CHAPTER 7

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSIONS

7.1 INTRODUCTION

This chapter delivers a summary of findings that are made in the study and provides appropriate suggestions and recommendations that can be adopted in the future. The current study was designed at measuring the Utilization of Basic savings bank deposit account among the factors such as Savings and Borrowings, Literacy and Promotions, Bank Services, Bank Facilities and Satisfaction and Overall Usage of bank account.

This chapter gives a summary of the result of the based on the statistical tools used such as Descriptive statistics, Factor analysis, Exploratory factor analysis, Confirmatory factor analysis, Structural Equation Modeling (SEM), One way ANOVA, Independent Sample ‘t’ test, and Henry Garrett ranking, deployed in the study for analysis. Based on the analysis, results and discussions were made methodically and well presented in this chapter.

7.2 SUMMARY OF OBJECTIVES AND ANALYSIS

The selected area of study relates to qualitative and empirical type of research, which quantifies the behavior of rural customers in operating the BSBDA with the help of hypothesis. The sample was collected by using In depth Interview schedule and measured statistically. In this chapter, an attempt was made to reiterate
the key findings and conclusions. Based on these findings, a few suggestions have been made.

The first and second objective of the study was accomplished by means of interview schedule collected from the respondents of BSBDA to identify the awareness and usage on Bank Facilities, Bank Services, and transactional usage behavior among the rural customers of BSBDA.

The third objective of the study is to validate a strategic model on Utilization of Basic Savings Bank Deposit Account (BSBDA).

The fourth objective set was to assess the impact of identified dimensions namely Savings and Borrowings, Literacy and Promotions, Bank Services, Bank Facilities and Satisfaction on Overall Usage of bank account. It has been done by establishing a proposed model on Utilization of BSBDA through the deployment of advanced statistical tools like Exploratory Factor Analysis, Confirmatory Factor Analysis and Structural Equation Modeling.

The fifth objective of the study is used to analyze the customer perception difference, if any, on Utilization of bank account dimensions, based on their Gender, Age, Marital status, Monthly Income, and Occupation of the customers was accomplished by applying One way analysis of variance (ANOVA) and Independent sample ‘t’ test.

The sixth objective of the study is used to identify the problems perceived by the customers while operating their Basic Savings Bank Deposit Account and is determined by applying Henry Garrett ranking method.
7.3 FINDINGS

The findings of the present study are summarized as below:

▪ **Objectives and Frequency of Savings**

  Frequency of the savings of the rural customers of BSBDA indicates that nearly half of the percent i.e. 48.2 percent save money occasionally or sometimes, 17.9 percent do monthly savings and 21.3 percent save whenever they had money. It shows that much has to be educated about the need of savings to the rural customers. In order to understand the main reason for savings it is found that BSBDA customers do their savings to manage expenditure (38.4 percent), followed by emergency purpose (16.3 percent), and children’s education (12.6 percent) respectively. Least savings is done to repay loan (3.7 percent).

▪ **Objectives for Account Opening**

  In order to understand the main reason for account opening, it is found that BSBDA customers open bank account for savings (36.1 percent); followed by government benefit (21.6 percent), easy account opening procedure (15.6 percent), and 100 days of employment (12.6 percent) respectively. The least reason for account opening is for loan purpose (2.1 percent).

▪ **Frequency of Transactions**

  Frequency of transactions made by the customers of BSBDA shows that the majority of the customers do transactions only once in a month (50.5 percent), which shows poor utilization of the bank account. Nearly (26.3 percent) do transactions in their bank account whenever they receive government benefits. Consequently the next major reason for operating the bank account was only to
receive or to withdraw the government benefits, which is a major concern. Only (12.6 percent) of the customers do weekly transactions in their bank account.

- **Bank Facilities**

  From the results obtained for Usage and Unusage of bank facilities among the rural customers of BSBDA, it explains majority of the bank facilities are not used among the customers. Overdraft, Life insurance, Cheque book, Loan and Accidental Insurance shows significant percentage of ‘Unused’ bank facilities. Hence banks should take more steps to ensure all the banking facilities have reached even to the last mile, by creating more awareness about the several facilities delivered by the bank to the BSBDA customers.

- **Bank Services**

  The awareness of banking services among rural customers indicates majority of the bank services provided are highly “un aware” among the customers of BSBDA. Maximum credit, Minimum balance limit, Maximum withdrawal, Maximum balance limit, ATM usage procedure are some of the banking services seldom known and used by the customers of BSBDA.

