# A Study on Banking Habits of Rural Students in Udupi District

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## Abstract

As banking is the most progressive industry in the recent years. The Economic Development of the nations largely depends on the growth of banking sector. Therefore, it has its own significance. When financial inclusion is one of the main agenda of the government and our prime minister announces Pradhan Mantri Jan Dhan Yojana which encourages even the poorest rural citizens of India to get banking services with opening banking account . At that time many people have opened their bank accounts with zero balance and they started to make savings and getting the benefit of banking services. The Rural people are having less income have made lessor savings and made lesser transactions in banking sector. But banking habits helps them in various ways and made lesser transactions in banking sector. But banking habits helps them in various ways and encourages them to save more to use the same during needy periods and also get interest for their savings. This study focuses on analyzing the banking habits of the rural studens residing in Udupi District. Banking habits is a pattern of behavior of people in banking transactions. It includes analyzing the respondents, frequency of bank branch visits, nature accounts and transactions carried out by them etc. This study analyse the data collected from 100 respondents residing in Udupi District. In geographical terms the study limits itself in Udupi. This study has concluded that awareness about and satisfaction of the rural students for banking services lead s to improvement of banking operations.

Key words: Banking Habits, Banking Sector, ATM

## Introduction

Economic Development of nations largely depends on the growth f infrastructure facilities, such as, telecommunication, banking, transport etc. The banking system in India has played a critical role in the growth and development of the economy. The development of banking in any country depends upon the growth of savings and investment in the country as banks are agencies dealing in other people's money, collecting the small savings of the individuals.

When financial inclusion is one of the main agenda of the central government and our Prime Minister announces the Pradhan Mantri Jan Dhan Yojana, which encourages the poorest rural citizens of India to get the banking services with opening their bank account in the bank. At that time many people have opened their bank account with zero balance. This encourages the banking habits of people through involving banking transactions.

Banking is the activities of the bank which engages the functions of receiving investing, lending, exchanging, servicing money and claims in domestic and international transaction. Banking habits is the tendency to act in a certain way relative to the banking transactions. The rural students have their bank account but their banking habits are very less when compared to urban students. Most of them are not adopting online banking transaction. They are only making basic transactions i.e., deposits, withdrawals etc. They are not having good knowledge about banking services. This is the main reason for poor banking habits of rural students. This research mainly focuses on awareness of rural students about banking operation and satisfaction of the rural students from banking services.

## Literature of Review

Deepa Paul (2001), observed that fast changing banking habits of the customers in her thesis. She studied the reasons or objectives of the customer for bank visits and also analyzed factors influencing selection of a particular bank.

Dr. B. Maheswari (2016) observed that perceptions of the customer towards banking habits and analyzed the influence of demographics of an individual towards their banking habits.

Ridhi Sanghavi, Jay Talati, H N Misra (2017) observed that determinants of banking habits of people in rural and urban areas and analyzed the various problems faced by the people in terms of good practice of banking activities. C. K. Chakrabarthy in his articles, " Financial inclusion reaching and Unreached", published in Chartered Financial Aanlyst", in November 2006 observes that despite all the efforts, there is a still large chunk of Indian population which does not have access to basic banking services.

" Banks should come out of inhibited feeling that very aggressive competition policy and social inclusion are mutually exclusive. As demonstrated elsewhere, the mass banking with no frills, etc, can become a win-win situation for both". Observes V Leeladhar, former Deputy Governor, RBI,in his speech, "taking banking service to common man-Financial inclusion"

## Need for the Study

Rural households are generally characterized by poverty. The rural students have less income. So, rural students are having minimum banking habits. For analyzing the nature of accounts, frequency of bank branch visits and transactions carried out by them. With this aim the present paper analyses the banking habits of rural students in Udupi district.

## Objectives of the Study

The study has been undertaken with the following objectives

- To analyze the banking habits of rural students in Udupi district.
- To study the nature of accounts operated by the rural students
- To study about the satisfaction ratio of the students from banking services.

**Scope and Limitations of the study**

The study covers various aspects of nature of accounts, frequency of bank visits and banking transactions carried out by the rural students. The study covers the rural students in Udupi District and 100 samples have been drawn from various villages of Udupi District.

The study is confined to only to one district in the state of Karnataka and only few villages were covered and he result arrived from the study may not be applicable to macro level. The results expressed are based on perceptions of individual student and fully cannot represent the existing situation. The researcher has collected the data from Udupi District through using a structured questionnaire; hence the results may vary from time to time and place to place.

**Research Methodology**

The study is descriptive in nature and data is collected with the help of questionnaire with a probability convenience sampling method. The researcher collected sample of 100 rural students in the District of Udupi. The main purpose of this paper is to find out the information about student habit regarding their banking transactions.

**Data Analysis and Interpretation**

Data Analysis is one of the most important parts of the research because it gives the clear picture of the study and which helps to making analysis and suggestion. After collecting the primary data from the respondents the data analyzed to find out the result of the study. Here tables and charts are used for the analysis of the research.

