

Education as a Factor Effecting Comfort with Technology for the Usage of Online Banking Purposes

Vaniki Joshi Lohani

Department of Management, S.G.S.I.T.S Indore, Indore, M.P, India

Abstract: - With the introduction of millennia 2000 many developing countries in the world came to understand the role of Information Communication Technology (ICT) in the countries growth and development. India also understood the need of the hour and created a draft of policy in 2011 launched finally in 2012. Financial inclusion on the other hand ensures the access of appropriate financial products and services needed by lower groups of society at an affordable cost and in fair and transparent manner by mainstream institutional players. Financial inclusion has been accorded high importance by Reserve Bank of India. For this purpose the help of questionnaire was taken in order to understand the usage of ICT by people of different education groups, difficulties they face and remedial changes are offered. This paper treats “education” as a moderating variable and checks its effect over the relationship of ICT usage for Banking services.

Keywords: *ICT, financial inclusion, banking sector, Technology, Education.*

I. INTRODUCTION

India is a developing country and for a developing country to come into the category of developed one a sturdy banking system is one among the prior requisites. It should have a banking system which looks into the financial needs of individuals belonging to both urban and rural areas as well as various developing corporate. With the changing scenario of world banking system necessary reforms there is a requirement of up-to-date banking in congruence with necessary calibrated banking regulation. For a developing country it is very important to have a literate society having knowledge of financial systems which in turn could enhance financial literacy in the nation. Development can be achieved by having a high level of financial inclusion and high penetration of education system to support it. This economic growth is further enhanced when this support system is further given an added base of increasing financial coverage of investment in various sectors of society. Financial inclusion can basically be described as a process of ensuring access to appropriate financial service and financial products which are used and needed by all the sections of society like ATM

facility, fund transfers at real time, electronic fund transfers, payment to various services and for various products without being physically present in the bank branches etc and particularly at an affordable cost and in a fair and transparent manner by mainstream institutional players. This system basically reduces the footfall of customers at the branch thereby reducing the workload of banking officers.

II. LITERATURE REVIEW

For India Financial inclusion is of utmost importance but it still remains a distant dream. Leyshon and Thrift (1995) defined financial exclusion as those processes which prevent certain individuals and social groups a formal financial system access. According to Sinclair (2001), financial exclusion meant the inability to access necessary financial services in an appropriate form. In fact Government of India’s Committee on Financial Inclusion in India” begins its report by defining financial inclusion as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as the weaker sections and low income groups at an affordable cost” (Rangarajan Committee 2008). Although various programs and policies are being developed by Reserve Bank of India in order to achieve high financial Inclusion in both urban and rural areas up to 2016. A study done by Rupambara (2010) stated that more than 40 percent of urban population still financially excluded and has no access to bank accounts which in turn deprives them from basic facilities like saving and using various financial services like credit and loans from the formal financial system.

Out of the total urban population which is financially included in the system inefficiently uses the present communication technology to access their accounts and related services. Although a lot of work has been done in relation to financial inclusion in various sectors and areas of the country but little is done in relation to specify the role of ICT in relation to financial inclusion. Not only India but various other countries are working on financial inclusion. Among all the developed

nations it was UK who realized financial inclusion as the need of the hour (kempson2004, Collard et al. 2001). The UK government in 2005 constituted a ‘Financial Inclusion task force’ in order to evaluate the penetration of financial inclusion. Infact in 2004 South Africa started a low cost banking account facility called ‘Mzansi’. Even RBI also laid the foundation of ‘No frills account’ policy and ‘General Credit Card’ facility to increase the level of financial inclusion in rural areas. (Thorat, 2007). Along with that with a view to provide hassle free banking and credit facility to customers Indian banks were allowed to issue general credit cards which were similar to kisan credit cards. Also it was the time when banks were encouraged to adopt and increase IT infrastructure so as to increase financial inclusion and also improve the banking service and quality so that it could support large rural population (Mohan, 2006).

A multi dimensional index of financial inclusion has been proposed by Sarma (2008) which carries information on financial inclusion by measuring it in various dimensions using single digit lying between 0 and 1. It captures and tells about the banking system, its usage and availability to its users.

Although many people have discussed the factors which affect the financial inclusion but nobody has taken into the effect of education over the continuous usage of technology by people to remain financially included. This paper takes into consideration those sample respondents which are already

financially included in the system but at what intensity do they use ICT to complete their task and does education has some role in defining this relationship or not.

III. RESEARCH OBJECTIVE

In this research process we try to find out the education as an effecting factor over the relationship of Banking services with IT. We try to study the degree of effect of education over the usage of ICT or IT enabled technology to fulfill their financial operations.

Sample

The Sample consisted of an urban population ranging from 22 years to 65 years both male and female from various education and financial background. This activity aims to find out whether the nature of their financial inclusion is ICT based or they still rely on the old school method of physical presence. This is again taken to a step further to find out whether education plays an important role while using ICT services for IT enabled financial inclusion or not. An attempt has been made to cover all the age brackets, diverse educational background people and all income levels in order to draw an unbiased conclusion from the sample data.