- **Extraction of Factors**

  In order to identify the determinants influencing Overall usage of Basic savings bank deposit account (BSBDA) “factor analysis” was used to find out whether there is a significant interdependence among the observed or manifest variables. To inspect how the primary constructs influence the responses on a number of measured variables, exploratory and confirmatory analysis were used for the study. It is disclosed through factor analysis that the thirty two variables identified are reduced into six factors. The factors influencing determinants of
Utilization of bank account are explored as Satisfaction, Literacy and Promotion, Savings and Borrowings, Bank Services, Overall Usage and Bank Facilities.

- **Utilization of BSBDA Model Confirmation**

  In order to ascertain the primary dimensions on Utilization of BSBDA, Confirmatory Factor Analysis (CFA) has been implied to confirm the factors that were extracted from Exploratory Factor Analysis (EFA). Out of the identified thirty two items in six different dimensions, the measurement model was tested by deploying the confirmatory factor analysis. Thus the overall measurement model fit indices shows that the degrees of freedom are found to be 443 and the Chi-square value (CMIN) obtained 680.45, CMIN/DF (Degrees of Freedom) value obtained is 1.536 Comparative Fit Index (CFI) and Tucker Lewis Index (TLI) values obtained are 0.975 and 0.972 respectively and the Probability level obtained is less than 0.01 respectively. Goodness of Fit Index (GFI) value observed is 0.902 against the accepted level of >0.90. Thus, overall measurement model fit indices values are above the acceptable level. Hence, the six factors identified have positive impact on the Utilization of BSBDA customers.

- **Research Model Confirmation through SEM**

  The proposed model of the study was tested using Structural Equation Modeling (SEM). Common model fit indices are used in this research to evaluate the Comparative Fit Indices (CFI), Chi square (CMIN), Degrees of Freedom (DF), Root Mean Square Error of Approximation (RMSEA), Tucker-Lewis Index (TLI). Thus, the fit indices of the model are chi-square (752), DF (447), CMIN/DF (1.684), CFI (0.968), TLI (0.964), and RMSEA (0.042) respectively. Goodness of Fit Index (GFI) value observed is 0.906 against the accepted level of >0.90. Therefore, all the 32
variables extracted in the factor analysis have positive impact on the Utilization model of Basic savings bank deposit account

- **Relationship between Age and Utilization of Bank Account Dimensions**

  To analyze the perception of customers among Savings and Borrowings, Literacy and Promotions, Bank Services, Bank Facilities, Satisfaction, Overall usage of bank account across Age group one way ANOVA is used. For the factors like Bank Services, Bank Facilities, Savings and Borrowings, Literacy and Promotions, and Overall Usage, the p value is >0.05. Hence, there is no significant difference in the perception of bank customers across Age group. But for the dimension of Satisfaction the p value is <0.05 (i.e.0.030). Thereby, it is found that Satisfaction has a significant difference in the perception of bank customers across Age and rest of the other factors is rejected.

- **Relationship between Marital status and Utilization of Bank Account Dimensions**

  To find the relationship between Marital Status of the rural customers and Utilization of bank account dimensions one way ANOVA is used. For the factors like Bank Facilities, Satisfaction and Literacy and Promotions, the p value is >0.05, hence there is no significant difference in the perception of bank customers across Marital Status. But for the factors like Bank Services, Overall Usage, Savings and Borrowings the p value is <0.05. Hence it is found that Bank Services, Overall Usage, Savings and Borrowings have a significant difference in perception of bank customers across Marital Status like married, unmarried and divorced.

- **Relationship between Monthly Income and Utilization of Bank Account Dimensions**

To identify the perception of rural customers among the dimensions of Utilization of bank account and Monthly Income, one way ANOVA is used. For the factors like Literacy and Promotions and Overall Usage the p value is >0.05, hence there is no significant difference in perception of bank customers across Monthly Income of the customers. But for the factors like Bank Services, Bank Facilities, Satisfaction and Savings and Borrowings the p value is <0.05. Therefore there is significant difference in the perception of Bank Services, Bank Facilities, Satisfaction, Savings and Borrowings on Monthly Income.

