

Role of Bandhan Bank in achieving Financial Inclusion towards Inclusive Growth of Stakeholders

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Abstract

Financial inclusion is geared toward supplying banking products and services to all the stakeholders in a fair, obvious and equitable way at less expensive fee. Whether a farmer or a non-farmer will be able to access the banking system and actually start a new business or get better credit. Bandhan Bank is supply banking services to needy people who are on the periphery of the formal banking system. The research article is focusing on two things, one is customer perceptions towards Bandhan services and the second thing is bank initiatives to support inclusive growth of stakeholders. In such manner that the Bandhan financial institution is accomplishing financial inclusion with Inclusive growth of stakeholders.

Introduction

Financial inclusion is the process of ensuring access to financial products and services needed by vulnerable groups at an affordable cost in a transparent manner by institutional players. Financial inclusion is an innovative concept which makes alternative techniques to promote the banking habits of the rural people because, India is considered as largest rural people consist in the world.

Background of the Study

Financial inclusion is a key motive force of sustained and balanced monetary increase which allows lessens earnings inequality and poverty. While it had made remarkable strides on this place over the years, the pandemic has created new demanding situations and complexities. The monetary gadget may have a vital function to meet the aspirations and desires of our economic system at the mend.

Review of Literature

Mukherjee & Chakraborty (2012) studied that the function and performance of the industrial banks in Jharkhand nation with their capability and function of establishments like nearby rural banks (RRBs), self-help groups (SHGs), non-banking economic companies (NBFCs) for the motive of selling financial products & services.

Devi S. Kavitha (2014) Microfinance received impetus mainly as it promised the social and monetary uplift of ladies in growing international locations throughout Asia, Latin America, and Africa.

Kumaraswamy & Ramkumar (2019) have studied on Bandhan bank Microfiance services and expressed that the bank is enriched with massive customer potential customers' network 130 lakh customers along with 936 branches and 460 ATMs with a comprehensive basket of financial products across 29 states and five Union Territories.

Kumaraswamy & Ramkumar (2021) have conducted study and concluded that, microfinance channels like SHG-Bank Communication System (SBLP), Microfinance Institutions, Small Finance Banks are booming the net work to reach unbanked area by their door step services. RBI Honorary Governor Shaktikanta Das (ETFI Summit 2021) said that the pandemic has accelerated the push for digital payments and the adoption of digital payments system has increased.

Kumaraswamy & Ramkumar (2022) have conducted a study on SHG with bank linkage programme in Nellore district initiated by John Bibi and how SHGs were perfectly trained by her in terms of how to form group, mobilizing savings and thereafter group linkage with a particular bank, then starting an economic activity with the help of banker, train the women in all the activities, expand the group strength, etc.

Gap Identified

The study is identified that various dimensions of Financial Inclusion among the stakeholders and how they are affected on their inclusive growth after the economy has been affected by the COVID 19 for the past two years. The main vision of RBI and Government of India is "Taking Digital Banking to Rural India". This has been revolutionized by the advent of mobile payments.

Need for the Study

Digital banking goes to grow to be a good deal larger in India. Banking get right of entry to turns into 24x7 from the consolation of homes. The liberalization of regulatory necessities and improvements in generation will take banking to the subsequent degree of growth. The study is needed how the role of fast and reliable internet banking and awareness of financial products and

services, role of Fintech companies, role of small finance banks, Govt. Schemes, initiatives of financial inclusion altogether in the overall growth of stakeholders.

Objectives

1. To measure the role of Bandhan Bank in financial inclusion with customers perceptions
2. To find out the effect of Financial Inclusion on inclusive growth of the stakeholders

Methodology

The research study mainly focus on inclusive growth of stakeholders with respect to Bandhan bank sample respondents with 13 branches coverage of ten districts in A.P. Data collection will be done with survey questionnaire and interview method will be follow to collect data for this study. Hence, the sample is determined as five-hundred (400+25% of 400 to eliminate errors) and used convenience sampling method for this study. The study is an analytical one, based on collection of data from both primary and secondary sources. In this study to get the result out of data researcher used Mean and Standard Deviation and Regression Analysis

Analysis

Objective 1

Table 1 : Mean and Standard Deviation of Respondents' Awareness about Bandhan Bank Services		
Statements	Mean	SD
Bandhan Bank services are absolutely for weaker sections	2.894	1.335
This Bank is rendering good micro credit services	4.088	1.091
The information that displayed by this Bank is accurate	3.726	.972
Guarantees to take loans in this Bank are not much required	3.814	1.226
I will be more satisfied if the Bank offers children education loans	3.800	1.098
I will be always using this Bank for every bank activities / transactions	2.516	1.406
I can say this Bank has positive public talk in Microfinance industry	3.548	1.313
I will never change this Bank even I found another bank which offers the same	3.654	1.092
This bank offers fast and efficient services to customers	4.130	1.095
Bank personnel act as Business Correspondents in this Bank	3.638	1.258
I feel safe to my guarantee when loan taken in this Bank	3.606	1.259
The Bank always cares about inclusive growth(success) of its customers	3.694	1.195

The Bank is very concerned with the security for my online transactions	3.678	1.161
The Bank keeps the customers information in very safe mode	3.638	1.123
I will definitely recommend Bandhan Bank to my friends, family and colleagues	3.788	1.092

