

# Banking Literacy among Customers in Rural Areas

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**Abstract:** Financial inclusion focuses on providing reliable financial solutions to the economically underprivileged sections of the society without having any unfair treatment. It is also committed to being transparent while offering financial assistance without any hidden transactions or costs. As a policy of Government, financial inclusion has set of objectives and one of the main objectives of the financial inclusion is to increase the banking literacy about the benefits of banking products and services among the economically underprivileged sections of the society. The proposed study is trying to find out on what extent of this objective covered among the economically underprivileged section of the society.

**Keywords:** Banking Literacy, Investments, Financial inclusion, Savings, Transparency, Unprivileged

## I. INTRODUCTION

India is one of the most efficient financial markets in the world in terms of technology, regulation and systems. Financial inclusion is the delivery of banking services at a rational cost to the deprived and low income people. In India, the general idea of financial inclusion is exposed in a saving account at any bank. In fact, it includes loans, cheques, demand drafts etc. for all persons of an economy. As per the government policy, financial inclusion provides a set of objectives. The important vision towards the policy is to provide literacy about basic banking products and services especially to underprivileged sections in the society. Banking literacy is an important factor among the bank customers. The basic knowledge about the various banking products and services were necessary for every citizen in the country. Nowadays the Government provide most of the assistance through direct benefit fund transfer and real time gross settlement. So the bank customers should be aware about the basics of banking. The policy of financial inclusion should be attained only through providing proper banking literacy.

### Statement of the Problem

Financial inclusion and financial literacy are two essential ingredients of an efficient economy. While, financial literacy can accelerate financial inclusion, the vice versa may not hold true. Financial inclusion is a main concern in our country and the Government has been fairly active on its strategies on financial inclusion where various schemes are being introduced and awareness campaigns are being held from time to time. Pradhan Mantri Jan Dhan Yojana, a National Mission on Financial Inclusion kicked off in 2014, the result was record-breaking. But, unfortunately this many number of accounts do not ensure financial literacy. To make things clear, financial inclusion focuses on volume or quantity whereas financial literacy is more

about quality. The study attempts to measure the awareness level of banking products and services among people residing in rural areas of Thiruvananthapuram District.

### Objectives of the Study

- To study the banking literacy level of rural customers about various banking products and services.
- To compare the banking literacy level of rural customers of public sector banks, private sector banks and regional rural banks with regard to various banking products and services.

### Hypotheses of the Study

- H<sub>0</sub>- There is no significant difference among public, private and regional rural bank customers literacy level on Online Banking Services.
- H<sub>0</sub>- There is no significant difference among public, private and regional rural bank customers literacy level on Bank Loan.
- H<sub>0</sub>- There is no significant difference among public, private and regional rural bank customers literacy level on Inside Services and facilities.
- H<sub>0</sub>- There is no significant difference among public, private and regional rural bank customers literacy level on Accounts Related services.

### Scope of the Study

The present study is confined among the rural customers of selected scheduled commercial banks and regional rural bank such as State Bank of India, Federal Bank, Kerala Grameen bank in Thiruvananthapuram district for assessing their literacy level in respect of various banking products and services. The study covers literacy on both conventional banking products and services and electronic banking products and services.

## Methodology of the Study

The study made use of descriptive and analytical research design. Both secondary and primary data were used for the purpose of study. The secondary data were collected from research journals, theses, magazines, newspapers, books and State Bank of India website, Federal Bank website and Kerala Grameen Bank website, Reserve Bank of India website. Primary data were collected from the customers of selected public sector banks (State Bank of India), private sector banks (FEDERAL Bank), and regional rural banks (Kerala Grameen Bank) in Kerala through an interview schedule. The population of study includes all those individuals who have an account in selected Public sector, Private sector and Regional Rural banks and are residing in rural area of Thiruvananthapuram district.

### Sampling Technique

- **Selection of Bank:** The proposed study selected one bank each from public sector banks, private sector banks and regional rural banks. Purposive sampling method was used for selection of banks from each sector. The criteria used for this was banks with highest number of branches as per the Reserve Bank of India Statistics 2017. Hence the banks selected for the study were State Bank of India from public sector banks, Federal bank from private sector banks and Kerala Grameen Bank from regional rural banks.
- **Selection of Bank Customer:** As the population size is unknown, non-probability sampling method is used for the study. Data were collected from 150 respondents (50 bank customer from each bank) who possess an account in selected private sector, public sector or regional rural banks in Kerala selected under the study. Purposive sampling technique was used for the study for selecting sample respondents with a defined criterion. The criterion is the respondents must have bank account and are residing in rural area.

