

**Determining Association of Demographic Factors with Awareness of Banking Products  
& Microfinance: A Study of Chandigarh**

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**Abstract**

Awareness of banking products and microfinance is an important element in the overall promotion of financial inclusion policy of the government. With this objective, the study was undertaken to determine the association between the demographic profile and the level of awareness regarding the banking products and microfinance using variable like saving bank accounts, time deposit bank accounts, ATM/Debit cards, credit cards, provision of loans, internet banking, micro finance operations and digital wallets. To test the strength of association Cramer's V test was applied using SPSS version 20 software. The result showed a strong association of awareness with education; and moderate association between occupation & banking awareness.

**Key Words:** Micro finance, banking products, financial awareness

**Introduction**

Financial awareness is the information about the existence of the financial products in the market, so there is a need to measure the association between the prominent indicator of financial awareness i.e. banking product and microfinance with the demographic variables. Awareness of banking products and microfinance is the first step towards achieving financial inclusion in the economy. Banking product and microfinance awareness plays a crucial role

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In financial ownership decisions of individuals, Banking products include bank accounts (saving & time deposits), payment cards (ATM, credit, and debit), loans, internet banking, digital wallets and microfinance operation (chit funds, unorganised sector kitties etc.). A more aware individual is more likely to make smart decisions to achieve financial stability and hence coming under the ambit of financial inclusion. This awareness level differs with the age, gender, family type, occupation level etc. Thus there is a dire need to study the awareness level of individuals regarding banking products so demographic specific policy intervention

can be made to cover all the citizens under the various financial schemes of the government.

### **Literature review**

Immense policy attention is being placed on improving individuals' financial awareness and literacy, mainly through financial education programs/ workshops being conducted by banks and micro finance institutions. But the individual's financial behaviour showed a skewed nature owing to varied factors like gender, income etc. Women having lower confidence in their financial operations ability, have lower financial literacy than men, thus facing more financial ignorance and discrimination (Charness & Gneezy, 2012; Dwyer, Gilkeson, & List, 2002; Hira, 2010; Lusardi & Mitchell, 2008; Mottola, 2013; Powell & Ansic, 1997). The result of the study conducted by Farrell, Fry, & Risse, 2016s proved that higher level of education in women is associated with stronger likelihood of holding an investment, mortgage, savings account or insurance. The results also indicate a strong linkage between the higher income households and tendency to be aware/acquire financial products like investments, mortgage, and credits cards, loans, insurance policies. Since technology anxiety is more prevalent among females (Venkatesh & Morris, 2000; Luo, Li, Zhang, & Shim, 2010), they tend to abstain from using new technology platforms for banking like internet banking, mobile banking (Mohammadi, 2015; Malaquias and Hwang, 2016), digital wallets as compared to men. Karakara & Osabuohien, 2019 investigated the effect of socio- economic characteristic on household adoption of bank patronage using Logit regression among the sample

of Burkina Faso and Ghana .The result of the study showed that in Ghana demographic characteristic like size of household, residence (rural), education level has a marginal positive impact on the bank patronage with values 0.022, 0.0062, 0.11 and marital status had a negative effect with value -0.073. Where as in Burkina Faso only size of the household , wealth of the household and number of children could be linked with bank patronage with values 0.007, 0.131and - 0.016. Sharma & Deshmukh, 2013 in their study investigated the awareness about micro finance among the citizens of Nagpur. The results showed high level of awareness (90.6%) of microfinance among citizen with awareness level of 17.2%, 9.2%, 55% & 18.6% about micro credit schemes, micro insurance schemes, saving schemes and employment schemes respectively. Based on above review, an attempt has been made to understand the association between the demographic variables and awareness level of the citizen's of Chandigarh about banking products and microfinance

### **Research Methodology**

An appropriate survey instrument was designed to capture awareness of individuals on various banking and microfinance products. The demographic included household type, gender, marital status, education level, occupation level and type of family, whereas awareness constructs consisted of eight statements related to awareness of banking products & micro finance. A multi stage proportional sampling technique was followed to collect data from 28 wards of Chandigarh. Data was collected from individual respondents using questionnaire comprising of 124 questions on the

selected constructs. A sample of 2501 was collected of which only 2164 were found to be valid for data analysis.

