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## **Rural Customer Perception Towards Banking Service with reference to Sevasi and Waghodia Village of Vadodara District, Gujarat, India**

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### **ABSTRACT**

This paper is the outcome of a study conducted with an objective of analyzing rural customer perception regarding banking service. In this study, we analyzed and measured different perceptions from different customers about banking services and awareness about banking products and facilities. For this research, data is collected through questionnaire from the people of Sevasi and Waghodia village. A total of 110 responses are collected. By studying perception of customers, we analyzed that majority of the people preferred particular bank for their reputation and nearness and people are satisfied with the particular services from their respective banks. Half of the people did not aware about Pradhan Mantri Jan-Dhan Yojana which is part of Financial Inclusion. The aims of Financial Inclusion to include everybody in society by giving them basic financial services regardless of their income or savings. It focuses on providing financial solutions to the economically underprivileged and rural area as well as urban area. The result indicate that public sector banks had good potential within targeted area. This study helps to understand customers satisfaction level and also their need and issue regarding banking service.

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Keywords: Banking, Rural Customer, Financial Inclusion, Pradhan Mantri Jan-Dhan Yojana

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### **1. Introduction**

The banking sector is critical to the country's socioeconomic development. In the modern sense, banking in India began in the later decades of the 18th century. The majority of lenders in the Indian economy are nationalized banks. Due to consistent government initiatives to promote banking technology and expand in both rural and urban areas, access to the banking system has increased over time. It is critical to learn how to measure these aspects from the perspective of the consumer in order to comprehend their needs and satisfy them. Banking services are valued highly because they result in increased customer happiness, lower costs, increased profitability, and increased client loyalty and retention. However, today's average bank customer is dissatisfied with the services provided by banks alone. Banks are financial institutions that convert people's money into useful loans and investments. Deposits and loans are the most common types of banking. Any financial institution that accepts, collects, transfers, pays, swaps, lends, invests, or safeguards money for its customers is considered banking. Investment banks, finance firms, and money lenders are only a few examples of banking institutions.

#### **Financial Inclusion**

Financial inclusion increases the availability of economic resources and encourages impoverished people to save. Financial inclusion is a critical step toward more equitable growth. It contributes to the poor population's overall economic development. Effective financial inclusion is required in India to lift the poor and disadvantaged by providing them with customized financial goods and services.

## Rural Banking

Rural banking refers to a set of services that help customers meet their financial needs in rural areas. The RRBs Act of 1976 was passed by the Indian government to promote Regional Rural Banks (RRBs) as a means of bridging the credit gap for the rural poor. To provide adequate banking and credit facilities for agricultural and other rural sectors, Regional Rural Banks were founded under the requirements of an ordinance passed on September 26, 1975, and the RRB Act 1976.

## 2. Review Papers

Sidharthi Sharma, PriyankaGoyal, and Neha Mittal (2019) conducted research on the performance of regional rural banks in India, noting that over 70% of India's population resides in rural areas. Rural development is also necessary for the development of the Indian economy. As a result, the primary goal of these rural banks is to promote agricultural, trade, commerce, industry, and other productive activities in rural areas [1]. Renu Singh and Garima Malik (2019) looked examined the impact of digitalization on Indian rural banking customers, focusing on payment systems. In today's world, the term "digitalization" has become a slang term. Banking has steadily progressed with digitalization to provide customers with services at their fingertips and on their laptop screens. Due to a lack of knowledge about technology, rural banking customers are still having difficulty making digital payments via UPI methods [2]. According to KhuntiaRajanikanta (2014), the Pradhan Mantri Jan DhanYojana (PMJDY) is a new initiative in India aimed at increasing financial inclusion. Policymakers and financial organizations have made numerous attempts to bring a major portion of the rural population into the banking system. In a country like India, financial inclusion is recognized as critical to long-term economic growth and development. The government has devised a large-scale action plan known as the "Pradhan Mantri Jan-DhanYojana" in attempt to lower the level of "financial untouchability." It is a massive financial inclusion initiative with the goal of providing banking services and insurance coverage to all households in the country [3]. Nishi Sharma (2012) conducted research on Rural Customer Satisfaction from E-Banking in India, and she concluded that the banking industry is the most important. E-banking has revolutionized traditional banking by giving a plethora of benefits to its consumers. However, the applicability of e-banking in rural areas does not match the quick rise of e-banking in other places. This study aims to make some recommendations to improve rural clients' overall satisfaction and, as a result, their willingness to utilize e-banking as their primary banking channel [4].

