

**CUSTOMERS' ATTITUDE TOWARDS FINANCIAL  
INCLUSION PRACTICES OF TAMILNAD MERCANTILE  
BANK LIMITED**

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**Abstract**

The banking industry in India has shown tremendous growth in volume and complexity during the last few decades. Despite making significant improvements in all the areas relating to financial viability, profitability and competitiveness, there are concerns that banks have not been able to include vast segment of the population, especially the underprivileged sections of the society, into the fold of basic banking services. The financial inclusion process may be carried out by the public sector banks comparatively at a greater speed than the private sector banks because of the government support and capital base. There is no full-fledged study on the financial inclusion practices of any private sector banks. So this study is a maiden attempt to understand the financial inclusion practices of Tamilnad Mercantile Bank Limited from the point of view of rural customers.

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## **INTRODUCTION**

The banking industry in India has shown tremendous growth in volume and complexity during the post reform period. Despite making significant improvements in all the areas relating to financial viability, profitability and competitiveness, there are concerns that banks have not been able to include vast segment of the population, especially the underprivileged sections of the society, into the fold of basic banking services. As banking services are in the nature of public good, it is essential that availability of banking and payment services to the entire population without discrimination is the prime objective of the public policy.

In India, the focus on financial inclusion at present is confined to ensure a bare minimum access to a savings bank account with no-frills to all. Having a current account or savings account on its own, is not regarded as an accurate indicator of financial inclusion. There could be multiple levels of financial inclusion and exclusion. At one extreme it is possible to identify the ‘Super-included’ ie, those customers who are actively and persistently courted by the financial services and who have at their disposal a wide range of financial services and products. At the other end, we may have the financially excluded, who are denied access to even the most basic of financial products. In between are those who use the banking services only for deposits and withdrawals of money. But these persons may have only restricted access to the financial system and may not enjoy the flexibility of access offered to more affluent customers. Efforts are being made by banks to study the causes of financial exclusion and designing strategies to ensure financial inclusion of the poor and disadvantaged. The reasons may vary from country to country and hence the strategy could also vary but all out efforts are being made as financial inclusion and truly lift the financial inclusion and standards of life of the poor and the disadvantaged.

## **STATEMENT OF THE PROBLEM**

In the conventional banking system, all the banks both Scheduled and Non Scheduled banks have started their branches in cities and urban areas for maximizing profits. But the rural areas have been completely ignored. In India, at present, all the banks have been entrusted with responsibility of expanding the banking business to large number of people. Now-a-days, many branches of commercial banks have opened their branches in rural areas and providing banking

facilities to the rural people. The success of the bank is measured mainly based on branch expansions, deposit growth, quantum of advances, better customer services and the like.

The concept of financial inclusion is of recent origin through which the banks and other financial institutions are expected to serve the rural and unemployed masses through deposit mobilization with minimum balance, issue of debit and credit card to rural customers and farmers and lending of loans for productive purposes. The financial inclusion process may be carried out by the public sector banks comparatively at a greater speed than the private sector banks because of the government support and capital base. There is no full-fledged study on the financial inclusion practices of any private sector banks. So this study is a maiden attempt to understand the financial inclusion practices of Tamilnad Mercantile Bank Limited from the point of view of rural customers.

### **SCOPE OF THE STUDY**

The present study is aimed to measure the customer's attitude towards the Financial Inclusion Practices of Tamilnad Mercantile Bank in Sivakasi. Tamilnad Mercantile Bank Limited is adopting well formulated financial inclusion strategies as per the recommendation of the State Level Bankers' Committee (SLBC) the bank has adopted 99 villages so far under Financial Inclusion Programme. In Sivakasi limits the bank has one Branch and an extension counter in AJ College, Sivakasi. The villages adopted by these two branches of TMB are Anupankulam and Naduvappatti respectively. The researcher has collected primary data from the customers of TMB residing in these two villages and based on their opinion financial inclusion practices of TMB is studied. The findings of the study may help the bank to widen their customer base and to detect the deficiencies in their present services and can be of useful for policy formation in this sphere.

