bank Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Door step banking service by of Business Correspondent (BC) is very effective in operating the accounts</td>
</tr>
<tr>
<td>I am satisfied with the frequent visits of BC in my area</td>
</tr>
<tr>
<td>Bank staff assistance in opening the account is satisfactory</td>
</tr>
<tr>
<td>Bank employee help in resolving customer problems effectively</td>
</tr>
<tr>
<td>Bank employee help in handling any transactions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Bank Facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure facility of my bank branch is good</td>
</tr>
<tr>
<td>Small denominations of deposit and withdrawal is useful</td>
</tr>
<tr>
<td>I regularly use the ATM or Debit card facility provided in this account</td>
</tr>
<tr>
<td>I am getting timely bank statement from my bank</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burgess, Robin &amp; Pande (2005); Dupas &amp; Robinson (2009); Sania Mahmood (2011)</td>
</tr>
<tr>
<td>Beck &amp; De la Torre, (2006); Mandira Sarma (2008); Haseen Shaik (2015); Krishna &amp; Vijaya Kumar (2013)</td>
</tr>
<tr>
<td>Gudipati (2014); Sirisha and Maldari (2011)</td>
</tr>
</tbody>
</table>
I am satisfied with the minimum balance facility of BSBDA
I am satisfied with the simple account opening procedure
The transaction time for operating the account is satisfactory
I am satisfied with the number of transaction limit to operate the account
Borrowing interest rate of the bank is satisfactory
Government benefits received through this account is satisfactory
I am satisfied with the services provided by BC

**Overall Usage of bank account**

My savings in this account has helped to meet my expenses easily
Borrowings in this account have improved my livelihood
BSBDA have improved my standard of living
I am satisfied with overall utilization of BSBDA in my bank

| Kaboli, Fathi & Azizi (2003); Mahalakshmi and Saravanaraj (2011); Shiralshetti and Bagewadi (2011) |

**1.10.8 Pilot Study**

As part of the research work and to strengthen the research instrument, the researcher had attempted a pilot study in selected blocks, viz., Thondamuthur block, and Annur block with a focus to find the reliability of the instrument. The Interview schedules are distributed among 100 BSBDA customers of the banks.

The data collected during the pilot study has undergone a reliability test using Cronbach’s Coefficient alpha (α) to determine the internal consistency of items.
used in the study. Psychometric checks are performed and all test results are significant which denote that the Interview schedule can be used further.

Thereby based on the experience gained in the pilot study, the Interview schedule is edited and reframed with appropriate changes. Thus, the outcome of the pilot study has helped the researcher to revisit the Interview schedule for further use in the research.

1.10.9 Data Collection Methods

Out of three common methods of data collection, the researcher has preferred In-depth Interview schedule as it helps the researcher to dig out the complex issues. Through Interview schedule, 540 respondents have been collected in this study and 380 responses are processed for data collection.

The study emphasize mainly on customers to give their personal interview in order to get more relevant and accurate information to meet the research objective.

1.10.10 Psychometric Checks

a) Validity and Reliability

Validity and reliability have been used to measure the In depth Interview schedule for avoiding bias in the study and for reducing the error.

In terms of customer—research, some of the validity tools like Criterion-related validity, Content validity, and Construct validity are very important to validate the research undertaken (Kerlinger, 1986). Accordingly the content validity and construct validity has been deployed in the study.
b) Reliability Testing

Reliability in a research refers to stability, accuracy and dependability of data (Burns et al., 2000). Hence, reliability testing is done in this study to verify the data collected, to check the data consistency and also to produce meaningful results.

The data collected has undertaken reliability test using Cronbach’s Coefficient alpha (α) to determine the internal consistency of items used in the study. Accordingly, the reliability coefficients of the factors used in the study pertained is found to be higher than the threshold level of 0.70 (Nunnally, 2010).

1.10.11 Operational Definitions

Business Correspondent

An individual who is approved to collect small ticket deposits, make payments and extend small credit on behalf of the banks.

Business Facilitator

An individual or organization such as NGOs or Farmers' Clubs, cooperatives, community based organizations; IT enabled rural outlets of corporate entities, who act as an intermediary for facilitating the banking operation which includes identifying borrowers, preliminary processing of loan activities, background verification of the documents etc.

