



A STUDY ON BANKING BEHAVIOUR OF PEOPLE IN RURAL AREAS

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Abstract

The banking behaviour of rural people plays a crucial role in promoting financial inclusion and rural development. Despite the expansion of banking facilities, a significant section of the rural population still depends on informal sources of finance. This study examines the awareness, usage pattern, preference of banking services, and challenges faced by rural customers. The study is based on primary data collected through a structured questionnaire from rural respondents. The findings reveal that while basic banking services such as savings accounts and ATM usage are widely adopted, digital banking adoption remains low due to lack of awareness, digital literacy, and trust issues. The study suggests policy measures to strengthen financial literacy and improve access to modern banking facilities in rural areas.

Keywords: Banking Behaviour, Rural Customers, Financial Inclusion, Digital Banking, Rural Development

Introduction

Banking plays a vital role in the economic development of a country. In India, rural areas account for a major portion of the population. The Government of India and the Reserve Bank of India have introduced various initiatives such as Pradhan Mantri Jan Dhan Yojana (PMJDY), Direct Benefit Transfer (DBT), and digital payment systems to enhance banking penetration in rural areas. However, the behavioural pattern of rural people towards banking services is influenced by factors such as literacy level, income, accessibility of banks, trust in formal institutions, and technological awareness. Understanding rural banking behaviour is essential for designing inclusive banking policies and improving service delivery.

Review of Literature

RBI (2022) highlighted that financial inclusion has increased in rural areas, but digital transaction usage remains low.

Sharma & Singh (2021) found that lack of financial literacy is the primary barrier to adoption of modern banking services in villages.

Kumar (2020) observed that rural customers prefer traditional banking methods due to trust and personal relationships with bank staff.

World Bank (2019) emphasized that access to formal financial services improves savings behaviour and reduces dependency on moneylenders.

Statement of the Problem

Even though banks have expanded their network in rural India, many people continue to rely on cash transactions and informal sources of credit. Limited awareness, low income levels,

distance from banks, and fear of technology restrict the effective utilization of banking services. Hence, there is a need to study the banking behaviour of people in rural areas to identify gaps and challenges.

Objectives of the Study

1. To study the level of awareness of banking services among rural people.
2. To analyze the usage pattern of various banking services.
3. To identify factors influencing banking behaviour in rural areas.
4. To examine the problems faced by rural customers in using banking services.
5. To suggest measures to improve banking service utilization in rural areas.

Scope of the Study

The study is limited to selected rural areas and focuses on individual customers using banking services. It covers public and private sector banks operating in rural regions.

Research Methodology

Sample Size: 100 rural respondents

Sampling Technique: Convenience sampling

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 area. This

helps to understand the banking habitual level of the rural student regarding banking transactions.

Table1: Gender wise distribution of the respondents

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

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

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
B.Com	52	52
BBA	4	4
BSC	12	12
M.Com	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 own

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

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.

Major Findings

1. Majority of students (54 per cent) are female
2. It is seen from the analysis that majority of the respondents belong to the age group of 19 -21 years
3. Majority of the respondents are B Com students (52 per cent) because those have good awareness of banking services
4. 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.
5. As per the study the majority of the respondents maintained account in banks between 5 – 10years

Suggestions

1. Conduct regular financial literacy camps in villages.
2. Improve digital infrastructure and network connectivity.
3. Banks should provide training on mobile banking apps.

4. Increase banking correspondents (BCs) in rural areas.

5. Simplify digital banking procedures for rural users.

Conclusion

The study concludes that while banking access in rural areas has improved, the effective utilization of modern banking services is still limited. There is a strong need for awareness creation, digital education, and customer-friendly banking practices. Strengthening rural banking behaviour will contribute significantly to financial inclusion and rural economic development.

References

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