### **OBJECTIVES OF THE STUDY**

The following are the objectives of the study-

- To reveal the socio-economic profile of the rural customers of TMB (covered under its Financial Inclusion Programme)
- To study the perception of the customers towards the Financial inclusion practices of the study unit.

- To offer suggestions to the banks for improving the service quality of their banking services with regard to financial inclusion.

## **RESEARCH METHODOLOGY**

The primary data used in this study was collected from 150 private bank customers selected on the basis of random sampling technique. Lottery method is adopted to select the samples by using a structured interview schedule. The secondary data were collected from various studies, journals, magazines, annual reports and websites of the banks. The collected data were analysed with the help of the following statistical tools like Percentage analysis, Weighted Arithmetic Mean and ANOVA analysis

### **Hypothesis**

The hypothesis framed for the study are-

- There is no significant relationship between the demographic profile variables of the customers and their attitude towards financial inclusion practices of Tamilnad Mercantile Bank.

## **DEMOGRAPHIC PROFILE OF THE BANK EMPLOYEES**

The analysis reveals that 72 per cent respondents are male, 38 per cent of the respondents fall in the age group of upto 30 years, 74 per cent of the respondents are married , 24 per cent are educated up to H.S.C/P.U.C level, 38 per cent of the respondents are private employees/coolie, 52 per cent of the respondents are earning Up to 10000 per month, 86 per cent of the respondents are saving upto 25000 per annum, 54 per cent of the respondents are from Anuppankulam village, 42 per cent of the respondents have the family size of Less than 4, 92 per cent of the customers belong to the social status of Hindu.

## **RELATIONSHIP BETWEEN PROFILE OF THE CUSTOMERS AND THEIR OVERALL ATTITUDE TOWARDS FINANCIAL INCLUSION PRACTICES OF TMB**

The researcher has tried to analyze the attitude of the bank customers in the study area towards financial inclusion practices. The null hypothesis framed for the purpose is “there is no significant difference in demographic profile variables of the customers and their attitude

towards financial inclusion practices”. ANOVA Analysis is used to test the hypothesis framed and the results are projected in the table 1.1

**Table 1.1**

**Results of Anova analysis**

<b>Profile Variables</b>	<b>Calculated Value</b>	<b>Result</b>
Gender	.071	Accepted
Age	.080	Accepted
Marital status	.362	Accepted
Educational qualification	.860	Accepted
Occupation	.013	<b>Rejected</b>
Monthly Income	.651	Accepted
Annual savings	1.000	Accepted
Nativity	.041	<b>Rejected</b>
Family size	.784	Accepted
Social status	.238	Accepted

(Refer-annexure-II)

From the table 1.1, it is highlighted that the calculated value for all the profile variables except occupation and nativity are greater than 0.05. The hypothesis is rejected only for the profile variable occupation and nativity. Hence it can be concluded that the attitude of the bank customers towards financial inclusion practices differ with regard to their occupation and nativity factor alone and no other profile variable has no influence on the attitude of the bank customers towards their financial inclusion practices.

### **OVERALL ATTITUDE OF THE CUSTOMERS TOWARDS THE FINANCIAL INCLUSION PRACTICES OF TMB**

The overall attitude on financial inclusion practices of Tamilnad Mercantile Bank is measured with the help of 49 statements formulated in Likert’s five point scale categorized under nine aspects of banking services of TMB-Deposit Schemes, Services related to deposits, loan schemes, loan issue and payment procedures, modern banking services, ATM services, customer relationship management of the bank, overall services of the bank, financial inclusion. The scores allotted for strongly agree, agree, no opinion, disagree and strongly disagree are 5,4,3,2

and 1 respectively. Based on the scores of all the statements, mean scores were calculated for each aspect and the results are shown in Table-1.2.

