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RESEARCH ARTICLE

FINANCIAL INCLUSION: A DEMOGRAPHIC PERSPECTIVE

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ABSTRACT

Financial inclusion or inclusive financing is the delivery of financial services at affordable costs to sections of disadvantaged and low-income segments of society, in contrast to financial exclusion where those services are not available or affordable. An estimated 2.5 billion working-age adults globally have no access to the types of formal financial services delivered by regulated financial institutions. The study aims to find out about the penetration of banking services in Ariyankuppam, Kalapet, and Veerampatnam village in Pondicherry region. Also the study examines the measures taken by the banks for improving the financial inclusion. For this convenience sampling is used and samples of 150 respondents are taken for the survey. Chi-square test is applied to find out the relationship between demographic factors and the financial inclusion product. The study revealed that there is significant relationship between the demographic factors and the financial inclusion product

INTRODUCTION

Demographic is the study of the vital measurable statistics of a population, it includes age, gender, marital status , family size, life cycles, income, education, region, race, generation, nationality, social class. Demography is used to describe a population in terms of its size, destitution and structure. It size stands for number of individuals in population while structure describes the population and education. Distribution of the population describes the location of individuals in terms of geographical region and rural, urban or sub urban locations. Each of these factors influence, the delivery of financial services especially financial inclusion at an affordable cost in the rural areas. Hence, a study of demographic variables of the account holders is absolutely essential for marketing of financial inclusion products effectively by the banking sector.

To Beck and De la Torre (2006) financial inclusion should signify access to a range of different financial services, the percentage of people in a given area with access to a bank account is the typical measuring stick for breadth of financial services. Rama Pal and Rupayan Pal (2012) analyzed in their article Income Related Inequality in Financial Inclusion and Role of Banks : This paper also provides estimates of the effects of various socio, economic and demographic characteristics of households on propensity of a household to use formal financial services, and compare that for rural and urban sectors. A notable result is that greater availability of banking services fosters financial inclusion, particularly among the poor. Udhayadeepa (2013) role of banks in promoting financial inclusion in India: this paper examines the level of financial inclusion achieved by banks in India. It is found that in spite of various efforts by the government financial inclusion has still remained a distant reality.

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Statement of the problem

Financial inclusion or inclusive financing is the delivery of financial services at an affordable cost to sections of disadvantaged and low-income segments of society, an estimated 2.5 billion working-age adults globally have no access to the types of formal financial services delivered by regulated financial institutions. The purpose of the financial inclusion is to increase the awareness of the financial products among the disadvantageous section of the society, Further the products of financial inclusion have not been taken to this disadvantageous section. To fulfill this requirement, the delivery of financial services can be made on the basis of demographic aspects. Keeping this view the studies enrich the financial inclusion on prospects of demographic variables.

Objective of the Study

1. To analyze the factors that influences the account holders in choosing of financial products.
2. To study the impact of demographic profiles of financial inclusion.
3. To offer suggestion on enhanced the financial inclusion in the rural areas.

Hypothesis of the study

Ho: There is no relationship between the Gender, Age, Occupation, Educational qualification and household account among the financial inclusion of the study area.

H1: There is a relationship between the Gender, Age, Occupation, Educational qualification and household account among the financial inclusion of the study area.

MATERIALS AND METHODS

Descriptive research method has been followed for the study. Both primary and secondary information have been collected through various sources. A schedule of questionnaire was constructed for the sample units to collect primary information. The problem nature is to determining the relationship among the different variables.

Sampling procedure

The study aims to find out about the penetration of banking services in Ariyankuppam, Kalapet, and Veerampatnam village in Pondicherry region. Also the study examines the measures taken by the banks for improving the financial inclusion. The samples were selected by administering convenience sampling technique. The total numbers of samples were 150. The study was conducted among the disadvantageous groups are Ariyankuppam, Kalapet and veerampatnam. The chi Square test analysis was used to examine the association between demographic and account holder.

Period of study

As an essential part of the status the primary data were collected by the researcher for a period of 3 month from July 2013 to September 2013

Data Analysis and interpretation

H0: There is no relationship between the Gender and household account among the financial inclusion.

H1: There is a relationship between the Gender and household account among the financial inclusion.

The relationship between the gender and household account

Gender * House Hold Account Crosstabulation

			House Hold Account			Total
			1.00	2.00	3.00	
Gender	1.00	Count	27	0	0	27
		Expected Count	4.9	3.8	18.3	27.0
	2.00	Count	0	21	101	122
		Expected Count	22.1	17.2	82.7	122.0
Total		Count	28	21	101	150
		Expected Count	28.0	21.0	101.0	150.0

Source: Primary data

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	149.000[a]	2	.000

From the chi-square test output table we see that a significance level of .000 has been achieved. This means the chi-square test is not showing a systematic association between the above two variables at 95 % confidence level. Hence the null hypothesis is rejected and Alternate hypothesis is accepted and we conclude that at 95% confidence level, there is a relationship between Gender and household account of the peoples and their degree of inclusion level.