Data was collected from 100 respondents, who are students residing in the rural side of Udupi District. This helps to understand the banking habitual level of the rural student regarding banking transactions.

**Table.1: Gender wise distribution of the respondents**

| Gender | No. of Respondents | Percentage |
|--------|--------------------|-----------|
| Male | 46 | 46 |
| Female | 54 | 54 |
| Total | 100 | 100 |

Source: Survey Results

The table shows the gender wise distribution of the respondents. It is observed from the table that out of 100 respondents 46 respondents (46 percent) are male and the remaining 54 respondents (54 percent) are female. It is found that the majority of the respondents have bank account as well as visiting banks quite often. The composition of male respondents in the sample is found very less as majority of female respondents.

**Table 2: Age wise distribution of the respondents**

| Age Group | No. of Respondents | Percentage |
|---|---|---|
| 16-18 | 20 | 20 |
| 19-21 | 58 | 58 |
| 22-24 | 22 | 22 |
| Total | 100 | 100 |

Source: Survey Results

The table presents the age wise distribution of the respondents. It is observed that 58 respondents (58 percentages) belong to the age group of 19 – 21 years; 22 respondents (22 per cent) belong to 22-24 years; 20 respondents (20 percent) belong to the age group of 16-18 years. The study found that majority of the respondents belongs to the age group of 19-21 years.

**Table 3: Educational Level/Course of the respondents**

| Educational Level/Course | No. of Respondents | Percentage |
|---|---|---|
| BA | 6 | 6 |
| BCOM | 52 | 52 |
| BBA | 4 | 4 |
| BSC | 12 | 12 |
| MCOM | 26 | 26 |
| Total | 100 | 100 |
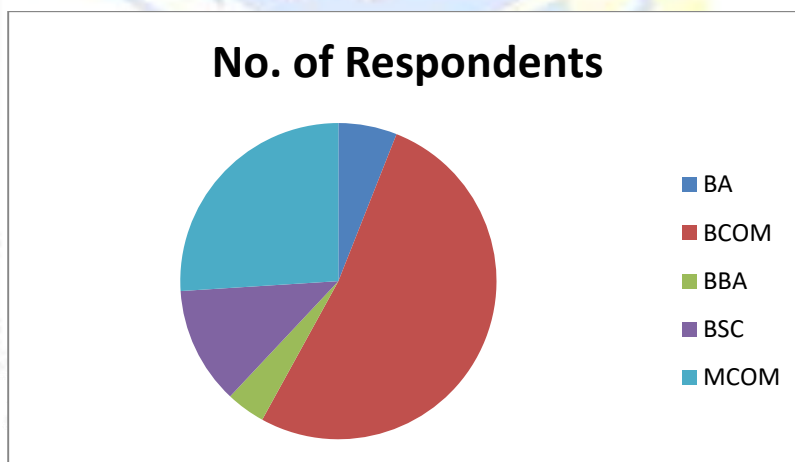


This table gives educational status of the respondents. It is found that 52 respondents (52 per cent) studying B Com, 26 respondents (26 per cent) have studying at M Com level. Among the respondents, 12 (12 per cent) of them have studying at B Sc level followed by 6 respondents (6 per cent) of them studying at B A level and 4 respondents were in BBA. Here the researcher collected more respondents from B Com students because those have good awareness of banking services.

**Table 4: Students opinion on nature of accounts owned**

| Nature of Accounts | No. of Respondents | Percentage |
|---|---|---|
| SB Account | 70 | 70 |
| Loan Account | 1 | 1 |
| Fixed Deposit | 29 | 29 |
| Total | 100 | 100 |

Source: Survey result

From the above table it is inferred that among the 100 respondents' 70 respondents (70 per cent) having SB account and 29 respondents (29 per cent) having Fixed Deposit and 1 respondent (1 per cent) having Loan Account. Majority of, 70, respondents had Savings Bank Account.

**Table 5: Students opinion on length of relationship with the banks.**

| Period | No. of Respondents | Percentage |
|---|---|---|
| Less than 2 years | 10 | 10 |
| 2-5 years | 42 | 42 |
| 5-10 years | 48 | 48 |
| Total | 100 | 100 |