**Tools for analysis:** The statistical tests used for analysing the research data were percentage, one way ANOVA, independent sample t test, ANOVA Post Hoc analysis, levene test for homogeneity of group, KMO and Bartlett's test etc.

## II. REVIEW OF LITERATURE

Ahmad and Bansal (2013)<sup>1</sup> examined the level of awareness of customers towards technology enabled banking services of banks in Delhi and its effect on their perception on electronic banking. It was reported that customers possessed a better awareness level regarding

Automated Teller Machine facilities and fund transfer through electronic mode.

Anithamary and Harini (2017)<sup>2</sup> determined the level of awareness and usage frequency of bank customers towards electronic banking in Coimbatore city. It was concluded that gender and annual income were not influencing the awareness and usage of customers in electronic banking services like mobile banking, Automated Teller Machines, Debit card services, other prepaid card services and internet banking

Bhagat and Shinde (2014)<sup>3</sup> carried out a study among final year Degree students in Mumbai to know their awareness in the various banking services and usage of Automated Teller Machines and National Electronic Fund Transfer services. It was evident that the students who had a bank account showed higher awareness level regarding the use of cheque facilities.

Gayathry (2013)<sup>4</sup> analysed the role played by banks of Chennai in developing awareness among customers. Customers' awareness regarding doorstep banking, bancassurance, mutual funds, Core banking solutions etc. were found comparatively low. Banks' initiatives in providing these banking services were also found not effective.

Janefer and Siddiq (2017)<sup>5</sup> examined the awareness of bank customers in respect of loan and deposit services. It was found that the satisfaction levels of customers regarding loan services were influenced by their education level than other factors such as age and gender.

Joshi and Joshi (2018)<sup>6</sup> assessed the awareness and satisfaction of customers on the services rendered by Pithoragarh district co-operative bank Ltd in the state of Uttarakhand. Though the customers were moderately educated, their awareness towards the various banking services was found to be low. Most of the customers were aware of the Automated Teller Machine facilities.

Rao (2013)<sup>7</sup> reviewed the awareness of rural bank customers on the various electronic banking facilities offered by State Bank of India. State Bank of India plays a significant role in achieving the objective of Financial Inclusion in the country through its number of branches and penetration into unbanked areas. The customers were found not aware of these e-banking services provided by the bank.

## III. ANALYSIS & DISCUSSIONS

This section analyzes the data collected from 150 respondents using both descriptive and inferential statistics.

**Table 1 Age group wise classification**

Age		Type of bank			Total
		PSB	Pvt.SB	RRB	
Up to 20	Count	9	7	3	19
	% within type of bank	18.0%	14.0%	6.0%	12.7%
21-40	Count	17	14	22	53
	% within type of bank	34.0%	28.0%	44.0%	35.3%
41-60	Count	14	15	20	49
	% within type of bank	28.0%	30.0%	40.0%	32.7%
60 & above	Count	10	14	5	29
	% within type of bank	20.0%	28.0%	10.0%	19.3%
Total	Count	50	50	50	150
	% within type of bank	100.0%	100.0%	100.0%	100.0%

Source: Primary Data

Table 1 shows the highest percentage of respondents (35.3 percent) belongs to the category of 21-40 age group followed by 32.7percent, who belongs to the category of 41-60 age groups. The majority of the respondents belong to the category of 21-60 age groups.

Table 2 shows that majority of the respondents are female contributing to about 52.7 percent of the total respondents. Only 47.3 percent are male respondents. In public sector

banks, female (56.0percent) respondents exceed male (44.0percent) and private sector banks majority of the respondents are from the female category(54.0percent) followed by male respondents(46.0percent). In regional rural banks, the highest per cent of respondents belongs to the category of male (52.0percent) followed by 48.0 percent, who belongs to the category of female respondents.