Following are the sample questions which were the part of questionnaire:

D:	Usage of technology for accessing banking facility by customers				
D1	➤ <i>I rarely visit the bank in person but I access it on internet:</i>				
	<i>More than twice in a month</i>	<i>Once/twice in a month</i>	<i>Once in 6 month</i>	<i>Once in a year</i>	<i>Never</i>
D2	I use internet banking facility for paying my bills online(tata sky/phone recharge/electricity payment)				
	<i>More than twice in a month</i>	<i>Once/twice in a month</i>	<i>Once in 6 month</i>	<i>Once in a year</i>	<i>Never</i>
D3	I use ATM card/Debit/Credit card for physically shopping from a shop				
	<i>More than twice in a month</i>	<i>Once/twice in a month</i>	<i>Once in 6 month</i>	<i>Once in a year</i>	<i>Never</i>
D4	I use ATM machine to withdraw money from my account				
	<i>More than twice in a month</i>	<i>Once/twice in a month</i>	<i>Once in 6 month</i>	<i>Once in a year</i>	<i>Never</i>
D5	I also use ATM machine to deposit money in my account				
	<i>More than twice in a month</i>	<i>Once/twice in a month</i>	<i>Once in 6 month</i>	<i>Once in a year</i>	<i>Never</i>

These questions were also supported by demographic questions related to their age, education level, employed or un-employed, gender, time period since using smart phone etc.

With the research objective, final data was collected by survey method involving filling up of questionnaire in both online and offline format. After all the responses being received the incomplete and redundant questionnaires were left and usable questionnaires were used to extract information. A coding sheet in excel was prepared before transferring data for statistical analysis. SPSS was used to tabulate and analyze data. Over the questionnaire data a reliability test was carried out on the likert scale questions using cronbach alpha method and the value came out to be 0.754 which is considered to be satisfactory.

The technique of factor analysis was conducted by computing mean factor score of all the possible factors and their standard deviation

IV. EMPIRICAL RESULTS AND DISCUSSION

Apart from chronbach’s alpha KMO measure of sampling adequacy and Barlett’s test of sphericity were also used and applied over all the likert scale statements asked by

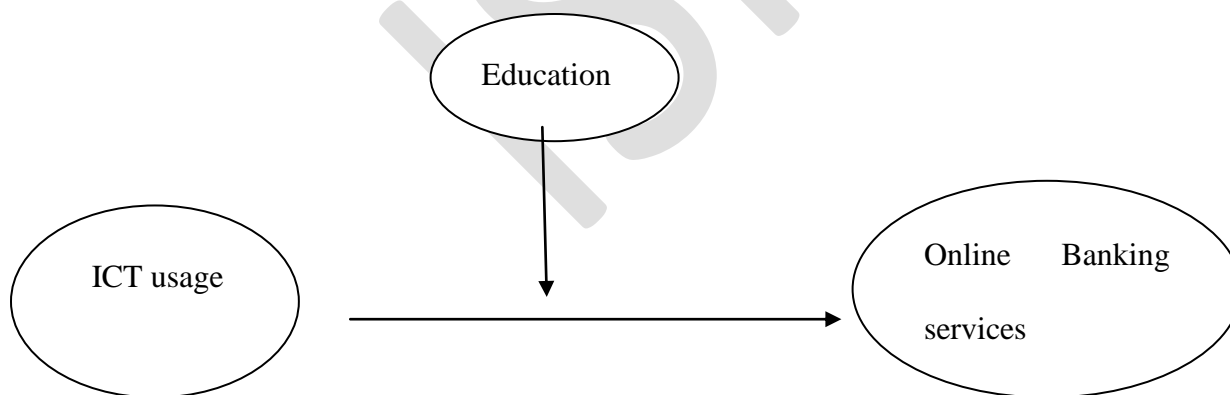
respondents in questionnaire in sample. The value of KMO measure of sampling adequacy was found to be 0.839 which is greater than 0.5 and so satisfactory. Factor analysis was used in the questions to deduce the inference from the collected sample.

Hypothesis Formulated

The following two Null hypothesis were formulated and tested over the sample

- H01: There is no significant effect of education over ICT comfort ability for Banking/ financial purposes
- H Alt 01: There is significant effect of education over ICT comfort ability for Banking/ financial purposes

In order to check the effect of education over ICT usage for financial purposes we use the technique of regression where we assume would assume the education as a moderating factor and will analyze its effect over the relationship of ICT usage for accessing banking /financial instruments. As the validity of the relation between ICT and banking is already been checked and validated here we try to check the effect of education over this relationship and try to assess the urban population nature i.e. whether their technology friendly relation depends upon education level of an individual or not.



After running regression, the adjusted R square value between the relation of ICT and Online banking services is 0.487 having an R square change of 0.472 and an F value of 225.30. These values came at a significance level of 0.000.

While after introducing the moderation factor education we found that there has been a slight change in the adjusted R square value which came out to be 0.502 with an R square change of 0.003, F value of 4.351 but all these values were obtained at a significance level of 0.087, which is greater than the accepted level of significance of 0.05.

This shows that in urban areas education does not play a significant role in influencing the habit of using online banking services by the consumers. Many people who did not hold the degree of more than higher secondary education level were able to perform various functions like paying mobile bill online with the facility of wallet, transfer money into various accounts through ATM as well as through internet transactions apart from other basic functions like operating ATM as a debit card online.

Another important unique feature noticed was that these people had learnt these online transaction facilities through

peers who already had an education up till graduation level. It was observed that in urban and in metro cities from where the sample has been selected people were more affected by their office peer groups/ friend circle and shared the same level of ICT usage in handling financial transactions.

This research has opened the doors to many unanswered questions to the other cognitive study which learns the affect of the presence of peers around you.

V. LIMITATIONS AND FURTHER SCOPE

. With the help of this paper a genuine attempt has been made to bring out the effect of technology over financial inclusion in urban population moreover its usage by people in daily life. This paper can be extended to study how in urban area peer education played a dominant role over formal education and the same study can be replicated to understand the nature or role of education over the rural sector.

In the upcoming advancement era ICT plays a very important role in our daily routine. From the above tests we have seen that ICT is a tool used by urban population to access the financial systems. Activities like creating FD, policies online, fund transfers online have created awareness among people and provided a hassle free platform to get work done from home

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