- **Relationship between Occupation and Utilization of Bank Account Dimensions**

To examine the relationship between Occupation and the Utilization of bank account dimensions, one way ANOVA is deployed. It is found that Bank Services, Bank Facilities, Satisfaction, Overall Usage, Savings and Borrowings, Literacy and Promotion the values of p are >0.05 and hence, it doesn’t have a significant difference in the perception of bank customers across Occupation.

- **Relationship between Gender and Utilization of Bank Account Dimensions**

To analyze the perception of rural customers among Gender and Utilization of bank account dimensions, Independent sample t test was used. The ‘t’ values for Gender on Bank Services, Bank Facilities, Satisfaction, Savings and Borrowings, Literacy and Promotion, Overall usage, are 0.12, 0.99, 1.01, -0.40, 0.82, 1.01 respectively and is not significant at p<0.05 value. Therefore the significant difference in the perception of Bank Services, Bank Facilities;
Satisfaction, Savings and Borrowings, Literacy and Promotion and Overall Usage on Gender were not supported.

- **Problems Perceived by Customers While Operating the Bank Account**

  In order to analyze the problems faced by customers of Basic savings bank deposit account the Henry Garrett ranking method was used to rank the problems. The percentage position of each rank attained is converted into scores by referring to the table given by Henry Garret. It has been identified that Illiteracy among the respondents is found to be the foremost problem among the customers of Basic savings bank deposit account with a mean score of 54.83.

  Bank employee’s behavior towards the rural customers was ranked as second major problem with a mean score of 51.08. Bank guidance and motivation on various issues ranked as third with a mean score of 50.79. Business Correspondent who provides banking services in their respective villages to the rural customers is ranked as fourth with a mean score of 49.10 respectively.

**7.4 SUGGESTIONS**

Based on the results of the study a few suggestions are explicated as follows:

- It is evident from the result on Frequency of Savings that, BSBDA customers do not have regular savings habit and they were not educated about the significance of savings. It is high time that they must be trained on financial literacy. Based on the findings, the researcher has suggested a model on improving the literacy of the rural customers of BSBDA. The academic institutional responsibility model suggested for financial literacy is depicted in the Figure 7.1.
- Savings was the predominant factor for opening a bank account among the customers. Hence, it is suggested that education on significance of savings will help in handling the financial stability of the rural household.

- The result on frequency of transactions requires a lot of introspection from the banks perspective as half of the percentage of the rural customers have made only one transaction in a month. Therefore the rural customers of BSBDA should be educated more about the need of frequently operating their bank account and benefit of effective utilization by means of various campaigns and programs to be conducted for the rural people.

- Majority of the banking facilities are not used among the rural customers. Overdraft, Life insurance, Cheque book, Loan and Accidental Insurance shows significant percentage of ‘Unused’ banking facilities. Hence banks should take more steps to ensure all the banking facilities have reached even to the last mile by creating more awareness to the BSBDA customers.

- From the findings on awareness of banking services and facilities rendered, it was found that there is a huge knowledge gap exists among BSBDA customers. Therefore, the banks and the business correspondent should evolve a Communication Strategy to propagate the various banking services, facilities and educate the rural customers by creating awareness for effective usage of their bank accounts.

- By validating the model on Utilization of BSBDA through Structural Equation Modeling, all the factors that are identified have a positive impact towards influencing the BSBDA customers on better utilization. But Savings and borrowings, Literacy and Promotion have a significant impact towards Satisfaction and Satisfaction has a significant impact on Overall Usage of
bank account. Hence, bankers have to give more emphasis on Savings and Borrowings, Literacy and Promotion as these results in high customer Satisfaction. Therefore focusing on these determinants by the banking authorities will ensure a better usage of banking services and facilities offered by the banks.

- Problems faced by customers during operationalization of bank account, Illiteracy ranked first among the other problems listed. There exists lack of skills and knowledge on banking products and facilities of the BSBDA customers of the bank. Hence a push promotional strategy of taking the banking product to the rural customer whatever means, ensuring the customer is aware of the product at the point of purchase by banks will have significant impact on overcoming Illiteracy.

- Meanness Attitude of Bank employees and Lack of Bank guidance are other predominant problems faced by customers from the result of Henry Garret ranking method. In order to overcome this problem, it is suggested that, a grievance redressal officer should be appointed and it should be widely promoted to all the rural customers. Such mechanism will ensure the bank employee to sustain a good customer relationship and this would enable a higher customer addiction of banking services and better service quality.