Of the data collected, 93.4% belonged to urban and 6.6% to rural households; 58.7% were males and 41.3% were females; 28.5% were never married, 71.2 % were currently marries and 0.3% were widowed; 0.6% were illiterate, 1.9% were less than middle school pass, 7.5% were middle school pass ,9.8% were high school pass, 21.2% had higher secondary certificate, 41.1% were graduates and 17.9 % were postgraduates or professional degree holders; 38.4% were unemployed, 0.3% were unskilled workers, 6.5% were semiskilled workers, 6.3% were skilled workers, 6.1% were in arithmetic skill jobs , 26.6% were semi professional & 15.7% were professionals and 10.4% belonged to joint family & 89.6% were from nuclear families.

### Data Analysis

The data collected for the study was analysed using SPSS version 20.0 to determine the association between the demographic variables and the awareness construct. The Cramer’s V test of strength of association was used because sample size was large and the variables were of different dimensions, thereby creating difficulty to compare them using chi-square test. Cramer’s V equals 0 when there is no relationship between the two variables, and generally has a maximum value of 1, regardless of the dimension of the table or the sample size. The strength of the association was classifies as weak, moderate and strong depending upon the values being <0.10, 0.11 – 0.30 and > 0.31 respectively. The result of the analysis is shown in Table 1.

**Table 1: Cramer’s V test of association between the demographic variables and the awareness of banking products and micro finance**

	Demographic variables		awareness of banking products & micro finance							
			Saving Bank Accounts	Time deposits bank accounts	ATM/Debit cards	Credit cards	Provision of loans	Internet banking	Micro finance operations	Digital wallets
1.	House hold type	Cramer’s V	.414** (s)	0.234** (m)	.464** (s)	0.302** (m)	0.444** (s)	0.262** (m)	0.297** (m)	0.354** (s)
2.	gender	Cramer’s V	0.016	.003	0.042** (w)	0.018	0.004	0.006	0.031	0.005
3.	Marital status	Cramer’s V	0.06** (w)	0.06** (w)	0.004	0.04	0.025	0.018	0.066** (w)	0.003
4.	Education Level	Cramer’s V	0.30** (m)	0.339** (s)	0.379** (s)	0.435** (s)	0.343** (s)	0.402** (s)	0.332** (s)	0.399** (s)
5.	Occupation	Cramer’s V	0.182** (m)	0.268** (m)	0.246** (m)	0.296** (m)	0.266** (m)	0.304** (m)	0.255** (m)	0.288** (m)
6.	Type of family	Cramer’s V	0.09** (w)	0.047* (w)	0.138** (m)	0.152** (m)	0.11** (m)	0.135** (m)	0.108** (w)	0.138** (m)

\*association is Significant at 0.01level (2 tailed) and \*\* association is Significant at 0.05 level (2 tailed)  
w=weak association, m=moderate association, s= strong association

The result of the analysis (Table 1) show that there exists significant association between the household type and awareness of banking products and micro finance construct measured through awareness of

saving bank accounts (0.414),time deposit bank accounts (0.234), ATM/debit cards (0.464), credit cards (0.302),provision of loans (0.444),internet banking (0.262), micro finance operations (0.297) and

digital wallets (0.354). Gender of the respondent has a significant association with the awareness of the ATM/debit cards with value 0.042. Marital status of the respondent shows a significant association with awareness of saving bank account, time deposit bank account and Micro finance operations with values of 0.06, 0.06 and 0.066 respectively. Education level of the respondent has a strong association ( $> .31$ ) with awareness of time deposit bank accounts, ATM/debit cards, credit cards, provision of loans, internet banking, micro finance operations & digital wallets but a moderate association (.11 – .30) with the awareness of saving bank accounts. Occupation of the respondent has a moderate association with all the variables of awareness of banking and micro finance. The respondent's family has a significant but weak association with awareness of savings bank accounts; time deposit bank accounts and micro finance operations, whereas it has a strong and significant association with ATM/debit cards, credit cards, provision of loans, internet banking & digital wallets.

### **Discussion and Conclusion**

The strong association of the household type (urban households =93.4%) of the respondent with awareness of basic

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banking products like saving banks account, provision of loans and digital wallets indicates that the focus of government's effort of financial awareness has been well absorbed by the urban households. The sample also suggests that the gender of the respondent is not associated with the awareness of banking products and micro finance; hence the government should formulate gender neutral policies for financial awareness. The variable education level has a strong significant association with the variables associated with the banking products and micro financial awareness, indicating that promotion of educational facilities improves the financial awareness of the individual leading to him making better informed decision and getting financially included. Since the occupation type of the respondents is moderately associated with the awareness construct, it implies that all classes of occupation need equal effort on the part of the government to be financially included. The results also indicate that the nuclear families (89.6%) have tendency to be more informed about advances nuances of banking products and micro finance operations. Thus government should focus on the financial awareness policy that is gender neutral, concentrating on low education level /illiterate masses.

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