

Banking Awareness and Banking Habit Among Kudumbashree Members of Thrissur District

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Abstract: Banks are the backbone of an economy. Access to organized banking system can prevent a large section of the population from exploitation. Realizing the need for financial inclusion, several initiatives has been developed. Kudumbashree in Kerala is one such initiative to ensure financial inclusion among women, thereby empowering them. This paper discusses the awareness level about various services offered through banks and the change in savings as well as borrowing habits among kudumbashree members. Data was collected from 60 kudumbashree members of Division 04 of Thrissur corporation and was analyzed using percentage analysis and weighted average. Bar diagrams and tables are used for data presentation. The study found out that majority of the members have knowledge about traditional banking services, however they are ignorant about the modern services. Also, after joining kudumbashree here is a significant change in their borrowing habit and savings mode. This study was successful in identifying the significant role played by the Self-help group initiative in making the women financially inclusive.

Keywords: Kudumbashree, financial products and services, Savings habit, Borrowing behaviour

INTRODUCTION

Indian economy is a developing economy and is expected to scale greater heights in the coming years. However, an important part of the population of this economy particularly the disadvantaged and vulnerable group of people does not have access to most of the basic financial services. Lack of collateral, low credit profile, huge transaction cost and several other factors have deprived these marginalized sections from formal banking system.

The realisation that this sort of inequitable development could not lead to sustainable development of the society raised the need for financial inclusion. Financial inclusion is the provision of access to financial services like bank accounts, savings product, financial advisory services remittances and payment services, insurance and micro credit to weaker sections at an affordable cost. It also involves actions to provide access to formal financial system like nationalized banks. Since the formal banking system is limited to collateral-based lending, there arose a need for developing a new system for providing finance to the marginalized sections.

By providing access to small loans and banking services to those who were once excluded from formal financial services, microfinance has offered a wider scope in the area of financial inclusion. The main aim of microfinance is that it empowers poor people to pull themselves out of poverty if given access to economic inputs. The major microfinance providers in India are SHG-Bank linkage model, Non- Banking Financial Institutions and some trusts. Among these programs, Self Help Groups have

evolved out as the most efficient alternative as they are uniquely positioned among the beneficiaries.

In Kerala, Kudumbashree Mission has emerged as a renowned Self- help group initiative with worldwide recognition. Even though it was incorporated with the primary aim of women empowerment, it has grown out as source for economic empowerment for the marginalized sections of the society. This initiative has outnumbered other financial institutions and microfinance initiatives in the case of provision of banking facilities and has emerged out as a reliable tool for financial inclusion. This study analyses the banking habit and the extend of banking awareness among the members of this initiative.

Objectives of the Study

1. To assess the level of awareness about financial products and services among Kudumbashree members.
2. To analyze whether there is any change in the savings habit and the borrowing behavior of women after joining Kudumbashree.

Research Methodology

The study adopts a descriptive research design. Both primary and secondary sources of data were used for study. Primary data was collected using questionnaire. Secondary data was obtained from journals, websites and annual reports. The study was conducted over a period of three weeks. The population for the study constitutes the kudumbashree members in ward. 04 of Thrissur corporation, out of which a sample of 60 members were drawn. The sampling technique for the purpose was convenience sampling and questionnaire was the instrument used for data collection. Weighted averages and percentages were used for analyzing data. Graphs and tables were used for presenting data.

Review of Literature

Review of literature analyses the previous studies conducted on this topic by researchers, economists and other related authorities. The opinions collected through literature review helps to develop a framework for the study.

- **James Copestake (2018)** investigated the microfinance initiatives and development finance in India. The paper aimed to study the impact of microfinance on the economic regime of India. It used basic tools of analysis and derived information from secondary sources. The study concluded by stating the immense capacity of microfinance initiatives on developing the economy of a nation.
- **Sharif Mohd (2018)** studied the performance of microfinance institutions in India and identified that microfinance institutions play a significant role in development of the nation. The study focused on identifying the concept and delivery models of microfinance along with its role and importance. The tools for study were percentage analysis and averages and data was collected from secondary sources. The study concluded by stating the importance of microfinance in improving the standard of living of poor.
- **Dr. Ashalakshmi R K, Elsy Johnson, Megha Babu (2017)** conducted research titled “Financial inclusion and impact on women empowerment in rural area with

special reference to central Travancore region of Kerala”. The primary objective of the study was to assess the role of financial inclusion through self-help groups. The study adopted descriptive research design, collected data using questionnaire and data was analyzed using correlation and Garret Analysis. As per the study it was concluded that provision of financial services through self-help groups are highly beneficial and it could contribute enormously towards economic development.