**Table 2 Gender wise classification**

Gender		Type of bank			Total
		PSB	Pvt. SB	RRB	
Male	Count	22	23	26	71
	% within type of bank	44.0%	46.0%	52.0%	47.3%
	% of Total	14.7%	15.3%	17.3%	47.3%
Female	Count	28	27	24	79
	% within type of bank	56.0%	54.0%	48.0%	52.7%
	% of Total	18.7%	18.0%	16.0%	52.7%
Total	Count	50	50	50	150
	% within type of bank	100.0%	100.0%	100.0%	100.0%
	% of Total	33.3%	33.3%	33.3%	100.0%

Source: primary data

**Customer’s Literacy Level on Various Banking Products and Services**

Principal Component Analysis was used for explaining the variance-covariance structure of a set of variables used in

The Factors are:-

**Components Identified from Factor Solution**

**1- Component 1- Online services**

- LB1 Fund transfer
- LB2 ATM services
- LB3 Online banking facilities
- LB4 Mobile banking
- LB5 Debit/ credit card purchasing

the questionnaire for studying Public, Private and Regional Rural Bank customer’s literacy level on various banking products and services. The study has used 24 banking products and services to know whether the customers are literate or not.

LB6 Cash depositing machine

**2- Component 2- Bank Loans**

- LB7 Procedure for applying a loan
- LB8 Educational loan procedures
- LB9 Vehicle loan processing
- LB10 Details about application of housing loan
- LB11 Gold loan procedures

**3- Component 3-Inside Services and facilities**

- LB12 Filling of cheque

LB13 Process in taking draft

LB14 Safe locker facility

LB15 Entries in your pass book

**4- Component 4-Bank Interest rate and Charges**

LB16 Interest rate of deposits

LB17 Interest rate of different loans

LB18 Annual maintenance charge of debit/credit card

LB19 Processing charge for different banking services

**5- Component 5-Accounts Related**

LB20 Type of deposit

LB21 Procedure for opening an account

LB22 Know your customer norms

LB23 No frills account

LB24 Maintenance of minimum balance

**Component 1-Online services**

**Table 3 - Mean Distribution of Bank Customers Opinion Regarding Their Literacy Level on Online Banking Services**

		N	Mean	Std. Deviation
Fund transfer	PSB	50	3.44	1.146
	Pvt.SB	50	3.82	1.024
	RRB	50	3.08	1.322
	Total	150	3.45	1.201
ATM services	PSB	50	3.98	.937
	Pvt.SB	50	3.60	1.050
	RRB	50	3.62	1.123
	Total	150	3.73	1.047
Online banking facilities	PSB	50	3.48	1.100
	Pvt.SB	50	3.58	1.108

**Table 5 - Significance Difference Among Public, Private and RRB Customers Literacy Level on Online Banking Services**

		Sum of Squares	df	Mean Square	F	Sig.
Fund transfer	Between Groups	13.693	2	6.847	4.998	.008
	Within Groups	201.380	147	1.370		
	Total	215.073	149			
ATM services	Between Groups	4.573	2	2.287	2.117	.124
	Within Groups	158.760	147	1.080		
	Total	163.333	149			
Online banking facilities	Between Groups	24.333	2	12.167	9.146	.000
	Within Groups	195.540	147	1.330		
	Total	219.873	149			
Mobile banking	Between Groups	7.320	2	3.660	3.086	.049
	Within Groups	174.340	147	1.186		
	Total	181.660	149			
Debit/ credit card purchasing	Between Groups	12.520	2	6.260	4.184	.017
	Within Groups	219.940	147	1.496		
	Total	232.460	149			
Cash depositing machine	Between Groups	16.680	2	8.340	6.211	.003
	Within Groups	197.380	147	1.343		
	Total	214.060	149			

Source: Primary Data

	RRB	50	2.68	1.151
	Total	150	3.25	1.215
Mobile banking	PSB	50	3.68	1.115
	Pvt.SB	50	3.92	.986
	RRB	50	3.38	1.159
	Total	150	3.66	1.104
Debit/ credit card purchasing	PSB	50	3.12	1.118
	Pvt.SB	50	3.38	1.210
	RRB	50	2.68	1.332
	Total	150	3.06	1.249
Cash depositing machine	PSB	50	3.18	1.082
	Pvt.SB	50	3.00	1.278
	RRB	50	2.40	1.107
	Total	150	2.86	1.199

Source: Primary Data

Table 4 shows the homogeneity of variances among groups, result indicates that all of the variables have p-value is greater than at 5 per cent significant level, hence it can be concluded that the three groups have met homogeneity condition with regards to online services component.