Descriptive statistics related to the respondents' awareness about Bandhan Bank is shown in the above table. Mean and standard deviation of the statements that measure awareness about Bandhan Bank services denote that the respondents show positive responses to the statements. On observing the values it is noticed that the respondents agree that Bandhan Bank offers fast and efficient services to its customers (mean = 4.130; SD = 1.095), which is followed by rendering of good micro credit services (mean = 4.088; SD = 1.091). The next important thing is not much requirement of guarantees to take loans (mean = 3.814; SD = 1.226). Respondents also expect the bank to offer children education loans (mean = 3.800; SD = 1.098) for which they have given high scores. Majority of the respondents agree that they will definitely recommend Bandhan Bank to their friends, family and colleagues (mean = 3.788; SD = 1.092) which means that the customers of Bandhan Bank are satisfied to a greater extent. However, the respondents do not give positive response for the statement that "I will be always using the Bank for every bank activities / transaction (mean = 2.516; SD = 1.406), which means that the respondents do not completely use Bandhan Bank for their every activity and transaction. Further, they show poor response for the statement that the Bandhan Bank is absolutely used for weaker section of people (mean = 2.894; SD = 1.335), which means that Bandhan Bank is not absolutely used for weaker section of people alone, but it is used by all the categories of people.

Objective 2

Table 2: Regression Analysis – Influence of Financial inclusions on Inclusive Growth of Farmers

Model Summary					
Model	R	R Square	Adjusted R Square	F	Sig.
1	.457 ^a	.209	.186	9.209	.000 ^b
a. Predictors: (Constant), Financial Literacy, Awareness about Bandhan Bank Services, Internet Banking Services, Government Schemes, Role of Small Finance Banks, Initiatives of Business Correspondents, Initiatives of Self-Help Groups					
Coefficients ^a					
Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.	

		B	Std. Error	Beta		
1	(Constant)	2.155	.324		6.658	.000
	Awareness about Bandhan Bank Services	.114	.073	.103	1.557	.121
	Initiatives of Self-Help Groups	.018	.056	.022	3.323	.003
	Initiatives of Business Correspondents	.047	.043	.073	3.095	.009
	Government Schemes	-.049	.046	-.069	-1.059	.291
	Role of Small Finance Banks	-.003	.044	-.005	-.079	.937
	Internet Banking Services	.108	.053	.131	2.055	.041
	Financial Literacy	.228	.063	.248	4.639	.000
a. Dependent Variable: Inclusive Growth of Farmers						

Inclusive growth of farmers is influenced by many factors. In order to test the influence of independent variables taken up for the study on dependent variable, regression analysis was performed. As mentioned in the previous table, the independent variables awareness about Bandhan bank services, initiatives of Self-Help groups, Initiatives of Business correspondents, government schemes, role of small finance banks, internet banking services and financial literacy are chosen, and dependent variable considered for this study is inclusive growth.

Table represents the results of multiple regression where the value of co-efficient of regression determination (R^2) is 0.209 which implies that 20.9 percent of the variation on the inclusive growth of farmers is explained by various dimensions of financial inclusion. To check whether this R^2 is statistically significant, ANOVA is performed. The F value obtained is 9.209 ($p < 0.001$) and hence it is ascertained that there is significant relationship between dependent and independent variables. It is concluded from the regression result that among the seven independent variables taken for the study, only four variables significantly influence overall inclusive growth of stakeholders. The variables are 'initiatives of self-help group' ($t = 3.323$; $p = 0.003$), 'initiatives of business correspondents' ($t = 3.095$; $p = 0.009$), 'internet banking services' ($t = 2.055$; $p = 0.041$), and 'financial literacy' ($t = 4.639$; $p < 0.001$). The result concluded that financial literacy is the first and foremost element that influences inclusive growth of farmers. An initiative of Self-Help group contributes secondly towards inclusive growth of farmers. Next to initiatives of self-help group,

respondents give importance to initiatives of business correspondents, which is followed by internet banking services. However, awareness about Bandhan banking services, government schemes, and role of small finance banks do not significantly influence inclusive growth of farmers.

Findings

1. Bandhan Bank offers fast and efficient services to its customers, it renders good micro credit services, and taking loan is easy. However, they will be happy if they get children education loans.
2. It is important to note that the respondents do not completely use Bandhan Bank services for every activity and transaction.
3. In this study one important thing found that, a Self help group (SHG) woman becomes BC to deliver banking or insurance services to group members or other than group members. She can start a small shop offers mobile charges, photocopying, mobile accessories sales for her livelihood.
4. Financial inclusion experienced a boost under Govt. Schemes like Mudra Yojana, Jan-Dhan Yojana, and standup India are helping in greater financial inclusion.
5. Fintech companies are disrupt the banking and finance industry by changing the way public pay and borrow money, and investors are buying it.
6. One interested observe thing in this study was individuals who were willing to do transactions digitally but there was hesitated in receiving payments digitally. So that, digital payments and digital receipts both are needed the overall growth of digital financial literacy.
7. Small Finance Banks (SFBs) are playing a very important role when it comes to providing services to the unbanked customers in both rural and the semi-urban areas.
8. SFBs are should focus largely on rural banking and 95% of the customers in the loan side from rural areas.

Conclusion & Scope for Future Study

Financial education and making that accessible especially to the rural citizens helping them reduce their dependency on cash for the building of cashless society, specially it is the role of every financial institution are able play. To build a formal financial system is depends upon the level of education by the customer is required, in terms of level of exposure that they get from the technology solution.

There is larger scope to study about financial inclusion in various dimensions. In this study researcher identified potential scope for further study is RBI initiative called Trade Receivables

Electronic Discounting (TRED) system is very useful to MSMEs to upload their receivables on electronic platform to get credit from the receivables buyers (Small Finance Banks/Payment Banks/Microfinance Institutions) who will fund to MSMEs. Hence, MSMEs can balance their working capital cycle in an effective manner.

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