- It is found from the study that BC services also affects usage of banking services. Attritions of Business correspondents and lack of commitment affect the banking service to the rural customers of BSBDA. In order to retain the BC in providing the financial services, appropriate remuneration and incentive mechanism should be in place and it should be common for all the banks. Based on the problem faced by the BC, the researcher has suggested a model on “BC model of banking services” for
better usage services. The model has been well elucidated in the A Figure 7.2 for overcoming this problem.

- Long transaction time taken during operation of bank account was other major problem encountered by the BSBDA customers. It takes more time for BC in processing the transaction due to the poor internet connectivity in the rural area. Due to this problem, the customers face a lot of difficulty for completing their transaction. Therefore, it is suggested that strong internet connectivity will help to process the transaction quicker and provide better financial services to the rural customers of BSBDA.

### 7.5 MANAGERIAL IMPLICATIONS

Based on the results of the study obtained, the researcher has suggested some managerial implication for the banking authorities, policy makers and district administrative representatives.

- In the present study, it was found the awareness and usage of banking services and facilities are very poor. Hence there exists a huge knowledge gap among the BSBDA customers. Therefore to create interest and awareness of various financial products and services campaigns a suitable marketing strategy has to be designed by banks. Further push promotional strategy of taking the banking product to the rural customer whatever means, ensuring the customer is aware of the product at the point of purchase by banks will also have significant impact on awareness and usage of banking services and facilities.

- Frequencies of the transactions made by the BSBDA customers are very low and the results are not encouraging from the banker’s perspective. Hence add on banking services such as electricity bill payment, water bill
payment, fund transfer services, mobile recharges and gas payments provided at the door step may attract rural customers in frequent operation of bank account.

- Based on the results of the model validated, all the factors such as Savings and Borrowings, Literacy and Promotions, Bank Services, Bank Facilities, had a positive impact on Customer Satisfaction, and Overall Usage. Hence, the bankers have to give more emphasis on customer Satisfaction and better usage of banking services.

- Problems faced by customers during operationalization of bank account, Illiteracy ranked first among the other problems listed. Some financial literacy projects should be implemented by involving Non-Governmental Organization (NGO) and other voluntary organizations. Organizing activities such as road shows, drama’s, role play, puppet shows, Comedy shows will attract the rural households to be actively involved and thereby enhances their financial literacy in the rural area.

7.6 DIRECTIONS FOR FUTURE RESEARCH

The researcher has provided suitable guidance and future directions on the background of the topic. They are as follows,

- This research can be used as a platform, for conducting the future studies in PMJDY scheme as well.

- Cost benefit analysis may be attempted to measure the impact in BSBDA can be studied.

- Similar study on the background of Digital payments system in India can be explored.

- The current research has focused on limited factors and only one behavioral outcome like Utilization of Basic savings bank deposit account.
Further research can be made on other outcomes like Service quality, Customer retention and Customer loyalty of Basic Savings Bank Deposit account.

- The scope of the research can be extended to Utilization of Basic Savings Bank Deposit account on private banks and more coverage of banks can be increased in the future research.

7.7 CONCLUSIONS

Financial inclusion was a major turning point by the RBI, Government of India (GOI) towards the inclusive economic growth for our country. This initiative had widely penetrated into the villages and blocks of many districts and state in India and made significant number of rural population to be financially included into the banking system. The study has made an earnest attempt to identify the determinants that were influencing the Basic savings bank deposit account holders towards better utilization of their bank account, among the other things.

A strategic model on Utilization of Basic Savings Bank Deposit Account was developed and validated using the identified factors such as Savings and Borrowings, Literacy and Promotions, Bank Services, Bank Facilities, Customer Satisfaction and Overall Usage. It is concluded from the analysis that, the Savings and Borrowings, Literacy and Promotions had a significant impact on customer Satisfaction and Overall Usage of Basic Savings Bank Deposit Account. Further the result of the study reveals that the Awareness and Usage of Bank Services and Bank Facilities are very poor and these factors go hand in hand, among the Basic savings bank deposit account customers, since the information’s are asymmetrical.
Hence awareness programs on financial literacy and training camps are to be conducted recurrently to educate the underprivileged and low income people of Basic Savings Bank Deposit Account (BSBDA) customers in Coimbatore district for effective utilization of bank account.