



A STUDY ON AWARENESS LEVEL OF CONSUMERS TOWARDS DIGITAL FINANCIAL SERVICES IN RURAL AREAS OF INDORE DISTRICT

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ABSTRACT

Digital financial services have changed the way banking operations are perceived. Now, the bank is just one click away. In recent few years we have seen huge difference in payment method which is mainly influenced by growing E-commerce sector, E –wallet and propensity towards digital payment. Digital financial inclusion” can be defined broadly as digital access to and use of formal financial services by excluded and underserved populations. Such services should be suited to customers’ needs, and delivered responsibly, at a cost both affordable to customers and sustainable for providers. The government has to bring transparency and efficiency in e-payment system .So it is recommended that more promotional measures of digital literacy should be introduced in Indian economy to achieve the dream of the cashless economy in full. In the research plan, the study has analyzed the awareness level of consumers towards digital financial services. It is worth highlighting that this study represents a pioneering effort in the Indore District. The findings from this research will be invaluable for the Government and banking institutions, aiding them in comprehending the factors influencing the adoption of Digital Financial Services, as well as the reasons for non-adoption. These insights will enable policymakers to formulate strategies that can drive increased adoption and, in turn, foster financial inclusion.

INTRODUCTION

We are living in the age of technology, where every industry and sector has experienced accelerated growth thanks to technological advancements and innovations. Technology not only streamlines tasks, reducing time and effort requirements, but also enhances their efficiency. The



banking sector, too, has witnessed a transformative impact through the integration of technology into its operations. The initial foray into technology in banking occurred in 1996 when the Reserve Bank of India (RBI) introduced its official website for both bankers and the general public. Technology has fundamentally altered the way bank's function, benefiting both customers and bank professionals in numerous ways. These technological advancements offer a multitude of advantages to both the operational processes and the network of banks.

The introduction of Financial Technology (FinTech) into regular branch operations and back-office tasks has notably reduced non-productive workloads and unnecessary paperwork. Transactions and operations have transitioned to real-time processing, making tasks quicker and more efficient. Activities such as checking account histories, scrutinizing records, and conducting audits have become much simpler and more straightforward.

Moreover, technology has enabled banks to extend their services to remote and previously unbanked areas at a reduced cost through digital banking. Banks have successfully reached villages and financially excluded regions with services like ATMs, mobile banking, and internet banking. This expansion not only broadens the geographical reach of banks and keeps them competitive but also contributes to financial inclusion across the country, ultimately fostering the development of the banking sector and the entire economy. Banks and their IT departments are consistently engaged in innovative endeavors, working on the development of new banking technologies that enable the delivery of financial products at low costs, covering vast geographical areas and providing a competitive advantage over other banks in the industry.

Digital banking represents a tremendous advantage for both customers and financially underserved populations. It offers accessible banking services at any time and place, right at one's fingertips, and at a minimal cost that is affordable even for those in vulnerable situations. The need to physically visit a bank branch and endure long queues for basic transactions such as fund transfers, balance inquiries, or obtaining account statements on a monthly, quarterly, or yearly basis has been completely eliminated. This transformation is made possible by the availability of banking services through digital financial platforms.



The government is also committed to expanding financial inclusion throughout the country through various initiatives, such as the Pradhan Mantri Jan Dhan Yojna (PMJDY). Banks and other financial service providers are actively supporting these government-led efforts. PMJDY has proven to be a successful scheme, as it has facilitated the opening of numerous bank accounts for financially disadvantaged citizens and provided them with 'RuPay' debit cards. Furthermore, the government has introduced the 'Digital India' mission to encourage digital financial services, with the launch and promotion of BHIM (Bharat Interface for Money) and UPI (Unified Payment Interface) to enhance digital financial inclusion.

However, these various measures for financial inclusion and digital initiatives will remain ineffective unless customers embrace and utilize them. While digital financial services have been available in India for several years, their impact has not been as significant as in other countries. One of the primary reasons for this disparity is the relatively low adoption rate. Encouraging customers, especially those from financially excluded groups, to adopt and use digital financial services is a substantial challenge for both the government and the banking sector.

