

INVESTIGATING OCCUPATION –WISE PERCEPTION OF CUSTOMERS TOWARDS ACCESS TO COOPERATIVE BANKING SERVICES

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Abstract: *The present paper aims at investigating the occupation-wise perception of customers towards access to cooperative banking services. The study is both expressive and evaluative in nature. In order to investigate the perception of customers towards access to cooperative banking services, both primary and secondary data has been collected. The primary data have been collected from 540 customers of cooperative banks operating in three northern states of India i.e J&K, Himachal Pradesh, and Punjab. The technique of factor analysis has been used through SPSS (version 17.00) with Principal Component Analysis along with varimax rotation for summarisation of the total data into minimum factors. Secondary information was collected from published sources i.e books, journals, files, cooperative bulletins, organisational reports, annual drafts of Planning and Statistical Department (Government of J&K, Himachal Pradesh, and Punjab), RBI reports, magazines, and Internet. ANOVA has been applied for data analysis. The results of the study shows that there exists significant means difference between perception of customers towards access to Cooperative banking services.*

Keywords: ANOVA, SPSS, Varimax Rotation, RBI, Banking Services, Access, Perception

INTRODUCTION

Providing access to financial services to the poor and other vulnerable section of the society, especially those living in rural areas is one of the serious problems which every country is facing now a days (Oluwatayo, 2014). Access to financial services and inclusive development are no longer just policy choices, other than policy imperatives, which would decide the long-term financial stability and sustainability of the economic and social order, going forward. It is on the part of all the financial institutions, especially the cooperative banks to walk together extra mile and ensure that every household in the country should get an easy access to credit and other financial services so that they can improve their economic and social well being. Cooperative banks with their wide network coverage are required to play an important role in ensuring access to financial products & services and promoting financial literacy among the financially excluded masses of the country (Jayakumari, 2015). Cooperative banks act as providers and facilitators in the credit delivery mechanism through their financial inclusion initiatives (Savitha & Jyothi, 2013). Generally farmers, agricultural and industrial labourers, unemployed, women, physically challenged, and old people are the most commonly financial excluded section of the society. This section of the society is greatly addressed by the cooperative banks (Ramji, 2013).

The present study is undertaken to investigate occupation-wise perception of customers towards access to cooperative banking services. After going through wide ranging literature, no empirical study has been found on the aforesaid topic. Most of the studies reviewed are conceptual in nature and few of them have been based on secondary information. The aforesaid gap in the existing literature necessitated the present work which shall prove to be beneficial for the various stakeholders of the cooperatives both at the national and international level.

REVIEW OF LITERATURE

Access to banking services is essential for recuperating the living state of affairs of poor and other helpless sections of the society. In order to promote economic and social welfare of the weaker sections of the society, cooperative banks through their wide network coverage are required to provide access to financial services to financial excluded sections of the society. In the present study, an attempt has been made to present the review of various studies carried on by scholars, academicians, authors, and various committee set up by the government in the field of cooperatives.

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Josiah and Elizabeth (2012) concluded that financial inclusion intervention measure should continue, the array of financial products that make up financial inclusion should be identified and provided. Proper measure of financial inclusion which includes both access and usage should be applied. They further observed that majority of the population all over the world is financially excluded. This financial exclusion is a subset of social exclusion. Those financially excluded cannot participate in social and economic activities of the country leading to inequality which breeds many other vices. It is through deliberate effort on social inclusion like financial inclusion that can be brought to the economic playground of the country. They suggested that care should be taken to address the basic issue of financial inclusion expeditiously to avoid creating financial instability. They are of the opinion that the role of government should also be carefully defined as studies shows excess government intervention can yield more harm than good. Pal and Sura (2006) opined that the overall position of cooperatives in India is not quite encouraging. The poor credit-deposit ratio is still making dent on the desired functioning of cooperatives. Since the cooperatives are supposed to be a bank for poor people, government should spread the branches of cooperatives at grass root level to provide such financial service to the really needy rural people. According to Ravichandran and Alkhathlan (2009), very few people have access to financial services. There are number of factors affecting access to financial services by weaker section of society in India. The lack of awareness, low incomes and assets, social exclusion, illiteracy are the barriers from demand side. The distance from bank's branch, branch timings, cumbersome banking procedure, over requirement of documents for opening bank accounts, unsuitable banking products/schemes, language, high transaction costs, and attitudes of bank officials are the barriers from supply side. Reddy (2010) suggested a new approach to cooperatives to reach wider population in rural areas by establishing representatives/agents who operate on commercial basis rather than just by self-help groups. These agents/representatives work on commission basis and hence self-motivated and cost effective in assisting cooperatives in service provision/deposit mobilisation. Perilleux and Szafarz (2015) concluded that cooperative banks have been working for financial inclusion for more than a century. They are the oldest form of microfinance institutions serving remote rural areas, mobilising local resources through saving products, and favouring the implications of the beneficiaries in a self help dynamic. However one of their weaknesses is their governance. Nayak (2012) advocated that cooperative bank can play a bigger role than commercial banks in achieving financial inclusion because the labour cost of cooperative bank are considerably less than that of scheduled commercial banks and generally the operating costs are also minimal. He pointed out that cooperative banks are a feasible solution for inclusive growth through rural development by creating