**Table 4 Test of Homogeneity of Variances among Public, Private and RRB regarding Online Banking Services**

	Levene Statistic	df1	df2	Sig.
Fund transfer	1.865	2	147	.159
ATM services	3.160	2	147	.065
Online banking facilities	.384	2	147	.682
Mobile banking	.948	2	147	.390
Debit/ credit card purchasing	2.522	2	147	.084
Cash depositing machine	1.301	2	147	.276

Result is Based on Mean

Table 5 shows the result of whether there is any significant difference among banks regarding their customer's literacy level on banking online products and services, Result indicates that bank customers literacy level on ATM services ( $f=2.117, .124 > 0.05$ ) is not depends on their bank, hence it can be assume that there is no significant difference among the three banks customers literacy level on ATM services, whereas bank customers literacy level on Fund transfer ( $F=4.998, .008 < 0.05$ ), Online banking facilities ( $F=9.146, .000 < 0.05$ ), Mobile banking

( $F=3.086, .049 < 0.05$ ), Debit/ credit card purchasing ( $F=4.184, .017 < 0.05$ ), and Cash depositing machine ( $F=6.211, .003 < 0.05$ ) are significantly different among three banks.

One Way ANOVA indicates that bank customer's literacy level is significantly different among three bank group regarding four services, hence multiple comparison (Tukey HSD) test is further used to identify which of the groups are significantly different from each other.

**Table 6 Multiple Comparisons-Pair Wise Mean Comparison**

Tukey HSD					
Dependent Variable	(I) Type of bank	(J) Type of bank	Mean Difference (I-J)	Std. Error	Sig.
Fund transfer	RRB	PSB	-.360	.234	.276
		Pvt.SB	-.740*	.234	.005
Online banking facilities	RRB	PSB	-.800*	.231	.002
		Pvt.SB	-.900*	.231	.000
Mobile banking	RRB	PSB	-.300	.218	.355
		Pvt.SB	-.540*	.218	.038
Debit/ credit card purchasing	RRB	PSB	-.440	.245	.174
		Pvt.SB	-.700*	.245	.013
Cash depositing machine	RRB	PSB	-.780*	.232	.003
		Pvt.SB	-.600*	.232	.028

Source: Primary Data \*. The mean difference is significant at the 0.05 level.

Table 6 shows that there is a significant difference between RRB customers and Private bank customer literacy level on Fund transfer ( $.005 < 0.05$ ), Online banking facilities ( $.000 < 0.05$ ), Mobile banking ( $.038 < 0.05$ ), Debit/ credit card purchasing ( $.013 < 0.05$ ), Cash depositing machine ( $.028 < 0.05$ ). Result also illustrate that RRB customers and PSB customers literacy level is significantly different regarding Online banking facilities ( $.002 < 0.05$ ), and Cash depositing machine ( $.003 < 0.05$ ). Based on the result of One Way ANOVA, it is found that majority of the variable from component 1 having p-value is less than at 5 per cent significant level, hence it could be concluded that the null hypothesis is there is no significant difference among public, private and regional rural bank customers literacy level on Online Banking Services stands rejected.

**Component 2- Bank Loans**

**Table 7 Mean Distribution of Bank Customers Opinion Regarding Their Literacy Level on Bank Loans**

		N	Mean	SD
Procedure for applying a loan	PSB	50	3.70	1.111
	Pvt.SB	50	3.84	1.476
	RRB	50	2.96	0.149
	Total	150	3.50	1.110
Educational loan procedures	PSB	50	3.36	1.005
	Pvt.SB	50	3.04	1.160
	RRB	50	2.66	0.536
	Total	150	3.02	1.132
Vehicle loan	PSB	50	3.58	1.126

processing	Pvt.SB	50	3.52	1.035
	RRB	50	3.16	1.131
	Total	150	3.42	1.107
Details about application of housing loan	PSB	50	3.38	1.105
	Pvt.SB	50	2.90	0.199
	RRB	50	3.28	1.011
	Total	150	3.19	1.120
Gold loan procedures	PSB	50	3.82	.962
	Pvt.SB	50	3.74	1.065
	RRB	50	3.12	1.288
	Total	150	3.56	1.150

Source: Primary Data

**Table 8 Test of Homogeneity of Variances regarding Bank Loan**

	Levene Statistic	df1	df2	Sig.
procedure for applying a loan	.899	2	147	.409
educational loan procedures	.599	2	147	.551
vehicle loan processing	.100	2	147	.905
details about application of housing loan	1.001	2	147	.370
gold loan procedures	3.662	2	147	.068

Result is based on mean

Table 8 shows that all of the variables have p-value is greater than at 5 per cent significant level, hence it can be

concluded that the three groups have met homogeneity condition with regards to component 2-Bank loan.

