

# The Impact of E-Banking in Rural Areas of Malappuram District

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**Abstract:** *E-banking has emerged as a powerful tool to promote financial inclusion and bring banking services to the underserved and unbanked population in rural India. The advancement in technology and the increasing penetration of the internet have paved the way for e-banking to reach the rural population. The adoption of e-banking in rural areas faces several challenges, such as lack of internet connectivity, low literacy levels, inadequate infrastructure, and security concerns. Despite these challenges, e-banking has several opportunities for promoting financial inclusion and economic growth in rural India. E-banking can bring banking services to the unbanked population, thereby promoting financial inclusion and reducing poverty. E-banking is also cost-effective as it eliminates the need for physical infrastructure, such as branches and ATMs, which can be expensive to set up and maintain. E-banking provides convenience to rural customers by allowing them to conduct banking transactions from the comfort of their homes. Finally, e-banking enables banks to automate their processes, resulting in improved efficiency and faster processing times. This paper aims to explore the opportunities and challenges of e-banking in rural India and provides recommendations to promote its adoption.*

**Keywords:** E-banking

## I. INTRODUCTION

Banking sector is one of the most important service sectors in India. Consumers that engage in e-banking use the Internet to access their bank accounts and carry out financial transactions. Internet banking can simply refer to a bank creating a website to provide details about its goods and services. At a high level, it entails the supply of facilities such online account access, money transfers, and purchases of financial goods and services.

Over time, there have been substantial developments in the Indian banking sector. From the nationalization of major banks in 1969 to the strong public ownership domination that persisted until 1980, a number of transformation processes continued to rule the Indian banking industry. However, the pace of change was extremely slow, and technological use was barely there.

Every other business relies on banks to make investments or move money, making the banking industry the backbone of the economy. In emerging nations, the e-banking trend is quickly catching on. It is recommended that banks offer internet banking to both domestic and foreign consumers. It has been shown to be a profitable strategy for banks. By offering users an intuitive banking system, it has improved relationships with clients.

Customers who use e-banking save valuable time and energy because they don't have to wait in large queues in front of banks to complete routine tasks. E-Banking makes it easy and convenient to do transactions. E-banking has many benefits for banks, including increased client loyalty, speedier time to market, the opportunity to provide new goods and services quickly, and a wider and deeper customer reach. With the availability of a wide range of goods and the proliferation of e-banking technologies in recent years, customer acceptance has increased.

Banks realized in the 1990s that the growing use of the World Wide Web allowed them more opportunities to market their services. They initially treated the Internet as another brochure, ignoring client interaction. Early websites offered clients maps of branch and ATM locations, phone numbers to call, and images of the bank's executives or buildings.

A few examples of banking methods are: online banking, telephone banking, TV-based banking, and mobile banking, PC banking (or offline banking), and banking. The research in this paper also includes the ATM (Automated Teller Machine) channel.

E-banking has become increasingly popular over the years and has provided people with convenient and efficient ways of managing their finances. However, the adoption of e-banking in rural areas may differ from that in urban areas due to various factors such as infrastructure, literacy rates, and awareness. This project will aim to examine the challenges and opportunities that exist in the adoption of e-banking in rural areas of Malappuram district.

Many nationalized and private sector banks that serve Malappuram's financial needs and further the city's overall growth. They offer a variety of bank accounts, loans for various purposes, and savings plans, among other specific services. Axis Bank, State Bank of India, Canara Bank, Federal Bank, Catholic Syrian Bank, HDFC Bank, South Indian Bank, Punjab National Bank, Vijaya Bank, Union Bank of India, and Central Bank of India are some of the well-known banks in Malappuram. The active involvement of these various banks is crucial to Malappuram's industrial development, infrastructural improvement, economic growth, improvement of living standards, creation of employment possibilities, etc. To be closer to their customers, the majority of them are situated in Malappuram's commercial districts and major markets.

The rural areas of Malappuram district, situated in the eastern part of Kerala, are known for their breathtaking natural beauty, with undulating hills, dense forests, meandering rivers, and picturesque paddy fields dotting the landscape, making it a haven for nature lovers. With a population of around 3.6 million people as per the 2011 census, the rural areas of Malappuram district are densely populated, with most of the people engaged in agriculture and related activities, making it a hub of agricultural practices.