## 3. Research Methodology

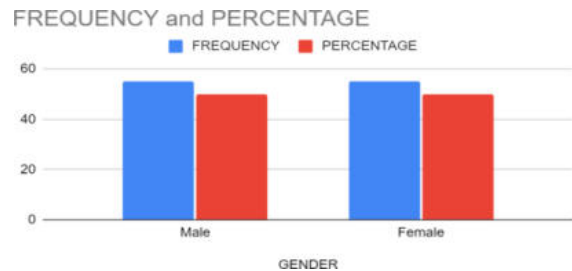
**Research Type:** We have used descriptive research design in this study and quota sampling method so for that we have maintained equal ratios in particular factors like living area of respondent and gender of respondent. Primary data collected through structured questionnaire and secondary data is collected through online database, journals, surveys. The total responses are 110.

**Objectives of the Study:** The main objective of this study is to analyze rural customer perception towards banking service and to measure satisfaction level of customers of Sevasi and Waghodia village of Vadodara district of Gujarat, India.

### Analysis and Discussion:

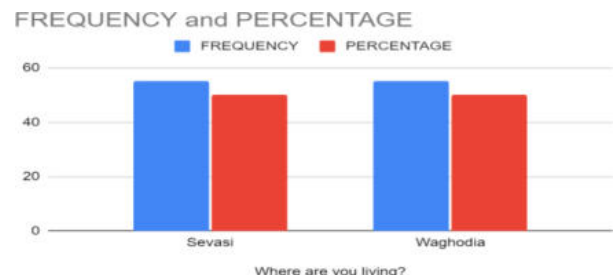
#### 1. Gender

	Frequency	Percentage
Male	55	50%
Female	55	50%



#### 2. Living area of Respondents

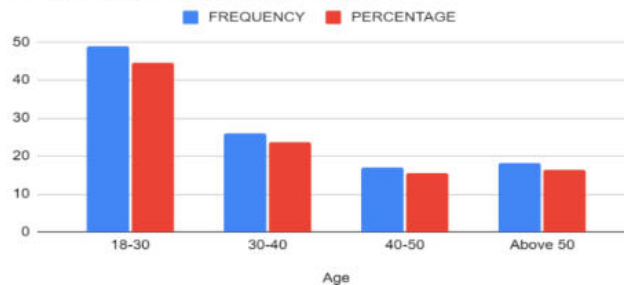
	Frequency	Percentage
Sevasi	55	50%
Waghodia	55	50%



3. Age

	Frequency	Percentage
18-30	49	44.54%
30-40	26	23.63%
40-50	17	15.45%
Above 50	18	16.36%

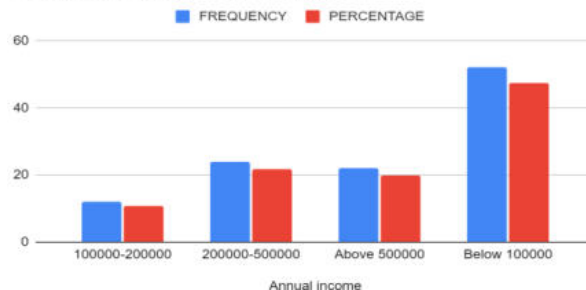
FREQUENCY and PERCENTAGE



4. Annual income

	Frequency	Percentage
100000-200000	12	10.90%
200000-500000	24	21.81%
Above 500000	22	20%
Below 100000	52	47.27%

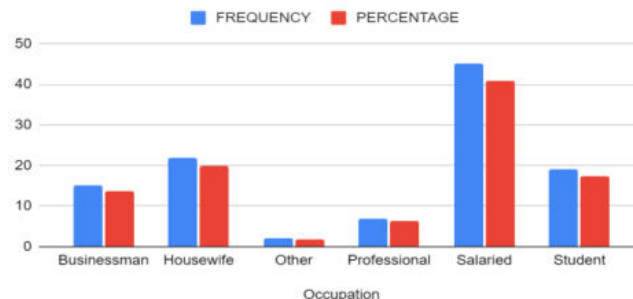
FREQUENCY and PERCENTAGE



5. Occupation

	Frequency	Percentage
Businessman	15	13.63%
Housewife	22	20%
Other	2	1.81%
Professional	7	6.36%
Salaried	45	40.90%
Student	19	17.27%