**Table 9 Significance Difference among Public, Private and RRB Customers Literacy Level on Loan**

		Sum of Squares	df	Mean Square	F	Sig.
Procedure for applying a loan	Between Groups	22.360	2	11.180	10.199	.000
	Within Groups	161.140	147	1.096		
	Total	183.500	149			
Educational loan procedures	Between Groups	12.280	2	6.140	5.052	.008
	Within Groups	178.660	147	1.215		
	Total	190.940	149			
Vehicle loan processing	Between Groups	5.160	2	2.580	2.138	.122
	Within Groups	177.380	147	1.207		
	Total	182.540	149			
Details about application of housing loan	Between Groups	6.413	2	3.207	2.614	.077
	Within Groups	180.360	147	1.227		
	Total	186.773	149			
Gold loan procedures	Between Groups	14.680	2	7.340	5.919	.003
	Within Groups	182.280	147	1.240		
	Total	196.960	149			

Source: Primary Data

Table 9 shows that there is a significant difference among three bank customers literacy level in related to Procedure for applying a loan ( $F=10.199, .000 < 0.05$ ), Educational loan procedures ( $F=5.052, .008 < 0.05$ ), and Gold loan procedures ( $F=5.919, .003 < 0.05$ ), rest of the two variables have p-value is greater than at 5 per cent significant level, hence it can be concluded that there is no significant difference among three bank customers literacy level regarding Vehicle loan processing ( $F=2.138, .122 > 0.05$ ), and Details about application of housing loan ( $F=2.614, .077 > 0.05$ ). One Way ANOVA indicates that bank customer's literacy level is significantly different among three bank group regarding three variables, hence multiple comparison (Tukey HSD) test is further used to identify which of the groups are significantly different from each other regarding these variables.

**Table 10 Multiple Comparisons-Pair Wise Mean Comparison**

Tukey HSD					
Dependent Variable	(I) type of bank	(J) type of bank	Mean Difference (I-J)	Std. Error	Sig.
Procedure for applying a loan	RRB	PSB	-.740*	.209	.002
		Pvt.SB	-.880*	.209	.000
Educational loan procedures	RRB	PSB	-.700*	.220	.005
		Pvt.SB	-.380	.220	.200
Gold loan procedures	RRB	PSB	-.700*	.223	.006
		Pvt.SB	-.620*	.223	.017

Source: Primary Data \*. The mean difference is significant at the 0.05 level.

Table 10 shows that RRB customer literacy level is significantly different from public and private sector bank customers literacy regarding Procedure for applying a loan ( $.002, .000 < 0.05$ ) and Gold loan procedures ( $.006, .017 < 0.05$ ). RRB customers awareness level is significantly different from public sector bank customer

awareness level regarding Educational loan procedures ( $.005 < 0.05$ ). Based on the result of One Way ANOVA, it is found that majority of the variable from component 2 having p-value is less than at 5 per cent significant level, hence it can be inferred that the null hypothesis is -there is no significant difference among public, private and regional rural bank customers literacy level on Bank Loan stands rejected.