We will also analyze the impact of e-banking on financial inclusion and economic growth in the rural areas of Malappuram district. The project will provide insights into the benefits of e-banking and how it can contribute to the overall development of rural areas. Through this project, we hope to provide valuable insights to policymakers and stakeholders in the banking sector to make informed decisions and develop strategies to enhance the adoption of e-banking in rural areas of Malappuram district.

Rural Malappuram district clients have begun using internet banking services like ATMs, NEFT, IMPS, RTGS, and UPI transactions. Because technological development is quick and constant, it is impossible to forecast what will happen in the future with accuracy.

### 1.1 STATEMENT OF PROBLEM

The impact of e-banking in rural areas of Malappuram district is a significant and pressing issue that needs to be addressed. Despite the rapid advancement of e-banking services in urban areas, rural regions continue to face challenges in accessing and utilizing these services effectively. The lack of awareness, limited technological infrastructure, and inadequate financial literacy are among the key barriers hindering the adoption and impact of e-banking in rural Malappuram.

E-banking represents the integration of banking services with modern technology. It allows individuals to access financial services electronically, such as online banking, mobile banking, and electronic fund transfers. Exploring the impact of e-banking in rural areas of Malappuram district can shed light on how technological advancements are reaching remote areas and transforming traditional banking practices.

By focusing on e-banking in the specific context of Malappuram district, we can provide a localized perspective and highlight the unique challenges and opportunities associated with digital financial services in that region.

### 1.2 OBJECTIVE OF STUDY

- To explore the awareness of e-banking services among the rural people of the Malappuram district
- To analyze the opportunities and challenges of rural people in accessing e-banking services in the Malappuram district.
- To identify the key factors influencing the adoption of e-banking services among the rural people of the Malappuram district.

### 1.3 RESEARCH METHODOLOGY

Research is the process of systematic and in-depth study or search for any particular topic, subject or areas of investigation, backed by collection, compilation, presentation and interpretation of relevant details or data.

#### Research Design

**Descriptive Research** - Descriptive research is a type of research design that is used to describe or summarize a particular phenomenon, situation, or group of individuals. It involves collecting data to provide a detailed and accurate picture of the topic under investigation.

#### Population Size

The population is the larger group from which the sample is selected. For this study, the population was the total rural population of Malappuram district excluding minors under the age of 18. According to the census 2011, the total population of Malappuram district is 4,112,920, of which 1,817,211 and 2,295,709 are urban and rural population respectively. For this study, the population size is approximately 18 lakh by removing children below 18.

#### Sample Size

Sample size refers to the number of individuals, objects, or events selected from a population. We are unable to conduct surveys among these 18 lakh people due to a lack of time and the size of the population. So, the sample size for this survey is 126.

#### Sampling Method

Simple Random Sampling is used in this study

### 1.4 DATA COLLECTION

It is the process of gathering information or data from various sources. This study includes primary data as well as the secondary data

- **Primary Data** - Primary data is original data that is collected directly from the source, specifically for a research study. For this study, the primary data are taken from questionnaires framed based on objective.
- **Secondary Data** - The secondary data were collected from previous journals, research articles, report and websites

#### Statistical Tool

A statistical tool is a strategy, method, or piece of software that is used to examine and comprehend data. With the aid of these tools, researchers and analysts can more easily derive insightful conclusions from data by organizing, condensing, and visualizing it. The statistical used for this project are:

- **Descriptive statistics:** Descriptive statistics is used to summarize the key features of our data, such as the mean, median, and standard deviation. This will give a basic understanding of the distribution of e-banking usage in rural areas of Malappuram district.
- **Chi-Square Test:** Chi-Square test is a non-parametric technique, most commonly used for a research to test the analysis. The objective of chi-square test is to determine whether significant difference exist among group of data. It also help to analyze the opportunities and challenges of e-banking.
- **Correlation analysis:** Correlation analysis is used to measure the strength and direction of the relationship between e-banking usage and other variables such as awareness of rural people, opportunities, challenges and key factors influencing adoption of e- banking services.