**Table – 1.2**

**Overall Attitude towards Financial Inclusion Practices**

S.No.	Variables in Financial Inclusion Practices	Mean Score
1.	Deposit Schemes	4.296
2.	Services related to deposits	4.012
3.	Loan schemes	4.092
4.	Loan issue and payment procedures	3.724
5.	Modern banking services	3.986
6.	ATM services	4.540
7.	Customer relationship management	3.608
8.	Overall services quality	4.033
9.	Financial inclusion	3.832

**Source: Computed Data**

It is observed from table 1.2 that the customers are having positive attitude towards the financial inclusion practices of TMB as the mean scores of the statements ranges between 3.6-4.5. An ATM service of the bank is positively perceived by the customers as it has got the highest mean score of 4.540. It is followed by Deposit Schemes with mean score of 4.296. The mean score for the statements regarding Customer Relationship Management is the minimum of 3.608.

It is also inferred from the table that all the customers are having positive attitude towards the financial inclusion as the mean scores of all the practices of the private sector banks are not less than 3. Hence it can be concluded that the private sector bank customers are having positive attitude towards their financial inclusion practices. It denotes that the bank is adopting well formulated strategies for implementing their financial inclusion programme.

**SCORE ON OVERALL ATTITUDE TOWARDS FINANCIAL INCLUSION PRACTICES** In order to understand the level of attitude of the customers towards Financial inclusion practices in the current bank account, based on the scores of all the 49 statements, four

cadres of levels of attitude are developed viz., mean scores of less than 2, 2-3, 3-4 and more than 4. The numbers of customers falling under these cadres are given in Table-1.3.

**Table 1.3**

**Score on overall Attitude towards Financial Inclusion Practices**

S. No	Mean Score	No.of.Customers	Percentage
1	less than 2	-	-
2	2-3	-	-
3	3-4	4	8.16
4	more than 4	45	91.84

**Source: Computed Data**

It is inferred from the table 1.3 that 91.84 per cent of the customers are in the mean score range of more than 4. And only 8.16 per cent of the customers are in the mean score range of 3-4. Hence it can be concluded that customers are having very high rate of positive attitude towards financial inclusion practices of Tamilnad Mercantile Bank Ltd. As there is no customer in the cadre of mean scores of less than 2 and 2-3, the customers are having good opinion about the FI practices and policies of the Tamilnad Mercantile Bank Ltd.

**SUGGESTIONS AND RECOMMENDATIONS**

FI practices of the banks may bring the following modifications in their promotion practices -

- To have effective financial inclusion, the banks have to always keep in mind in two main groups, rural and semi urban.
- Bank should try to increase the frequency of visit to the branches by the customers
- Banks will have to take steps to reduce the procedure for opening deposit/loan accounts
- Need is felt to strategize the provision of bank credit to the rural farmer households.
- There needs to be widespread publicity for popularizing the concept of Financial literacy and inclusion and its benefits to the common man.
- Lending to low income groups and providing inclusive financial services need motivated bank staff.

- The excluded segments of the population require products which are customized, taking into consideration their varied needs.
- Commercial banks may consider setting up institutions like farmer training centres and Rural Development and Self Employment Training Institutes (RUDSETI)
- Micro-insurance should provide greater economic and psychological security to the poor as it reduces exposure to multiple risks and cushions the impact of a disaster.

## CONCLUSION

Today banking services are vital for people. It is the bank officials who help the customers in procuring quality banking services at a faster rate and enable the productivity and profitability of the banks. Their importance is a major factor which decides the success of the banks. By the research work the opinion of the Tamilnad Mercantile Bank customers of private sector bank branches in Sivakasi are studied and the results are found to be favourable to the bank regarding the financial inclusion practices of their customers. These types of researches in banking sectors will surely give reliable information for policy implications by Reserve Bank of India to face the FI issues and challenges successfully.