Bank Promotions

It refers to the set of marketing activities undertaken to boost the sales of banking product or service.
Bank Services

Any assistance provided by bank to customer such as functioning accounts, Cheque processing, making transfers, paying standing orders etc.

Bank Facilities

It refers to all physical and non-physical facilities provided by the bank to customer for accessing the money easily.

Borrowings

The act of taking money from a bank and paying it back within a particular period of time.

Basic Savings Bank Deposit Account

It is earlier known as ‘No frill account’. A basic savings bank account provides a basic banking facilities for the poor people without the requirement of any minimum balance and further no charge will be levied for non-operation of banking account.

Customer Satisfaction

It means customer’s overall evaluation of banking service experience.

Financial Literacy

It refers to the skills and knowledge of a person required to operate their bank account effectively.

Frequency of Transactions

Number of times a customer makes transaction in his or her account
Household

It comprises of members who are related by blood, marriage, or adoption, living in the same house, cooking in common kitchen and dining together.

Low Income Households

Ministry of Housing and Poverty alleviation and National Sample Survey Organization (NSSO, 2011) define low income households as households having annual income between Rs. 1,00,000 to Rs.2,00,000 or having monthly income between Rs.5001 and Rs. 10,000 per month.

Overall Usage

It refers to all the factors like Bank Savings, Borrowings, Bank Services, Bank Facilities, Literacy, Promotions, and Satisfaction that aid in whole or full usage of bank account.

Rural Customer

Under this study rural bank customer are one who are holding BSBDA and who lives in village having population less than 5,000, where density of population with less than 400 sq.km

Savings

It refers to the money one who has saved, especially through a bank

Transactions

Activity affecting a bank account and done by the bank customer at his or her request like depositing, remittance, and credit etc.

Utilization of Bank Account

It explains the overall usage of the bank account by the customers
1.11 FRAMEWORK OF ANALYSIS

The Interview schedule which is used for research instrument of the study is coded before entering the raw data for analysis. Appropriate statistical tools that are used in the study are Independent sample t-test, One way ANOVA, Exploratory Factor Analysis (EFA), Confirmatory Factor Analysis (CFA) and Structural Equation Modeling (SEM) were used to measure the objectives of the study. CFA has been deployed to purify the scale developed for the measurement of Utilization of bank account.

Independent sample t-test and one way ANOVA are used to find out the difference in perception of Utilization of bank account in terms of demographic profiles. Structural Equation Modeling is used for identifying the relationship among the constructs i.e. Savings and borrowings, Literacy and Promotions, Bank Services, Bank Facilities, Satisfaction and Overall Usage of bank account and testing the hypothesis developed.

Brief explanations of the various statistical techniques that are deployed in the study are described as below:

1.11.1 One way Anova

In one way ANOVA, the dependent variable of the study is denoted by Y and the independent variable is denoted by X. X is a categorical variable having multiple categories.

In this study, one way analysis of variance is used to find out the customer perception difference, if any, on Utilization of bank account dimensions, based on their Age, Marital status, Monthly Income, and Occupation of the account holders.
1.11.2 Independent Sample 't' Test

The independent sample 't' test is used to compare the means of two unrelated groups on the same continuous and dependent variable. It helps to find if there is any statistically significant difference between the means in two unrelated groups.

1.11.3 Exploratory Factor Analysis (EFA)

In EFA, all the variables that are required for the study are analyzed together to extract the underlined factors. It is a method widely used to reduce a large number of variables that are taken in the study to a few manageable factors. Thereby this method eases the problem of data complexity. Thus a large number of variables in this study are grouped into manageable factors like Savings and Borrowings, Literacy and Promotions, Bank Services, and Satisfaction on Overall Usage of bank account.

1.11.4 Measurement Model (Confirmatory Factor Analysis)

Hair et al. (2006) has opined that Confirmatory Factor Analysis (CFA) represents how well the measured variables represent a smaller number of constructs. Narkundkar, 2008 stated that CFA is similar to EFA in some respects, but philosophically it is entirely different. CFA is used for the purpose of purification of Utilization of bank account dimensions developed for the present study.

The CFA is performed by using software such as LISREL or AMOS and is largely used by researchers for a scale construction process. The reason for using CFA is that given a set of variables, (say thirty two items in the present study for six dimensions of Savings and Borrowings, Literacy and Promotions, Bank Services, Bank Facilities, and Satisfaction on Overall Usage of bank account) the model
endeavors to confirm the identified factors. One of the important benefits of using CFA is that it excludes the measurement errors in relating variables to the factors and the results obtained from CFA are trustworthy.