### 1.5 SCOPE OF THE STUDY

This study will focus on rural peoples of Malappuram district. This study examine the availability, challenges and opportunities of e-banking services in rural areas of Malappuram district. There should be a significant impact upon rural peoples with e-banking. The result will help the banks to examine the effectiveness of e-banking services in

development of banking sector in rural areas. Identifying the problem will help to develop more strategies and help in making the decisions

### 1.6 LIMITATION OF THE STUDY

One of the limitations of the study is the unwillingness of the peoples to fill the details for the analysis. Most of the people are using the e-banking services without knowing its meaning. These respondents mark as they didn't use any e-banking services. Also time constraint will be another problem. Furthermore, some respondents are not responded the given questionnaire even though it sent by online.

## II. REVIEW OF LITERATURE

**(G.S, 2019)**A study on Effect of Perceived Trust and Risk in the Adoption of Internet Banking in Kerala. The study explores to examine the effect of perceived trust and risk in the adoption of Internet Banking in Kerala and investigates the effect of adoption of Internet Banking with Trust. Banks should increase their ability to manage and control the various types of risks in the adoption of Internet Banking.

**(C, 2019)**A study on Progress and Management of Regional Rural Bank Electronic Banking Services in Kerala. This study consists of the explanation for e banking, evolution, meaning, importance and types of electronic systems, prevailing in regional rural bank in Kerala. They explains the progress and management of e-banking services in Regional rural bank in Kerala.

**(Jamaluddin, 2013)**This paper aims to present the E-Banking challenges and opportunities in India. It explains that more introduction of IT alone will not be sufficient to bring necessary performance improvement and get the competitive edge but intelligent people are required to use such intelligent tools.

**(Singhal, 2017)**A study on demonetisation and E-banking in India. This case study examine the awareness level of people of rural areas in India about e-banking facilities and how much it has increased after demonetization. Finding of the study are helpful for banks to improve their e-banking facilities, making their websites user friendly and improving awareness and usage of e-banking.

**(Nitsure, 2003)**A study on E-banking: Challenges and opportunities. This paper discusses some of the problems developing countries, which have a low penetration of information and telecommunication technology, face in realizing the advantages of e-banking initiatives.

**(Jiaqin Yang, 2006)**A study on new issues and challenges facing e-banking in rural areas: an empirical study. This paper describes an empirical study of investigating recent trend and development of the application of e-banking in rural areas and its economic impact on local financial institutions. The research objective is to investigate how those smaller and community banks located in rural areas have attempted to catch up with their counterparts in larger cities in terms of the application of e-banking, focusing on emerging issues and challenges.

**(Jiaqin Yang M. W., 2005)**A study on E-Banking in Rural Area - Recent Trend and Development: A Case Study This paper discusses recent trend and development of e-banking for small and community banks in rural areas through a case study. The research objective is to investigate the trends and level of prevalence of e-banking focusing on some emerging issues and challenges.

**(Bhavesh J. Parmar, 2013)**A study on rural banking through internet: A study on use of internet banking among rural consumers. The research objective is to investigate the opportunity of using internet banking in the new generation of rural area. It compares the traditional banking with e-banking it seems that most respondent are satisfying with e-banking that e-banking provide the different types of facility available to the respondent to use.

**(Puttaswamy, 2018)**A study on Impact of E Banking on Rural India-A Bird's Eyeview. This research studies the role of e-banking in rural areas. They also explains the importance of e banking in rural India and their functions.

**(B, 2021)**A study on Impact of E-Banking on Customer Satisfaction. The purpose of this study was to examine the relationship between the dimensions of E-Banking service quality and customer satisfaction to determine which dimension can potentially have the strongest influence on customer satisfaction.

**(Mishra & Kiranmai, 2009)** A study on E-Banking: A Case of India. The article presents an overview of e-banking, its evolution, and comparison of the internet banking facilities in Indian banks. The case study approach has been used to compare various banks for rendering different internet banking services to its customers.

(Vyas, 2012) A study on Impact of E-Banking on Traditional Banking Services. This research paper introduce you to e-banking, giving the meaning, functions, types, advantages and limitations of e-banking. It also show the impact of e-banking on traditional services and finally the result documentation.