Most research studies in this field have focused on urban and developed areas, examining customer perceptions of digital financial services. Surprisingly, little research has been conducted in the primary target areas for financial inclusion, namely semi-urban and rural areas. Therefore, it is imperative to investigate and understand the opinions, adoption rates, usage patterns, and obstacles to the adoption of digital financial services in these underserved regions.

REVIEW OF LITERATURE

Jain, V. (2022) stated that the transition to a cashless system is not only of great importance but has become a necessity in today's global landscape. Utilizing cutting-edge technologies like mobile-based solutions, digital platforms, and digital currency models, Digital Financial Services (DFS) hold immense potential in offering accessible, affordable, and secure banking services to the underserved populations in developing nations. By harnessing the power of digital technologies, The research concludes that there is a lack of awareness in rural areas, and the significance of digital financial services has not permeated across geographical



boundaries. The impact of DFS in the present era is substantial, streamlining and enhancing convenience in various aspects of life.

Ashwin Gadge and Priti Rai (2019) studied customer perception and consciousness of digital payments technique of transactions. Review of this particular study shows a lack of knowledge of digital payments technique of transactions and an absence of literacy. Results in this research showed that awareness, digital literacy, adequate infrastructure and rate of customer involvement in cashless transaction were found to have a powerful relationship with digital payments technique of transactions. The goal of study is to discover reaction of digital payments technique of transactions in Bramhapuri in Chandrapur District of Maharashtra. The research further shows that most of them are conscious of and agree that digital payments technique of transactions will help combat black money, corruption and decrease the danger of carrying cash, as well as quicker economic growth. The government should embrace a distinct approach of educating non-literate people about the digital payments technique of transactions based on finding some suggestions taken.

Rashmi Gujrati (2017) aimed towards creating a way of awareness about cashless economy, its benefits, challenges and therefore the steps taken by government toward cashless economy. After the research conducted it had been seen that cashless economy comes with various benefits but brings during a lot more challenges with it.

Keyur M. Nayak & Yadav, (2013) conducted research examining consumer awareness and satisfaction concerning four digital financial services, which included Mobile Banking, ATM, credit cards, and Internet banking, within the southern region of Gujarat state. To assess these services, the research took into consideration factors such as reliability, duration of usage, grievances, and complaint resolution, in addition to the overall user experience. The findings of the study indicated a preference among most customers for ATMs, primarily due to the scarcity of complaints associated with this service. However, internet banking was less favored, largely because of concerns related to security, network issues, and limited accessibility. Mobile banking ranked as the least preferred option, with users indicating that they primarily utilized it when traveling.



In a study conducted by **V. Malarvizhi (2011)** an examination of Digital Banking Services offered by both government and private banks in Coimbatore city was undertaken. The primary objective of this research was to assess the economic background, awareness levels, and utilization patterns among customers, along with determining the degree of customer satisfaction concerning the use of Digital Financial Services (DFS). The findings revealed that customers exhibited higher satisfaction levels with the DFS provided by government-sector banks as opposed to those offered by private banks. The study's recommendations emphasized the importance of educating and raising awareness among customers when implementing new technological solutions. Additionally, it was observed that DFS played a pivotal role in reducing costs and enhancing operational efficiencies.

Research Gap

The literature reviews extensively scrutinize the outcomes of the digital banking concept, assessing it from diverse vantage points. Numerous research studies have diligently endeavored to gauge customer sentiments towards Digital Financial Services (DFS) alongside their associated factors. The review of the literature has sparked a surge of innovative concepts aimed at ascertaining the collective user perspective on Digital Banking Services (DBS). Previous research has predominantly centered on the adoption of FinTech in the Business-to-Consumer (B2C) category. While a significant portion of this research has concentrated on the adoption of digital banking, certain investigations have delved into topics such as service quality, impact assessment, and consumer satisfaction. Consequently, the majority of studies have concentrated on specific aspects of digital transactions.