Source: Survey Results



■ Less than 2 years ■ 2-5 years ■ 5-10 years
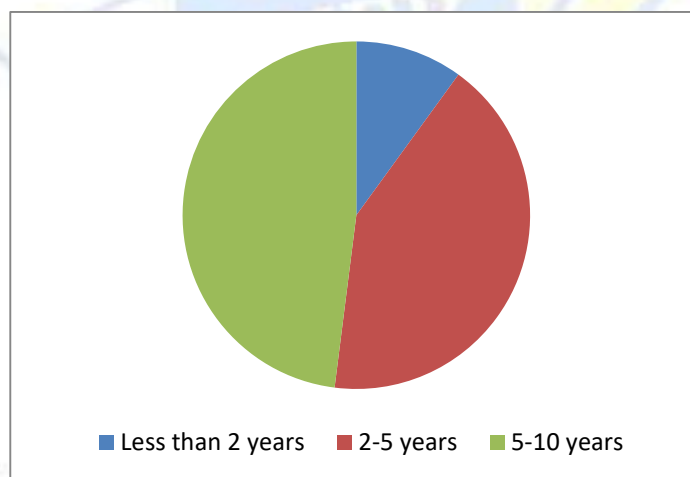
The above table shows that the students had long term relationships with the bank. Here 48% of respondents had 5-10 years, and 42% of respondents had 2-5 years, and remaining 10% of respondents had less than 2 years relationship with bank.

### Table 6: Frequency of Transaction with the Bank

| Transaction | No. of Respondents | Percentage |
|---|---|---|
| Daily | 0 | 0 |
| Weekly | 8 | 8 |
| Monthly | 70 | 70 |
| Yearly | 22 | 22 |
| Total | 100 | 100 |

Source: Survey results

From the above table it is inferred that none of the respondents have daily transaction with their banks, 8 per cent of the respondents having transactions with their banks for weekly once or twice, 70 per cent respondents having transaction with their banks for monthly once and remaining 22 per cent of the respondents having transaction with their banks for yearly. The majority (70 per cent) of the respondents are having transactions with their banks on monthly basis.

### Table 7: Most admirable Banking Services

| Services | No. of respondents | Percentage |
|---|---|---|
| Deposits | 32 | 32 |
| ATM | 48 | 48 |
| Online Banking | 20 | 20 |
| Total | 100 | 100 |

Source: Survey results

The table reveals that the details of most admirable banking services are used by the rural students. It is seen from the table that 48 percent of students are using ATM Services, 32 per cent of students are visiting bank for Deposit and remaining 20 percent of students using Online banking services.

It is noteworthy to point out from the study that many of banks are operating ATM Services in rural areas and rural bank customers are also using them frequently.

### Table 8: Students satisfaction level of banking services

| Scale | No. of Respondents | Percentage |
|---|---|---|
| Very Satisfied | 20 | 20 |
| Satisfied | 35 | 35 |
| Neither Satisfied/Nor Dissatisfied | 45 | 45 |
| Dissatisfied | 00 | 00 |
| Total | 100 | 100 |

Source: Survey Result

Here 45 per cent of students are neither satisfied nor dissatisfied, 35 per cent of students are satisfied, 20 per cent students are very satisfied and zero per cent of students are dissatisfied from banking services. The majority of the students are neither satisfied nor dissatisfied.

**Findings of the Study**

The research focused on the assessment of banking behavior among rural students in Udupi District. It tried to determine factors that choice of banking methods among rural areas. A total number of 100 respondents were randomly selected from the rural areas in Udupi District. The study includes age, gender and educational level of rural students

**Major Findings:**

➢ Majority of students ( 54 per cent) are female

➢ It is seen from the analysis that majority of the respondents belong to the age group of 19 -21 years

➢ Majority of the respondents are B Com students ( 52 per cent) because those have good awareness of banking services

➢ The study found that majority 70% of the respondents having saving bank account in their bank. Because they all have saving habits and this type of account very convenience to them

➢ As per the study the majority of the respondents maintained account in banks between 5 – 10years

➢ Majority 70 per cent of the respondents having transaction with their banks for monthly

➢ It is seen from the study that many of the students are operating ATM services in rural areas.

➢ The study explores that 20% respondents are aware about online banking. Because they get the information on online banking facility through the media

➢ The majority of the students are neither satisfied nor dissatisfied.

**Suggestions**

The study elaborated number of issues concerning various measures for banking habits of rural students. On the basis of the findings and conclusions, the following suggestions emerged from the present study.

• The demographic profile of the rural is silent in nature and evident for the lot of untapped potency for the banking services. The grand strategy needs to be drafted covering all sections of the individuals in the rural areas to enhance the banking services to them. This drafted gives unique solution package to the rural branches and can help in improving the banking habits of the rural students

• The level of awareness on banking services is poor in rural areas due to lack of availability and accessibility. In rural areas banks may not implement all the services due to non viability of the implementation tools and lack of feasibility. Banks needs to interact with the rural students to identify their needs and extend facilitates to them

- This study shows that almost 80% of the students are not using online banking services
- Bank must use modern equipment for all their services in rural areas

**Conclusions**

There si general impression that banks in rural areas are not functioning well due to lack of infrastructure and lack of awareness among the rural people about banking services. Banking habits of rural students and patterns needs to be changed by way of creating a customer friendly environment with a lot of product and service awareness, resolving the problems in availing of the banking services. Students can develop good banking habits if they are provided with affordable products and services, they get good customer services and co-operation from the banks which facilitate wider use of banking services.

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