SAVING HABIT AMONG HIGH SCHOOL STUDENTS- A STUDY WITH SPECIAL REFERENCE TO STUDENTS OF PALAKKAD DISTRICT

By

AKARESH JOSE (2015-31-009)

MAJOR PROJECT REPORT

Submitted in partial fulfillment of the requirements for the Post Graduate Degree of

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COLLEGE OF CO-OPERATION, BANKING AND MANAGEMENT

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Declaration

DECLARATION

I, hereby declare that this project report entitled **"A Study on Saving Habit among High School Students; A Study with Special Reference To Palakkad District"** is a bonfire record of work done by me during the course of project work and that it has not previously formed the basis for the award to me for any degree/diploma, associateship, fellowship or another similar title of any other University or Society.

Place: Vellanikkara

Date: 16-10-2017

Akaresh.k

AKARESH JOSE

(2015-31-009)

Certificate

CERTIFICATE

Certified that this project report entitled **"A Study on Saving Habit among High School Students; A Study with Special Reference To Palakkad District"** is a record of project work done independently by **AKARESH JOSE (2015-31-009)** under my guidance and supervision and that it has not previously formed the basis for the award of any degree, fellowship, or associateship to him

Place: Vellanikkara
Date: 16-10-2017
KAU Vellanikkara

Sandhya Suresh
Sr. Manager
Head, Social Performance Management
ESAF Small Finance Bank, Thrissur

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AKARESH JOSE

(2015-31-009)

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CHAPTER - I

DESIGN OF THE STUDY

1.1 Introduction

The future of our country depends upon making every individual, young and old, fully realize the obligations and responsibilities belonging to citizenship. The future of each individual rests on the individual, providing each is given a fair and proper education and training in the useful things of life. Habits of life are formed in youth. What we need in this county now is to teach the growing generations to realize that thrift and economy, coupled with industry, are necessary now as they were in past generations.

Financial institutions place a crucial role in the growth of financial literacy among school students. It is important to know that India is a fast growing economy and there lies the importance of financial literacy among school students. From the review of literature done it is clear that the growing youth of the nation is lacking the financial literacy. Saving habit and banking awareness help in understanding the depth on which the financial status lies among them. Proper guidance and education can chance the face of financial literacy among students and make the aware about banking facility and services will let them into a habit of small saving among themselves.

1.2 Statement of the problem

Banks offer various types of products, such as savings, current, certificate of deposits, and money market, to attract customers as well as to meet with their specific needs. Commonly used accounts are savings accounts. Each of these accounts has various uses also. Mostly people go for the savings account due to good interest rates. This study helps us to understand the saving habit and banking awareness among students. According to a survey conducted based on financial literacy among school going children in Gujarat, it is found that the saving habit of student is comparatively low than the other sections of the society also the low level financial literacy. Bank plays a wide role in today's economy. Banks are getting technologically equipped day by day; all the banking activities are getting digitalized. So it's important to understand the basics of banking from the schooling onwards. The purpose of this study is to get an understanding about the small saving and the banking awareness of students in Palakkad District.

1.3 Objectives of the study

To analyze the awareness among the students about banking products and services.

To examine the saving habit of the students in Palakkad district.

To propose measures to develop saving account product for students.

1.4 Methodology

The study is based on both primary and secondary data. To study the saving habit and banking awareness among students, a structured interview schedule will be administered and carried out by interviewing the students from both rural area and urban area schools.

1.4.1 The period of the study

The period of the study is during the months of July 20 to October 16 2017

1.4.2 Sources of data

The population of the study consist of the high school students of Palakkad district. Sample size for the study has been fixed as 100. Primary data will be collected by administrating structured interview schedule to customers as well as to Suppliers. Secondary data will be collected from the records of project Reports, Internet and websites related to the subject.

1.4.3 Sampling design

Purposive sampling

Purposive sampling is where the researcher only approaches people who meet certain criteria, and then checks whether they meet other criteria. Here we use purposive sampling to the school students.

1.4.4 Data analysis

1. Percentage and indices were used for analysis of the data.

To analyze the saving habit and banking awareness the 3-point Likert scale of index was used.

Occasionally	3
Regularly	2
Rarely	1

2. The maximum score obtained for the variable to calculate the saving habit and banking awareness divide the total score obtained for the variable. The maximum score obtained for the variable is calculated by multiplying maximum score of the opinion and total number of students.

3. A Guttmann scale presents a number of items to which the person is requested to agree or not agree. This is typically done in a 'Yes/No' dichotomous format. It is also possible to use a Likert scale, although this is less commonly used. Questions in a Guttmann scale gradually increase in specificity. The intent of the scale is that the person will agree with all statements up to a point and then will stop agreeing. The scale may be used to determine how extreme a view is, with successive statements showing increasingly extremist positions. If needed, the escalation can be concealed by using intermediate questions.

1.5Variables under study

1. Saving habit
2. Awareness
3. Mode of Operation
4. Banking product and services
5. Frequency of transaction
6. Usage
7. Spending behavior
8. Small income they receive
9. Knowledge about banking
10. Who inspired them
11. Interest
12. Attitude towards banking
13. Their expectation
14. Response from bank

1.6 SCOPE OF THE STUDY

This study would help to know the level of awareness of saving among school students. The saving and spending behavior among students and motivate them to save the small income for a much higher benefit. This study will help to design a new saving product for the school students.

1.7 LIMITATIONS OF THE STUDY

The sample size of the study has been fixed as 100 therefore the inferences made in the study is based on the opinion made by the respondent during the survey period. It may not be generalized till the same is validated by conducting a study with larger sample.

The study was limited only to the high school students.

1.8 Review of literature

The review of past studies helps us in framing objectives, developing research design, variable selection, interpreting the results and in drawing meaningful conclusions.
Mixed results exist as to whether studying personal finance in high school affects students' financial literacy. In several Jumpstart surveys, high school seniors taking a full-semester high school class in personal finance were no more financially literate than students who did not take a course (Mandell, 2008). However, increases in financial knowledge (Walstad, et al., 2010) and increases in financial behaviour (Danes & Haberman, 2007, Danes, Huddleston- Casas, & Boyce, 1999) were found when a specifically identified curriculum was studied and the evaluation was carefully implemented and grounded in evaluation theory (Jacobs, 1988). Because the current study's purpose was to investigate the learning context when studying financial planning in high school by analysing the nesting of student, teacher, and classroom characteristics, the literature review is organized around those characteristics.

A distinguishing component of Danes and Brewton's (2010) mixed-methods evaluation of National Endowment for Financial Education's (NEFE's) High School Financial Planning Program (HSFPP) was that it explored the role of learning context on students' financial knowledge and behaviour outcomes in an attempt to determine the relevance of the content to students of varying backgrounds. Findings showed that while male, farming, and working students had higher financial knowledge pre-study, it was female, non-farming, and non-working students who gained more from it. Moreover, students in classrooms that mandated financial education and those not living on farms gained more from the curriculum than their counterparts on nearly every financial behaviour. A scant amount of studies not connected to National Endowment for Financial Education's (NEFE's) High School Financial Planning Program (HSFPP) have been conducted to explore the role of context on high school students' learning and/or behaviour, and these studies are reviewed, and organized by student characteristic

Researchers have established a link between ethnicity and financial literacy. Lucey and Giannangelo (2006) showed that minority students generally had much lower levels of financial knowledge compared to their White peers. A similar finding was reported in the 2006 Jumpstart survey of high school seniors (Mandell, 2008). In a separate analysis of African American students from that 2006 survey, financial literacy was found not to be related to family income, but the study suggested that African American teens might be missing opportunities to develop money management skills because a lower proportion of them worked part time in the summer (Bowen, 2008). Also, African American and Hispanic female students tended to be more financially at risk for credit card debt compared to their counterparts (Johnson & Sherraden, 2007). Despite initial ethnic differences in financial knowledge and behaviour, Peng, Bartholamae, Fox, and Cravener (2007) found no differences between White and non-White students following a personal finance course.

Valentine and Khayum (2005) tested financial knowledge differences between rural and urban high school students and found no overall differences between the two groups. Differences were found in regards to specific personal finance topic areas, however. Specifically, financial knowledge of urban high schoolers was higher than that of rural high schoolers in topic areas of housing rentals and food purchases, while rural students, on average, achieved higher scores than urban students in the topic area of automobile insurance.

Of the distinguishing student characteristics known to possibly affect financial literacy, gender has been studied to the greatest extent. Danes and Haberman (2007) found that female high school students gained more knowledge on credit, auto insurance, and investments than did the male students after studying financial planning, but male students had more knowledge entering the course. Females believed that managing money affected their future more than males, but males felt more confident making money decisions. After studying the curriculum, males reported achieving financial goals more than females, whereas females reported using budgets, comparing prices, and discussing money with family more than males. In sum, as a result of the study, male teens reinforced their existing knowledge, whereas female teens learned significantly more about finances in areas in which they were unfamiliar. In another study, Varcoe, Martin, Devitto, and Go (2005) found that male high school students' knowledge increased more than females' after studying personal finance. Further, Lusardi, Mitchell, & Curto (2010) found that females from ages 12 to 15 were less knowledgeable about interest rates, inflation, and risk diversification than males of that age; that difference persisted after controlling for many demographic, family background, and peer characteristics.

The majority of financial literacy research in high schools is conducted with juniors and seniors rather than freshmen and sophomores. Personal finance is usually taught then and there is a belief that these older high school students are about ready to live on their own, and, thus, they will find the content more relevant. Researchers have generally found that teens have low levels of financial literacy, and despite recent attention to the importance of financial literacy, literacy scores have not improved (Mandell & Klein, 2007). Thus, there has been a call to teach personal finance content earlier in high school because of the content's importance and because dropout rates increase as students' progress in school (McCormick, 2009).

Part of high school students' unique context is their access to money. Employment, weekly spending, and debt accumulation are directly related to money accessibility. A handful of research studies address how these factors affect financial knowledge and behaviour. There is little known about how working status affects high school students' financial knowledge and behaviour after exposure to personal finance curricula, and when studied, the findings were not consistent. Worthington (2004) found that non-working individuals generally have lower financial knowledge than working individuals. Valentine and Kharyum (2005) found that working up to 20 hours per week (i.e., part time) was positively related to overall scores on a financial literacy quiz. On the other hand, Walstad et al. (2010) found that with exposure to financial education, employed high schoolers' behaviour did not differ from non-employed high schoolers' behaviour. Erskine, Kier, Leung, and Sproule (2006) found that high school students who worked, whether full time or part time, saved more money than non-working students. These same authors further discovered that students who worked part-time were more likely to save money for future education than those students working full-time.

Following exposure to NEFE's HSFPP, Danes, Huddleston- Casas, and Boyce (1999) found that, in the shortrun, self-reported financial behaviour improved immediately after exposure to the curriculum. They conducted a 3-month follow-up survey and found that over half of the respondents reported making positive changes to their spending habits. Grimes, Rogers, and Smith (2010) found that taking an economics course in high school positively influenced an individual's decision to maintain a bank account in later life.

High school students accumulate debt through use of credit cards that are in their own name, formal loans with banks or credit unions, and informal loans with family members and friends. In a study of high schoolers studying personal finance (Danes & Haberman, 2007), 23% of male students and 27% of female students had debts. There was a significant difference between the genders regarding debt levels owed. Males owed $1,040 and females owed $504, on average. Students who had purchased a car or motorcycle had formal loans from a bank or credit union. Other students had borrowed money from family members or friends for such items as cell phones, stereos, TVs, computers, or gaming systems. The 2006 Jumpstart survey found that 32% of high school seniors used a credit card (Mandell, 2008). More than half of these students used a card in their own name while in the Danes and Haberman (2007) study that included mostly juniors and seniors in high school, about 8% had a credit card in their own name. Varcoe et al. (2002) found that teens were more interested in learning "how to get credit" than about "what credit is" or the "consequences of bad debt."

College students and money have a connected relationship because of the cost of education, its potential benefit, and because of the importance of college in modern society. For many, college is the assumed next step after graduating from high school and is considered an investment because of the increased income that typically follows a college education (Ryan a 2nd Siebens 2012). Students often consider the economic benefits of certain academic fields in order to capitalize on this investment through their post college earnings (Thomas 2000). Due to these reasons, and to the fact that low financial literacy is correlated to low levels of income (Lusardi and Tufano 2009), we are interested in studying how current students' financial literacy affects their perceptions of future plans. What students know about finances could play a crucial role in their ability to conceptualize and accomplish their future plans.

Financial literacy has no concrete definition in contemporary research. Instead, researchers have created their own conceptualizations of the idea. For example, Cull and Whitton (2011) describe financial literacy as a way to encompass knowledge in individual financial terms and actions, while Cude, Lawrence, and Agcenter (2006) and Lyons (2004) describe it as a process in which decisions are judged by their consequences and by the deficiencies in financial management practices. Finally, Chen and Volpe (1998) explain financial literacy by the potential outcomes of hypothetical situations. These three examples explore different aspects of financial literacy and how it contains individual and larger concepts and applies to hypothetical and real world contexts. These different approaches also focus on the demographic being studied. For example, researchers are likely to ask college students more hypothetical or knowledge-based questions rather than personal history questions since their youth limits the amount of history they would have to draw upon.

The attempt to create a holistic understanding of financial literacy necessitates multi-faceted definitions. There must be a component that examines knowledge of financial terms and procedures, another that looks at the basic concepts of financial terms (understanding the broader structures), and another that looks at the implementation of said knowledge into practices and habits (Hogarth, Beverly and Hilgert 2002). It is important when studying the financial literacy of students to focus on terms and procedures that directly concern them (for example debt, taxes, interest, etc.) instead of things they do not have to deal with yet (for example retirement planning, mortgages, etc.) (Cull and Whitton 2011). While this more selective approach does not measure a completely comprehensive financial literacy base, it is effective in determining the knowledge that college students have a need (and thus motivation) to know. Studies of financial literacy have measured many predictors that relate to college students' knowledge of financial topics. These include demographics such as socioeconomic status, gender, and age, along with variables such as undergraduate major, amount of debt, parental contributions/involvement, and educational programs (Hogarth et al. 2002; Chen and Volpe 1998; Cull and Whitton 2011).

Accordingly, the literature indicates that parents' implicit and explicit teaching of financial matters is crucial to influencing their child's economic behavior. However, examining these child-parent interactions more closely, we find that male and female young adults tend to differ in their financial behaviors and perception of money matters. For example, Borden, Lee, Serido & Collins (2008) concluded that male young adults tended to demonstrate a higher level of financial education than their female counterparts. Chen & Volpe (2002) confirmed this finding, reporting that on average, men demonstrate stronger levels of personal finance knowledge than women. Additionally, men have consistently reported themselves as more educated in personal finance than woman have. Chen & Volpe also found that women exhibited a lower level of investment knowledge than men (2002). Thus, these studies indicate that there is an apparent gender difference in how individuals are educated in regards to financial matters.

Gender Differences in Perception of Spending and Financial Risk Aversion 5 Cox (2001) found that female investors tended to more strongly consider potential loss than men did when making investment decisions. Thus, women were more likely to invest in lower risk portfolios than men. Additionally, even with the same financial education and skills, both men and women rated women as considering themselves as less confident than men in their investment strategies (Olsen & Cox, 2011). Women reported having lower levels of financial confidence than men and were more likely than men to attribute their investment success to good luck (Powell & Ansic, 1997). These studies indicate that there is a divergence between men and women's perception of spending. Furthermore, men and women hold different self-perceptions of themselves as investors.

In determining the explanation for this gender difference, many hypotheses point to socialization. As discussed above, Social Learning Theory suggests that individuals form their perception, attitudes, and behavior based upon the influence of significant individuals in their lives (Bandura, 1971). Therefore, it is likely that family interactions are responsible for this gender divergence and thereby families tend to present different attitudes on financial socialization toward sons versus daughters, resulting in this gender divergence in economic behavior and perceptions.

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1.9 Contents of the study

The chapter wise distribution of the project will be as the following:

Chapter 1 - Design of the study

Chapter 2 - Saving Habit and Banking Awareness among high School Students– A Conceptual Frame work

Chapter 3 - Industry Profile

Chapter 4 - ESAF SFB - Company Profile.

Chapter 5 - Data Analysis

Chapter 6 - Summary of Findings, Suggestions and Conclusion

Bibliography

Appendix

CHAPTER - II

SAVING HABIT AND BANKING AWARENESS THEORETICAL FRAME WORK

2.1 Introduction

Providing financial education for today's youth presents the best possible opportunity for fiscal stability in the future. In 2007, the United States saw a record number of foreclosures in the real estate market. Though there were a number of factors contributing to this collapse, one large factor was the extension of high risk loans to unqualified borrowers. Predatory lenders were able to take advantage of borrowers, particularly first-time home buyers, who did not understand the implications of the debts they were taking on. Preventing a similar scenario requires more than just regulation. Education as a preventative measure can lead to more responsible borrowing, helping young people make wiser decisions about debt and savings.

A **bank account** is a financial account maintained by a financial institution for a customer. A bank account can be a deposit account, a credit card account, a current account, or any other type of account offered by a financial institution, and represents the funds that a customer has entrusted to the financial institution and from which the customer can make withdrawals. Alternatively, accounts may be loan accounts in which case the customer owes money to the financial institution. The financial transactions which have occurred within a given period of time on a bank account are reported to the customer on a bank statement and the balance of the accounts at any point in time is the financial position of the customer with the institution. The laws of each country specify the manner in which accounts may be opened and operated. They may specify, for example, who may open an account, how the signatories can identify themselves, deposit and withdrawal limits and many other matters.

Types of savings bank account

1. **Senior Citizen Savings Bank Account**

   As the name indicates the senior Citizen Savings Bank Account, is tailor made for people above the age of 60. There are various benefits attached to it such as rate of FD and comparatively less charges involved with fees and charges.

2. **Women Saving Accounts**

Many tanks have account specially designed for woman with features catering to women's financial needs. Some banks offer higher withdrawal limit with attractive benefit and cash back offers.

3. **Normal Savings Accounts**

   Normal Savings Accounts can be opened by anyone. Average Quarterly balance needs to be maintained for such accounts, failing which banks charges penalty. Normal savings bank account comes with features such as passbook, net banking, mobile banking, Cheque book facility and Debit cards.

4. **No-Frill Saving Account**

   Individuals having a no frill account need not maintain minimum balance criteria or very low minimum balance. This was after instruction from the Reserve Bank of India to reach vast sections of the population. However, the no-frills account comes with restrictions, which vary from bank to bank.

5. **Student Savings Account**

   Only few banks offer student savings account, with no minimum balance or vey less balance to be maintained.

6. **Current Account**

   Current account is a type of bank account which is relevant to the people who run business. Such accounts can be opened with public or private sector banks. Current account is ideal for carrying out day to day business transactions.

7. **Kids Account**

   Individual can open separate account for kids. Which will help in saving money and the same can be used for future fee payment or making any further investment.

NRI related Accounts; there are different accounts for non-Residents, they are:

8. **NRE Savings Account**

In this account rupee denominations can be maintained. The account can opened in the name of two or more non-resident individuals provided all the account holders are persons of Indian nationality or origin.

9. **NRO Savings Account**

NRO accounts may be opened/maintained also in the form of rupee denomination could be in the form of current, savings, recurring or fixed deposit accounts. The account can be held jointly by residents. You can transfer money into a NRO account from any account – even other individuals residing in India can transfer money into an NRI's NRO account.

10. **Salary Account**

It is a type of bank account, where the salary gets credited. As savings account can be opened by anyone, salary account will be opened by the employer fir its employees.

Education on Protecting Credit

A credit score is a difficult concept for a young person to understand without proper information. Credit scores today are the result of complicated formulas taking into account payment history, total debt, type of debts and other factors. If a young person elects to have a credit card, they may not fully understand the implications of opening this line of credit for the future. Today, it is common for a young person to require large loans for college. Starting to build a credit score at a young age will help these borrowers gain better rates and have more access to financing for the large loans they may need upon leaving home.

Learning about Loans and Debts

It is easy to blame a predatory lender when the lending institution makes a loan against its better judgement. If you blame only the lender, you may think it is best to solve the problem through regulation. However, the borrower does carry some responsibility for signing a bad loan contract. A borrower should understand how the terms of a loan will affect his or her interest rate and total expense in the future. A borrower should know how to budget for monthly payments in order to understand when a loan is simply too large to be affordable on a given income. If the average borrower does not understand these things, then predatory lenders will always be able to prey on unknowledgeable people, even despite the best attempts at regulation.

Creating a Culture of Saving

It can take millions of dollars of savings over a lifetime to provide a stable retirement for the average American. The burden of saving can be great, but starting at a young age provides an individual the best chance at succeeding. Today, many companies offer retirement account match options upon hiring a new employee. A young person likely has not yet begun thinking about cost of living in his or her senior years. This person may forego the option to contribute and spend the money instead. Only later in life will the individual realize this was not the best plan. Helping a young person understand the importance of fiscal planning is the best way to assure that individual will engage in responsible saving for the future.

CHAPTER - III

INDIAN BANKING SYSTEM

INDUSTRY PROFILE

3.1 Introduction

The banking sector is the lifeline of any modern economy. It is one of the important financial pillars of the financial sector, which plays a vital role in the functioning of an economy. It is very important for economic development of a country that it is financing requirements of trade; industry and agriculture are met with higher degree of commitment and responsibility. Thus, the development of a country is integrally linked with the development of banking. In a modern economy, banks are to be considered not as dealers in money but as the leaders of development. They play an important role in the mobilization of deposits and disbursement of credit to various sectors of the economy. The banking system reflects the economic health of the country. The strength of an economy depends on the strength and efficiency of the financial system, which in turn depends on a sound and solvent banking system. A sound banking system efficiently mobilized savings in productive sectors and a solvent banking system ensures that the bank is capable of meeting its obligation to the depositors. In India, banks are playing a crucial role in socio-economic progress of the country after independence.

The banking sector is dominant in India as it accounts for more than half the assets of the financial sector. Indian banks have been going through a fascinating phase through rapid changes brought about by financial sector reforms, which are being implemented in a phased manner. The current process of transformation should be viewed as an opportunity to convert Indian banking into a sound, strong and vibrant system capable of playing its role efficiently and effectively on their own without imposing any burden on government. After the liberalization of the Indian economy, the Government has announced a number of reform measures based on the recommendation of the Narasimhan Committee to make the banking sector economically viable and competitively strong. The current global crisis that hit every country raised various issue regarding efficiency and solvency of banking system in front of policy makers. Now, crisis has been almost over, Government of India (GOI) and Reserve Bank of India (RBI) are trying to draw some lessons. RBI is making necessary changes in his policy to ensure price stability in the economy. The main objective of these changes is to increase the efficiency of banking system as a whole as well as of individual institutions. Therefore, it is necessary to measure the efficiency of Indian Banks so that corrective steps can be taken to improve the health of banking system.

The term ''banking'' can be applied to a large range of financial institutions, from savings and loans organisations to the large money-centre commercial banks in the USA, or from the smallest mutually owned building society to the ''big four'' shareholder owned banks in the UK. Many European countries have large regional/cooperative banks in addition to three to five universal banks. One of the spectacular innovations in the commercial banking sector is the retail banking. It refers to banking in which banks undergo transactions directly with consumers rather than with corporates or other banks. Consumer credit is the heart of retail banking. In retail banking the banks provide services to individuals and small business concerns and the dealings are in large volumes and low values. The retail-banking portfolio encompasses deposits and assets linked products as well as other financial services offered to individuals for personal consumption. Retail banking is increasingly viewed by banks as an attractive market segment with opportunities for growth and profit.