opportunity for employment and income generation. He stressed that the shortfalls in cooperative banks such as scams and corruption should be mitigated and this will lead to inclusive growth in our country. Rachana (2011) opines that PACS have good coverage but most of them are running in to losses. Again, the number of KCC issued and the amount of credit granted under it is also showing a declining trend. She pointed out that in order to cover the untapped market of rural areas create different channels by modifying existing channels such as sharing branch infrastructure, ATM and phone banking, introduce business correspondent, satellite branches etc. She suggested to improve rural inclusion through different financial services like, low cost loans to BPL families and provide micro insurance with the bank account so that the willingness of the people to use bank services may increase.

As a result, these reviews provide knowledge about the financial aspects of cooperatives which would be of substantial help in measuring occupation wise perception of beneficiaries regarding access to cooperative banking services.

HYPOTHESIS

The present study is based on the following hypothesis:

H₀: Occupation-wise beneficiaries do not differ in their perception about access to cooperative banking services.

OBJECTIVES OF THE STUDY

The present study is based on the following objectives:

1. To investigate the occupation-wise perception of different beneficiaries regarding access to Cooperative banking services
2. To locate the factors affecting access to Cooperative banking services.

RESEARCH METHODOLOGY

The various aspects of research methods are discussed as under:

Instrument

In order to investigate the perception of customers towards access to cooperative banking services, both primary and secondary data were collected. The primary data were collected through self-developed schedule after thorough review of wide ranging literature and threadbare discussions with the subject experts. The responses were collected using a self-developed schedule sub-divided into socio-

economic variables and specific information regarding access to financial services. Five point Likert scale was used in collecting information, where “5” denotes “strongly agree” and 1 denotes “strongly disagree. Suggestions were kept in open ended form. For data reduction, the technique of factor analysis has been used through SPSS (version 17.00) with Principal Component Analysis along with varimax rotation (Field, 2000). The items with factor loadings less than 0.5 and Eigen values less than 1 were ignored for the subsequent analysis (Malhotra, 2008). The suitability of raw data obtained from beneficiaries of financial inclusion through Cooperatives is examined through KMO value, Bartlett test of sphericity and p-value=0.000, indicating sufficient common variance and correlation matrix (Field, 2000). The first round of data processing, showed a variance of 69.529 percent having 20 iterations resulting in to the deletion of seven items because of factor loading below 0.5. Thus, finally seven factors emerged. The process of principal component analysis (PCA) with Varimax rotation brought the construct to the level of 18 statements out of 36 statements originally kept in the domain of access with variance explained at 71.316 percent and KMO value above 0.7 and Bartlett value of 3603.117 (Table 1). The factor loadings ranges from 0.567 to 0.855 and the cumulative variance explained ranges from 12.700.

Physical accessibility, convenient timing & transactions, information accessibility, access to the poor, ease of access, approachability, and cooperative behaviour are the various constructs of access to financial services through cooperative banks.

Pretesting

To calculate the final sample size, pretesting was done on 75 beneficiaries covered under the financial inclusion drive of RBI. The respondents are selected on judgement basis, selecting 25 respondents each from three states viz., J&K, Himachal Pradesh, and Punjab. The initial schedule was prepared in the year 2013. After tabulation of pre-testing

results, some items are modified and few are deleted. Ultimately 36 items are retained for final survey. The final sample size arrived at 789 using following formula (Malhotra, 2002), which is round off to 800.

$$n = \sigma^2 * z^2 / D^2$$

Data

Multi-stage sampling technique was followed to collect the data for the present study. In the first stage, the Jammu division was sub-divided into hilly and non-hilly districts. Hilly districts were identified as Udhampur, Doda, Kishtwar, Rajouri, Reasi, Ramban, and Poonchand non-hilly districts were identified as Jammu, Samba, and Kathua. In the second stage, out of seven hilly districts, two districts i.e Udhampur and Doda were selected and others were ignored due to inability to contact beneficiaries because of militancy. Due to high concentration of financial inclusion beneficiaries, all the non-hilly districts namely, Jammu, Samba and Kathua were included for the final survey. In the third stage, selected districts were further sub-divided into tehsils and those tehsils having maximum density of financial inclusion beneficiaries were selected. Census method was adopted in contacting beneficiaries in selected tehsils. For comparison purposes, beneficiaries of cooperative banks operating in neighbouring tehsils of Himachal Pradesh and Punjab States, having similar topography are also contacted on judgement sampling, criteria adopted is availability and willingness to respond. Questionnaire were distributed to 800 beneficiaries but 557 responded back. Out of 557 respondents, 17 questionnaire were rejected because of incomplete response, so the final sample size came to 540 respondents. The effective response rate came out to be 67.5 percent. The responses were collected using a self developed schedule sub-divided into socio-economic variables and specific information regarding access to financial services. Five point Likert scale was used in collecting information, where “5” denotes “strongly agree” and 1 denotes “strongly disagree. Suggestions were kept in open ended form. Secondary