OBJECTIVE OF THE STUDY

To study the awareness level of consumers towards digital financial services in rural areas.

RESEARCH METHODOLOGY

Research Design: Descriptive research design is a type of research that seeks to describe and measure the characteristics of a particular phenomenon or population. This study has used descriptive research design.

Sampling Method: Convenience sampling is often used in social science research, market research, and opinion polling because it is cost-effective and time-efficient. Hence, in this study, convenience method is used to collect the data from the respondents.

Sample Size: Hence, total 500 consumers were included in this study.

Sample Area: Indore District.

Statistical Tests: To proven the hypotheses t-test and ANOVA was applied on SPSS 26.0.

Results on Hypotheses

H₀₁: There is no significant difference in the awareness level between male and female consumers towards digital financial services.

H_{a1}: There is a significant difference in the awareness level between male and female consumers towards digital financial services.

Table 1: Independent Samples Test on Awareness level

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Awareness	Equal variances assumed	7.851	.005	-1.665	498	.097	-.10398	.06246	-.22669	.01873
	Equal variances not assumed			-1.720	477.463	.086	-.10398	.06045	-.22275	.01479

From the given above table, it has been revealed the mean value have no differences for the male and female consumers. It is clear that calculated value of t is 1.665 which is less than the tabulated value of t (1.96) insignificant at .097>0.05 so it is concluded that there is no difference in the awareness level between male and female consumers towards digital financial services. Hence, the null hypothesis is accepted.

H₀₂: Education wise there is no significant difference in the awareness level of consumers towards digital financial services.

H_{a2}: Education wise there is a significant difference in the awareness level of consumers towards digital financial services.

Table 2: Descriptives on Education & Awareness level

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
No formal education	35	5.3714	.77024	.13020	5.1068	5.6360	3.00	6.00
Primary education	135	5.6222	.57129	.04917	5.5250	5.7195	4.00	6.00
Secondary education	175	5.6629	.71562	.05410	5.5561	5.7696	3.00	6.00
Tertiary education	155	5.4129	.70053	.05627	5.3017	5.5241	3.00	6.00
Total	500	5.5540	.68704	.03073	5.4936	5.6144	3.00	6.00

The table exhibits the difference in the awareness level of consumers towards digital financial services in terms of education group. Those consumers are passed secondary level of education have the highest mean (5.66) indicating that they are more aware about the digital financial services compared to students of other streams.

Table 3: ANOVA on Education & Awareness level

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	6.954	3	2.318	5.030	.002
Within Groups	228.588	496	.461		
Total	235.542	499			

The value of F is 5.030 which is significant at $0.002 < 0.05$ so the null hypothesis 'Education wise there is no significant difference in the awareness level of consumers towards digital financial services' is not accepted and concluded that education wise consumers have differences.



FINDINGS OF THE STUDY

The result reveals that there is no significant difference in the awareness level between male and female consumers towards digital financial services. This finding underscores the importance of gender-neutral strategies when promoting such services, ensuring that both male and female demographics receive equal access to and information about the benefits of digital financial services. It also highlights the need for continued research and efforts to bridge any potential gender disparities in this important aspect of modern finance. This finding underscores the widespread adoption and accessibility of digital financial tools across generations, emphasizing the need for financial institutions to continue focusing on inclusive strategies to cater to a diverse consumer base. The findings disclosed that there exists a substantial variance in consumer awareness regarding digital financial services, with education playing a pivotal role in shaping this awareness. This discrepancy underscores the importance of targeted educational initiatives to bridge the knowledge gap and ensure broader access and utilization of digital financial services across diverse populations.