The fastest growing division in the banking sector is the retail sector. Retail banking is a system of providing soft loans to the public like family loans, house loans, personal loans, loans against property, car loans, auto loans etc. The products are backed by excellent service standards and delivered to the customers through the growing branch network, as well as through alternative delivery channels like ATMs, Phone Banking, Net Banking and Mobile Banking.

Today's retail banking sector is characterised by three basic features; viz:

1) Multiple products-deposits, credit cards, insurance, investment and securities
2) Multiple channels of distribution- call centre, branch and internet
3) Multiple customer groups- consumer, small business and corporate3

3.2 Genesis

Indian Banking System for the last two centuries has seen many developments. The businesspersons called Sharoffs, Seths, Sahukars, Mahajans, Chettis, etc. since ancient time were carrying out an indigenous banking system. They performed the usual functions of lending moneys to traders and crafts men and sometimes placed funds at the disposal of kings for financing wars. The indigenous bankers could not, however, develop to any considerable extent the system of obtaining deposits from the public, which today is an important function of a bank. Modern banking in India originated in the last decades of the 18th century. The first banks were The General Bank of India, which started in 1786, and the Bank of Hindustan. Thereafter, three presidency banks namely the Bank of Bengal (this bank was originally started in the year 1806 as Bank of Calcutta and then in the year 1809 became the Bank of Bengal), the Bank of Bombay and the Bank of Madras, were set up. For many years, the Presidency banks acted as quasi-central banks. The three banks merged in 1925 to form the Imperial Bank of India. Indian merchants in Calcutta established the Union Bank in 1839, but it failed in 1848 because of the economic crisis of 1848-49. Bank of Upper India was established in 1863 but failed in 1913. The Allahabad Bank, established in 1865, is the oldest survived Joint Stock bank in India. Oudh Commercial Bank, established in 1881 in Faizabad, failed in 1958. The next was the Punjab National Bank, established in Lahore in 1895, which is now one of the largest banks in India. The Swadeshi movement inspired local businesspersons and political figures to found banks of and for the Indian community during 1906 to 1911. A number of banks established then have survived to the present such as Bank of India, Corporation Bank, Indian Bank, Bank of Baroda, Canara Bank and Central Bank of India. A major landmark in Indian banking history took place in 1934 when a decision was taken to establish 'Reserve Bank of India', which started functioning in 1935. Since then, RBI, as a central bank of the country, has been regulating banking system.

3.3 Reserve Bank of India as a Central Bank of the Country

The Reserve Bank, as the central bank of the country, started their operations as a private shareholder's bank. RBI replaced the Imperial Bank of India and started issuing the currency notes and acting as the banker to the government. Imperial Bank of India was allowed to act as the agent of the RBI. RBI covered all over the undivided India. In order to have close integration between policies of the Reserve Bank and those of the Government, It was decided to nationalize the Reserve Bank immediately after the independence of the country. From 1 January 1949, the Reserve Bank began functioning as a State-owned and State-controlled Central Bank. To streamline the functioning of commercial banks, the Government of India enacted the Banking Companies Act, 1949 that was later changed as the Banking Regulation Act 1949. RBI acts as a regulator of banks, banker to the Government and banker's bank. It controls financial system in the country through various measures.

3.4 State Bank of India and its Associate (Subsidiaries) Banks - A New Channel of Rural Credit

In order to serve the economy in general and the rural sector in particular, the All India Rural Credit Survey Committee recommended the creation of a state-partnered and state-sponsored bank by taking over the Imperial Bank of India, and integrating with it, the former state-owned or state-associate banks. An act was accordingly passed in Parliament in May 1955 and the State Bank of India was constituted on 1 July 1955. Later, the State Bank of India (Subsidiary Banks) Act was passed in 1959, enabling the State Bank of India to take over eight former State-associated banks as its subsidiaries (later named Associates). The State Bank of India was thus born with a new sense of social purpose. Associate Banks of State Bank of India viz., State Bank of Hyderabad, State Bank of Mysore, State Bank of Bikaner and Jaipur, State Bank of Travancore, State Bank of Patiala, State Bank of Indore, State Bank of Saurashtra have been working as per the guidance of State Bank of India. Two banks viz. State Bank of Patiala and State Bank of Hyderabad are fully owned by State Bank of India and in other Associate Banks, the majority of shareholdings are with the SBI. Out of these associate banks, two banks viz., State Bank of Indore and State Bank of Saurashtra have been merged with the State Bank of India and merger of the remaining five banks is under process. State Bank of India and its Associate Banks were given preferential treatment by RBI over the other commercial banks, by appointing them as an agent of RBI for transacting Central and State Government business as well as setting up of currency chests for the smoother cash management in the country.

3.5 Nationalization of Banks for implementing Govt. policies

Indian Banking System witnessed a major revolution in the year 1969 when 14 major commercial banks in the private sector were nationalized on 19 July 1969. Most of these banks having deposits of above ` 50 crores were promoted in the past by the industrialists. These banks were:

1. Allahabad Bank
2. Bank of Baroda
3. Bank of India
4. Bank of Maharashtra
5. Canara Bank
6. Central Bank of India
7. Dena Bank
8. Indian Bank
9. Indian Overseas Bank
10. Punjab National Bank
11. Syndicate Bank

12. Union Bank of India
13. United Bank of India
14. United Commercial Bank (now known as UCO bank)

The purpose of nationalization was:

(a) To increase the presence of banks across the nation.

(b) To provide banking services to different segments of the Society.

(c) To change the concept of class banking into mass banking, and

(d) To support priority sector lending and growth.

In 1980, another six more commercial banks with deposits of above ` 200 crores were nationalized:

1. Andhra Bank
2. Corporation Bank
3. New Bank of India
4. Punjab and Sind Bank
5. Oriental Bank of Commerce
6. Vijaya Bank

Later on, the New Bank of India was merged with Punjab Nationalized Bank. The nationalization of banks resulted in rapid branch expansion and the number of commercial bank branches have increased many folds in Metro, Urban, Semi – Urban and Rural Areas. The branch network assisted banks to mobilize deposits and lot of economic activities have been started because of priority sector lending.

3.6 Regional Rural Banks

In 1975, a new set of banks called the Regional Rural Banks, were setup based on the recommendations of a working group headed by Shri Narasimham, to serve the rural population in addition to the banking services offered by the co-operative banks and commercial banks in rural areas. Inception of regional rural banks (RRBs) can be seen as a unique experiment as well as experience in improving the efficacy of rural credit delivery mechanism in India. With joint shareholding by Central Government, the concerned State Government and the sponsoring bank, an effort was made to integrate commercial banking within the broad policy thrust towards social banking keeping in view the local peculiarities.

RRBs were expected to play a vital role in mobilizing the savings of the small and marginal farmers, artisans, agricultural labourers and small entrepreneurs and inculcate banking habit among the rural people. These institutions were also expected to plug the gap created in extending the credit to rural areas by largely urban-oriented commercial banks and the rural cooperatives, which have close contact with rural areas but fall short in terms of funds.

3.7 Local area banks

Local Area Banks with operations in two or three contiguous districts were conceived in the 1996 Union budget to mobilise rural savings and make them available for investments in local areas. They are expected to bridge the gaps in credit availability and enhance the institutional credit framework in rural and semi-urban areas. Although the geographical area of operation of such banks is limited, they are allowed to perform all functions of a scheduled commercial bank. The Raghuram Rajan Committee had envisaged these local area banks as private, well-governed, deposit-taking small-finance banks. They were to have higher capital adequacy norms, a strict prohibition on related party transactions, and lower concentration norms to offset chances of higher risk from being geographically constrained. Six entities were given licenses to operate LABs by RBI but only four are functioning. Of these four banks, Capital Local Area Bank accounted for more than 70 per cent of total assets of all four LABs taken together as on 31 March 2012.

3.8 New Private Sector Banks

In 1991, the Narasimham committee recommended that banks should increase operational efficiency, strengthen the supervisory control over banks and the new players should be allowed to create a competitive environment. Based on the recommendations, new private banks were allowed to start functioning.

Banks can be classified into scheduled and non- scheduled banks based on certain factors

(a) Scheduled Banks:

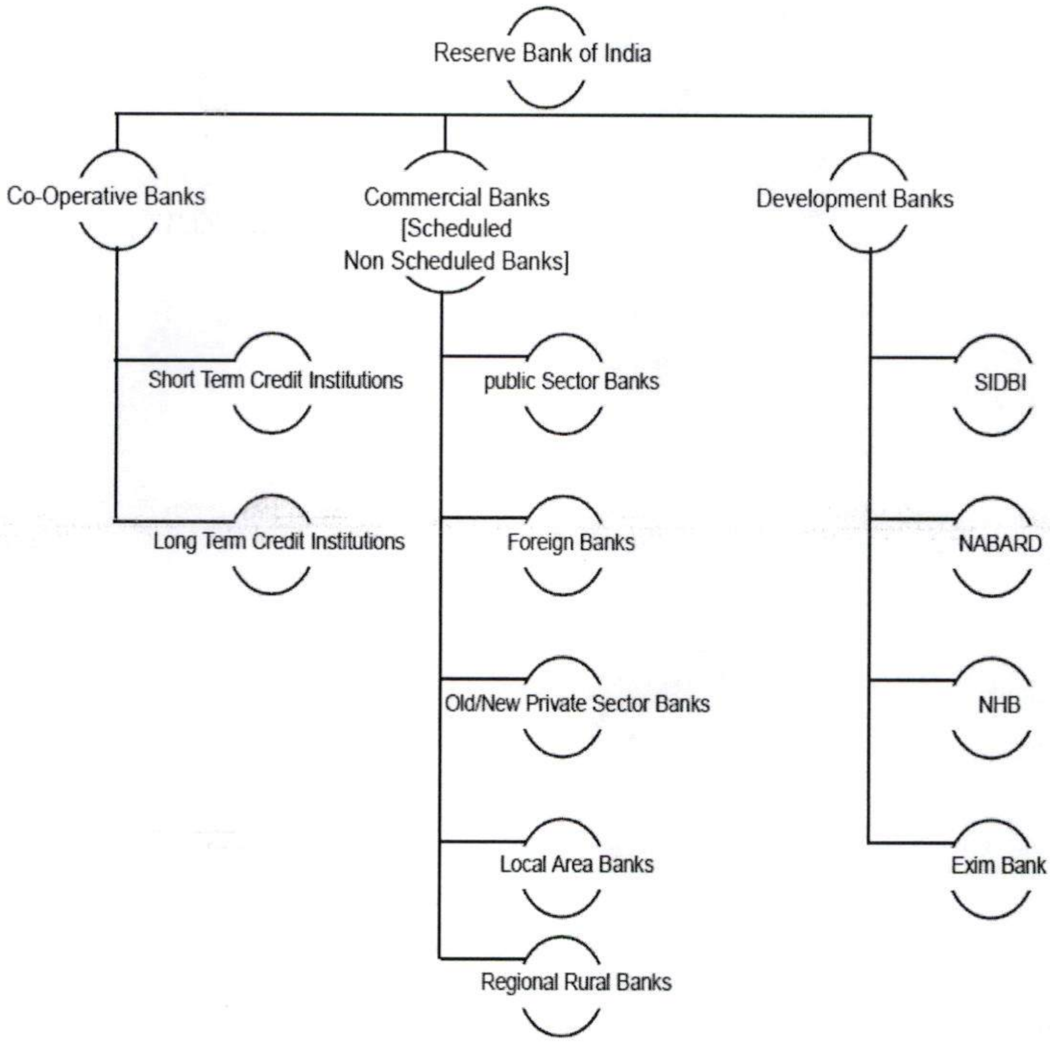
Scheduled Banks in India are the banks, which are listed in the Second Schedule of the Reserve Bank of India Act1934. The scheduled banks enjoy several privileges as compared to non- scheduled banks. Scheduled banks are entitled to receive refinance facilities from the Reserve Bank of India. They are also entitled for currency chest facilities. They are entitled to become members of the Clearing House. Besides commercial banks, cooperative banks may also become scheduled banks if they fulfil the criteria stipulated by RBI.

(b) Non-scheduled banks:

These are those banks, which are not included in the Second Schedule of the Reserve Bank of India. Usually those banks which do not conform to the norms of the Reserve Bank of India within the meaning of the RBI Act or according to specific functions etc. or according to the judgement of the Reserve Bank, are not capable of serving and protecting the interest of depositors are classified as non-scheduled banks.

3.9 Different types of Banks in India

Fig: 3.1 Type of Banks in India



3.10 Constituents of the Indian Banking System

The constituents of the Indian Banking System can be broadly listed as under:

(a) Commercial Banks:

(i) Public Sector Banks

(ii) Private Sector Banks

(iii) Foreign Banks

(b) Cooperative Banks:

(i) Short term agricultural institutions

(ii) Long term agricultural credit institutions

(iii) Non-agricultural credit institutions

(c) Development Banks:

(i) National Bank for Agriculture and Rural Development (NABARD)

(ii) Small Industries Development Bank of India (SIDBI)

(iii) EXIM Bank

(iv) National Housing Bank

1. Public Sector Banks

The term 'public sector banks' by itself connotes a situation where the major/full stake in the banks are held by the Government. Till July 1969, there were only eight Public Sector Banks (SBI & its 7 associate banks). When 14 commercial banks (total 20 banks) were nationalized in 1969, the Government of India held 100% ownership of these banks. Subsequently, six more banks that are private were nationalized in 1980. However, with the changing in time and environment, these banks were allowed to raise capital through IPOs and there by the share holding pattern has changed. By default, the Government of India would keep the minimum 51% shares, and the management control of these nationalized banks is only with Central Government. Since all these banks have ownership of Central Government, they can be classified as public sector banks. Apart from the nationalized banks, State Bank of India, and its associate banks, IDBI Bank and Regional Rural Banks are also included in the category of Public Sector banks. The total number of public sector banks as on March 2013 were 82 as per the following categorization:

(a) State Bank of India and its Associate Banks - 6

(b) Nationalised Banks - 19

(c) Regional Rural Banks - 56

(d) IDBI Bank – 1

2. Private Sector Banks

The major stakeholders in the private sector banks are individuals and corporate. When banks were nationalized under two tranches (in 1969 and in 1980), all banks were not included. Those non-nationalized banks, which continue operations even today, are classified as Old Generation Private Sector Banks. Like The Jammu & Kashmir Bank Ltd, the Federal Bank, the Laxmi Vilas Bank etc. In July 1993 on account of banking sector reforms the Reserve Bank of India allowed many new banks to start banking operations. Some of the leading

3. Foreign Banks

The other important segment of the commercial banking is that of foreign banks. Foreign banks have their registered offices outside India, and through their branches, they operate in India. Foreign banks are allowed on reciprocal basis. They are allowed to operate through branches or wholly owned subsidiaries. These foreign banks are very active in Treasury (forex) and Trade Finance and Corporate Banking activities. These banks assist their clients in raising External Commercial Borrowings through their branches outside India or foreign correspondents. They are active in loan syndication as well. Foreign banks have to adhere to all local laws as well as guidelines and directives of Indian Regulators such as Reserve Bank of India, Insurance and Regulatory Development Authority, Securities Exchange Board of India. The foreign banks have to comply with the requirements of the Reserve Bank of India in respect to Priority Sector lending, and Capital Adequacy ratio and other norms. Total foreign banks as on 31st March 2013 were 43 having 331 branches. Besides these, 46 foreign banks have their representative offices in India as on 31st March 2013.

4. Cooperative banks

Cooperative banks play an important role in the Indian Financial System, especially at the village level. The growth of Cooperative Movement commenced with the passing of the Act of 1904. A cooperative bank is a cooperative society registered or deemed to have been registered under any State or Central Act. If a cooperative bank is operating in more than one State, the Central Cooperative Societies Act is applicable. In other cases, the State laws are applicable. Apart from various other laws like the Banking Laws (Application to Co-operative Societies) Act, 1965 and Banking Regulation (Amendment) and Miscellaneous Provisions Act, 2004, the provisions of the RBI Act, 1934 and the BR Act, 1949 would also be applicable for governing the banking activities. These cooperative banks cater to the needs of agriculture, retail trade, small and medium industry and self-employed businesspersons usually in urban, semi urban and rural areas. In case of co-operative banks, the shareholders should be members of the co-operative banks. The share linkage to borrowing is a distinctive feature of a co-operative bank. Rural cooperative sector in India plays a vital role in fulfilling the credit requirements of rural agricultural sector of India. At recent times, the rural credit flow through rural cooperative sector has risen substantially in order to keep pace with the growing demand for credit in the rural parts of India. The Cooperative Rural Credit Structure in our country are of following types:

1. Short Term Agricultural Credit institutions

The short-term credit structure consists of the Primary Agricultural Credit Societies at the base level, which are affiliated at the district level into the District Central Cooperative bank and further into the State Cooperative Bank at the State level. Being federal structures, the membership of the DCCB comprises all the affiliated PACS and other functional societies and for the SCB, the members are the affiliated DCCBs. The DCCB being the middle tier of the Cooperative Credit Structure is functionally positioned to deal with the concerns of both the upper and lower tiers. This very often puts the DCCB in a position of balancing competing Concerns. While the SCB may managing District Central Cooperative wish the DCCB to prioritize its task in a particular manner, the PACs may have their own demands on the DCCB. Balancing these competing concerns could often be a dilemma for the DCCBs. There are 30 State Cooperative Banks. These banks support and guide 372 District Central Cooperative Banks (DCCBs) in India, which have 13478 branches as on March 2013. These DCCBs are providing finance to more than 35 lakhs farmers through about 1.15 lacs Primary Agricultural Cooperative Societies (PACS).

2. Long Term Agricultural Credit Institutions

The long-term cooperative credit structure consists of the State Cooperative Agriculture & Rural Development Banks (SCARDBs) and Primary Cooperative Agriculture & Rural Development Banks (PCARDBs) which are affiliated to the SCARDBs. The total No. of SCARDB's are 19; of which 10 have Federal Structure, seven have Unitary Structure and two have Mixed Structure (i.e. operating through PCARDBs as well as its own branches). Loans are given to members on the mortgages of their land usually up to 50% of their value in some states or up to 30 times the land revenue payable in other states, duly taking into account their need and repayment capacity. The performance of these banks as on 31st March 2012 has been as under:

No. of SCARDBs 19
No. of PCARDBs 714
No. of Branches of PCARDBs 1,056
No. of Branches of Unitary SCARDBs 761
Annual Lending ` 17,603.42 Cr
Total Membership 13.65 Million

3. Urban Cooperative Banks

The term Urban Cooperative Banks (UCBs), although not formally defined, refers to the primary cooperative banks located in urban and semi-urban areas. These banks, until 1996, were allowed to lend money only to non-agricultural purposes. This distinction remains today. These banks have traditionally been around communities, localities working out in essence, loans to small borrowers and businesses. Today their scope of operation has expanded considerably. The urban co-operative banks can spread operations to other States and such banks are called as multi state cooperative banks. The Banking Regulations Act 1949 and Banking Laws (Cooperative Societies) Act, 1965, govern them. The total number of UCBs stood at 1,618 as on 31st March 2012. Scheduled UCBs are banks included in the Second Schedule of the RBI Act, 1934 and include banks that have paid-up capital and reserves of not less than `5 lacs and carry out their business in the interest of depositors to the satisfaction of the Reserve Bank.

History of development banking in India can be traced to the establishment of the Industrial Finance Corporation of India in 1948. Subsequently, with the passing of State Financial Corporation Act, 1951, several SFCs came into being. With the introduction of financial sector reforms, many changes have been witnessed in the domain of development banking. There are more than 60 Development Banking Institutions at both Central and State level. We are discussing here below the major four development banks, which assist in extending long term lending and re-finance facilities to different areas of economy for the economic development pertaining to Small Scale and Medium industries, Agricultural Sector and Housing Sector. These financial institutions play crucial role in assisting different segments including the rural economic development.

National Bank for Agriculture and Rural Development (NABARD)

An Act of Parliament based on the recommendations of CRAFICARD established National Bank for Agriculture and Rural Development (NABARD) in July 1982. It is the apex institution concerned with the policy, planning and operations in the field of agriculture and other rural economic activities. NABARD has evolved several refinance and promotional schemes over the years and has been making constant efforts to liberalize, broad base and refine/rationalize the schemes in response to the field level needs. The refinance provided by NABARD has two basic objectives:

(i) Supplementing the resources of the cooperatives banks and RRBs for meeting the credit needs of its clientele, and

(ii) Ensuring simultaneously the build-up of a sound, efficient, effective and viable cooperative credit structure and RRBs for purveying credit.

NABARD undertakes a number of inter-related activities/services, which fall under three broad categories

(a) Credit Dispensation:

NABARD prepares for each district annually a potential linked credit plan, which forms the basis for district credit plans. It participates in finalization of Annual Action Plan at block, district and state levels and monitors implementation of credit plans at above levels. It also provides guidance in evolving the credit discipline to be followed by the credit institutions in financing production, marketing and investment activities of rural farm and non- farm sectors.

(b) Developmental & Promotional

The developmental role of NABARD can be broadly classified as -

– Nurturing and strengthening of - the Rural Financial Institutions (RFIs) like SCBs/SCARDBs, CCBs, RRBs etc. by various institutional strengthening initiatives.
– Fostering the growth of the SHG Bank linkage programme and extending essential support to SHPIs NGOs/VAs/ Development Agencies and client banks.
– Development and promotional initiatives in farm and non-farm sector.
– Extending assistance for Research and Development.
– Acting as a catalyst for Agriculture and rural development in rural areas.

(c) A Supervisory Activities

As the Apex Development Bank, NABARD shares with the Central Bank of the country (Reserve Bank of India) some of the supervisory functions in respect of Cooperative Banks and RRBs.

Small Industries Development Bank of India (SIDBI)

Small Industries Development Bank of India (SIDBI) was established in October 1989 and commenced its operation from April 1990 with its Head Office at Lucknow, as a development bank. It is the principal and exclusive financial institution for the promotion, financing and development of the Micro, Small and Medium Enterprise (MSME) sector and for co-ordination of the functions of the institutions engaged in similar activities. It is a central government undertaking. The prime aim of SIDBI is to support MSMEs by providing them the valuable factor of production finance. Many institutions and commercial banks supply finance, both long-term and short-term, to small entrepreneurs. SIDBI coordinates the work of all of them. SIDBI has evolved a strategy to analyse the problems faced by MSMEs and come out with tailor-made solutions. It has covered around 600 MSME clusters, through a Pan-India network of 85 branches, 50 Credit Advisory Centres, and partnerships with cluster-level industry associations as on January 31, 2013. A unique scheme of the credit guarantees for Micro and Small Enterprises called CGTMSE has provided coverage to about 1 million with guarantee covers for an aggregate loan amount of over ` 48,000 crore.

Functions of Small Industries Development Bank of India (SIDBI):

Over the years, the scope of promotional and developmental activities of SIDBI has been enlarged to encompass several new activities. It performs a series of functions in collaboration with voluntary organisations, nongovernmental organisations, consultancy firms and multinational agencies to enhance the overall performance of the small-scale sector. The important functions of SIDBI are discussed as follows:

(i) Initiates steps for technology adoption, technology exchange, transfer and up gradation and modernisation of existing units.

(ii) SIDBI participates in the equity type of loans on soft terms, term loan, working capital in both rupee and foreign currencies, venture capital support, and different forms of resource support to banks and other institutions.

(iii) SIDBI facilitates timely flow of credit for both term loans and working capital to MSMEs in collaboration with commercial banks.

(iv) SIDBI enlarges marketing capabilities of the products of MSMEs in both domestic and international markets.

(v) SIDB1 directly discounts and rediscounts bills with a view to encourage bills culture and helping the SSI units to realise their sale proceeds of capital goods / equipment's etc.