**Component 3-Inside Services and facilities**

**Table 11 Mean Distribution of Bank Customers Opinion Regarding Their Literacy Level on Inside Services and facilities**

		N	Mean	Std. Deviation
Filling of cheque	PSB	50	3.44	1.181
	Pvt.SB	50	3.62	1.123
	RRB	50	2.86	0.295
	Total	150	3.31	1.204
Process in taking draft	PSB	50	2.92	1.192
	Pvt.SB	50	3.16	1.267
	RRB	50	2.66	0.639
	Total	150	2.91	1.242
Safe locker facility	PSB	50	3.14	1.010
	Pvt.SB	50	3.02	1.378
	RRB	50	2.40	0.895
	Total	150	2.85	1.239
Entries in your pass book	PSB	50	3.22	1.200
	Pvt.SB	50	3.18	1.320
	RRB	50	2.62	0.760
	Total	150	3.01	1.282

Source: Primary Data

**Table 12 Test of Homogeneity of Variances regarding Inside Services and facilities**

	Levene Statistic	df1	df2	Sig.
Filling of cheque	.098	2	147	.906

Process in taking draft	.419	2	147	.658
Safe locker facility	3.712	2	147	.067
Entries in your pass book	.525	2	147	.593

Result is based on mean

Table 12 shows that all variables have p-value is greater than at 5 per cent significant level, hence it can be concludes that the three groups have met homogeneity condition with regards to component 3- Inside Services and facilities.

**Table 13 Significance Difference among Public, Private and RRB Customers Literacy Level on Inside Services and facilities**

		Sum of Squares	df	Mean Square	F	Sig.
Filling of cheque	Between Groups	15.773	2	7.887	5.793	.004
	Within Groups	200.120	147	1.361		
	Total	215.893	149			
Process in taking draft	Between Groups	6.253	2	3.127	2.055	.132
	Within Groups	223.620	147	1.521		
	Total	229.873	149			
Safe locker facility	Between Groups	15.773	2	7.887	5.443	.005
	Within Groups	213.000	147	1.449		
	Total	228.773	149			
Entries in your pass book	Between Groups	11.253	2	5.627	3.539	.032
	Within Groups	233.740	147	1.590		
	Total	244.993	149			

Source: Primary Data

Table 13 shows that there is a significant difference among three bank customers literacy level in related to Filling of cheque ( $F=5.793, .004 < 0.05$ ), Safe locker facility ( $F=5.443, .005 < 0.05$ ), and Entries in your pass book ( $F=3.539, .032 < 0.05$ ), rest of the variable have p-value is greater than at 5 per cent significant level, hence it can be concludes that there is no significant difference among three bank customers literacy level regarding Process in taking draft ( $F=2.055, .132 > 0.05$ ).

Based on the result of One Way ANOVA, it is found that majority of the variable from component 3 having p-value is less than at 5 per cent significant level, hence it can be inferred that the null hypothesis is -there is no significant difference among public, private and regional rural bank customers literacy level on Inside Services and facilities stands rejected.

**Table 14 Multiple Comparisons-Pair Wise Mean Comparison**

Tukey HSD					
Dependent Variable	(I) type of bank	(J) type of bank	Mean Difference (I-J)	Std. Error	Sig.
Filling of cheque	RRB	PSB	-.580*	.233	.037
		Pvt.SB	-.760*	.233	.004
Safe locker facility	RRB	PSB	-.740*	.241	.007
		Pvt.SB	-.620*	.241	.029
Entries in your pass book	RRB	PSB	-.600*	.252	.049
		Pvt.SB	-.560	.252	.071

Source: Primary Data \*. The mean difference is significant at the 0.05 level.

Table 14 shows that RRB customers literacy level is significantly different from both Pvt.SB and PSB bank customers literacy level in related to Filling of cheque ( $0.037, 0.004 < 0.05$ ), and Safe locker facility ( $0.007, 0.029 < 0.05$ ), at the same time RRB customers literacy level is significantly different from PSB customers literacy level regarding Entries in your pass book ( $0.049 < 0.05$ ).

**Component 4-Bank Interest Rate and Charges**

**Table 15 Mean Distribution of Bank Customers Opinion Regarding Their Literacy Level on Bank Interest Rate and Charges**

		N	Mean	Std. Deviation
Interest rate of deposits	PSB	50	2.46	1.232
	Pvt.SB	50	2.58	1.372
	RRB	50	2.28	1.107
	Total	150	2.44	1.240
Interest rate of different loans	PSB	50	2.46	1.129
	Pvt.SB	50	2.56	1.280
	RRB	50	2.42	1.090
	Total	150	2.48	1.163
Annual maintenance charge of debit or credit card	PSB	50	3.22	1.217
	Pvt.SB	50	3.20	1.443
	RRB	50	2.50	1.266
	Total	150	2.97	1.346
Processing charge for different banking services	PSB	50	3.08	1.209
	Pvt.SB	50	2.70	1.282
	RRB	50	2.70	1.111
	Total	150	2.83	1.208