H0: There is no relationship between the Age and household account among the financial inclusion.

H1: There is a relationship between the Age and household account among the financial inclusion.

The relationship between the Age and household account

Age * House Hold Account Crosstabulation

			House Hold Account			Total
			1.00	2.00	3.00	
Age	1.00	Count	0	0	54	54
		Expected Count	9.8	7.6	36.6	54.0
	2.00	Count	27	0	0	27
		Expected Count	4.9	3.8	18.3	27.0
	3.00	Count	0	21	27	48
		Expected Count	8.7	6.8	32.5	48.0
	4.00	Count	0	0	20	20
		Expected Count	3.6	2.8	13.6	20.0
Total		Count	27	22	101	150
		Expected Count	27.0	22.0	101.0	150.0

Source: Primary data

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	196.761[a]	6	.000

From the chi-square test output table we see that a significance level of 0.000 has been achieved, where $p<0.05$. This means the chi-square test is showing a systematic association between the above two variables even at 95 % confidence level. Hence the null hypothesis is rejected and Alternate hypothesis is accepted and we conclude that at 95% confidence level, there exits systematic association between age and household account and their degree of inclusion level.

H0: There is no relationship between the Occupation and household account among the financial inclusion.

H1:There is a relationship between the Occupation and household account among the financial inclusion.

The relationship between the Occupation and household account

Occupation * House Hold Account Crosstabulation

			House Hold Account			Total
			1.00	2.00	3.00	
Occupation	1.00	Count	0	21	0	21
		Expected Count	3.8	3.0	14.2	21.0
	2.00	Count	0	0	47	47
		Expected Count	8.5	6.6	31.9	47.0
	3.00	Count	28	0	54	82
		Expected Count	15.7	11.4	54.9	82.0
Total		Count	28	21	101	150
		Expected Count	28.0	21.0	101.0	150.0

Source: Primary data

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	172.112[a]	4	.000

From the chi-square test output table we see that a significance level of 0.000 has been achieved, where $p<0.05$. This means the chi-square test is showing a systematic association between the above two variables even at 95 % confidence level. Hence the null hypothesis is rejected and alternate hypothesis is accepted and we conclude that at 95% confidence level, there exits systematic association between Occupation and household account and their degree of inclusion level.

H0: There is no relationship between the Educational qualification and household account among the financial inclusion.
H1: There is a relationship between the Educational qualification and household account among the financial inclusion.

The relationship between the Educational qualification and household account

Educational Qualification * House Hold Account Crosstabulation

			House Hold Account			Total
			1.00	2.00	3.00	
Educational Qualification	1.00	Count	28	21	81	130
		Expected Count	24.4	18.2	87.4	130.0
	2.00	Count	0	0	20	20
		Expected Count	3.6	2.8	13.6	20.0
Total		Count	27	21	101	149
		Expected Count	27.0	21.0	101.0	150.0

Source: Primary data

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.979[a]	2	.000

a. 2 cells (33.3%) have expected count less than 5. The minimum expected count is 2.82.

From the chi-square test output table we see that a significance level of 0.000 has been achieved, where $p<0.05$. This means the chi-square test is showing a systematic association between the above two variables even at 95 % confidence level. Hence the null hypothesis is rejected and alternate hypothesis is accepted and we conclude that at 95% confidence level, there exits systematic association between educational Qualification and household account and their degree of inclusion level.

Limitation of the study

1. The study does not cover all the factors of financial inclusion.
2. The study deals with only smaller area of puducherry union, so the findings of the study may not have macro level significance.

RESULTS

1. The study reveals that, most of the respondent (70%) coming under the age group of 18-24years.
2. Most of the respondent is 75% of male involved the opening the household account.
3. From the result it was illustrated that 80% of the respondents are below Higher Secondary School.. The 20% of the account holders are degree level.
4. There is a relationship between the Gender, age, occupation, educational qualification and household account among the financial inclusion.

Conclusion

It is found that there is significant relationship between the demographic factors like Gender, Age, Occupation and Education Qualification. The study further reveals that female segment is not fully tapped. So it can be outlined that we need to increase the level of Financial Inclusion among economically disadvantaged community in this region by utilizing the demographic factors as a promotional activity of financial inclusion.. The financial products are taken to the financially disadvantaged community through the demographic factors. The banks may take some promotional activities to increase the level of financial inclusion.

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