FREQUENCY and PERCENTAGE

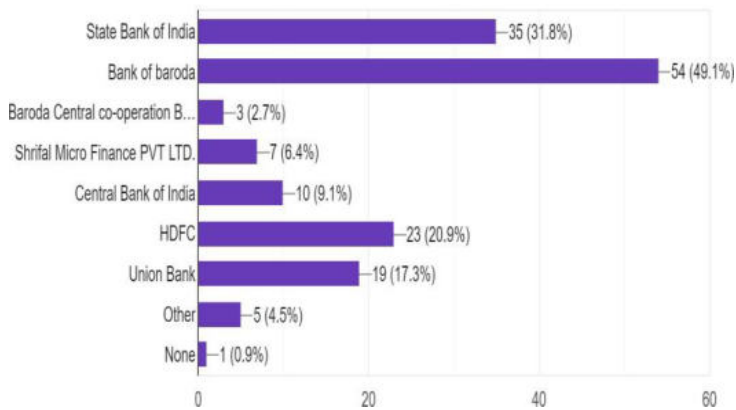


6. Number of Customers having accounts in different banks

	Frequency	Percentage
State Bank of India	35	22.29%
Bank of Baroda	54	34.39%
Baroda Central Co-Operation Bank Ltd	3	1.91%
Shrifal Micro Finance PVT LTD.	7	4.45%
Central Bank of India	10	6.36%
HDFC	23	14.64%
Union Bank	19	12.10%
Other	5	3.18%
None	1	0.63%

You are the customer of which bank?

110 responses

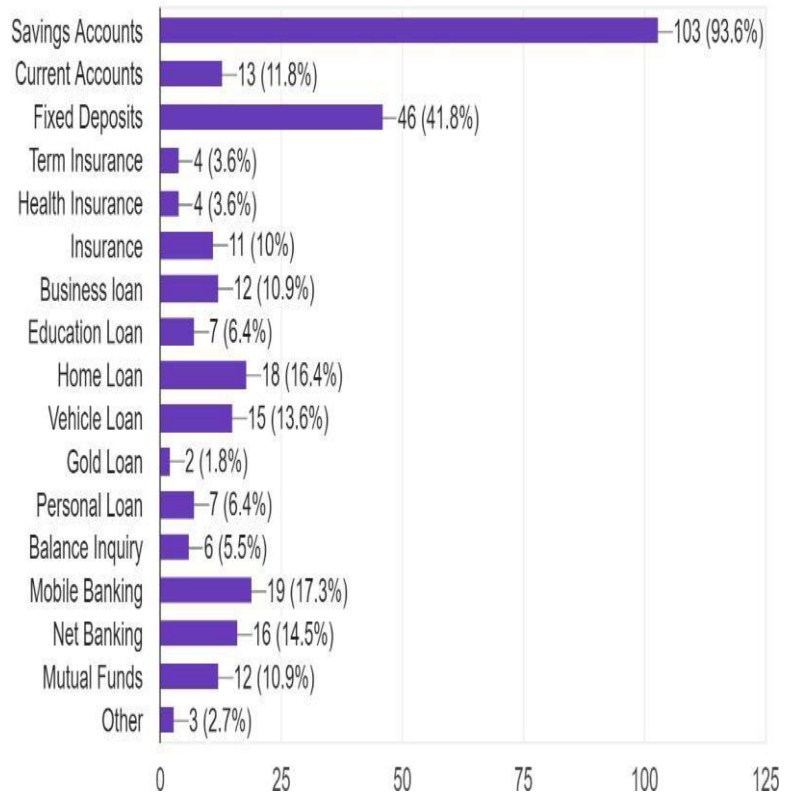


7. Product/Service taken by customers from banks

	Frequency	Percentage
Savings Account	103	34.56%
Current Account	13	4.36%
Fixed Deposits	46	15.43%
Term Insurance	4	1.34%
Health Insurance	4	1.34%
Insurance	11	3.69%
Business Loan	12	4.02%
Education Loan	7	2.34%
Home Loan	18	6.04%
Vehicle Loan	15	5.03%
Gold Loan	2	0.67%
Personal Loan	7	2.34%
Balance Inquiry	6	2.01%
Mobile Banking	19	6.37%
Net Banking	16	5.36%
Mutual Funds	12	4.02%
Other	3	1.00%

Which product/services are taking from bank?