(vi) SIDBI promotes employment-oriented industries especially in semi-urban areas to create more employment opportunities so that rural-urban migration of people can be checked.

National Housing Bank (NHB)

National Housing Bank was set up in July 1988 as the apex financing institution for the housing sector with the mandate to promote efficient, viable and sound Housing Finance

Companies (HFCs). Its functions aim at to augment the flow of institutional credit for the housing sector and regulate HFCs. NHB mobilizes resources and channelizes them to various schemes of housing infrastructure development. It provides refinance for direct housing loans given by commercial banks and non-banking financial institutions. The NHB also provides refinance to Housing Finance Institutions for direct lending for construction/purchase of new housing/dwelling units, public agencies for land development and shelter projects, primary cooperative housing societies, property developers. At present, it is a wholly owned subsidiary of Reserve Bank of India, which contributed the entire paid-up capital. RBI has proposed to transfer its entire shareholding to Government of India to avoid conflict of ownership and

Regulatory role. For this transfer, the central bank will pay RBI, in cash, an amount equal to the face value of the subscribed capital issued by the RBI. The outstanding portfolio of NHB at ` 33,083 crores as on 31st December 2012 is almost equally divided between the commercial banks and the HFCs.

Export Import Bank of India (EXIM Bank)

An Act of Parliament for the purpose of financing, facilitating and promoting India's foreign trade set up Export-Import Bank of India in 1982. It is the principal financial institution in the country for coordinating the working of institutions engaged in financing exports and imports. Exim Bank is fully owned by the Government of India and the Bank has authorized and paid up capital are '10,000 crore and '2,300 crore respectively. Exim Bank lays special emphasis on extension of Lines of Credit (LOCs) to overseas entities, national governments, regional financial institutions and commercial banks. Exim Bank also extends Buyer's credit and Supplier's credit to finance and promote country's exports. The Bank also provides financial assistance to export-oriented Indian companies by way of term loans in Indian rupees or foreign currencies for setting up new production facility, expansion/modernization or up gradation of existing facilities and for acquisition of production equipment or technology. Exim Bank helps Indian companies in their globalization efforts through a wide range of products and services offered at all stages of the business cycle, starting from import of technology and export product development to export production, export marketing, pre-shipment and post-shipment and overseas investment. The Bank has introduced a new lending programme to finance research and development activities of export-oriented companies. R&D finance by Exim Bank is in the form of term loan to the extent of 80 per cent of the R&D cost. In order to assist in the creation and enhancement of export capabilities and international competitiveness of Indian companies, the Bank has put in place an Export Marketing Services (EMS) Programme. Through EMS, the Bank proactively assists companies in identification of prospective business partners to facilitating placement of final orders. Under EMS, the Bank also assists in identification of opportunities for setting up plants or projects or for acquisition of companies overseas. The service is provided on a success fee basis. Exim Bank supplements its financing programmes with a wide range of value-added information, advisory and support services, which enable exporters to evaluate international risks, exploit export opportunities and improve competitiveness, thereby helping them in their globalisation efforts.

3.11 Sections 5 & 6 of Banking Regulation Act, 1949 contain the functions, which a commercial bank can transact. These functions can be divided into two parts:

(a) Major functions

(b) Other functions/ancillary services

(a) Major functions:

(i) Accepting Deposits

(ii) Granting Advances

(b)Other functions:

(i) Discounting of bills and cheques

(ii) Collection of bills and cheques

(iii) Remittances

(iv) Safe custody of articles

(v) Safe Deposit Lockers

(vi) Issue of Letter of Credit

(vii) Issue of Guarantees

Besides the above functions, Banks now-a-days associate themselves in the following activities also either by opening separate departments or through separately floated independent subsidiaries:

(i) Investment Counselling

(ii) Investment Banking

(iii) Mutual Fund

(iv) Project Appraisal

Merchant Banking Services

(vi) Taxation Advisory Services

(vii) Executor Trustee Services

(viii) Credit Card Services

(ix) Forex Consultancy

(x) Transactions of Government Business

(xi) Securities Trading

(xii) Factoring

(xiii) Gold/Silver/Platinum Trading

(xiv) Venture Capital Financing

(xv) Bank assurance - Selling of Life and General Insurance policies as Corporate Agent

3.12 Features of retail banking

Retail banking refers to the dealing of commercial banks with individual consumers, both the liabilities and the asset side of the balance sheet.4 The important products offered by banks in retail banking are fixed, current/ savings account on liabilities side; and personal loans, house loans, auto loans and educational loans on the asset side. Today's retail banking sector is characterised by the following features. Retail banking aims at doing banking business in large volume of transactions involving low value. The retail-banking portfolio includes deposits and assets linked products as well as other financial services provided to individuals for personal Consumption. Retail banking business is an attractive market segment with opportunities for growth and profits. It provides an opportunity to banks to diversify their asset portfolio. Since loans are given to a large number of consumers and transactions have very low value, the risk of NPA is reduced because not all the consumers make default in making loan repayment at a time. Retail banking is based on the maxim "do not keep all the eggs in one basket" Retail banking industry is diverse and competitive. There is a large number of retail banking products that are extremely customer-friendly and are offered by many banks. Banks adopt multiple channels of distribution of retail banking products. The channels include call centre, branch, internet, mobile phones, ATMs etc.

3.13 Advantages of retail banking

Retail banking is mass-market banking, where individual consumer's diverse needs are fulfilled at the local level i.e. by providing multiple products. It has been facilitated by growth of banking technology and automation of banking process. Retail banking has the following advantages.

1. Retail deposits are stable and constitute core deposits.
2. They are interest insensitive and less bargaining for additional interest.
3. Effective customer relationship management with retail customers builds a strong customer base.
4. Retail banking increases the subsidiary business of banks.
5. Retail banking results in better yield and improved bottom line for banks.
6. Retail segment is a good avenue for funds deployment.
7. Consumer loans are presumed to be of lower risk and NPA perception.
8. Improves lifestyle and fulfils aspirations of people through affordable credit.
9. Retail banking provides an opportunity for banks to innovate banking products as per the expectations of various classes of customers.
10. Retail banking involves minimum marketing efforts in a demand-driven economy.
11. Diversified portfolio due to huge customer base enables banks to reduce their dependence on a few or single borrower.
12. Banks can earn good profits by providing non-fund based or fee based services without deploying their funds.
13. Credit risk tends to be well diversified as loan amounts are relatively small.

3.14 Disadvantages of retail banking

1. There can be problems in managing large number of clients, especially if IT systems are not sufficiently robust.
2. The cost of maintaining branch networks and handling large number of low value transactions tend to be relatively high.
3. Designing own and new financial products is very costly and time-consuming for the bank.

4. Though banks are investing heavily in technology, they are not able to exploit it to the maximum.
5. Major disadvantages are monitoring and follow-up of huge volume of loan accounts inducing banks to spend heavily on the human resource department.
6. Long-term loans like housing loan, due to its long repayment term, can become NPA in the absence of proper follow-up.

3.15 Retail banking in India

In the post-independence era the evolution and growth of banking sector has gone through innumerable twists and turns. In India, banks are nationalised with the main objective of reaching out to the unbanked masses and so retail banking is important in India to provide banking services to unbanked masses. Retail banking in India is not a new phenomenon. It has always been prevalent in India in various forms ever since banking was first established here. Cooperative banks that have been in existence in India for over a century have always had retail thrust. It is only since the mid-nineties that the term "retail banking" has been used as a means of reinforcing a conscious foray into this particular line of business. For the last few years, it has become synonymous with mainstream banking for many banks. The typical products offered in the Indian retail-banking segment are housing loans, consumption loans for purchase of durables, auto loans, credit cards and educational loans. These loans are marketed under attractive brand names to differentiate the products offered by different banks. Unlike wholesale banking, retail banking has high sized business with many banks competing for market share. Retail banks focus mainly on consumer markets.

Here the transactions of the banks are directly with consumers and not with corporations or other banks. It refers to the dealing of commercial banks with individual customers, both on liabilities and assets side of the balance sheet. Although retail banking is, for the most part, mass-market determined, many retail banking products may also extend to small and medium sized business. Nowadays much of retail banking is streamlined electronically via ATMs, or through virtual retail banking known as online banking. The retail loan portfolio of Indian private sector banks has been growing speedily in the recent past. The entry of new generation banks and foreign banks with innovative technology and technology-driven products has changed the entire scenario. The retail sector, which remained unobserved earlier, is now the most important area of concern for banks. Banks are offering so many products to the customers and they can choose the one, which suits them. As the competition is growing in retail banking, maintaining service quality in banks is becoming essential. The Indian retail banking is expected to grow tremendously because of the changing attitude of customers toward borrowings, low cost of borrowings and optimism regarding economic growth.

3.16 Drivers of retail banking in India

The growth in banking technology and automation of the banking process facilitated retail banking. The rapid growth and spread of retail banking is due to the technological development. The nature of products offered in retail banking is also expanded. In a growing economy like India, retail banking has vast opportunities and challenges. The basic reasons for which Indian banks have diversified into retail banking are the following:

1. The retail banking products are customer oriented. Transactions with small value may be cost ineffective in a highly competitive environment. However, retail banking eliminates market risk.
2. In India, the demand for consumer durables has increased owing to the economic growth and prosperity and the consequent increase in the purchasing power of the people. Major portion of the household sector in India is middle class people. There is continuous rise in the percentage of middle and the high-income households in India. Indian retail banking is facilitated by improved purchasing power of consumers and liberal attitude towards personal debt.
3. India has the highest proportion of the population below 35 years of age (young population). This is a positive factor for the growth of retail banking in India. Changing consumer demographic indicates a vast potential for growth in consumption, both quantitatively and qualitatively.
4. Another important factor, which facilitated the growth and development of retail banking, is the development of technology. Technological innovations relating to increasing use of credit/debit cards, ATMs, internet and phone banking etc. are attracting many new customers to the banking field.
5. The lower levels of NPA in retail lending and decrease in interest spread in the corporate sector have encouraged the banks to shift towards retail sector. Besides, fall in interest rates, availability of consumer goods at competitive and reasonable prices and income

tax benefits, especially in case of housing sector, have also contributed to the growth of retail banking.

Indian banks have adopted the best international practices of accounting and integrated risk management systems after the liberalisation of the economy. Banks have the opportunity to diversify their risk through the retail loan portfolio. Besides this, the retail advances have lower defaults in repayment compared to the overall bank loans. The comparatively lower provisioning burden on banks on retail loans have compelled them to diversify into retail sector. There has been dramatic operational transformation in retail banking in the recent years. The factors, which compelled banks to rethink their real strategies, are increased competition, mergers and acquisitions and new regulatory requirements. The retail banks have adopted latest technology to maximise sales, manage distribution channels and plan operations necessary to acquire, satisfy and retain customers.

A) Retail banking products

Retail banking includes a comprehensive range of financial products such as deposit products, loan products and payment services. The typical products offered in the Indian retail-banking segment are:

B) Retail deposit products

1. Savings bank account
2. Recurring deposit account
3. Current deposit account
4. Term deposit account
5. Zero balance account for salaried people
6. No frill account for common man
7. Senior citizen deposit account, etc.

C) Retail loan products

1. Home loans to resident Indians for purchase of land and construction of residential house/ purchase of ready built house/ for repairs and renovation of an existing house.
2. Home loans to Non-Resident Indians.

3. Auto loans for new/ used four-wheelers and two- wheelers
4. Consumer loans for purchase of jewels, for meeting domestic consumption etc.
5. Education loans for pursuing higher education both in India and abroad.
6. Trade related advances to individuals for setting up business, retail trade etc.
7. Crop loan to farmers.

D) Retail services

1. Safe deposit lockers
2. Depository services
3. Banc assurance products etc.

3.17 Future of retail banking in India

Retail banking in India has exhibited enormous growth in the recent past and has emerged as one of the major drivers of the overall banking industry. In fact, this growth is attributed to the vast growth of personal wealth, favourable demographic profile, rapid IT development, financial market reforms and micro-level supply side factors coupled with the conducive macro- economic environment.14 There are immense opportunities for retail banking in a growing economy like India. One of the important factors contributing to this is the rise of Indian middle class. There will be a continuous rise in the percentage of middle to high-income Indian households. This may lead to substantial growth in the retail sector. Retail lending is only a part of retail banking. Retail depositors play an important role in retail banking. The retail shopkeepers, the self-employed, the pensioners, the homemakers, and the employed need to get a place in the bank.

The Government of India and the Reserve Bank of India are very particular about Financial Inclusion now days. Therefore, the entire banking industry is viewing retail banking as an emerging business opportunity in tune with financial inclusion. In retail, banking credit history information about the households is extremely important. Banks have a traditional resistance to share credit information of their clients to uphold the confidentiality of banker-customer relationship. The credit information is not passed between banks as well as bank sectors. The Credit Information Bureau (India) Limited (CIBIL) was incorporated in 2000 in India. The main aim of CIBIL is to provide credit information to credit granting institutions.

They collect and disseminate credit information pertaining to both commercial and consumer borrowers. The banks must exercise due diligence before declaring a borrower as defaulter. The banks are using outsourcing as a means for cost reduction and achieving efficiency in operations. To cope with the increasing market orientation, competition and technological innovations, the banks are increasingly using outsourcing. Thus, outsourcing has become an important element in retail banking sector. There is a glorious future for retail banking in India. It helps in the development of individual customers who avail the products or services as well as in the overall development of the society. Retail banking has proved to be an effective tool to improve the bottom lines of banks. Thus, there is vast scope for retail banking business in India.

CHAPTER - IV

ESAF SMALL FINANCE BANK

COMPANY PROFILE

ESAF Small Finance Bank

Reserve Bank of India has granted ESAF Microfinance an in principle license to start a small finance bank. ESAF is the only company based in Kerala to receive the small finance bank license. An ecstatic K. Paul Thomas. Chairperson and Managing Director, ESAF Microfinance said, "For ESAF this is an extension from being an RBI approved N BFC to the status of a bank. ESAF take this as their first step on our way to become a reputed banking institute. ESAF know that they still have a long way to go. ESAF is confident with the full team at ESAF will be equal to the task of countering future challenges':

'The good thing is that ESAF can meet the financial requirements of the poor in an efficient manner by giving them loans of higher value. This has been a long pending request from their customers. Moreover, there will not be any restrictions on geographical expansion as well. With an employee-strength of more than 3,000. ESAF has plans to gear up capacity building down the line through intensive training. ESAF is one among the 10 players chosen by the Reserve Bank from among the 72 applicants to award new banking license.

Apart from financial bottom line, which is imperative for the progress of the business, ESAF also focuses on social and environmental bottom lines. The organization believes that the depth and the breadth of development lie in a triple bottom line approach. ESAF set social targets for each of its branch net-work on indicators such as reaching the poor and the marginalized in backward areas/ most vulnerable communities affected by natural disasters and helping them access water & sanitation and ensuring them social security. Thanks to the vision of the Founder Chairman K Paul Thomas. Who framed the objective of 'triple bottom line In case of environment, the Organization believes that pollution reduction measures should not be limited to industries but also should be applied to vehicle emissions and agricultural discharges. ESAF along with Adat Farmers Service Co-operative Bank launched the 'Jaivam Amrutham Organic Matta Rice cultivated in the kole fields of Adat panchayath. Arogyamithra was another project launched by ESAF to meet its social end. The pilot project to improve community health was implemented in five branches at Palakkad district, Kerala, with funding support from Johnson &Johnson. Under this project, ESAF trained women from among their clients to deliver education on healthy habits and thereby preventing spreading of non-communicable diseases (NCDs) such as hypertension, diabetes, and cancer. The Arogyamithras were also trained to measure blood pressure (BP) & blood sugar and record them. In order to make this a sustainable model, ESAF is now working on increasing the compensation package of Arogyamithras.

With over 99% of the client base and majority of the total work force as women, ESAF has been making conscious strategies to develop women friendly policies and projects. Presently. About 85% of ESAF clients hail from rural areas and 100% of them are women. Among them 24% belong to religious minorities, 22% are from backward communities, 58% are from other backward communities (OBCs) and 1% clients are physically challenged. ESAF Microfinance is one of the few NBFC-MFIs in India. Where the client representatives are part of the Management and are effectively influencing important decisions taken by the Organization. Community ownership, more percentage of female field staff, integrated approach etc. are some of the unique features. Which distinguish the Organization as a socially focused entity. The Company has rolled out multiple products to cater to the diversified demands of its clients, over and above the non-financial services that are offered. Majority of the clientele is comprised of people at the bottom of the pyramid who have no access to formal banking system or are deprived of the benefits of formal banking system. ESAF business model combines the unique methodology of selecting and servicing customers at the front end with technology processes & disciplines of mod-ern financial institutions at the back end. ESAF SFB have had an excel-lent growth and consolidation phase in the past few years. As on 312 March 2016, ESAF SFB have 3,007 employees and a customer outreach of over 0.96 million with a cumulative disbursement of' 65.63 billion.

The Triple Bottom Line Approach

Triple bottom line approach is the underlying theme around which the larger vision of ESAF revolves. ESAF believe in the depth and the breadth of development and this approach proves to be the right catalyst for the holistic change that ESAF aspire. On par with the financial bottom line, ESAF give emphasis to social and environmental bottom lines. This assertive approach was well intact in all stages of our transformation - from the society to an NBFC-MFI and from an MFI to a Small Finance Bank. No wonder, the approach is paying rich dividends in the growth of ESAF as a brand. Thanks to the vision of the Founder Chairman, K. Paul Thomas and the co-founder Mereena Paul.

For meeting the financial bottom line, ESAF have addressed the needs of our clients by developing appropriate products through a series of processes. On the service part, ESAF have introduced innovations like door-to- door services, according to the convenience of the clients. ESAF Microfinance has registered healthy financials ever since its inception and has grown at 90% Year-on-Year in the last year, much above the industry average.

The following are some loan products developed by ESAF, after understanding the customer requirements

1. Sanitation loans
2. Water loans
3. Micro-energy loans
4. Ultra poor microfinance loan
5. Home improvement loans
6. Education loans

SOCIAL

ESAF set social targets and measure the same through a well-developed mechanism approved by international bodies, monitoring universal standards of social performance

SETTING SOCIAL TARGETS

The Organization has set social targets for each of its branch network on the following indicators –

1. Reaching the poor
2. Reducing poverty levels
3. Reaching rural clients
4. Access to toilets
5. Access to water & sanitation
6. Access to social security
7. Reaching out to persons with disabilities
8. Improvement in housing
9. Women headed households
10. Growth of economic activity
11. Promoting health insurance

HOW ESAF MEASURE THE SOCIAL TARGETS

1. Social targets are measured every quarter in respect to the inputs received from the branches.

2. SPM audit check is done by the Internal Audit team, vis-à-vis specific parameters.
3. SPM department gathers at least one case of positive transformation among the clients per branch, every quarter.
4. SPM department generates periodical reports on client empowerment and education programs.
5. SPM department counts the scores registered in client satisfaction survey, conducted periodically.

PROGRESS OUT OF POVERTY INDEX (PPI)

PPI is a tool used to track the poverty status of the clients. The data collected is validated through random checks conducted by the internal audit and the R&D teams. The service quality is verified through telephone enquiries and household visits.

LIVELIHOOD SUPPORT SERVICES

ESAF provide Livelihood Support Services to the clients by

- Organizing Skill training programs
- Creating marketing avenues to sell their products
- Linking them to Govt. Schemes

HEALTHCARE SERVICES

Apart from owning two hospitals in the rural areas of Palakkad, ESAF have initiated other activities like AROGYAM Project, AROGYA MITHRA, Medical Camps and Welfare measures for the physically challenged.

CHILD CARE CENTRES

ESAF offers educational support to the tribal children in Jharkhand. ESAF provide systematic value based education to 1600 plus children in 37 Child Care Centres in Jharkhand.

For children of our sangam members and staff, ESAF offer scholarship programs and for children in Government schools ESAF encourage their reading habits by sponsoring newspapers.

ENVIRONMENTAL

ESAF observe environmentally significant days and distribute organic / clean energy products to our members. ESAF support them by offering convenient loan products.

World Environment Day – is observed to spread the importance of conserving the nature and the ecosystem. ESAF distribute saplings to our members on the occasion.

World water day – is observed to address the burning issue of water shortage and the need of purified clean water.

LAUNCHING ORGANIC PRODUCTS

ESAF along with Adat Farmers Service Co-operative launched the 'Jaivam Amrutham Organic Matta Rice' cultivated in the Kole fields of Adat Panchayath.

Loans for promoting energy efficient products

- Solar lamps
- Water purifiers
- Energy efficient Cook Stoves

Delivery and after sales support are taken care by ESAF retail. As the households ceased to use Kerosene for lighting and cooking, indoor air quality has improved. Also, usage of water Purifiers has reduced the instances of waterborne diseases.

OORJA KIRAN

Oorja Kiran program was organized with the support of Energy Management Centre, Kerala Government. The program was initiated for creating awareness among the general public and equipping them in managing all forms of energy. It also aims to promote energy efficiency and energy conservation by developing new sources of energy as well as novel energy technologies.

Other environmental initiatives

1. Promoting bio-gas plants
2. Promoting organic farming

Financing Farmer Producers Organization (FPOs) – ESAF has organized a funding ecosystem to support the FPOs based on the stages in their life-cycles.

ENVIRONMENTAL IMPACT

By encouraging clients to adopt energy efficient products, ESAF has contributed to the carbon offset as mentioned below – Carbon offset: more than 1,81,156 tones Total clean energy products offered to the clients= 2,28,549

HISTORY OF ESAF

The journey of ESAF began in a small house named 'Little' at Thrissur in 1992. Contrary to what the name sounds, ESAF Society was launched with a bigger vision of sustainable holistic transformation of the poor and the marginalized. The success of Grameen bank in Bangladesh reinforced the vision of K. Paul Thomas the Founder and Managing Director of ESAF. In 1995, he launched Micro Enterprises Development (MED) services and it resulted in the formation of ESAF Microfinance and Investments Pvt. Ltd., in 2008. The increased focus on microfinance was inevitable as the founder was clear in his understanding of the importance of financial component in holistic economic development of the poor. Gradually, ESAF Microfinance earned its place among the top ten Microfinance institutions in India.

M an MFI, ESAF was unique in manifold ways. Community ownership, higher proportion of female field staff, integrated approach etc. were some of the features, which distinguished the organization as a socially focused entity. The business model of the Organization combined the unique methodology of selecting and servicing customers at the front end with technology, processes & disciplines of modern retail banking at the back end. ESAF have had an excellent growth and consolidation phase in the past few years. M on 31st March 2016, ESAF have almost 2500 employees and a customer outreach of over 1.2 million.

In 2015, the Reserve Bank of India, the financial regulator in the country has granted in-principle license to ESAF to launch a Small Finance bank. ESAF Small Finance Bank was one amongst the ten NBFCs to receive an 'in principle' approval from the Reserve Bank of India (RBI) to set up a Small Finance Bank in the private sector. In November 2016, the final license was issued by the RBI. ESAF Small Finance Bank was incorporated on May 05, 2016, with its registered office in Thrissur.

MICRO-BANKING

ESAF is an established name in Microfinance, having launched our Micro Enterprises Development (MED) program in 1995. Since then ESAF have successfully expanded the program across the country, bringing social and economic prosperity to several low income and unbanked segments of society. Micro Banking provides a broad package of financial inclusion products and business development services to the socially and economically challenged. In Micro Banking all banking services are provided right at your doorstep through group based models. ESAF give women priority when it comes to Micro banking activities, and ESAF have over 1.20 million women enjoying the benefits of our services currently. ESAF recently launched mobility banking in order to serve our customers faster & better. ESAF also provide all customers under our Micro Banking scheme, a PM Jan Dhan account with Debit cum ATM card.