Source: Primary Data

Table 16 shows that all variables have p-value is greater than at 5 per cent significant level, hence it can be concludes that the three groups have met with homogeneity condition regarding the component 4- **Bank Interest rate and Charges.**

**Table 16 Test of Homogeneity of Variances regarding Bank Interest Rate and Charges**

	Levene Statistic	df1	df2	Sig.
Interest rate of deposits	2.329	2	147	.101

Interest rate of different loans	1.545	2	147	.217
Annual maintenance charge of debit or credit card	1.856	2	147	.160
Processing charge for different banking services	.660	2	147	.518

Result is based on mean

**Table 17 Significance Difference among Public, Private and RRB Customers Literacy Level on Bank Interest Rate and Charges**

		Sum of Squares	df	Mean Square	F	Sig.
Interest rate of deposits	Between Groups	2.280	2	1.140	.739	.479
	Within Groups	226.680	147	1.542		
	Total	228.960	149			
Interest rate of different loans	Between Groups	.520	2	.260	.190	.827
	Within Groups	200.920	147	1.367		
	Total	201.440	149			
Annual maintenance charge of debit or credit card	Between Groups	16.813	2	8.407	4.883	.009
	Within Groups	253.080	147	1.722		
	Total	269.893	149			
Processing charge for different banking services	Between Groups	4.813	2	2.407	1.663	.193
	Within Groups	212.680	147	1.447		
	Total	217.493	149			

Source: Primary Data

Table 17 shows that three bank customers literacy level is significantly different regarding Annual maintenance charge of debit or credit card ( $F=4.883, .009<0.05$ ) and rest of the variables have p-value is greater than at 5 per cent significant level, hence it can be inferred that three public sector bank customers literacy level is not significantly different in related to Interest rate of deposits ( $F=.739, .479>0.05$ ), Interest rate of different loans ( $F=.190, .827>0.05$ ), Processing charge for different banking services ( $F=1.663, .193>0.05$ ). The result indicates that annual maintenance charge of debit or credit card have showing statistical significance, hence Multiple

Comparison is further used to identify the pair wise significant difference.

Table 18 shows that RRB customers literacy level on annual maintenance charge of debit or credit card ( $0.019, 0.023<0.05$ ) is significantly different from Public and Private sector bank customers literacy level. Based on the result of One Way ANOVA, it is found that majority of the variable from component 4 having p-value is greater than at 5 per cent significant level, hence it can be inferred that the null hypothesis is -there is no significant difference among public, private and regional rural bank customers literacy level on Bank Interest Rate and Charges stands accepted.

Source: Primary Data \*. The mean difference is significant at the 0.05 level.

**Table 18 Multiple Comparisons-Pair Wise Mean Comparison**

Tukey HSD					
Dependent Variable	(I) type of bank	(J) type of bank	Mean Difference (I-J)	Std. Error	Sig.
Annual maintenance charge of debit or credit card	RRB	PSB	-.720*	.262	.019
		Pvt.SB	-.700*	.262	.023

**Component 5-Accounts Related Services**

**Table 19 Mean Distribution of Bank Customers Opinion Regarding Their Literacy Level on Accounts Related Services**

		N	Mean	Std. Deviation
Type of deposit	PSB	50	3.44	1.072
	Pvt.SB	50	3.42	1.180
	RRB	50	3.16	1.267
	Total	150	3.34	1.175
Procedure for	PSB	50	3.16	1.346



opening an account	Pvt.SB	50	3.22	1.266
	RRB	50	2.86	1.178
	Total	150	3.08	1.267
Know your customer norms	PSB	50	3.14	1.325
	Pvt.SB	50	2.92	1.226
	RRB	50	3.00	1.050
	Total	150	3.02	1.201
No frills account	PSB	50	3.68	.913
	Pvt.SB	50	3.32	1.253
	RRB	50	3.38	1.141
	Total	150	3.46	1.115
Maintenance of minimum balance	PSB	50	3.44	.884
	Pvt.SB	50	3.40	1.212
	RRB	50	3.24	1.379
	Total	150	3.36	1.172

Source: Primary Data

**Table 20 Test of Homogeneity of Variances regarding Accounts Related Services**

	Levene Statistic	df1	df2	Sig.
Type of deposit	1.375	2	147	.256
Procedure for opening an account	1.031	2	147	.359
Know your customer norms	2.904	2	147	.068
No frills account	1.546	2	147	.061
Maintenance of minimum balance	1.553	2	147	.070
Result is based on mean				

Table 20 shows that all variables have p-value is greater than at 5 per cent significant level, hence it can be concludes that the three groups have met with homogeneity condition regarding the Component 5- Accounts Related.