- **Asoora. K (2015)** conducted research titled “A study on the microfinance through kudumbashree units”. The main focus of the study was to find the impact and identify the purpose of acquiring microfinance among kudumbashree members. The researcher used Z test, ANOVA, correlation and percentage analysis to analyze the data collected using questionnaire. As per this descriptive study it was concluded that microfinance acts as a catalyst in the lives of poor people. The findings stated that microfinance helps in reducing the indebtedness to outsiders and increased savings which resulted in increased standard of living in long run.

Analysis and Discussions

For analysis, the data was grouped into tables and studied using percentage analysis, weighted average and ranking. The data is presented using graphs. Majority of the respondents (57%) have joined Kudumbashree for developing savings habit. Each and every SHG to which the respondents belong have been linked with bank and all of them have a bank account of their own. The study also revealed that majority (93%) had savings account with bank, very few have opened other types of accounts

Service	Expert		Basic		Ignorant		Weighted mean
	F	%	F	%	F	%	
Interest rate of deposits	12	20	32	53	16	26	19.33
Interest rate on loan	18	30	37	61	5	8	22.17
Filling of bank slip	17	28	34	56	9	15	21.33
Usage of cheque	16	27	39	65	5	8	21.83
Repayment period	14	23	34	56	12	20	20.33
Subsidy facilities	8	13	30	50	22	36	17.67
Credit card and debit card	6	10	12	20	42	70	14.00
ATM card facility	14	23	30	50	16	26	19.67
Internet banking	3	5	16	26	41	68	13.67

Awareness About Banking Services

Table showing awareness level of respondents

Source: Primary data

The study reveals that even though most (68%) of them have had bank account before joining Kudumbashree more than half of the respondents came to know about the banking services after joining Kudumbashree. Majority of the respondents have knowledge about interest rate on deposits, interest rate on loans, filling of bank slip,

usage of cheque facility, repayment period, subsidy and ATM facilities. Majority are found to be ignorant of credit card, debit card and internet banking.

Change in the Savings Habit and the Borrowing Behavior

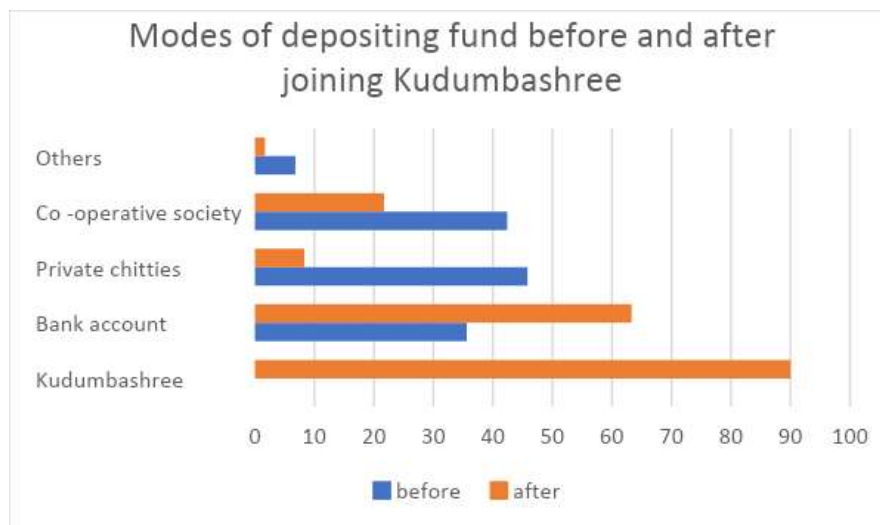
Savings Habit

Table showing ranks allocated to different savings options by Kudumbashree members