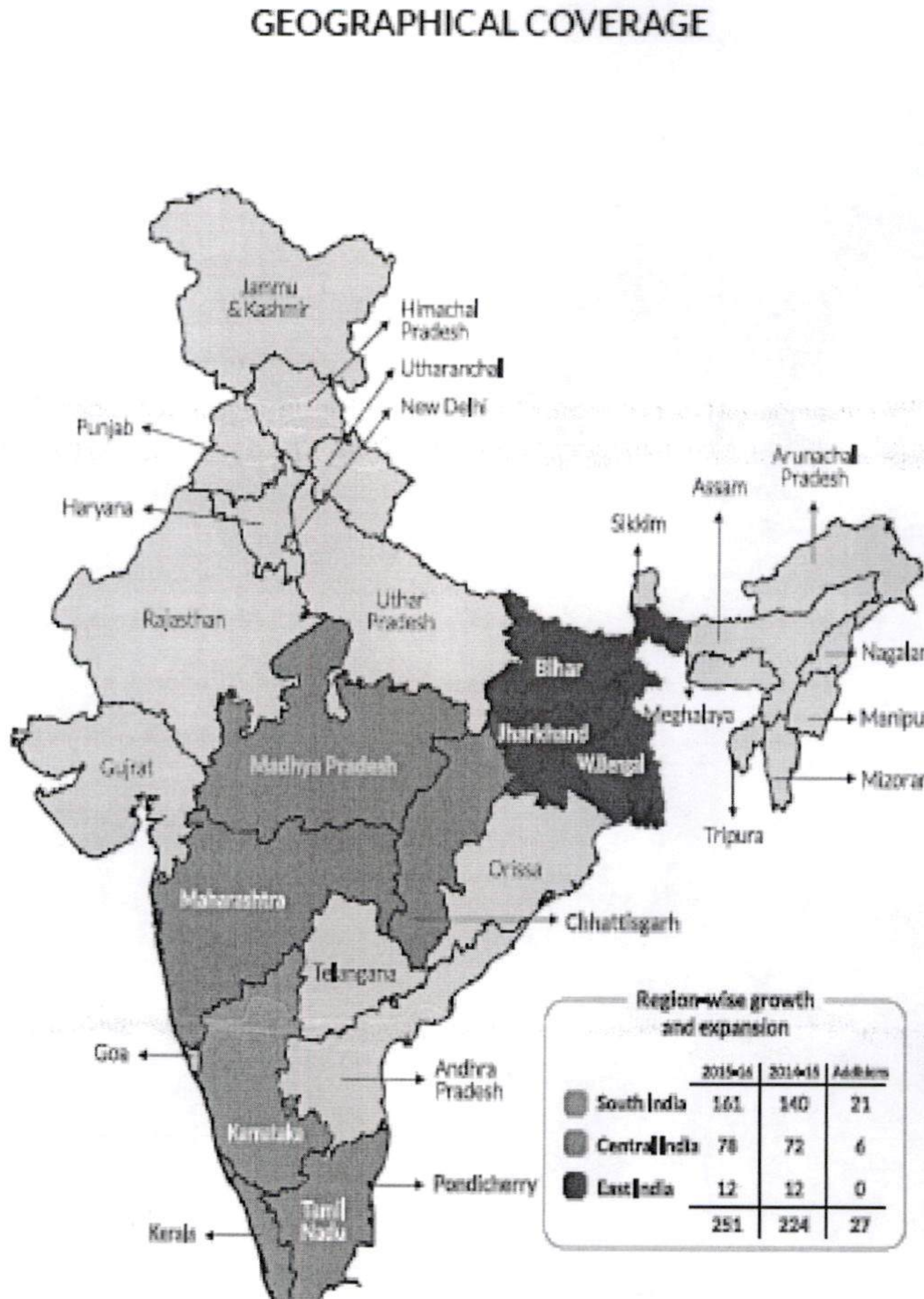
VISION

'To be India's leading social bank that offers equal opportunities for the whole society through universal access and financial deepening, thus promoting financial inclusion, livelihood and economic development as a whole"

MISSION

"To provide responsive banking services to the underserved and un-served households in India facilitated by customer-centric products, high quality service and innovative technology."

Figure 4.1 Geographical Coverage of ESAF



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CHAPTER - V

DATA ANALYSIS

INTRODUCTION

Savings habit and banking awareness among students helps to know the saving pattern and banking awareness among students. This chapter attempts to analyze the savings habit and awareness among high schools students. From the point of views of students by examining their saving habit and banking awareness, we could make a conclusion that whether they are really having a saving habit and banking awareness among them. For the purpose of the study, 100 high school students from two schools of Palakkad district both from rural and urban area were selected and analyzed with the help of percentages, Likert scale and indices. This chapter is divided into two sections viz; socioeconomic profile & Saving Habit & Banking Awareness among high school students.

Section a – General Profile of the Students

5.1 Family particulars of the Students

The following table shows family particulars of the students.

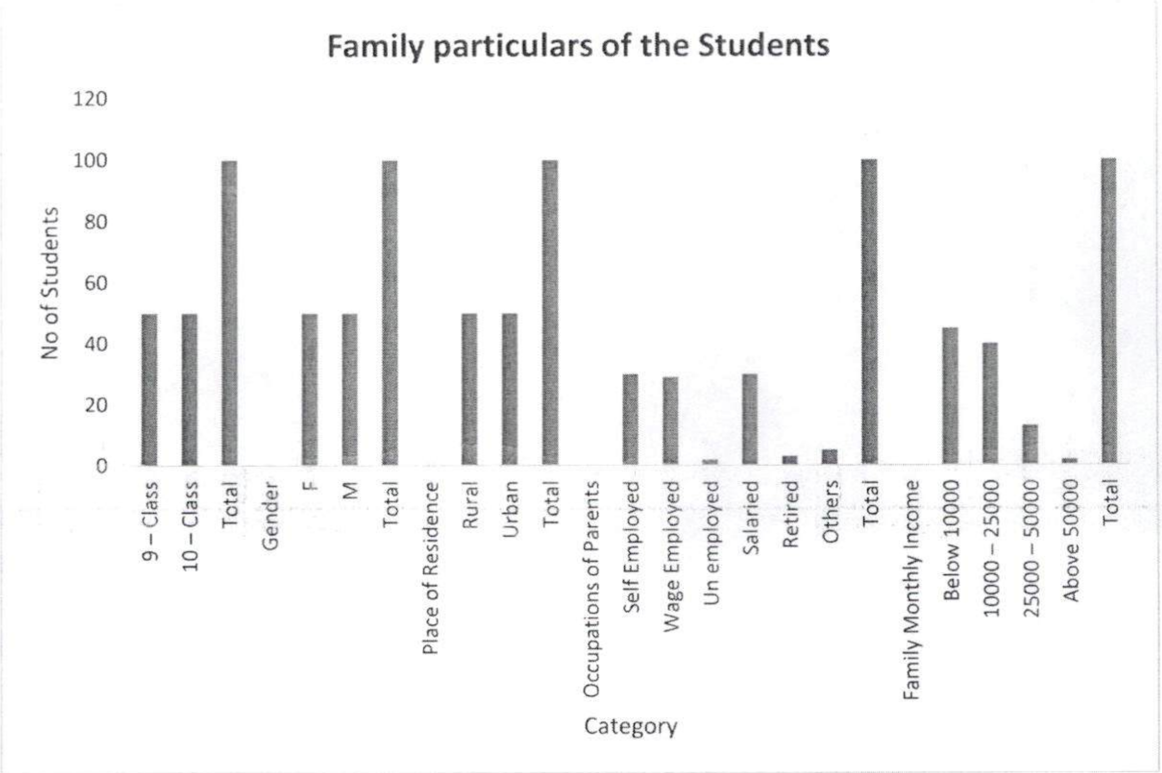
Table 5.1 Family particulars of the students.

Class	**Frequency**	**Per cent**
9 – Class	50	50.0
10 – Class	50	50.0
Total	100	100.0
Gender		
F	50	50.0
M	50	50.0
Total	100	100.0
Place of Residence		
Rural	50	50.0

Urban	50	50.0
Total	100	100.0
Occupations of Parents		
Self Employed	30	30.0
Wage Employed	29	29.0
Un employed	2	2.0
Salaried	30	30.0
Retired	3	3.0
Others	5	5.0
Total	100	100.0
Family Monthly Income		
Below 10000	45	45.0
10000 – 25000	40	40.0
25000 – 50000	13	13.0
Above 50000	2	2.0
Total	100	100.0

Source: Primary data

Figure 5.1 Family particulars of the students.



Family and economic status of the students plays an important role in forming savings habit and banking awareness among students. Among 100 students, 50 percent of the students belong to rural area and 50 percent of the students belong to urban area. Among 100 students, 50 percent of the students were male and 50 percent of the students were female.

Occupation of the parents are one of the major element in deciding the saving habit among students. Students who belong to the separate family with different occupation is studied to know the savings habit among them. From the study, we could make a conclusion that majority of the students' parents' occupation is self-employed and salaried with an equal ratio of 30 percent and 29 percent of them belong to the category of wage employed.

Income represents the purchasing power of the people and the income level is an important factor that determines the savings habit. The distribution of student's average family monthly family income given in the above table. The table indicates that only 2 per cent of the students have family income more than Rs. 50,000 and that of 13 percent is Rs. 25,000 – 50,000. However, 40 percent have family income between Rs.10, 000 and Rs.25, 000 and the students having the family income below Rs. 10,000 is 45 per cent.

Section B – Saving Habit & Banking Awareness

5.2 Savings bank account

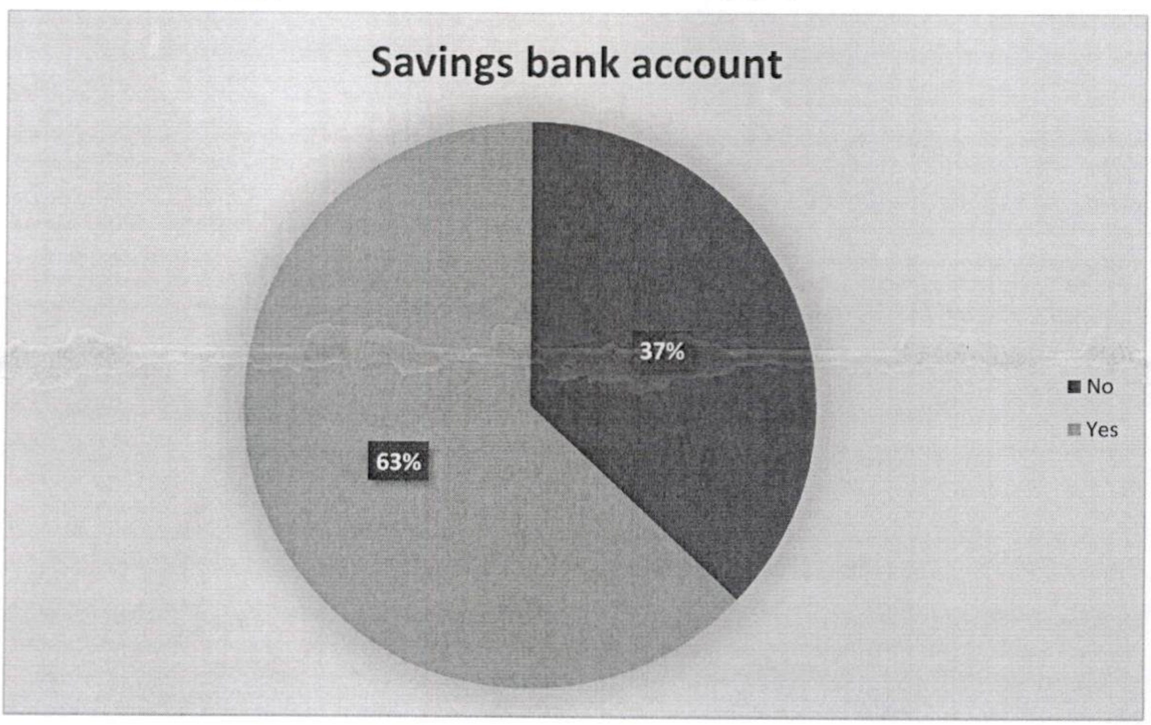
Table 5.2 Savings bank account

Saving habit of the students are displayed in the following table.

	Frequency	Per cent
No	37	37.0
Yes	63	63.0
Total	100	100.0

Source: Primary data

Figure 5.2 Savings bank account



From the above table 5.2 it is very well evident that majority of the students are having a savings bank account. 63 per cent of the students are having savings bank account and only 37 percent of the students are not having savings account. Therefore, this gives a conclusion that majority of the students are showing positive attitude towards the savings habit.

5.3 Savings bank account on gender wise

Table 5.3 Savings bank account on gender wise

Gender wise classification of the students is projected in the table below.

Gender	Frequency	Per cent
Male	56	89.0
Female	7	11.0
Total	63	100.0

Source: Primary data

Figure 5.3 Savings bank account on gender wise

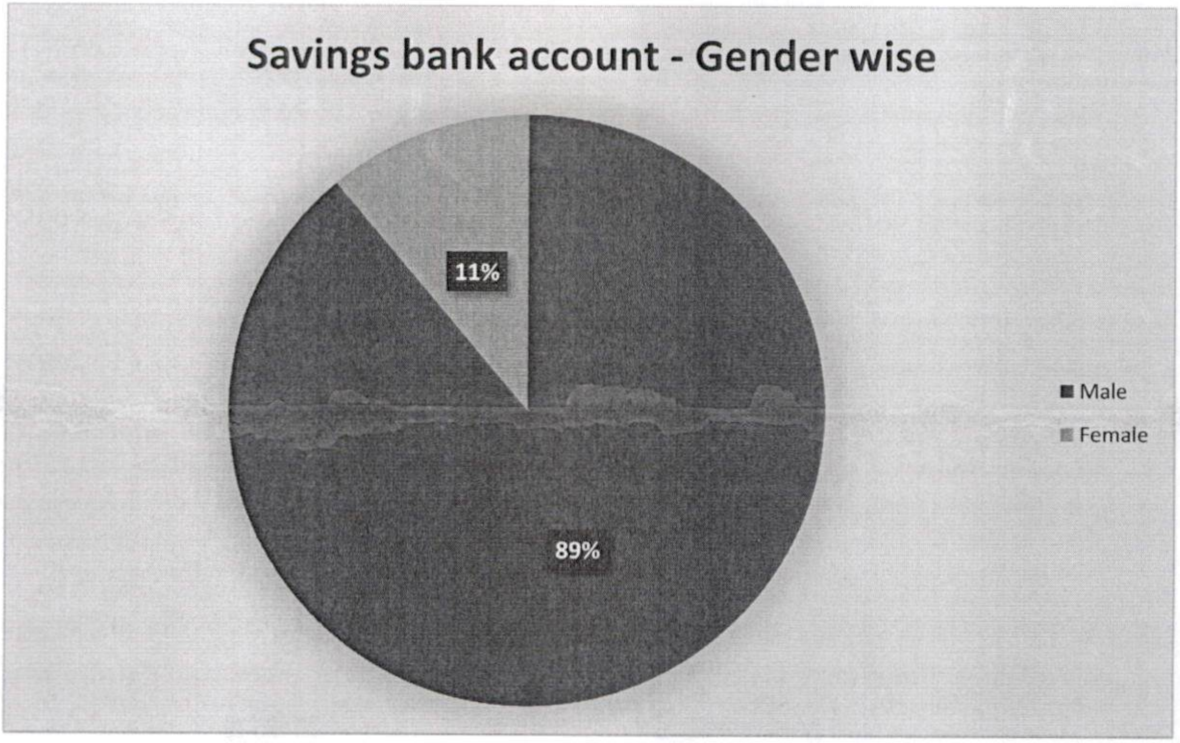


Table 5.3 shows a significant difference in the use of savings account by male and female. 89 percent of the students who have a bank account is a male and only 11 percent of the students who have a savings account are female. Therefore, savings habit of the student among gender have major difference.

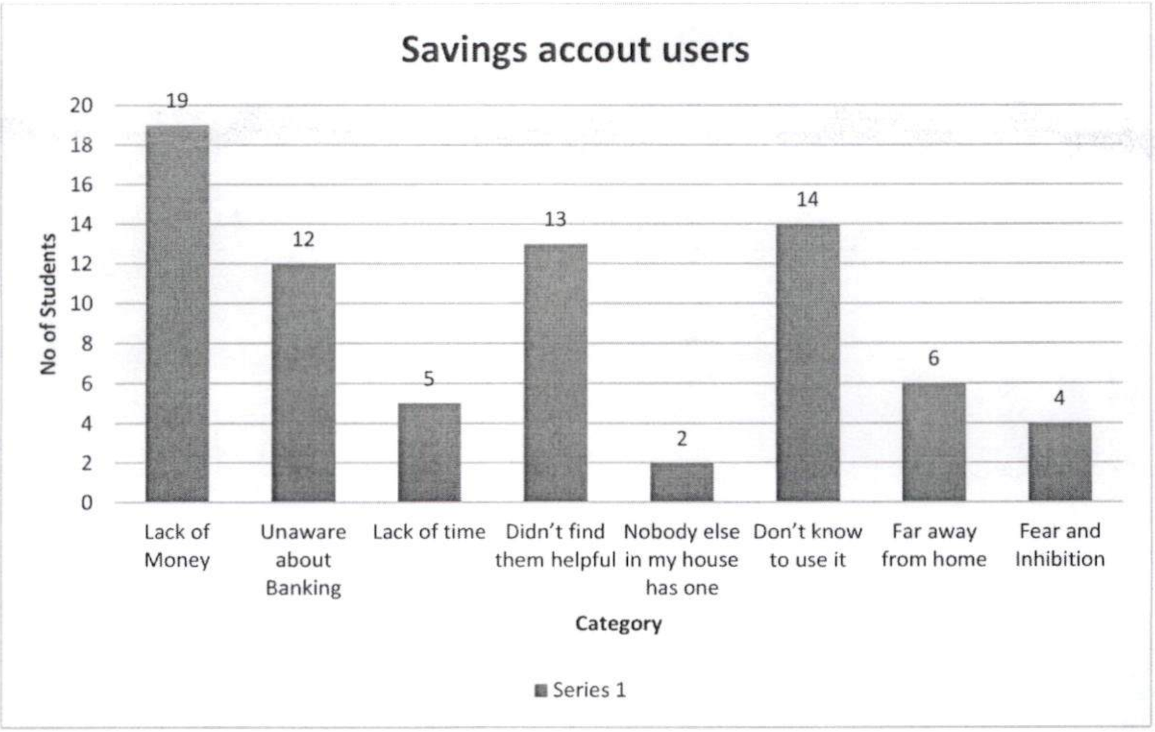
5.4 Reason for not having savings bank account

Table 5.4 Reason for not having savings bank account

Reason	Frequency	Per cent
Lack of Money	19	56
Unaware about Banking	12	35
Lack of time	5	14
Didn't find them helpful	13	38
Nobody else in my house has one	2	6
Don't know to use it	14	41
Far away from home	6	18
Fear and Inhibition	4	12

Source: Primary data

Figure 5.4 Reason for not having savings bank account



From the above table 5.4, it is clear that the major reason for not having a bank account is lack of money. Unawareness about banking is another factor, which keeps the students away from banking. Some students find it helpful for them and also lack of time, far away from home, fear and inhibition are some other major reasons.

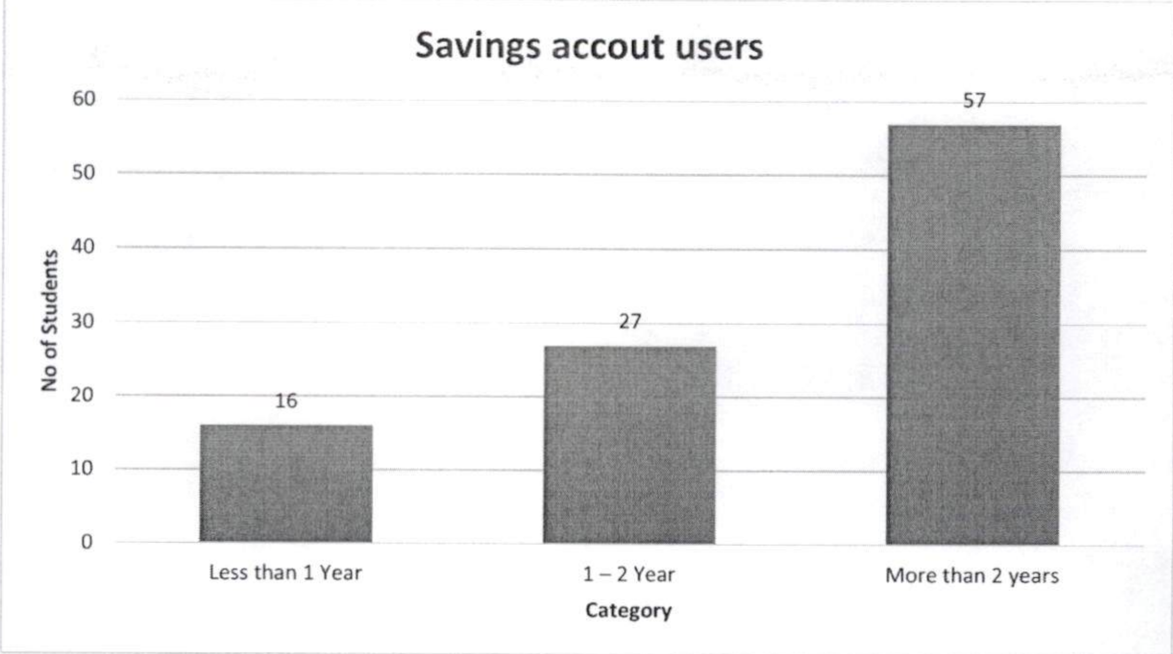
5.5 Use of savings bank account

Table 5.5 Use of savings bank account

Years	Frequency	Per cent
Less than 1 Year	10	16.0
1 – 2 Year	17	27.0
More than 2 years	36	57.0
Total	63	100.0

Source: Primary data

Figure 5.5 Use of savings bank account



From the above table 5.5, it is clear that that majority of the students who have a bank account belongs to the category of more than 2 years with 36 percent of the total. Only 10 percent of the students have opened the bank account in less than a year and 17 percent of the students are having bank account for the period of one to two years. So entering into the high school itself the students are having a savings bank account.

5.6 No of bank accounts

Table 5.6 No of bank accounts

Table showing the frequency of no of bank account by different students.