**Table 21 Significance Difference among Public, Private and RRB Customers Literacy Level on Accounts Related Services**

		Sum of Squares	df	Mean Square	F	Sig.
Type of deposit	Between Groups	2.440	2	1.220	.882	.416
	Within Groups	203.220	147	1.382		
	Total	205.660	149			
Procedure for opening an account	Between Groups	3.720	2	1.860	1.162	.316
	Within Groups	235.320	147	1.601		
	Total	239.040	149			
Know your customer norms	Between Groups	1.240	2	.620	.426	.654
	Within Groups	213.700	147	1.454		
	Total	214.940	149			
No frills account	Between Groups	3.720	2	1.860	1.506	.225
	Within Groups	181.540	147	1.235		
	Total	185.260	149			
Maintenance of minimum balance	Between Groups	1.120	2	.560	.405	.668
	Within Groups	203.440	147	1.384		
	Total	204.560	149			

Source: Primary Data

Table 21 shows that three banks customers literacy level is no significantly different regarding the component 5-account related. i.e., all the variables have p-value is greater than at 5 per cent significance level, hence it can be concluded that three bank customers opinion is not different. Based on the result of One Way ANOVA, it is found that majority of the variable from component 5 having p-value is greater than at 5 per cent significant level, hence it can be inferred that the null hypothesis is - there is no significant difference among public, private and regional rural bank customers literacy level on Accounts Related services stands accepted.

#### IV. FINDINGS

1. Customers of private sector banks exhibit a higher literacy level in banking services like fund transfer,

online banking, mobile banking and credit/ Debit card purchasing. A high literacy rate was recorded by the customers of Public sector banks in respect of operating Automated Teller Machines. The banking literacy of customers of Regional rural banks was identified to be poor in case of online banking services, Debit/ Credit card purchases and cash depositing machines.

2. It was found that the customers across different banks under study do not differ in their banking literacy in respect of ATM services. ATM is the most popular utilised service of any bank and that which reduces the workload of bank staff to a great extent. Hence the staff themselves encourages customers to use ATM facilities and this resulted in a better literacy of customers in this regard.

3. The literacy level of Public sector bank customers were higher than other banks in respect of educational loan procedures, vehicle loan processing, application of housing loan and gold loan procedures whereas customers of private sector banks showed a better awareness on the procedures to apply for a loan. The awareness of customers of Regional rural banks was poor in all these respects.
4. Customers of public sector banks showed higher awareness in safe locker facilities and entries in passbook than other banks whereas private sector bank customers are better aware in filling of cheque and process of taking draft. The literacy of customers in all these respects of Regional rural banks was recorded to be low which calls for proper intervention.
5. Customers of all the three banks exhibited poor literacy level regarding interest rates on loans and deposits. Customers of RRB have poor knowledge on annual maintenance charges on Credit/Debit card and processing charges. Private bank customers also have poor literacy on processing charges.

## V. SUGGESTIONS

1. Banks should conduct awareness programmes and campaigns in rural areas linking with SHG's.
2. Most of the rural people are illiterate hence they can't understand the applications and forms which are written in English. So the banks should change the applications and forms in to the regional languages.
3. The Government should take the initiative to compulsorily include Financial Literacy in school curriculum and in adult literacy programs to have a lasting impact in the society.

## VI. CONCLUSION

The Government of India and the Reserve Bank of India have been making concerted efforts to promote financial inclusion as one of the important national objectives of the country. The low level of financial literacy rate makes it as a challenge. Especially in rural areas, most of them are not able to comprehend about the basic banking knowledge. The concept of financial inclusion is beneficial to the country only after the attainment of banking literacy among rural people. Customers of rural areas are far behind the technological advancements in the banking sector. Scheduled Commercial banks' customers are literate than Regional rural banks' customers in respect of banking technology.

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