1.11.5 Structural Equation Modeling (SEM)

The present study tries to identify the relationship existing among the constructs such as Savings and Borrowings, Literacy and Promotions, Bank Services, and Satisfaction on Overall Usage of bank account. Three major aspects involved in this analysis are:

a) The variables of the study that are related to each of the constructs are to be confirmed along with the variance or relevance with their respective constructs or latent factors. Thus Confirmatory factor analysis has to be applied.

b) The effect of Savings and Borrowings on Customer Satisfaction and Customer Satisfaction on Overall Usage of bank account has to be studied. SEM is considered important in analyzing the relationship among the constructs as it is a combination of Factor analysis, Regression analysis and Path analysis (Hair et al. 2006). Thus the constructs can be considered as both dependent and independent variables in the model (In this case Customer Satisfaction is a dependent variable while it is independent to Overall Usage of bank account.

c) SEM provides the statistical indices that are required for checking the fit of the model.

In this current study, a sincere endeavor is made by the researcher to explain the Utilization of bank account with Customer Satisfaction, Savings and Borrowings, Literacy and Promotions, Bank Services, Bank Facilities experienced by BSBDA customers in Coimbatore district through the application of SEM.
1.11.6 Limitations of the Study

The Limitations of the study are

- The Interview schedule was prepared in a local language-Tamil in order to administer the schedule among the rural customers. During the process the researcher encountered difficulty in translating the original language to local language-Tamil. Thus there was a language barrier that is faced while administering the Interview process.

- Making the rural customer to exactly understand the purpose of the Interview schedule and to collect the data become difficult as some of the customers faced difficulty while answering the interview schedule.

- Accessing the rural customers of BSBDA is a challenging task, due to the wide coverage of visiting many villages and non-availability of

- Non-availability as the research has been made with a Further most of the customers are reluctant and are non-cooperative due to which many details of their bank account couldn’t be collected which is also a significant limitation for the study.

1.12. DEPOSITION OF THE THESIS

This thesis is organized in to seven chapters as follows:

**Chapter I: Introduction and Design of the study**

Chapter 1 explains the Introduction of the study, Statement of the problem, Need of the study, Objectives, Research methodology, and the Instruments used for Data collection, Framework of data analysis and Limitations of the study.
Chapter II: Review of Literature

A review of previous studies on financial inclusion, its recent trends, progress, approaches, and range of services which includes Basic savings bank deposit account, customer satisfaction, and access to banking services are included.

Chapter III: Conceptual Background of Financial Inclusion and Research Model Framework

Conceptual background of financial inclusion includes the origin of banking, structure of banking structure, overview and background of financial inclusion, problems, and the factors that are affecting the access to financial services. Research model framework includes the determinants such as Customer Satisfaction, Savings and Borrowings, Literacy and Promotions, Bank Services, Bank Facilities that influence the overall usage of bank account.

Chapter IV: Demographics and Antecedents of BSBDA among Rural Customers

Chapter IV analyzes the demographic profile of the respondents like Age, Gender, Occupation, Marital status, Monthly income, Education of the respondents by giving a clear background and characteristics of the respondents and also explains the present status of Basic savings bank deposit account holders in Coimbatore district.

Chapter V: Determinants Influencing Utilization of BSBDA among Rural Customers

This chapter reveals through factor analysis that the 32 variables are taken for the study and six predominant factors are extracted by the researcher. The researcher used CFA to prove the model proposed with the theory and confirm the factor extracted from the exploratory factor analysis. SEM model is used to explain the Utilization of bank account with Customer Satisfaction, Savings and Borrowings,
Literacy and Promotions, Bank Services, Bank Facilities experienced by BSBDA customers in Coimbatore district.

**Chapter VI: Problems Perceived by Rural Customers While Operating the Bank Account**

This chapter analyzes the most important problems faced by the customers while operating their bank account. Problem statements were developed and Henry Garret ranking method is applied.

**Chapter VII: Summary of Findings, Suggestions and Conclusions**

An research summary of the work done and the important findings of the study are presented, some suggestions are recommended, conclusion is drawn and the impact of all the predictors in affecting the Utilization of the bank account are also presented in this chapter.

**Appendices**

**References**

**List of Publications**

**Curriculum Vitae**