No of bank accounts	Frequency	Per cent
1 account	54	54.0
2 account	7	7.0
More than 2 account	2	2.0
Nil	37	37.0
Total	100	100.0

Source: Primary data

Figure 5.6 No of bank accounts

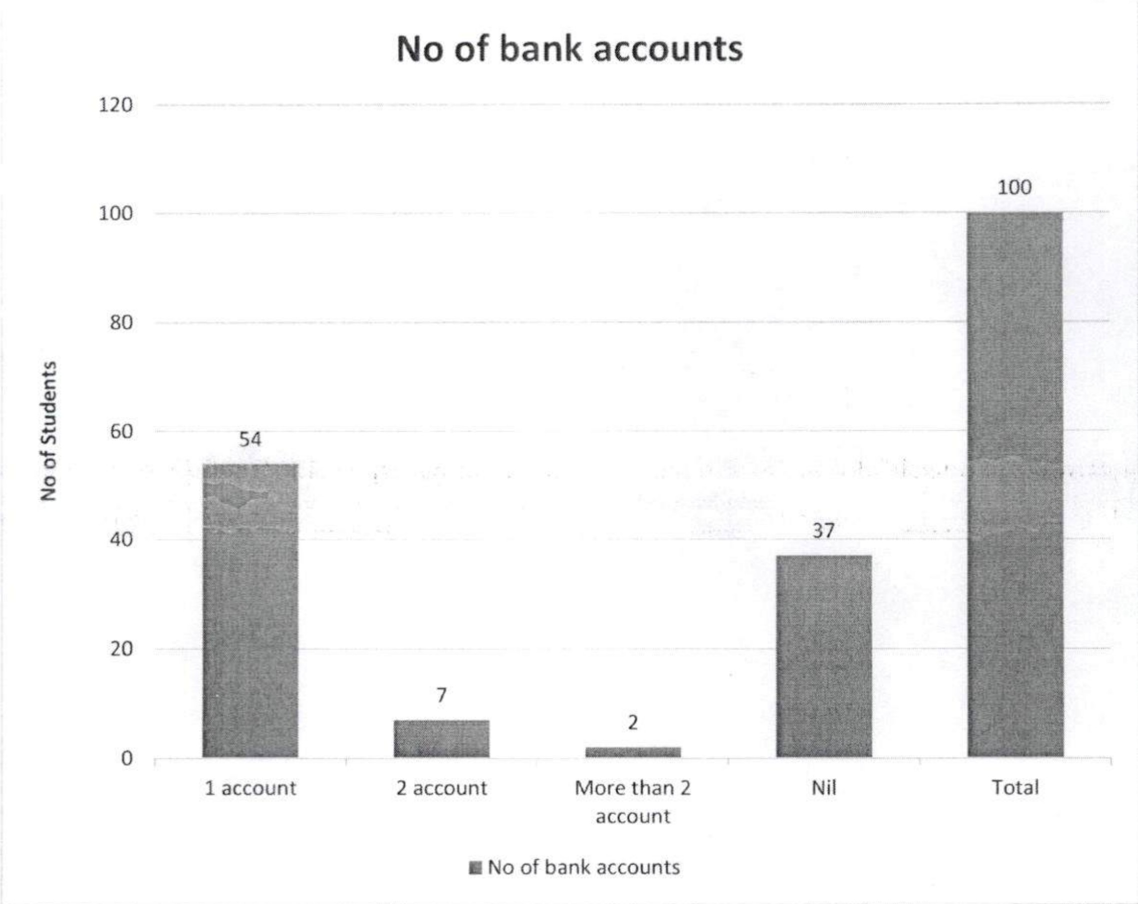


Table 5.6 provides the no of users of savings bank account. Only 2 percent of the students are having more than two bank accounts, 7 percent of the students have two bank accounts, and the majority of the students have single bank account. Students who have single bank account is 54 percent of the total bank account users.

5.7 The students are using different banks for maintaining the savings bank account.

Table 5.7 The students are using different banks for maintaining the savings bank account.

Name		
BARODA BANK	3	3.0
BOB, CANARA	2	2.0
CANARA	7	7.0
FEDERAL BANK	12	12.0
PNB	5	5.0
SBI	15	15.0
SBI, CANARA	2	2.0
SBI, FEDERAL	3	3.0
CANARA, FEDERAL, SBI	1	1.0
SBI, FEDERAL, PNB	1	1.0
SIB	12	12.0
Nil	37	37.0
Total	100	100.0

Source: Primary data

State bank of India is the most commonly used bank by the student to maintain their bank account with a high of 15 percent. In addition, a few students are having more than one bank account. Also 12 percent of the students have federal bank and south Indian bank. Canara bank, Panjab National Bank, Bank of Baroda are the other banks where the students are having the bank accounts.

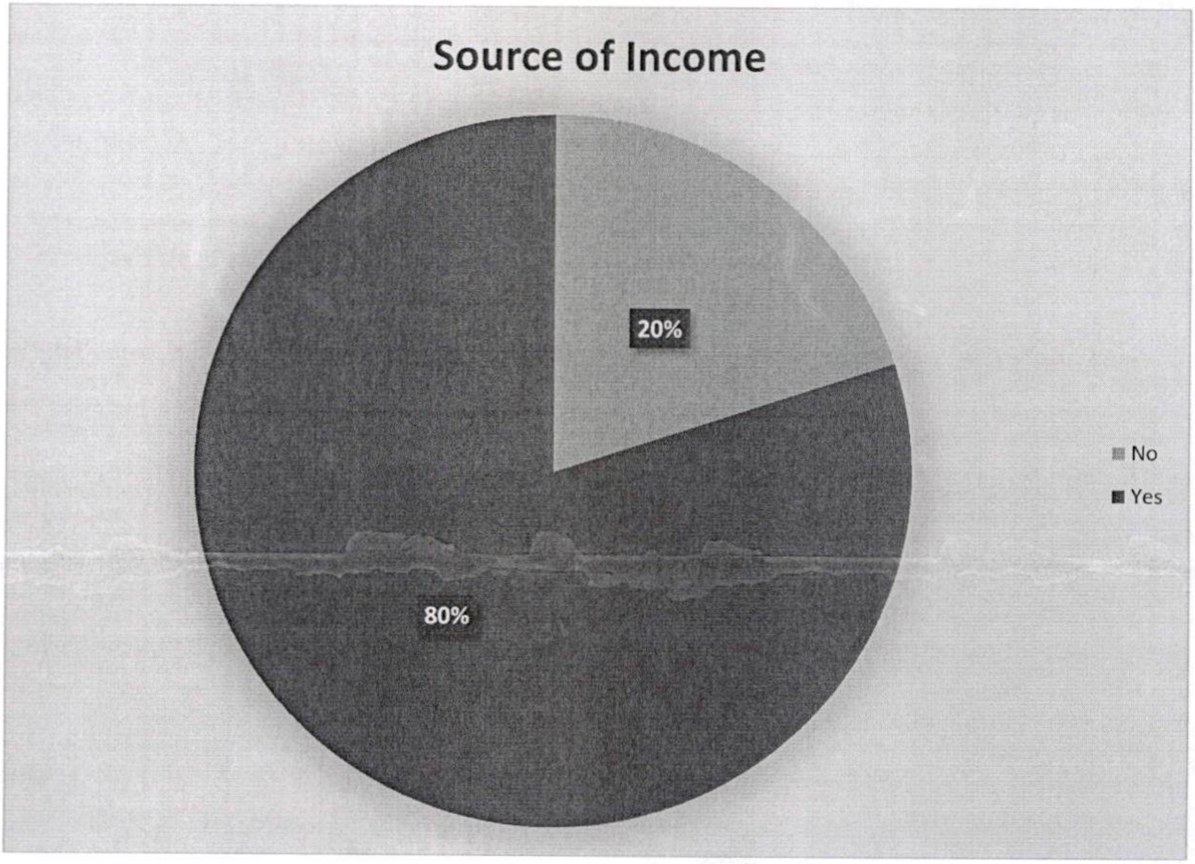
5.8 Money from Parents or other source as pocket money

Table 5.8 Money from Parents or other source as pocket money

Particular	Frequency	Per cent
No	20	20.0
Yes	80	80.0
Total	100	100.0

Source: Primary data

Figure 5.8 Money from Parents or other source as pocket money



From the above table it is clear that 80 percent of the students are receiving money from parents and others as pocket money. Therefore, the students are having a good response with respect to the income they receive. Only 20 percent of the students are not getting any income. This show that they are having an immense opportunity for having a savings account, maintain a bank account, and enjoy the banking facilities.

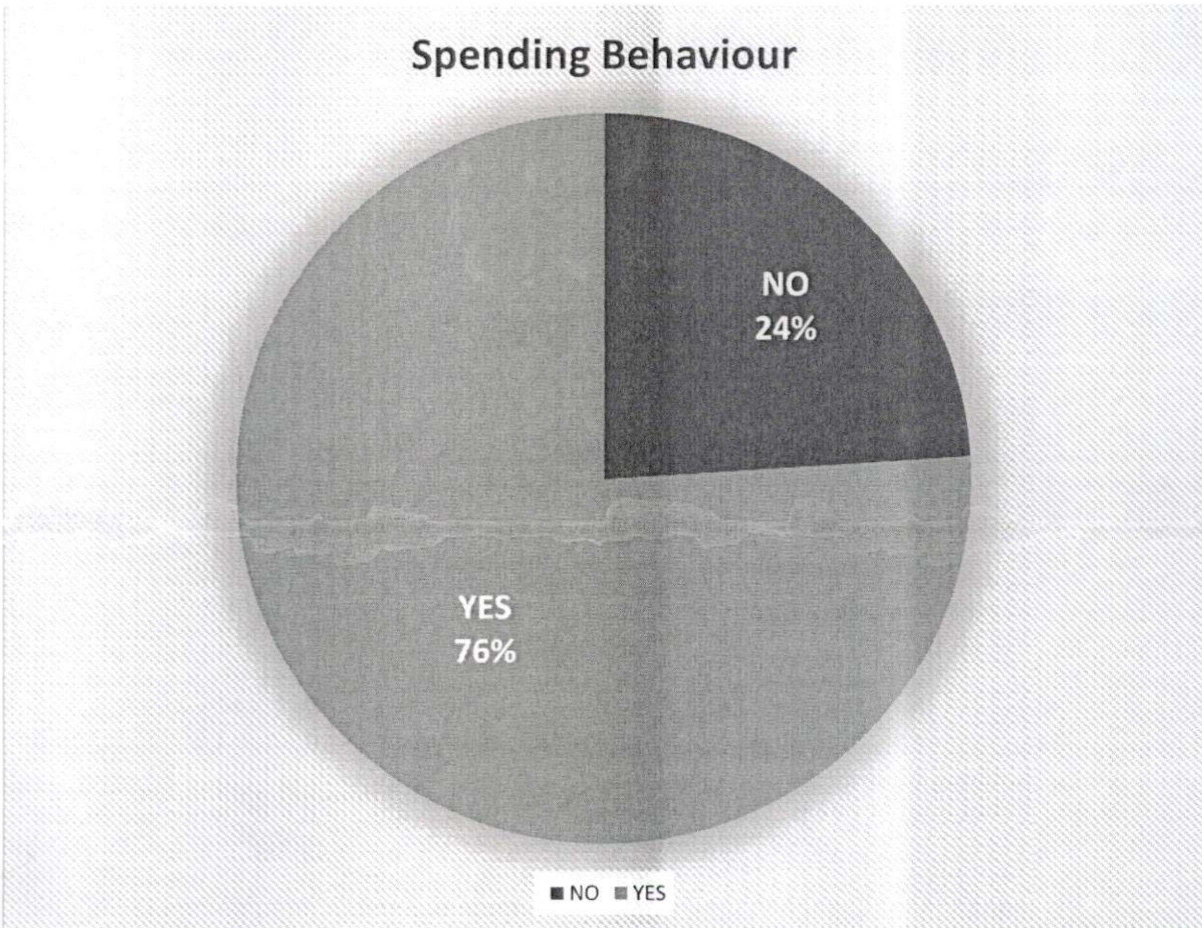
5.9 Purchasing behavior of the students

Table 5.9 students who Spend money to purchase something

Particulars	Frequency	Per cent
NO	24	24.0
YES	76	76.0
Total	100	100.0

Source: Primary data

Figure 5.9 students who Spend money to purchase something



Majority of the students spend money to purchase for their needs and wants. Almost 76 percent of the students are having a good purchasing behavior and about 24 percent of the students are not having a good purchasing behavior.

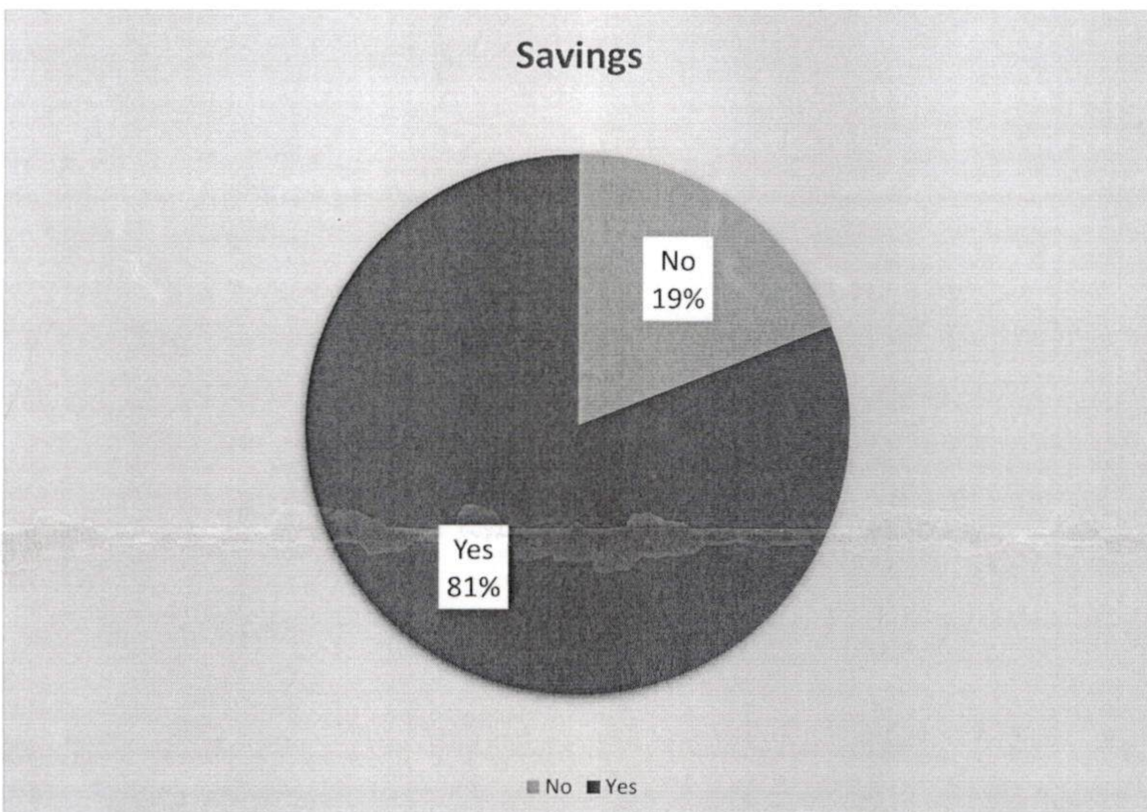
5.10 Money saved by the students

Table 5.10 Money saved by the students

Particulars	Frequency	Per cent
NO	19	19.0
YES	81	81.0
Total	100	100.0

Source: Primary data

Figure 5.10 Money saved by the students



From the table 5.10, it is clear that students are having a good habit of having savings among themselves. From the total students 81 percent are having the savings habit and only 19 percent of the students are having no savings habit among them. So it can be taken as clear evident that the students in their high school are having a good savings habit among them.

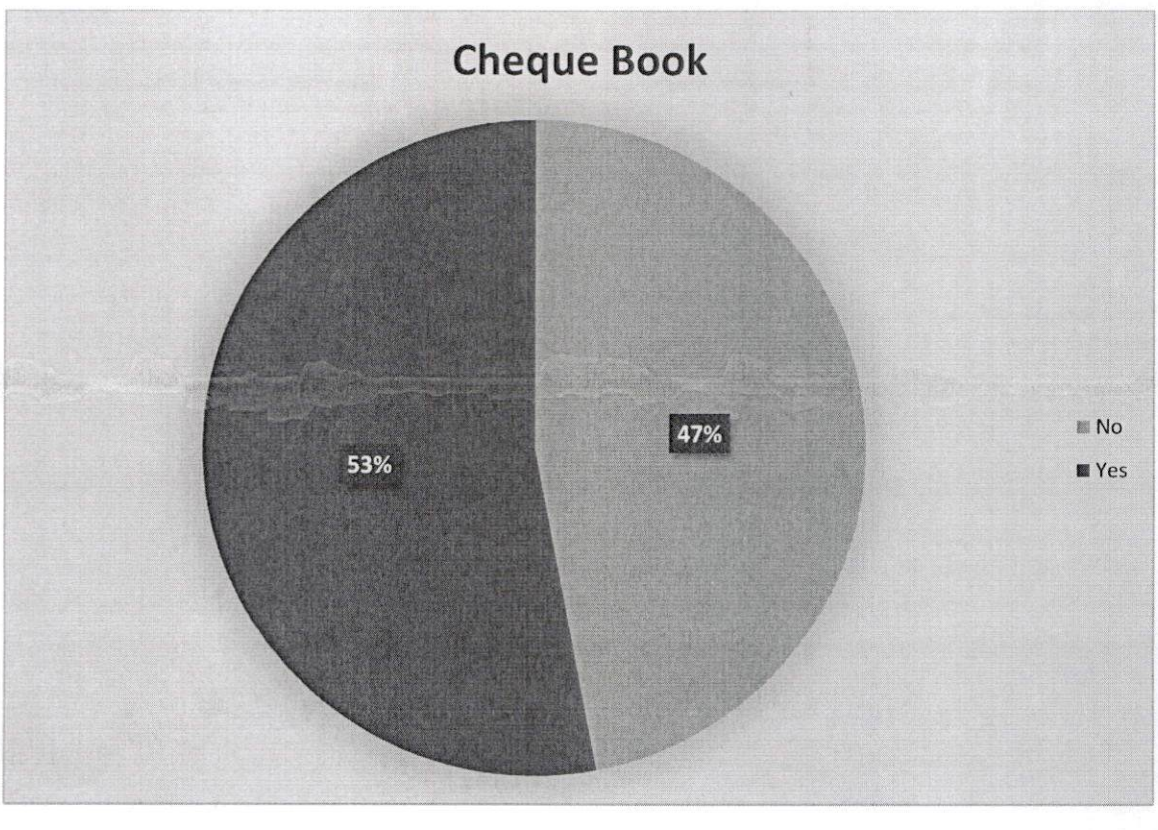
5.11 Use of Checkbook by school students

Table 5.11 Use of Checkbook by school students

Particulars	Frequency	Per cent
NO	47	47.0
YES	53	53.0
Total	100	100.0

Source: Primary data

Figure 5.11 Use of Checkbook by school students



From the above table 5.11 it is clear that 53 percent of the students uses the Chequebook facility and only 47 percent of the students have not used any Chequebook. Therefore, awareness among students about Chequebook is clear from the above table.

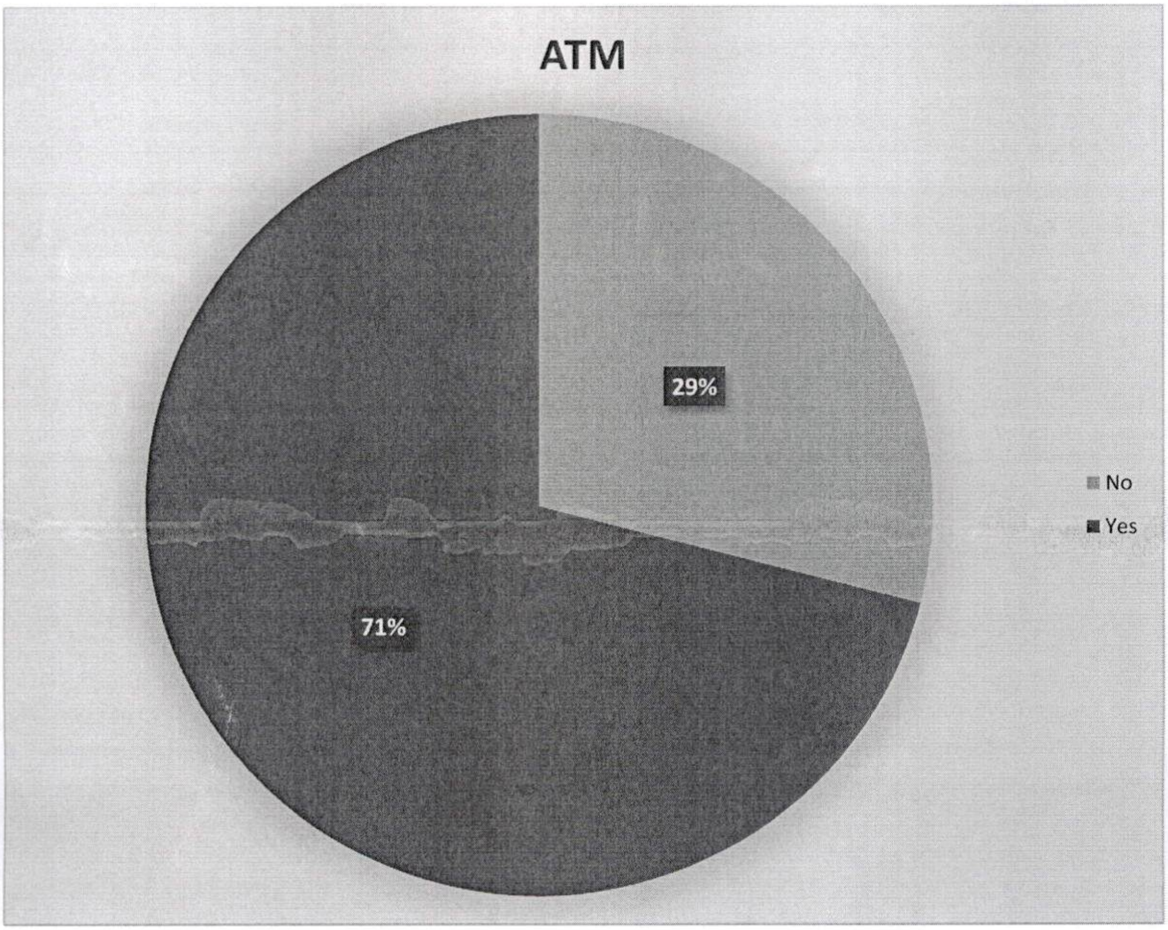
5.12 Use of ATM by school students

Table 5.12 Use of ATM by school students

Particulars	Frequency	Per cent
NO	29	29.0
YES	71	71.0
Total	100	100.0

Source: Primary data

Figure 5.12 Use of ATM by school students



From the above table 5.12 it is clear that 71 percent of the students uses the ATM facility and only 29 percent of the students have not used any ATM. Therefore, awareness among ATM is clear from the above table.