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### Annexure-I

S.No		Number of Respondents		Percentage
1	<b>Gender</b>	Male	108	72
		Female	42	28
		<b>Total</b>	<b>150</b>	<b>100</b>
2	<b>Age</b>	Upto 30 years	57	38
		31 to 40 years	45	30
		41 to 51 years	36	24
		Above 51 years	12	8
		<b>Total</b>	<b>150</b>	<b>100</b>
3	<b>Marital status</b>	Married	111	74
		Unmarried	39	26
		<b>Total</b>	<b>150</b>	<b>100</b>
4	<b>Educational qualification</b>	Illiterate	33	22
		Primary	33	22
		S.S.L.C	15	10
		H.S.C/P.U.C	36	24
		Under graduate	12	8
		Post graduate	9	6
		Professional	3	2
		Diploma	9	6
		<b>Total</b>	<b>150</b>	<b>100</b>
5	<b>Occupation</b>	Agriculturist	17	26.6
		Government employee	9	6

		Privateemployee/Coolie	57	38
		Professionalist	12	8
		Industrialist	3	2
		House wives	18	12
		Self employed	3	2
		<b>Total</b>	<b>150</b>	<b>100</b>
6	<b>Monthly Income( in ₹ )</b>	Upto 10000	78	52
		10001 to 15000	51	34
		15001 to 20000	9	6
		20001 & Above	12	8
		<b>Total</b>	<b>150</b>	<b>100</b>
7	<b>Annual savings</b>	Upto 25000	129	86
		25000 to 35000	12	8
		35000 to 50000	9	6
		Above 50000	3	2
		<b>Total</b>	<b>150</b>	<b>100</b>
8	<b>Nativity</b>	Anuppankulam	81	54
		Naduvapatti	69	46
		<b>Total</b>	<b>150</b>	<b>100</b>
9	<b>Family size</b>	Less than 4	63	42
		4 to 6	63	42
		6 to 8	18	12
		More than 8	6	4
		<b>Total</b>	<b>150</b>	<b>100</b>
10	<b>Social status</b>	Hindu	138	92
		Muslim	3	2
		Christian	9	4
		<b>Total</b>	<b>150</b>	<b>100</b>

<b>Annexure-II- Anova analysis</b>					
	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
<b>Gender and Attitude towards Financial Inclusion Practices</b>					
Between Groups	1.587	1	1.587	3.399	<b>.071</b>
Within Groups	22.413	148	.467		
Total	24.000	149			
<b>Age and Attitude towards Financial Inclusion Practices</b>					
Between Groups	3.242	3	1.081	2.395	<b>.080</b>
Within Groups	20.758	146	.451		
Total	24.000	49			
<b>Marital status and Attitude towards Financial Inclusion Practices</b>					
Between Groups	.416	1	.416	.846	<b>.362</b>
Within Groups	23.584	148	.491		
Total	24.000	149			
<b>Educational qualification and Attitude towards Financial Inclusion Practices</b>					
Between Groups	1.697	7	.242	.457	<b>.860</b>
Within Groups	22.303	142	.531		
Total	24.000	49			
<b>Occupation and Attitude towards Financial Inclusion Practices</b>					

Between Groups	7.250	6	1.208	3.102	<b>.013</b>
Within Groups	16.750	143	.390		
Total	24.000	149			
<b>Monthly Income and Attitude towards Financial Inclusion Practices</b>					
Between Groups	.831	3	.277	.550	<b>.651</b>
Within Groups	23.169	146	.504		
Total	24.000	1149			
<b>Annual savings and Attitude towards Financial Inclusion Practices</b>					
Between Groups	.000	3	.000	.000	<b>1.000</b>
Within Groups	24.000	146	.522		
Total	24.000	149			
<b>Nativity and Attitude towards Financial Inclusion Practices</b>					
Between Groups	2.013	1	2.013	4.394	<b>.041</b>
Within Groups	21.987	148	.458		
Total	24.000	149			
<b>Family size and Attitude towards Financial Inclusion Practices</b>					
Between Groups	.548	3	.183	.358	<b>.784</b>
Within Groups	23.452	146	.510		
Total	24.000	149			
<b>Social status and Attitude towards Financial Inclusion Practices</b>					

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Between Groups	2.087	3	.696	1.460	<b>.238</b>
Within Groups	21.913	146	..476		
Total	24.000	149			

Source: Computed data

\*-Significant value less than 0.05