### III. FINDINGS OF THE STUDY

- Majority (80.2%) of respondents belong to the age group of 21 – 40.
- 63.5% of respondents are Male.
- 29.4% of the respondent's educational qualification is undergraduate.
- 46.8% of the respondent's occupation is student.
- Majority (73.8%) of respondents are from single family.
- Majority (53.2%) of respondents are belong to 10000 – 50000 income group.
- Majority (90.5%) of respondents are using e-banking services.
- 33.6% of the respondents are using ATM services.
- 37.1% of the respondents are using E-Banking services daily.
- Majority (64.9%) of respondents are using ATM services for more than 3 years.
- 43% of the respondents are aware about ATM Services through family.
- 43% of respondents are using net banking services for more than 3 years.
- Majority (53.5%) of respondents are aware net banking services through friends
- 28.8% of the respondents responded time-saving is the benefits of E-Banking services.
- Majority (68.4%) of respondents agreed ATM services are highly available.
- 48.2% of the respondents agreed NEFT services are available.
- 42.1% of the respondents are agreed opportunities available for RTGS is available.
- 45.6% of the respondents are agreed opportunities available for UPI transactions are highly available.
- 41.5% of the respondents agreed opportunities available for POS services are neutral.
- 46.5% of respondents agreed opportunities available for online payment is highly available.
- 43% of the respondents highly affected ATM usage in remote areas.
- Majority (61.4%) of respondents affected in poor network connectivity.
- 46.5% of the respondents are affected in lack of technical knowledge.
- Majority (53.5%) of respondents are affected in security concerns.
- 36% of the respondents are affected in language issues.
- 44.7% of the respondents are affected in UPI transactions.
- 40.4% of the respondents are neutral in POS and Card transactions.
- Majority (67.5%) of respondents are highly influenced in speedy process.
- Majority (64.9%) of respondents are influenced in transaction charges.
- Majority (63.2%) of respondents are influenced in security system.
- Majority (64%) of respondents are influenced in guidance and support by bank officials.
- Majority (54.4%) of respondents are influenced in fallen up of legislative measures.
- There is significant relationship between gender and usage of E-Banking services.
- There is significant relationship between age and duration of using ATM services.
- There is significant relationship between educational qualification and opportunities available in ATM Services.
- There is no significant relationship between monthly income and challenges faced due to lack of technical knowledge.
- There is no significant difference in level of challenges in E-Banking Services based on age of respondents.



#### IV. SUGGESTIONS

- Based on these findings, the customers should use of these E-Banking features efficiently
- The usage of RTGS is less compared to other E-Banking services, make use of it for faster and safe transactions.
- There is a decline in usage of POS services due to high transaction charges imposed by banks, so reduce usage cost for merchants for increasing demand of cards.
- The customers are highly affected in ATM usage in remote areas, the banks must provide ATM services in remote areas for promoting E-Banking in rural areas.
- The network providers must ensure the availability of network in rural areas for developing E-Banking services.
- The rural customers are resistant to use E-Banking services due to lack of technical knowledge. So the bank must ensure proper knowledge on technical use of E-Banking services.
- The scam on E-Banking is increasing day by day, so the bank and officials must ensure safety on E-Banking services.
- Most of the rural customers are illiterate, so the bank must provide E-Banking services in native languages.
- In these findings, the customers are highly influenced in speedy process. So the bank must ensure the speed transactions.
- The bank must reduce transaction charges to increase demand for E-Banking in rural areas.

#### V. CONCLUSION

The effects of e-banking services in Malappuram district's rural areas have been examined. We examined the prospects, difficulties, and important factors impacting rural residents' use of E- Banking services. Through the use of primary and secondary data, we have gathered reviews. This study examines the value of electronic banking in rural areas and how they adapted to it. Compared to other E-Banking services, ATM services are used more frequently in rural areas. It is because it saves time and is convenient.

Customers are significantly impacted by the absence of ATM services in rural locations. The majority of rural residents use banking services, and many of them also use ATMs. However, it demonstrates how significant e-banking is to rural residents. Through the E-Banking services, they have easy access to others. There are ways to simplify the transaction. The majority of rural residents are better knowledgeable about ATM services

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