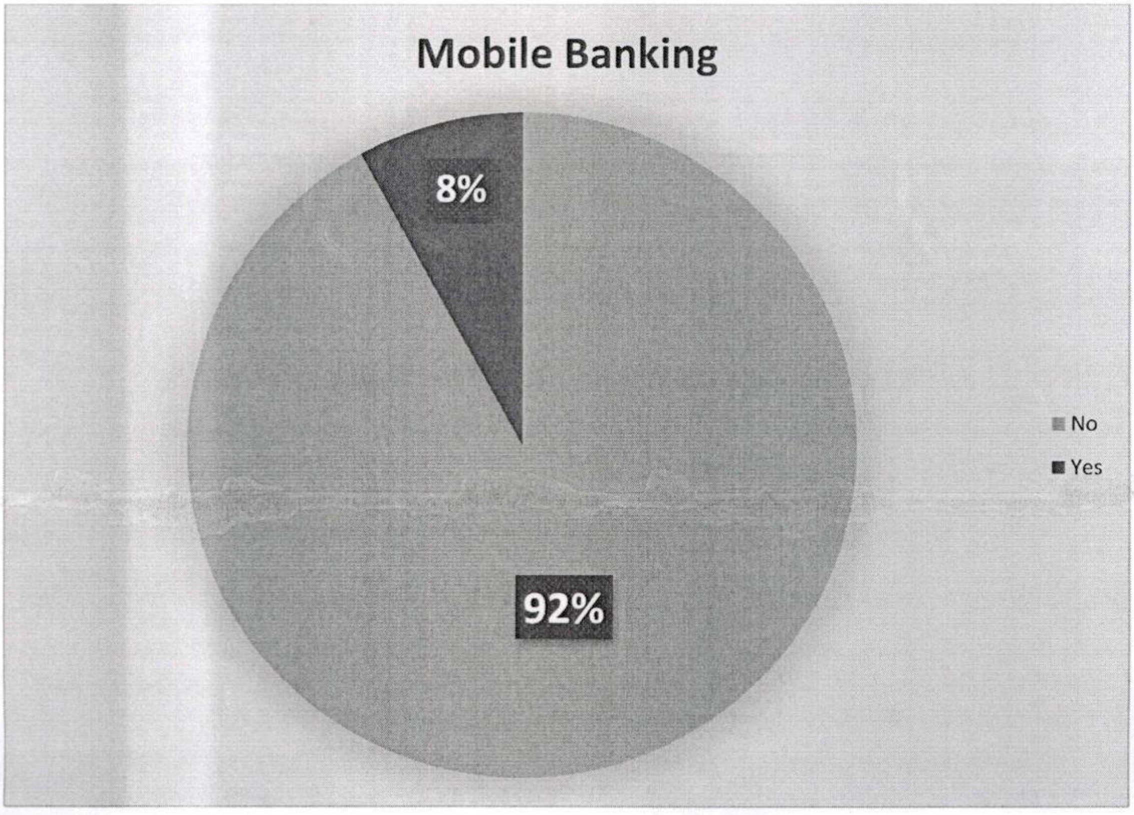
5.13 Use of Mobile Banking by school students

Table 5.13 Use of Mobile Banking by school students

Particulars	Frequency	Per cent
NO	92	92.0
YES	8	8.0
Total	100	100.0

Source: Primary data

Figure 5.13 Use of Mobile Banking by school students



From the above table 5.13 it is clear that 8 percent of the students uses the mobile banking facility and only 92 percent of the students have not used any mobile banking facility. Therefore, lack of awareness among mobile banking is clear from the above table. Banking has been more technologically advanced and this creates a major drawback for better and advanced banking.

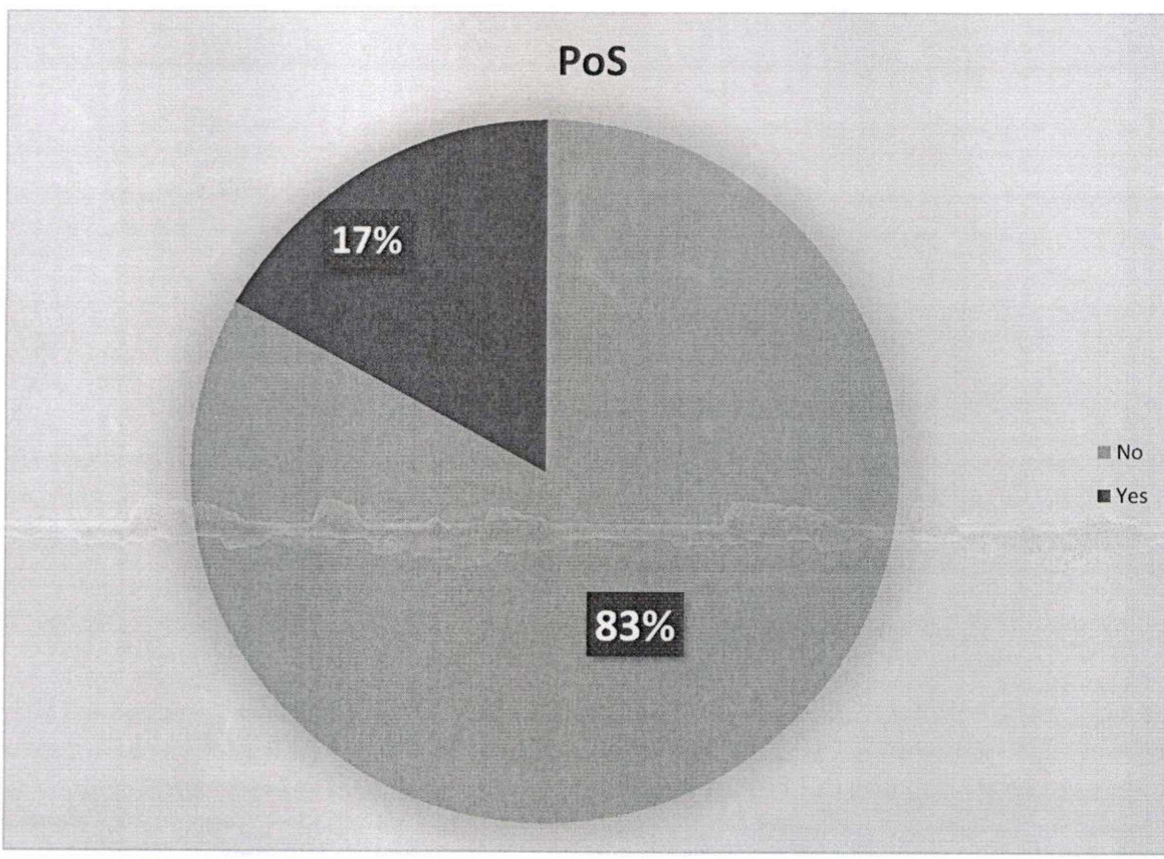
5.14 Use of PoS facility by school students

Table 5.14 Use of PoS facility by school students

Particulars	Frequency	Per cent
NO	83	83.0
YES	17	17.0
Total	100	100.0

Source: Primary data

Figure 5.14 Use of PoS facility by school students



From the above table 5.14 it is clear that only 17 percent of the students uses the PoS facility and only 83 percent of the students have not used any PoS facility. Therefore, lack of awareness among PoS Facility is clear from the above table. Banking has been more technologically advanced and this creates a major drawback for better and advanced banking.

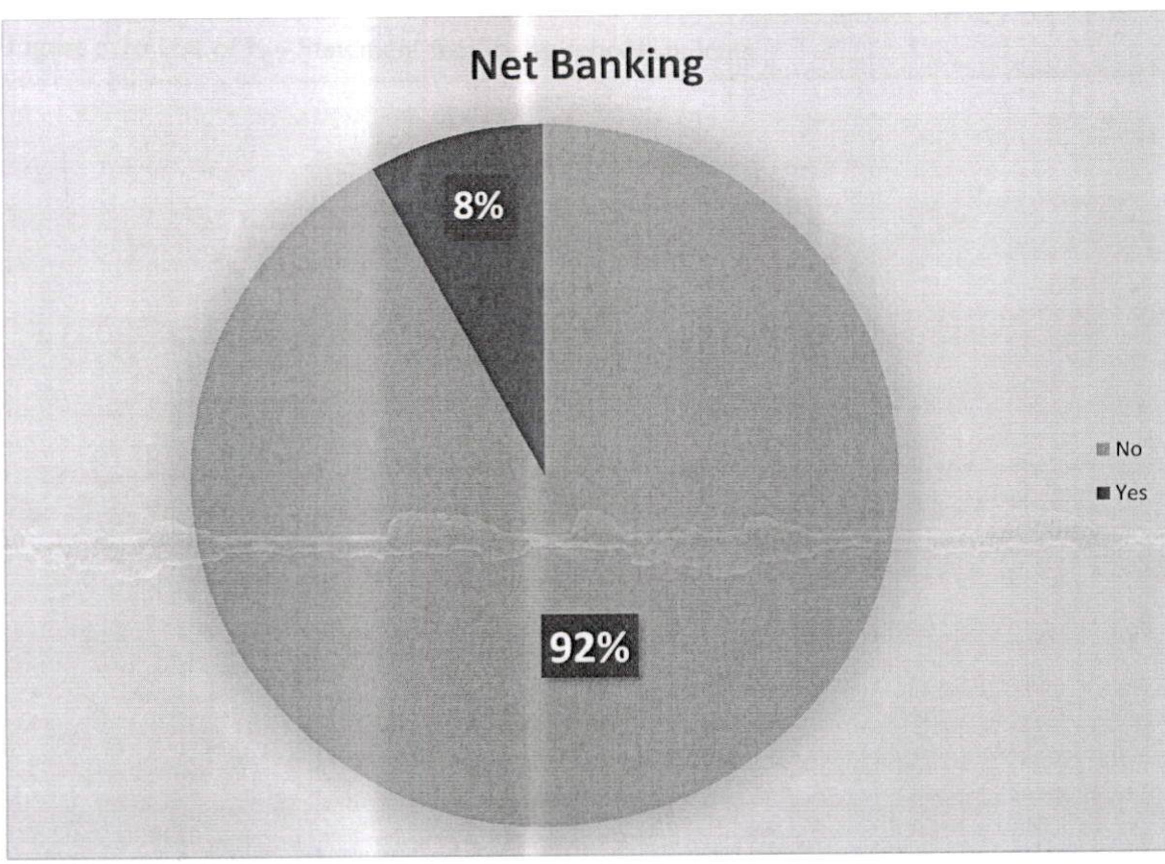
5.15 Use of Net Banking facility by school students

Table 5.15 Use of Net Banking facility by school students

Particulars	Frequency	Per cent
NO	92	92.0
YES	8	8.0
Total	100	100.0

Source: primary data

Figure 5.15 Use of Net Banking facility by school students



From the above table 5.15 it is clear that only 8 percent of the students uses the Net Banking facility and only 92 percent of the students have not used any Net Banking facility. Therefore, lack of awareness among Net Banking facility is clear from the above table. Banking has been more technologically advanced and this creates a major drawback for better and advanced banking.

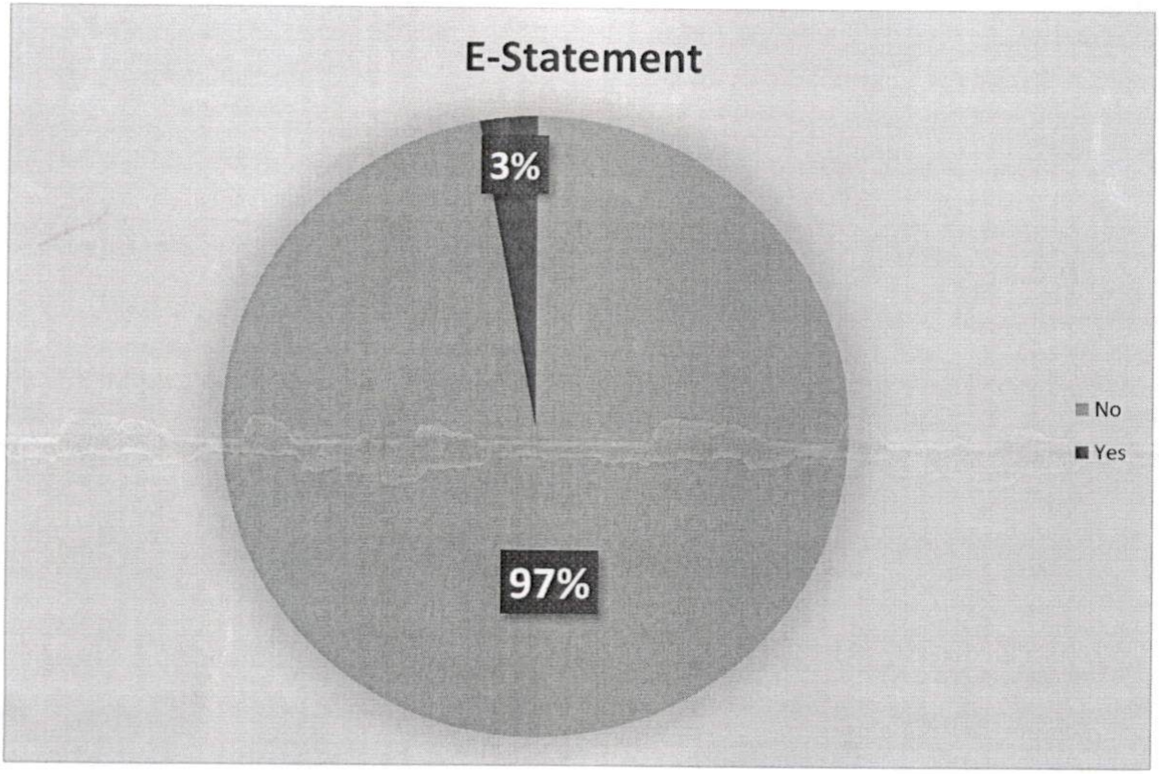
5.16 Use of E – Statement facility by school students

Table 5.16 Use of E – Statement facility by school students

Particulars	Frequency	Per cent
NO	97	97.0
YES	3	3.0
Total	100	100.0

Source: Primary data

Figure 5.16 Use of E – Statement facility by school students



From the above table 5.16 it is clear that only 3 percent of the students uses the E- Statement facility and only 97 percent of the students have not used any E- Statement facility. Therefore, lack of awareness among E- Statement facility is clear from the above table. Banking has been more technologically advanced and this creates a major drawback for better and advanced banking.

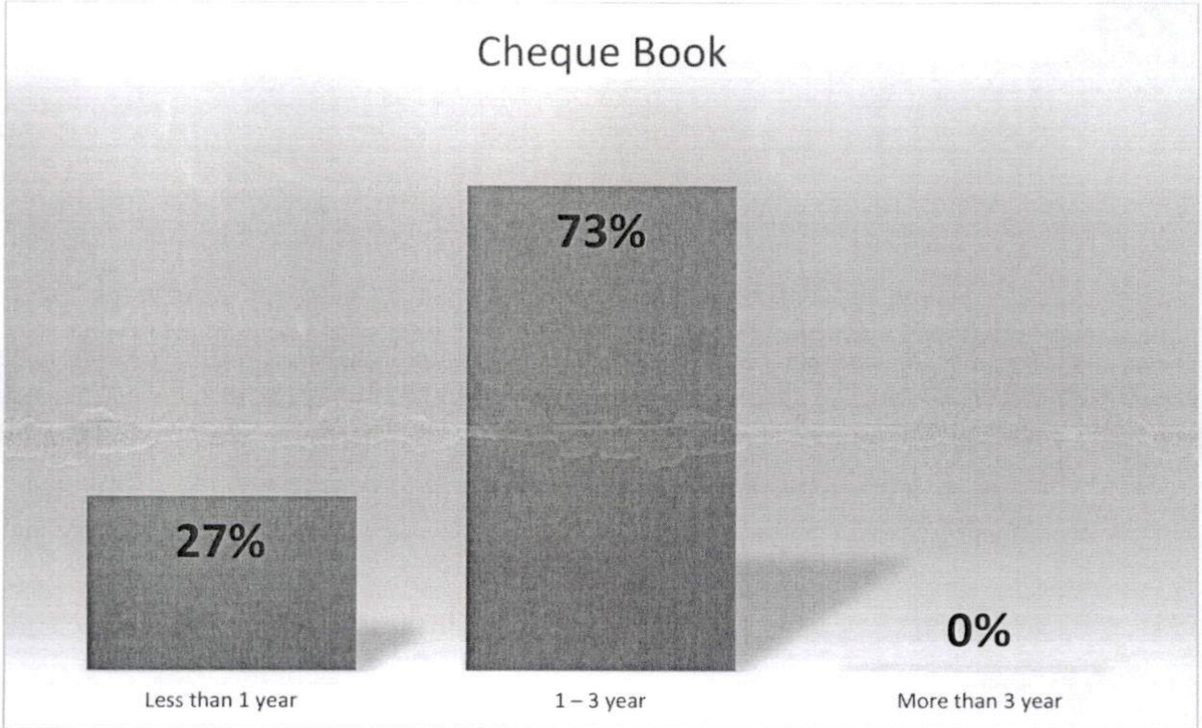
5.17 Usage of checkbook by the school students

Table 5.17 Usage of checkbook by the school students

Particulars	Frequency	Per cent
Less than 1 year	14	27.0
1 – 3 year	39	73.0
More than 3 year	0	0.0
Total	54	100.0

Source: Primary data

Figure 5.17 Usage of checkbook by the school students



From the above table 5.17, it could be infer that 73 per cent of the students who were makes use of Cheque Book for 1-3 years. None of the students uses the Cheque Book for more than 3 years. Rest of the students belongs to the usage category of less than 1 year with 27 percent. From the above table we can infer that the students are aware of the banking facility and they make use of it.

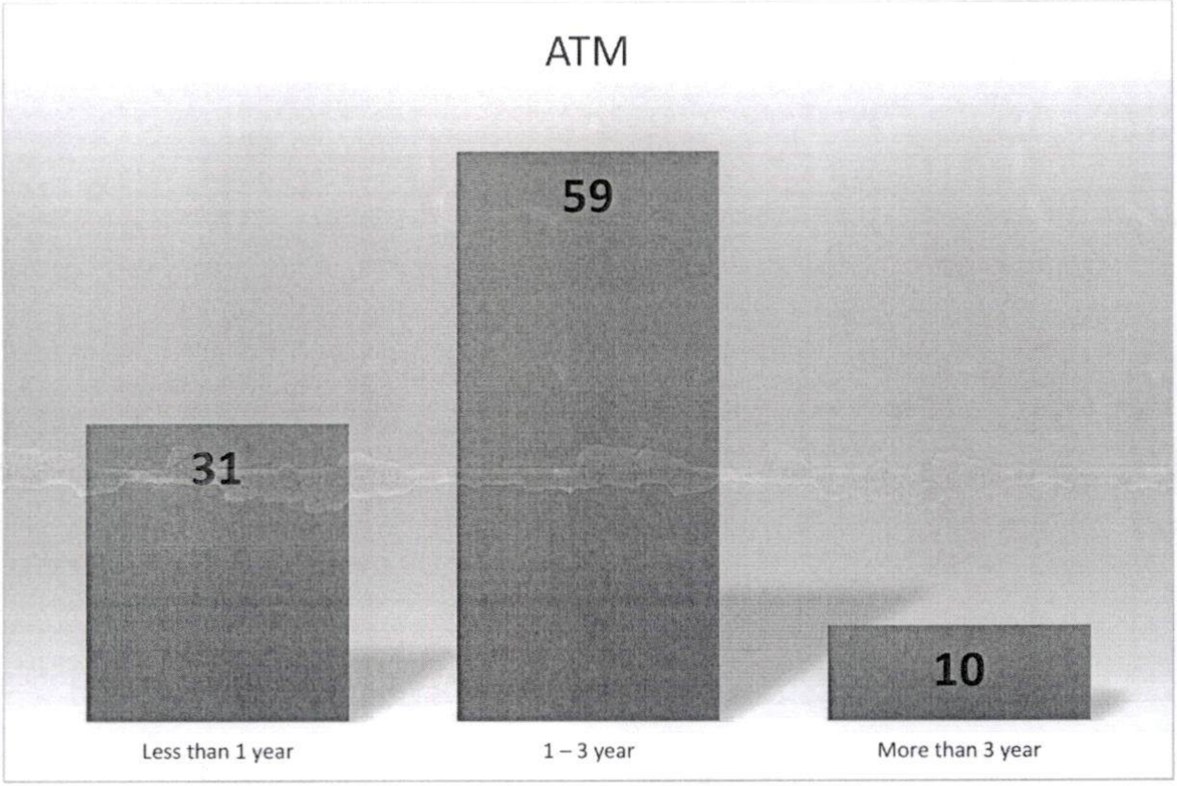
5.18 Usage of ATM by the school students

Table 5.18 Usage of ATM by the school students

Particulars	Frequency	Per cent
Less than 1 year	22	31.0
1 – 3 year	42	59.0
More than 3 year	7	10.0
Total	71	100.0

Source: Primary data

Figure 5.18 Usage of ATM by the school students



From the above table 5.18, it could be infer that 59 per cent of the students who were makes use of ATM for 1-3 years. Only 10 per cent of the students use ATM for more than 3 years. Rest of the students belongs to the usage category of less than 1 year. From the above table we can infer that the students are aware of the banking facility and they make use of it.

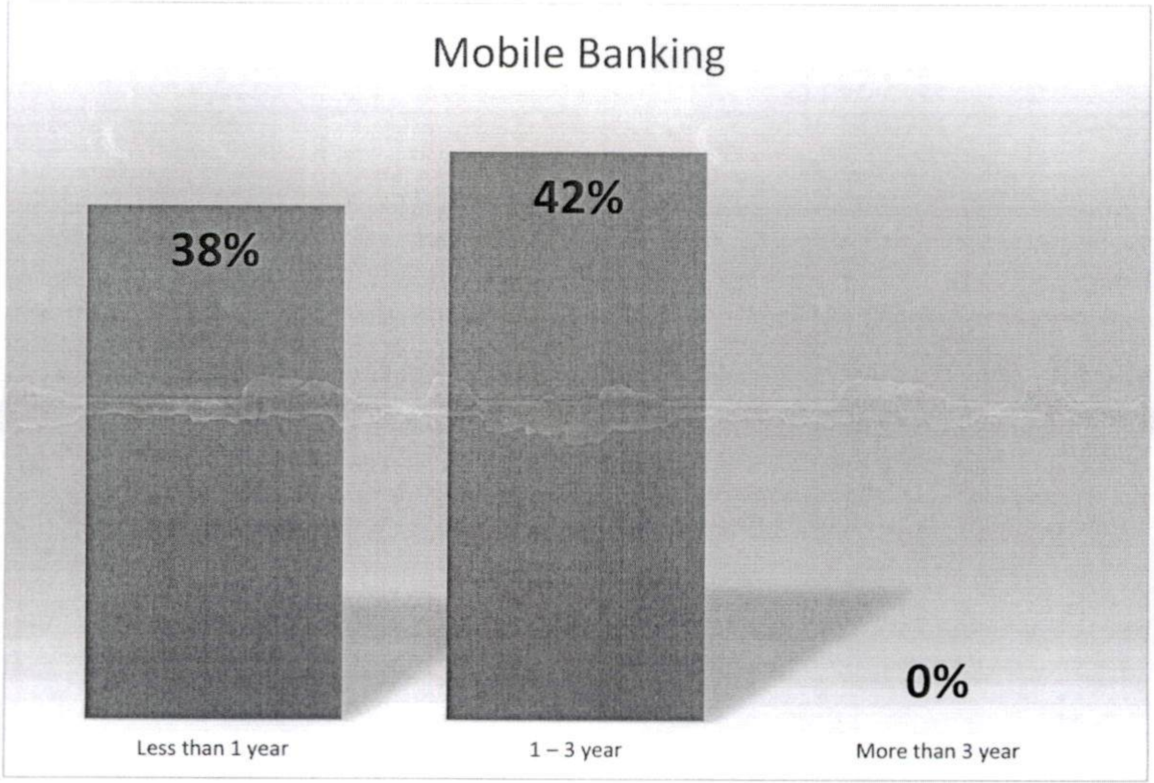
5.19 Usage of mobile banking by the school students

Table 5.19 Usage of mobile banking by the school students

Particulars	Frequency	Per cent
Less than 1 year	3	38.0
1 – 3 year	5	42.0
More than 3 year	0	0.0
Total	8	100.0

Source: Primary data

Figure 5.19 Usage of mobile banking by the school students



The table 5.19 deals with the mobile banking usage over time by the student depicts that only 42 per cent of the students who were using the facility of mobile banking for 1-3 years. None of the students who were using the mobile banking facility for more than3 years. It shows the awareness level of mobile banking facilities provided to the customers.