CONCLUSION

With the digital shift in core business, finance needs to enable and drive the change. A holistic cooperation between consumers and Government can be the road-map to reap true potential of digital finance and financial inclusion. The application of technology can improve the payment facility smoother and more transparent. The ambitious flagship Scheme DIGITAL INDIA also has one pillar as digital financing as its target. The potential of digital finance is huge. Financial independence will give empowerment to women and weaker sections of society, which is imbedded motive of financial inclusion and digital finance. Adopting digitization in financial services and including most of population in the net of banking will help in growth and development of country. With several digital financial instruments in the market, the consumer now has more choice than ever. The expansion of digital financial services in rural areas, with a special reference to Indore District, has marked a transformative journey in the financial inclusion landscape of India.



SUGGESTIONS

Expanding digital financial services in rural areas is essential for promoting financial inclusion and fostering economic growth. Here are some suggestions to enhance the adoption and effectiveness of these services in rural regions:

Digital Literacy Programs: Implement comprehensive digital literacy programs tailored to the needs of rural populations. These programs should focus on teaching residents how to use smartphones, access digital services, and ensure they are aware of the benefits and potential risks associated with digital financial transactions.

Improved Internet Connectivity: Address the issue of limited internet connectivity in rural areas. Expanding and enhancing internet infrastructure is crucial for enabling the use of digital financial services. Governments and private sector stakeholders should work together to bridge this digital divide.

Localized Language Support: Provide digital services in local languages to ensure accessibility and understanding for rural users who may not be proficient in English or other urban-centric languages.

Affordable Hardware: Make affordable smartphones and devices accessible to rural populations, ensuring they have the necessary tools to access digital services.

Mobile Banking Agents: Promote the use of mobile banking agents or banking correspondents in rural areas. These individuals can help users navigate digital platforms, deposit and withdraw cash, and provide face-to-face support when needed.

Tailored Services: Customize digital financial services to meet the unique needs of rural customers. This might include services like agriculture-related loans, livestock insurance, and savings products designed for rural livelihoods.

Government Initiatives: Collaborate with local governments to launch and support initiatives that encourage the adoption of digital financial services in rural regions. These initiatives can include subsidies, incentives, or awareness campaigns.



Strong Security Measures: Ensure that digital platforms are equipped with robust security features to safeguard users' financial data and transactions. Building trust in the safety of digital services is crucial for rural customers.

Partnerships with Local Organizations: Collaborate with local non-governmental organizations and cooperatives to raise awareness and educate rural populations about the benefits and usage of digital financial services.

Feedback Mechanisms: Establish mechanisms for users to provide feedback on their experiences with digital financial services. This input can help service providers improve their offerings and address specific issues faced by rural customers.

Benefits to Society

The widespread adoption of Digital Financial Services (DFS) in rural areas offers numerous benefits to society, contributing to economic growth, financial inclusion, and overall well-being in these traditionally underserved regions. Here are some key advantages:

Financial Inclusion: DFS initiatives bring unbanked and underbanked populations into the formal financial system. Rural residents gain access to savings accounts, loans, and insurance products, reducing their reliance on informal and often exploitative financial services. This inclusion empowers individuals and enables them to save, invest, and protect their assets, ultimately improving their financial stability.

Reduced Transaction Costs: Digital transactions are often more cost-effective than traditional banking methods, such as traveling to a physical branch or sending money through intermediaries. This reduction in transaction costs benefits rural populations by preserving their hard-earned income and making financial services more affordable.

Enhanced Livelihoods: Access to DFS facilitates easier and more efficient management of agricultural activities and small businesses. Rural farmers and entrepreneurs can make payments, receive funds, and access credit quickly, fostering economic growth and stability within the community.



Improved Safety and Security: Digital financial services reduce the risks associated with carrying cash, which is especially important in rural areas where theft and security concerns may be more prevalent. By storing funds digitally and conducting transactions electronically, residents can enhance the safety of their financial assets.

Access to Government Benefits: Rural individuals can access government subsidies, welfare payments, and agricultural support more easily through digital channels. This ensures that the intended beneficiaries receive these benefits directly and promptly, reducing leakages and corruption in the system.

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