Source of Depositing fund	Rank 1	Rank 2	Rank 3	Rank 4	Weighted Total	Weighted Average	Rank
Kudumbashree	33	21	6	0	207	20.7	1
Bank account	16	25	15	4	173	17.3	2
Cooperative society	11	8	25	16	134	13.4	3
Private chitties	0	6	14	40	86	8.6	4

Source: Primary data

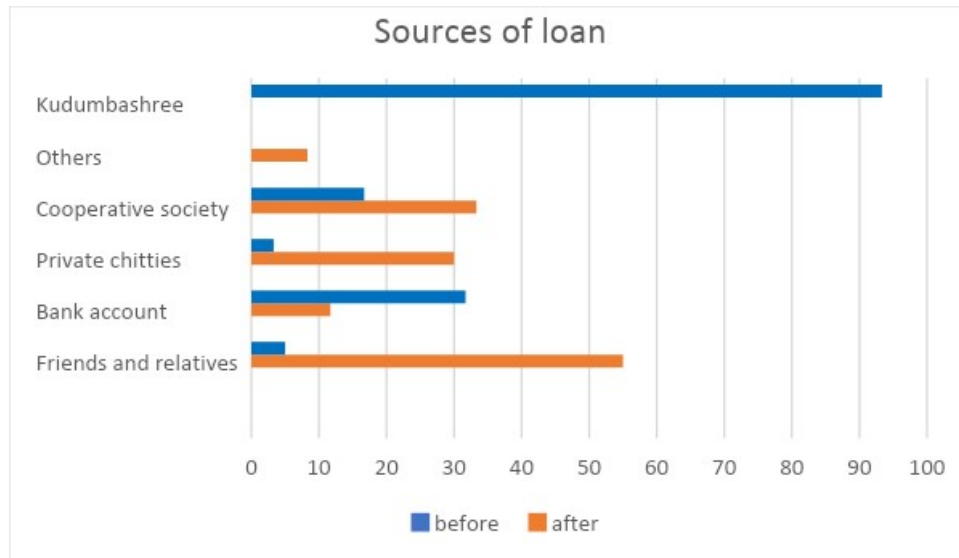
Analysis of ranks assigned by the respondents reveals that Kudumbashree is the most preferred source of depositing fund. Ease of access is the major reason (68%) as identified by the respondents for preferring Kudumbashree over other savings options



Source: Primary data

Most of the respondents (46%) deposited their savings in private chitties before joining Kudumbashree. But, after joining Kudumbashree (90%) their savings option has shifted to Kudumbashree. Safety offered by Kudumbashree savings option is the major reason for this shift from private chitties as stated by majority of respondents (74%).

Borrowing Behaviour



Source: Primary data

Majority (55%) of the respondents were dependent on their friends and relatives for meeting immediate needs before joining kudumbashree. However, major portion of the respondents (93%) have shifted to kudumbashree loans for meeting immediate needs after joining kudumbashree. Major reason for attractiveness of Kudumbashree loans over other sources of loans are stated in the table below:

Major attraction for taking this source	Number of respondents	Percentage of respondents
Low interest rates	29	52.72
No collateral loan	29	52.72
Easy availability	17	31
Flexible repayment	12	22

Source: Primary data

Suggestions

- ❖ Even though they have knowledge about traditional banking services, they should be given guidance on modern services like internet banking and related services.
- ❖ The members should be encouraged to use more and more banking products.
- ❖ The members should be equipped for using internet banking services.

CONCLUSION

Financial inclusion is critical to the process of development of the economy. It plays a crucial role in the alleviation of poverty which in turn leads to equitable growth of nation. Organisation of women into kudumbashree is an effective way to attain the same. From the project it is evident that kudumbashree members consider their kudumbashree units as “bank at doorstep”. It has liberated women from the

clutches of informal monetary system. Banks which were reluctant to provide services to poor individuals have changed their attitudes as Kudumbashree effectively strengthened the community -based organisation. It is evident from the present study that Kudumbashree project has been instrumental in attracting the deprived sections to formal banking system. In spite of different constraints and challenges, the kudumbashree project has the potential to transform the entire economy of the state.

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