5.20 Usage of PoS by the school students

Table 5.20 Usage of PoS by the school students

Particulars	Frequency	Per cent
Less than 1 year	5	29
1 – 3 year	12	71
More than 3 year	0	0.0
Total	17	100.0

Source: Primary data

Figure 5.20 Usage of PoS by the school students

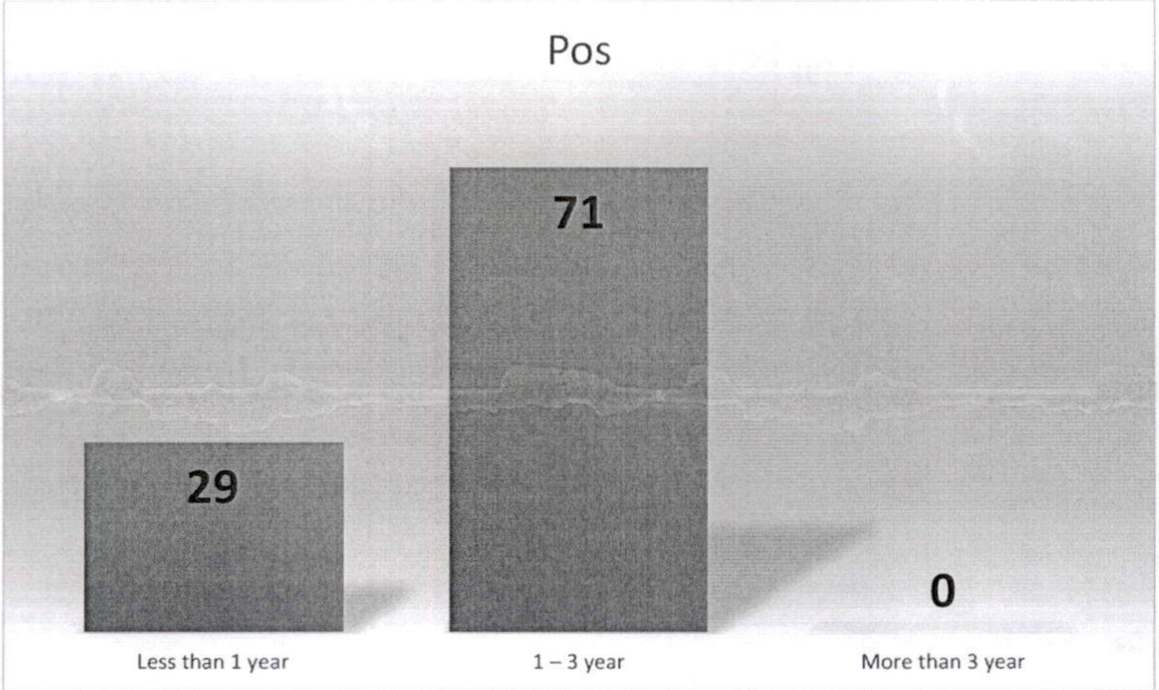


Table 5.20 shows the POS facility used by the students. From that, we could understood that 71 per cent of the students who were make use of PoS facility for 1-3 years and at the same time, only 29 per cent of the students are using the PoS facility for less than 1 year. The usage of PoS facility among the school student shows none of the students who were not make use of PoS facility for more than 3 years.

5.21 Usage of Net Banking by the school students

Table 5.21 Usage of Net Banking by the school students

Particulars	Frequency	Per cent
Less than 1 year	2	25
1 – 3 year	5	62
More than 3 year	1	13
Total	8	100.0

Source: Primary data

Figure 5.21 Usage of Net Banking by the school students

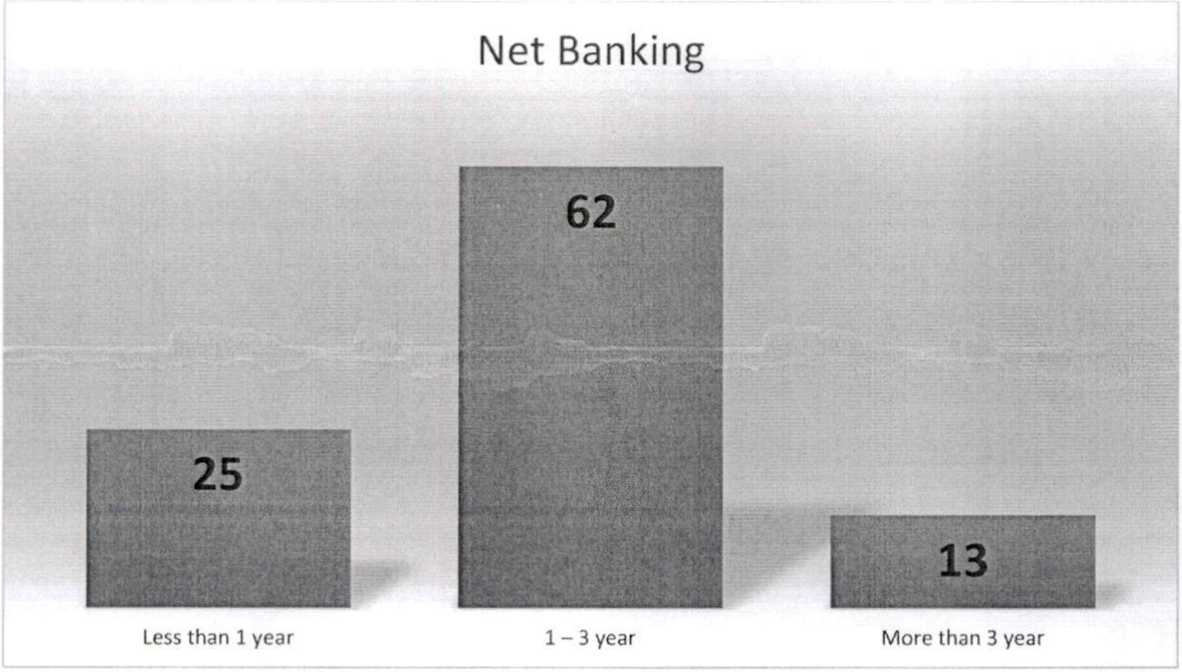


Table 5.21 shows the Net Banking facility used by the students. From that, we could understood that 62 per cent of the students who use the Net banking facility for 1-3 years and at the same time, only 25 per cent of the students are using the net banking facility for less than 1 year. In addition, about 13 percent of the students use the net banking facility for more than three years.

5.22 Usage of E-Statement by the school students

Table 5.22 Usage of E-Statement by the school students

Particulars	Frequency	Per cent
Less than 1 year	0	0.0
1 – 3 year	3	100.0
More than 3 year	0	0.0
Total	3	100.0

Source: Primary data

Figure 5.22 Usage of E-Statement by the school students

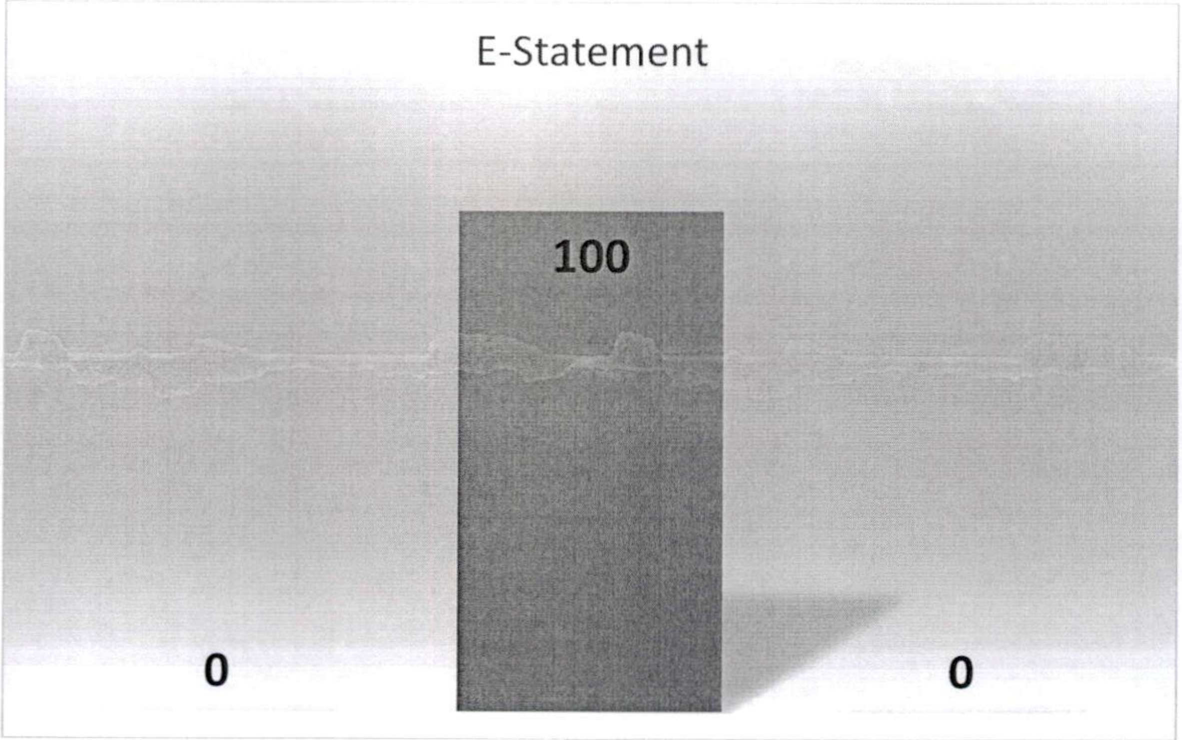


Table 5.22 shows the frequency of usage of e statement facility used by the students. From the above table it is clear that students use the e-statement rarely and that to for a period of one to three years.

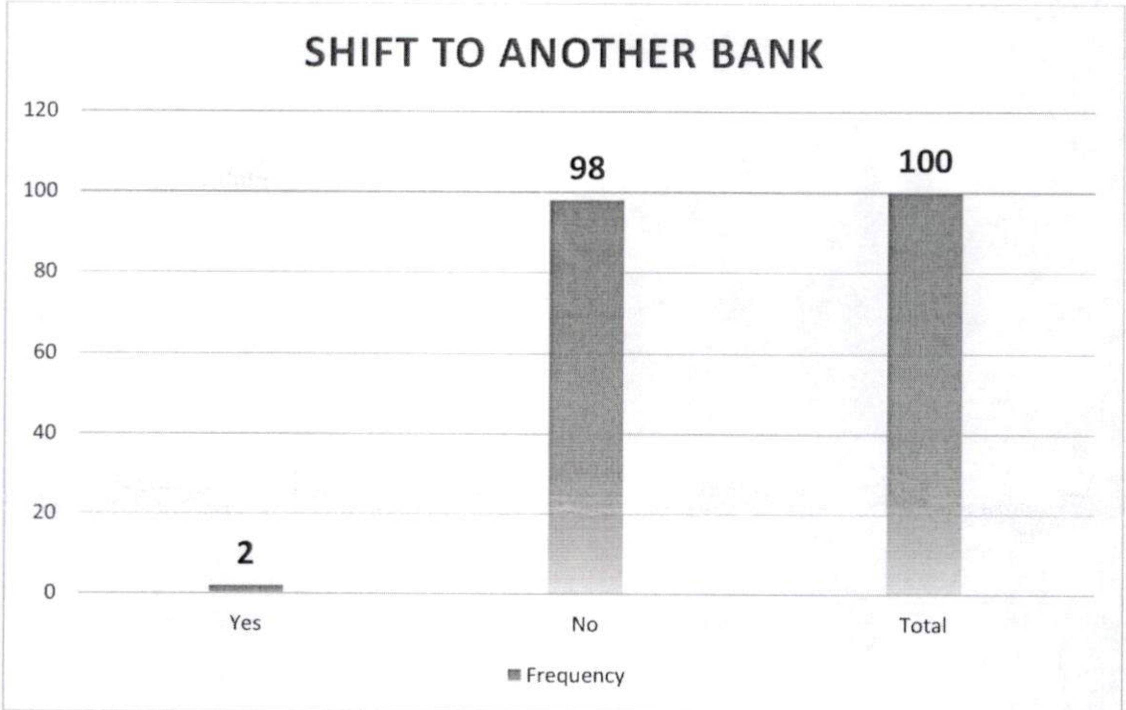
5.23 Shift to another bank for new account opening

Table 5.23 Shift to another bank for new account opening

Particulars	Frequency	Per cent
Yes	2	2.0
No	98	98.0
Total	100	100.0

Source: Primary data

Figure 5.23 Shift to another bank for new account opening



Above table 5.23 states that only 2 percent of the students have shifted the bank account from one bank to another bank.

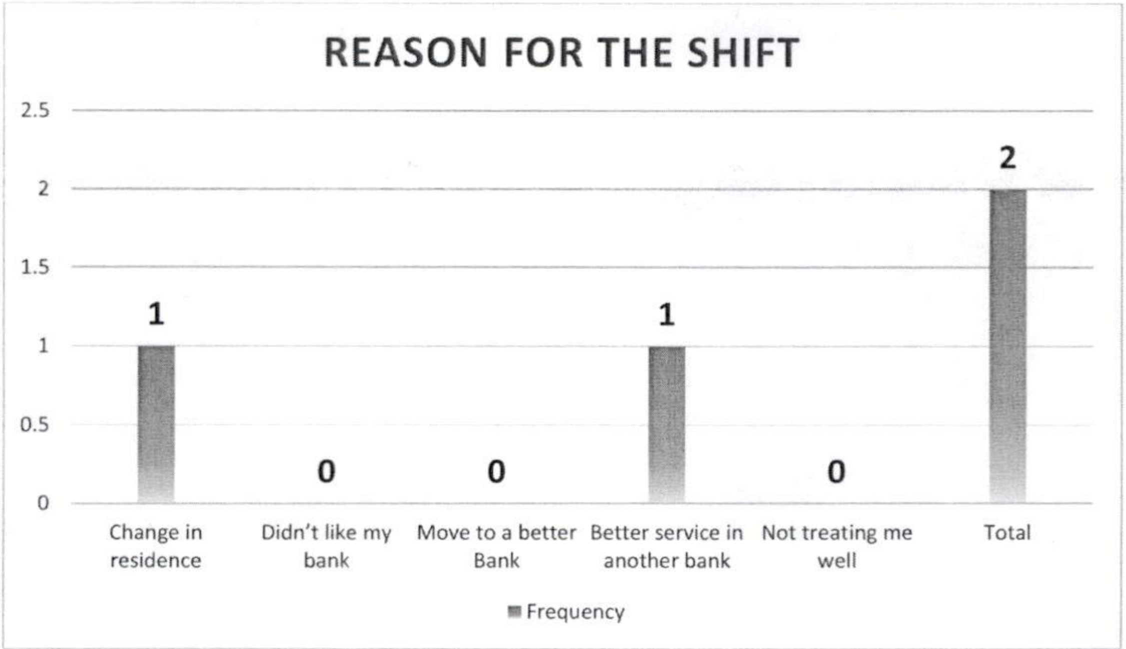
5.24 Reason for the shift of bank account

Table 5.24 Reason for the shift of bank account

Reason	Frequency	Per cent
Change in residence	1	50.0
Didn't like my bank	0	0.0
Move to a better Bank	0	0.0
Better service in another bank	1	50.0
Not treating me well	0	0.0
Total	2	100.0

Source: Primary data

Figure 5.24 Reason for the shift of bank account



Reason for the shit given in the above table 5.24 says that, due to the change in residence and better service in another bank is the major reason for the shift from one bank to another.

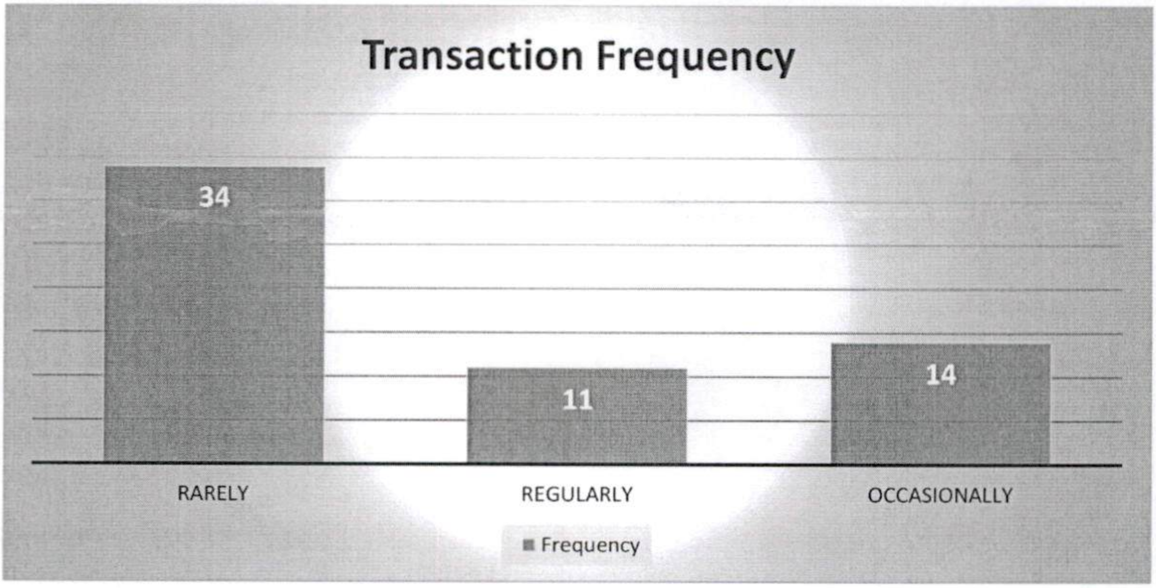
5.25 Frequency of Transaction

Table 5.25 Frequency of Transaction

Particulars	Frequency	Per cent
Rarely	34	34.0
Regularly	11	11.0
Occasionally	14	14.0
NA	41	41.0
Total	100	100.0

Source: Primary data

Figure 5.25 Frequency of Transaction



From the above table 5.25, 34 percent of the students are rarely having the bank transactions. Only 11 percent of the students are having a regular transaction and 14 percent of the students are occasionally involved in the bank transactions.

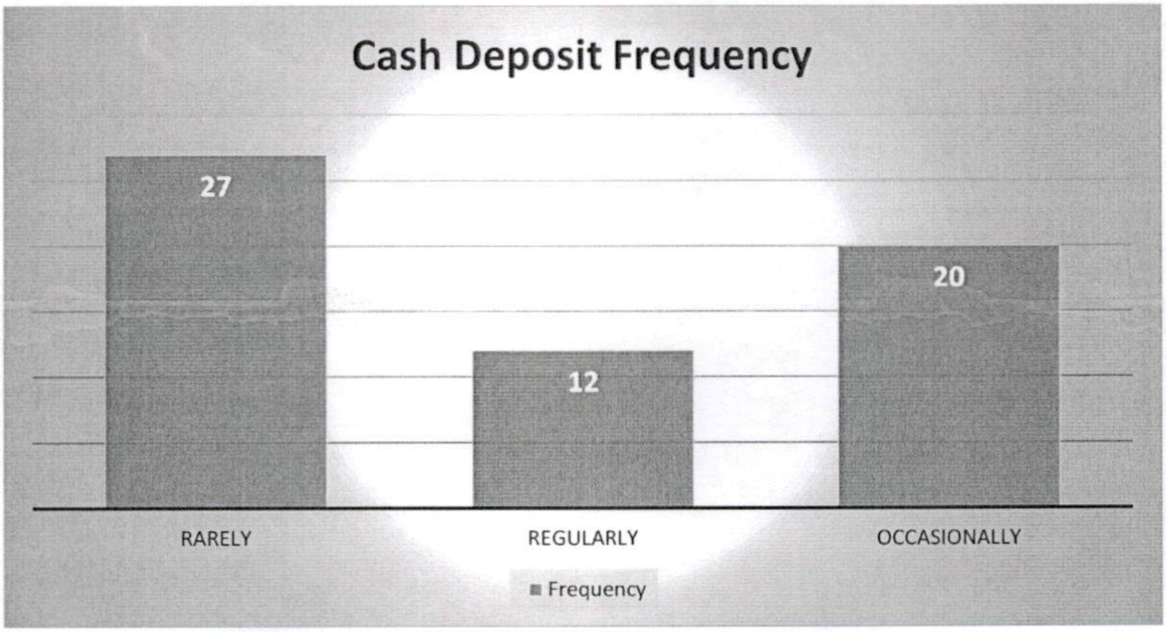
5.26 Frequency of deposit in bank

Table 5.26 Frequency of deposit in bank

Particulars	Frequency	Per cent
Rarely	27	27.0
Regularly	12	12.0
Occasionally	20	20.0
NA	41	41.0
Total	100	100.0

Source: Primary data

Figure 5.26 Frequency of deposit in bank



From the above table 5.26, 27 percent of the students are rarely having the cash deposit in the bank. Only 12 percent of the students are having a regular cash deposit in the bank and 20 percent of the students are occasionally involved in depositing cash in the bank.

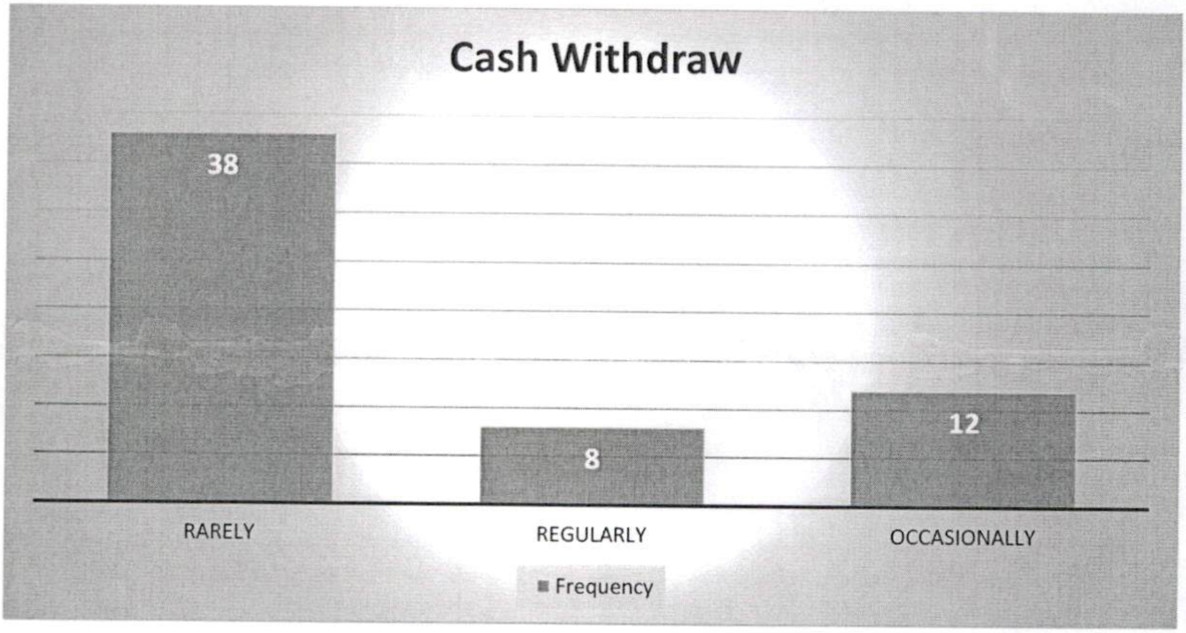
5.27 Frequency of withdraw in bank

Table 5.27 Frequency of withdraw in bank

Particulars	Frequency	Per cent
Rarely	38	38.0
Regularly	8	8.0
Occasionally	12	12.0
NA	42	42.0
Total	100	100.0

Source: Primary data

Figure 5.27 Frequency of withdraw in bank



From the above table 5.27, 38 percent of the students are rarely having the cash withdrawal from the bank. Only 12 percent of the students are having a regular cash withdrawal from the bank and 20 percent of the students are occasionally involved in withdrawing cash from the bank.