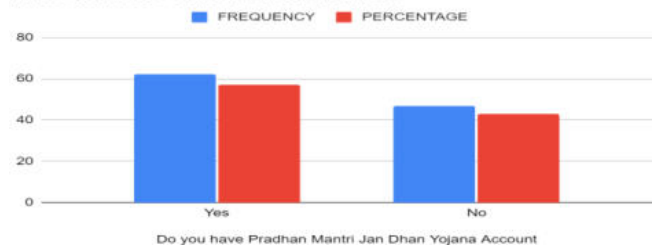
110 responses



8. Awareness about Pradhan Mantri Jan Dhan Yojana Account

	Frequency	Percentage
Yes	62	56.88%
No	47	43.11%

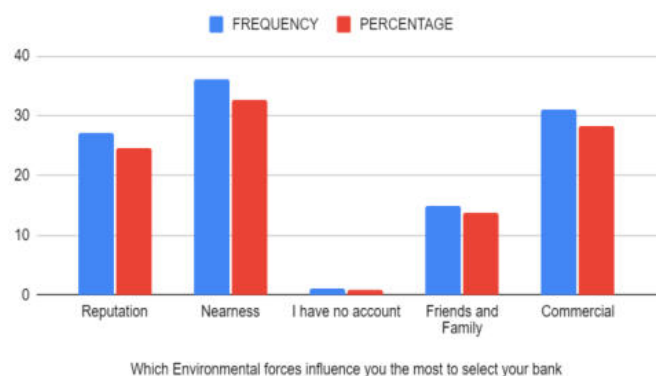
FREQUENCY and PERCENTAGE



9. Environmental Influencers

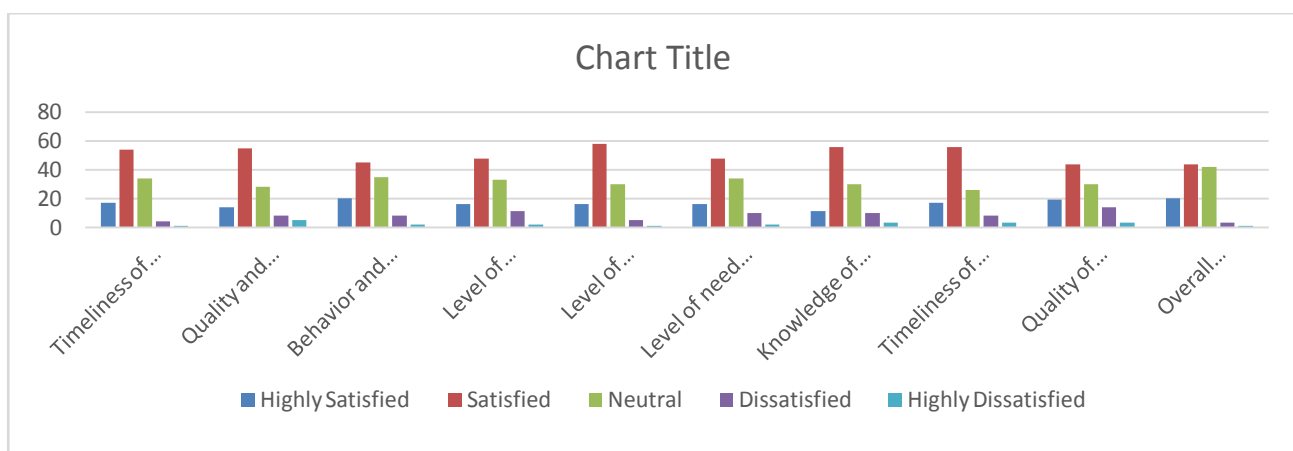
	Frequency	Percentage
Reputation	27	24.54%
Nearness	36	32.72%
I have no account	1	0.90%
Friends and Family	15	13.63%
Commercial	31	28.18%

FREQUENCY and PERCENTAGE



10. To What extend do you agree with the following statements?

	Frequency				
	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied
Timeliness of service delivery	17	54	34	4	1
Quality and Sophistication of delivery	14	55	28	8	5
Behavior and Mannerism of staff of branch while delivering of service	20	45	35	8	2
Level of congruence between the taken to deliver the service and stipulated time	16	48	33	11	2
Level of service quality	16	58	30	5	1
Level of need fulfillment expected	16	48	34	10	2
Knowledge of company products and customers opportunity	11	56	30	10	3
Timeliness of complaint resolution	17	56	26	8	3
Quality of complaint resolution	19	44	30	14	3
Overall Satisfaction	20	44	42	3	1



#### 4. Results and Conclusion

##### Results:

- People are choosing particular bank for the different services because of their reputation and nearness.
- Majority of respondents are satisfied with the services like Behavior of staff of branch, Service Quality, Time to time resolution of complaint etc. from their respective banks.
- It has been observed that customers are aware about the services provided by the banks and customers need more improvement in some attributes.
- Mostly People are taking services for Savings account and then after Fixed Deposits, Home Loan, Mobile Banking etc.
- Almost half of the respondents are not having account of Pradhan Mantri Jan-Dhan Yojana because they are not aware about this Yojana.

##### Conclusion:

This study provides a step in understanding the rural customer perception towards banking services. The most important aspect of financial inclusion is financial literacy. Rural people are less aware about government schemes and benefits of banking services but now a days people are considering banks for their savings and also for taking different services. And rural people are unaware about latest technologies because of low education level so there is lack of awareness about mobile banking and internet banking. So, Banks have to arrange program related to reduce these issues and to create awareness about the banking services in rural areas.

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