Table 1: Factor Analysis of Access to Financial Services

Rounds	Variance Explained	Items Emerged	No of Factors Extracted	Iterations	No of Items Deleted	KMO	Bartlett.
1	69.529	36	13	20	7	.712	7691.089
2	63.065	29	9	19	6	.718	5534.609
3	64.577	23	8	10	3	.698	4972.800
4	70.197	20	8	08	1	.706	3671.890
5	73.116	19	8	19	1	.703	3619.494
6	71.316	18	7	7	--	.703	3603.117

*Source: Survey

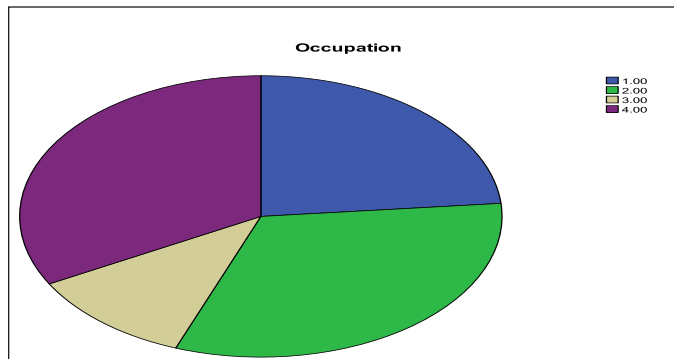
information was collected from published sources i.e books, journals, files, cooperative bulletins, organisational reports, annual drafts of Planning and Statistical Department (Government of J&K, Himachal Pradesh, and Punjab), RBI reports, magazines, and Internet.

Profile of Respondents

In the present study, responses are collected from the beneficiaries of cooperative banks from three northern states i.e J&K, Himachal Pradesh, and Punjab. Out of 540 respondents, 81 percent (437) are male and 19 percent (103) are female which indicates that males are more interested in opening the bank account with the cooperative banks as compare to their females counterparts.

Occupation wise analysis shows that out of 540 respondents, 33 percent (178) respondents are farmers, 32percent (174) respondents are business man, 24 percent (127) are doing services either in government or private sectors, and 11percent (61) respondents are engaged in other occupations.

Thus, it is concluded that majority of the respondents who have opened their accounts with the cooperative banks are farmers and businessman.



*Source: Survey

Fig.1: Pie Chart for Occupation

Reliability and Validity

To confirm the internal consistency of the data, reliability and validity has been duly assessed. Since all the values of Cronbach Alpha came to be above 0.6, it confirms the reliability of the data. The content and convergent validity have also been confirmed as all the items are having factor loadings >.50. At last the discriminant validity has also been checked as the correlations among various constructs came out to be <.30.

Table 2: Demographic Profile of Respondents

Variables	Frequency	Percentage (percent)
Age:		
20-30 years	98	18.1
30-40 years	194	35.9
40-50 years	163	30.2
Above 50 years	85	15.8
Total	540	100
Gender:		
Male	437	80.9
Female	103	19.1
Total	540	100
Marital Status:		
Married	436	80.7
Unmarried	104	19.3
Total	540	100
Occupation:		
Service	127	23.5
Business	174	32.2
Farmers	178	11.3
Others	61	33.0
Total	540	100

*Source: Survey

Analysis of Variance (ANOVA) for Customers

To verify the occupation wise significant mean difference between the perception of customers towards access to cooperative banking services, ANOVA has been applied. The ANOVA results are outlined as under:

Occupation-wise Analysis

For investigating the occupation wise perception of beneficiaries regarding access to cooperative banking services, beneficiaries have been grouped in four categories of occupation namely service, farmers, business, and others which constitutes 33percent (178) respondents are farmers, 32percent (174) respondents are business men, 24percent (127) are doing services either in government or private sectors, and 11percent (61) respondents are engaged in other occupations (Table 2). ANOVA results showed significant mean differences in responses of the beneficiaries belonging to different occupations (F=24.034, sig=.000, Table 3) with regard to access to cooperative banking services. The ANOVA results for individual factors of access to financial

Table 3: Occupation-wiseANOVAfor Beneficiaries

Factors		Sum of Squares	df	Mean Square	F	Sig.
F1: Physically accessibility	Between Groups	100.882	3	33.627	23.683	.000
	Within Groups	761.051	536	1.420		
	Total	861.933	539			
F2: Convenient timing & transactions	Between Groups	17.748	3	5.916	14.150	.000
	Within Groups	224.095	536	.418		
	Total	241.843	539			
F3: Information accessibility	Between Groups	10.809	3	3.603	16.323	.000
	Within Groups	118.314	536	.221		
	Total	129.123	539			
F4: Access to the poor	Between Groups	12.020	3	4.007	13.688	.000
	Within Groups	156.889	536	.293		
	Total	168.909	539			
F5: Ease of access	Between Groups	8.348	3	2.783	8.045	.000
	Within Groups	185.394	536	.346		
	Total	193.743	539			
F6: Approachability	Between Groups	25.983	3	8.661	12.561	.000
	Within Groups	369.577	536	.690		
	Total	395.561	539			
F7: Cooperative behaviour	Between Groups	.993	3	.331	1.865	.135
	Within Groups	95.145	536	.178		
	Total	96.138	539			
Overall	Between Groups	11.250	3	3.750	24.034	.000
	Within Groups	83.635	536	.156		
	Total	94.885	539			

*Source: Survey

Table 4: Occupation-wise Factorial Mean for Beneficiaries

Occupation	F1	F2	F3	F4	F5	F6	F7	Overall access
Service	3.22	3.85	4.09	3.82	3.56	3.58	4.25	3.77
Farmers	2.27	3.76	4.07	3.98	3.58	3.57	4.27	3.63
Business	3.02	4.18	4.32	4.21	3.83	3.99	4.35	3.98
Others	3.89	4.05	4.46	4.18	3.54	3.31	4.30	3.89

*Source: Survey

Note: (F1=Physical accessibility, F2=convenient timing & transactions, F3= information accessibility, F4=access to the poor, F5 ease of access, F6= approachability, and F7=cooperative)

services through cooperative banks shows insignificant mean difference for physical accessibility (.000), convenient timings & transactions (.000), information accessibility (.000), access to the poor (.307), ease of access (.000), approachability (.000), and employee attitude (.135). Overall, the beneficiaries in the occupation of business and those engaged in other occupations are more satisfied as they have accorded highest occupation wise factorial mean score i.e (3.98 & 3.89, Table 4) respectively followed by

serviceman (3.77) and farmers (3.63) beneficiaries regarding access to cooperative banking services.

CONCLUSION

The present study aims at investigating the occupational-wise perception of customers regarding access to cooperative banking services which is both expressive and

evaluative in nature. In order to fulfil the objectives of the study, both primary and secondary data were collected. The primary data were collected from 540 customers of cooperative banks operating in three northern states of India i.e J&K, Himachal Pradesh, and Punjab. For data reduction and scale purification, the technique of factor analysis was applied through SPSS (version 17.00) with Principal Component Analysis along with varimax. Secondary information was collected from various published sources concerning financial inclusion through cooperatives i.e books, journals, files, cooperative bulletins, organisational reports, annual drafts of Planning and Statistical Department (Government of J&K, Himachal Pradesh, and Punjab), RBI reports, magazines, and Internet. In order to investigate the occupation wise perception of customers towards access to cooperative banking services, ANOVA has been applied. The occupation wise results of the study shows that there exists significant means difference between perception of customers towards access to cooperative banking services. The analysis of the study reveals that majority of the people have no access to banking or insurance services which can make the difference between surviving and thriving. The reasons identified are lack of financial understanding or information between providers and consumers, gender, age, low income and erratic cash flow, lack of suitable geographic distances & high transaction and national and international policies that hold back financial inclusion of the world's poorest people. It is very significant to be familiar with that these barriers are, actually, self-created. Poor people are on the whole not considered feasible customers for formal financial service providers. As a result, most of the banking processes and products that we see today have been planned exclusively for the high-income section of the society. The overall result is shown in Table 5. The present study is a matchless accumulation to the available literature on access to cooperative banking and shall prove to be beneficial for the policy makers, researchers and interested academicians as a complement to their required acquaintance.

Table 5: Overall Results

	Hypothesis	Accepted/ rejected
H ₀	Occupation -wise beneficiaries do not differ in their perception about access to Cooperative banking services.	Rejected

LIMITATIONS AND FUTURE RESEARCH

Eversince, all promising efforts are made to make the study more convincing and comprehensive, yet certain limitations could not be ruled out . These limitations are as under.

- The scope of the study is restricted to three northern states of India only i.e J&K, Himachal Pradesh, and Punjab and further be extended to other parts of the country.
- The study is based on cross-sectional data and further be extended on longitudinal data.
- Possibility of subjective interpretation in some cases cannot be ruled out.

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