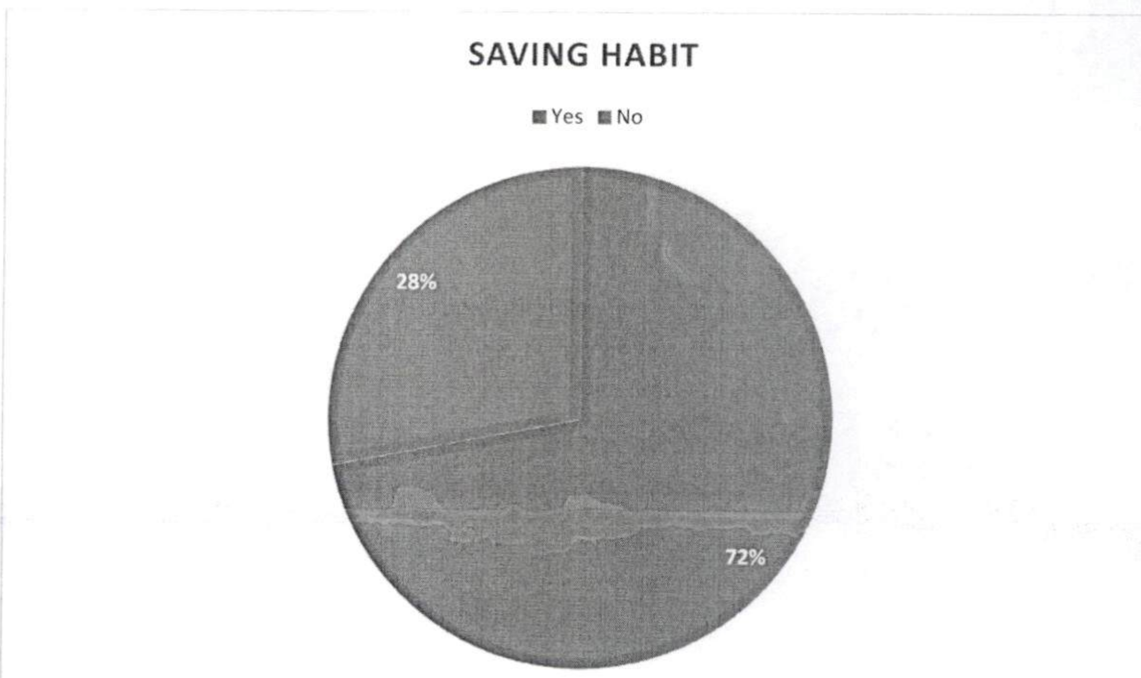
5.28 Saving habit

Table 5.28 Saving habit

Particulars	Frequency	Per cent
Yes	72	72.0
No	28	28.0
Total	100	100.0

Source: Primary data

Figure 5.28 Saving habit



From the above table 5.28, it is clear that 72 percent of the students are interested in having a good savings with them. This shows the positive attitude towards the saving habit among students. Also 28 percent of the students are not much bothered about the saving and saving habit. It is understood that from the above table that offering a good awareness will provide good saving habit among students.

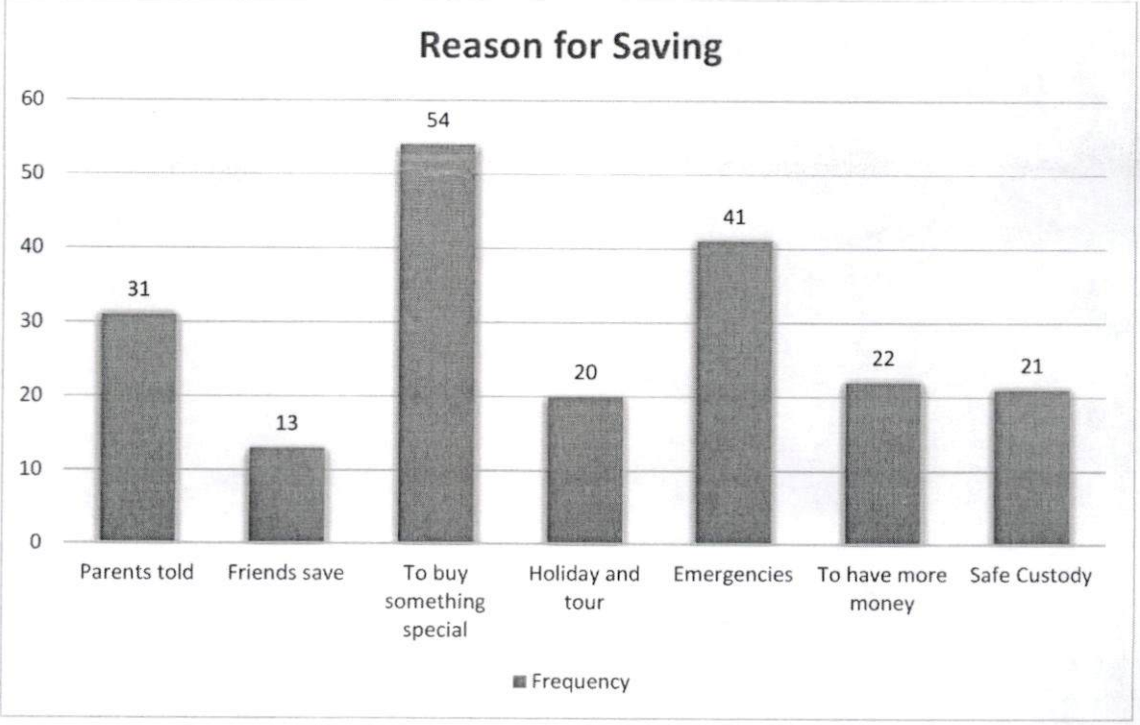
5.29 Reason for the saving

Table 5.29 Reason for the saving

Particulars	Frequency	Per cent
Parents told	31	43.0
Friends save	13	18.0
To buy something special	54	75.0
Holiday and tour	20	28.0
Emergencies	41	57.0
To have more money	22	31.0
Safe Custody	21	29.0
Total	72	100.0

Source: Primary data

Figure 5.29 Reason for the saving



Out of 72 students who have the saving habit have clearly identified the reason for having a good saving habit among them. From the table 5.29 it is clear that 54 percent of the students are interested in saving to buy something special. Students also save for emergencies and about 41 percent of the students have that attitude to save for emergencies. Thirty one percent, of the students save because of the awareness given by their parents and 22 percent save to have more money and 21 percent have the saving habit to have a safe custody. Twenty percent of the students save to enjoy their holidays and only 13 percent of the students save because other inspires them, especially their friends who have a good saving habit.

5.30 Awareness of banking facility and services

Table 5.30 Awareness of banking facility and services

Particulars	Frequency	Per cent
Savings Account	95	95.0
Mobile Banking	12	12.0
ATM	80	80.0
Internet banking	15	15.0
cheque book	72	72.0
DD	22	22.0
SMS Banking	39	39.0
PoS	23	23.0

NEFT	15	15.0
RTGS	11	11.0
IMPS	12	12.0

Source: Primary data

Figure 5.30 Awareness of banking facility and services

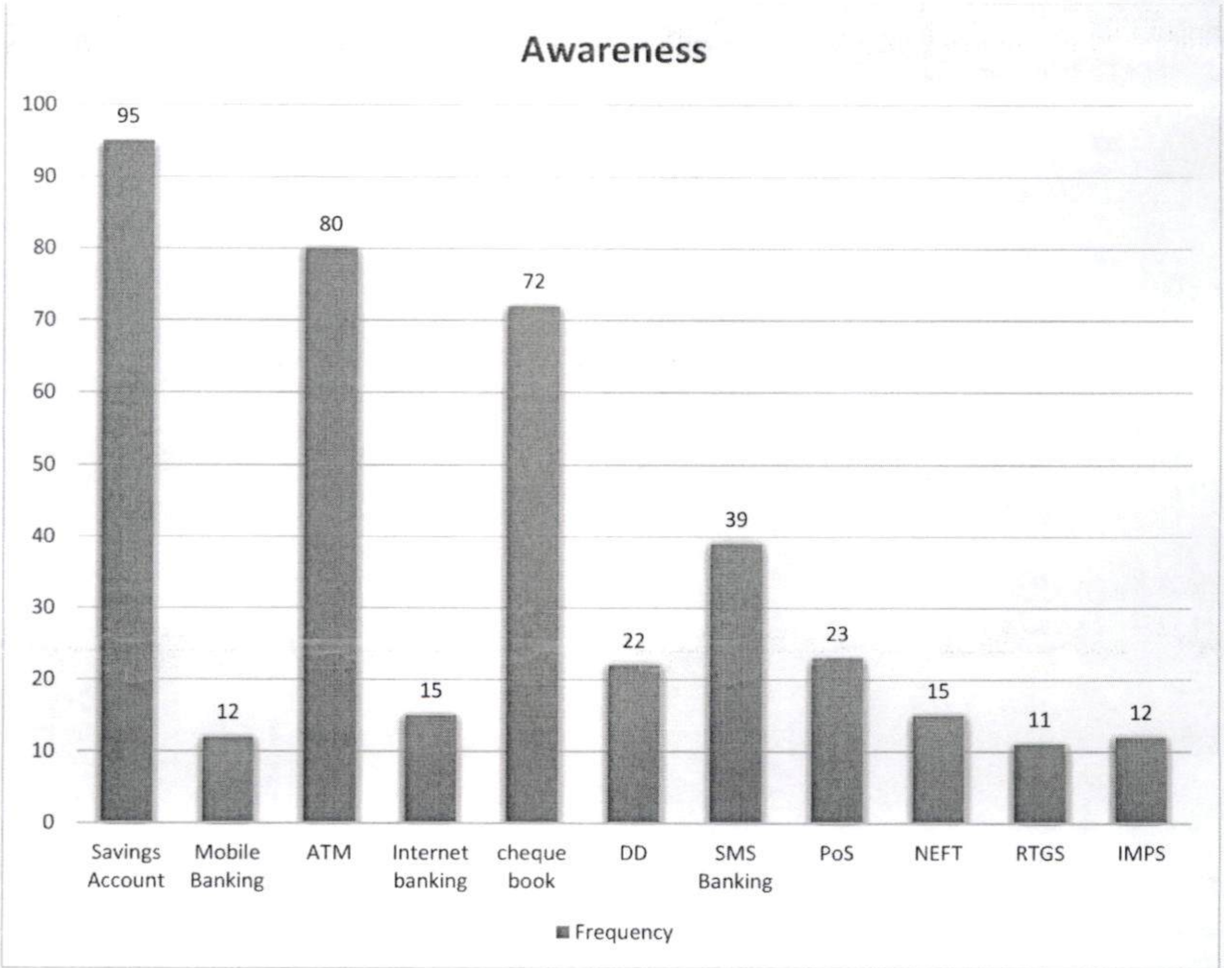


Table 5.30 states the banking awareness among high school students. From the listed banking, facilities the respondents are mostly aware of the savings bank account with 95 per cent. In addition, the second positon held by the ATM facility with 80 per cent and followed by checkbook, SMS banking and PoS facilities respectively. The awareness level of internet banking, NEFT, Mobile Banking, IMPS and RTGS are lack in the sample respondent.

5.31 Bank facility and services used by the students

Table 5.31 Bank facility and services used by the students

Particulars	Frequency	Per cent
Savings Account	63	63.0
Mobile Banking	8	8.0
ATM	71	71.0
Internet banking	8	8.0
cheque book	53	53.0
DD	3	3.0
SMS Banking	3	3.0
PoS	17	17.0
NEFT	3	3.0
RTGS	3	3.0
IMPS	3	3.0

Source: Primary data

Figure 5.31 Bank facility and services used by the students

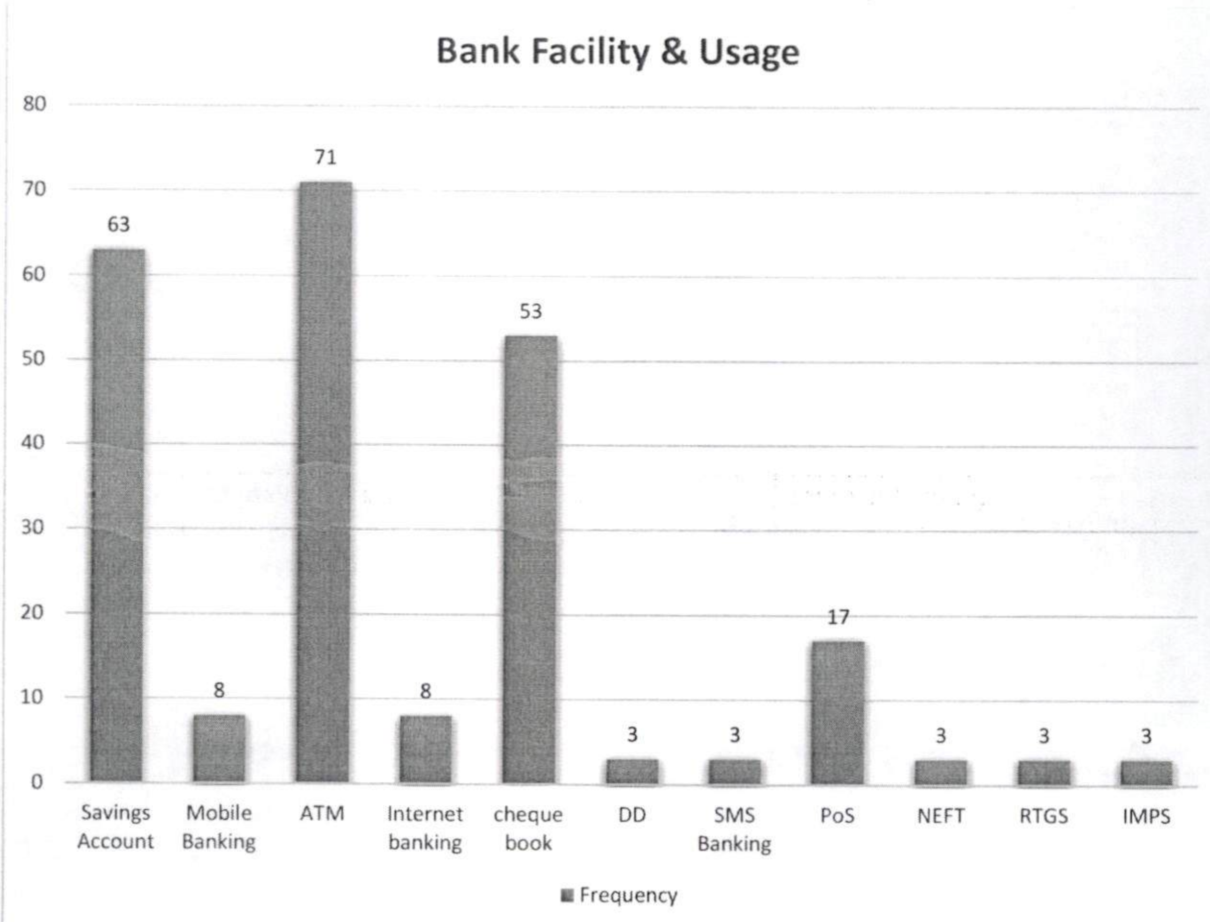


Table 5.31 show the banking facility and services used by the students. From the study, it is observed that 71 percent of the students have used the ATM. Even though 63 percent of the students are only having the savings bank account. In addition, it is noted that 53 of the students have used Chequebook and 17 percent of the students uses PoS facility. The rest of the facility have not used by the students on a large scale.

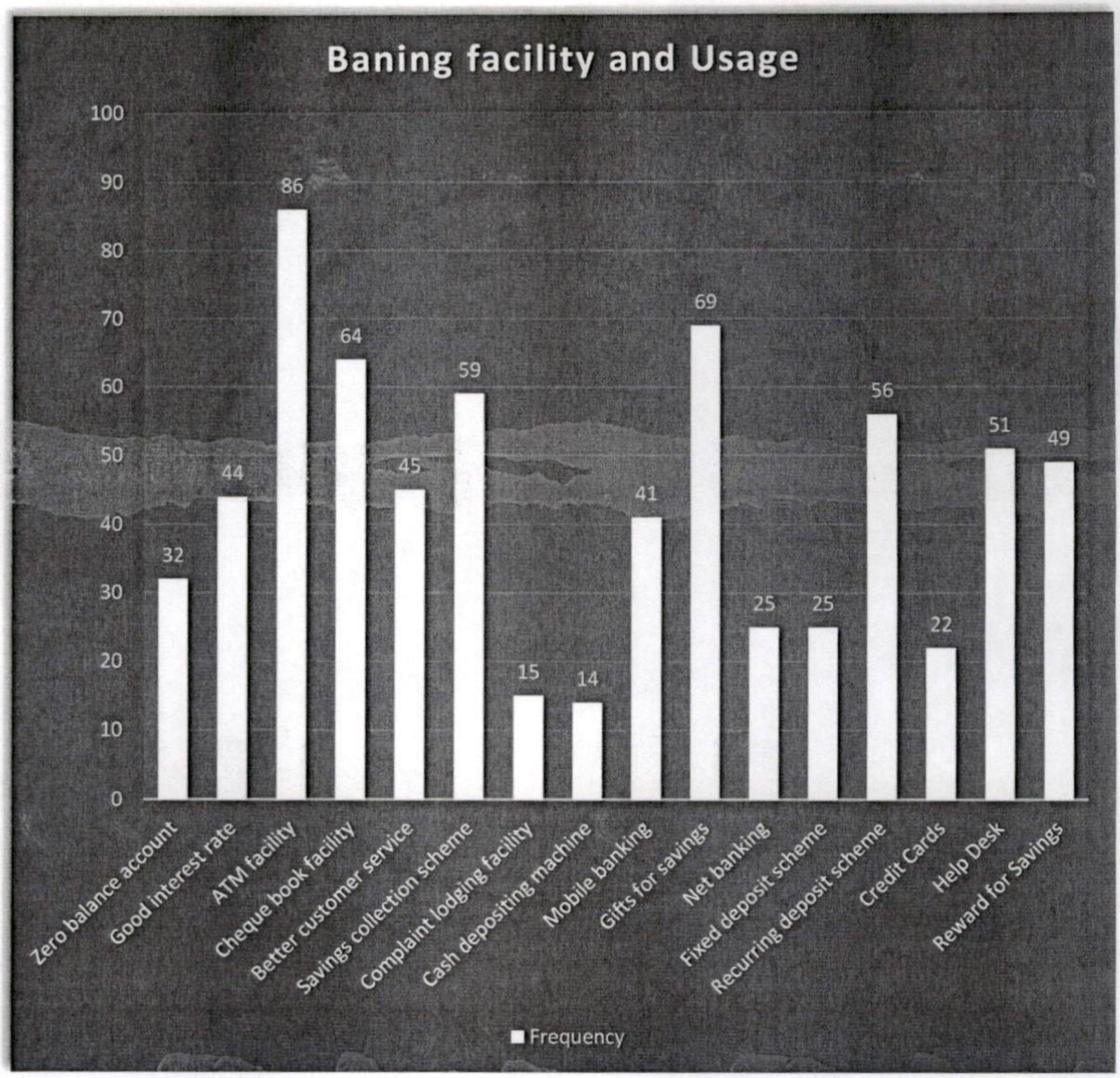
5.32 Expectation and banking facilities and services

Table 5.32 Expectation and banking facilities and services

Particulars	Frequency	Per cent
Zero balance account	32	32.0
Good interest rate	44	44.0
ATM facility	86	86.0
Cheque book facility	64	64.0
Better customer service	45	45.0
Savings collection scheme	59	59.0
Complaint lodging facility	15	15.0
Cash depositing machine	14	14.0
Mobile banking	41	41.0
Gifts for savings	69	69.0
Net banking	25	25.0
Fixed deposit scheme	25	25.0
Recurring deposit scheme	56	56.0
Credit Cards	22	22.0
Help Desk	51	51.0
Reward for Savings	49	49.0

Source: Primary data

Figure 5.32 Expectation and banking facilities and services



Expectation about the banking facility has been studied in the table 5.32. 86 percent of the students have an interest in having an ATM facility for their savings bank account. In addition, it is observed that they are expecting a gift or reward for their small saving. Chequebook facility and savings collecting scheme are the facilities students are looking at.

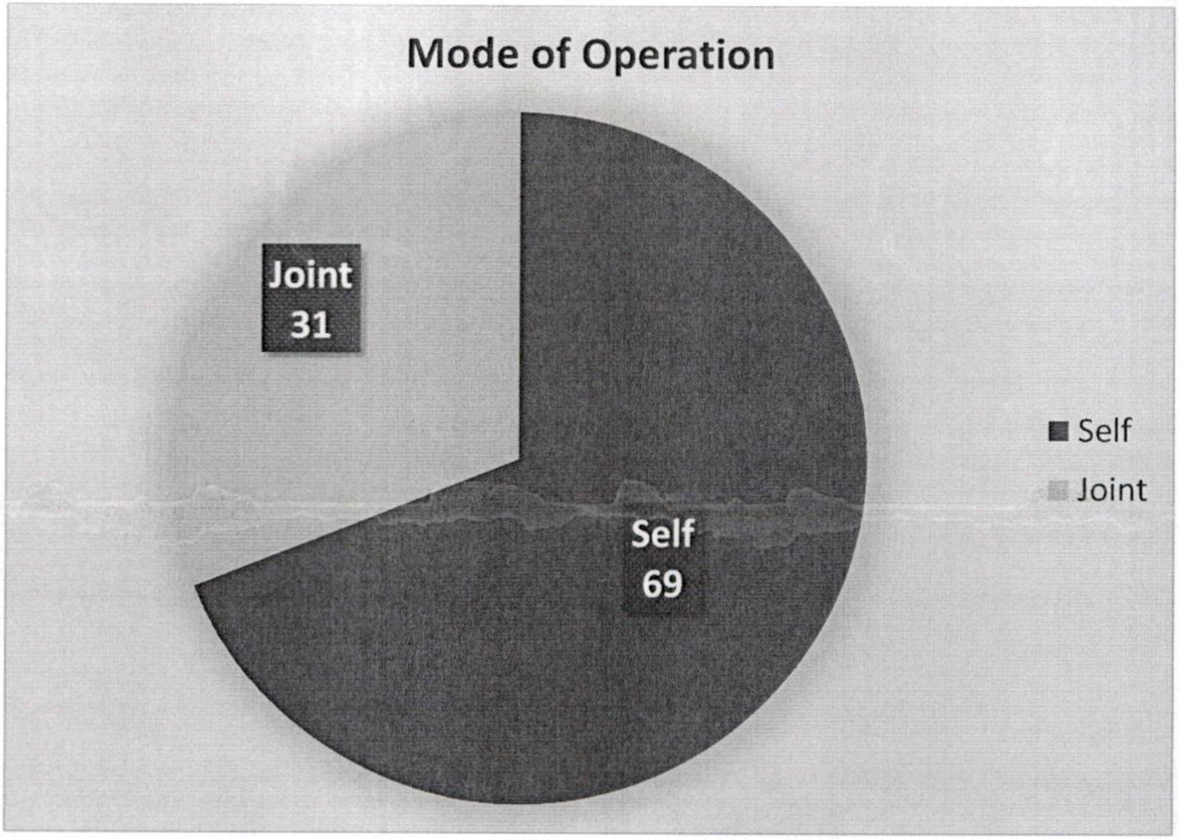
5.33 Mode of operation

Table 5.33 Mode of operation

Particulars	Frequency	Per cent
Self	44	69.0
Joint	19	31.0
Total	63	100.0

Source: Primary data

Figure 5.33 Mode of operation



From the above table 5.33 show the mode of operation done by the students. From this analysis 69 percent of the respondents done their banking operations by themselves. Rest of the respondents belongs to the category of joint account by having 31 percent of the total students.

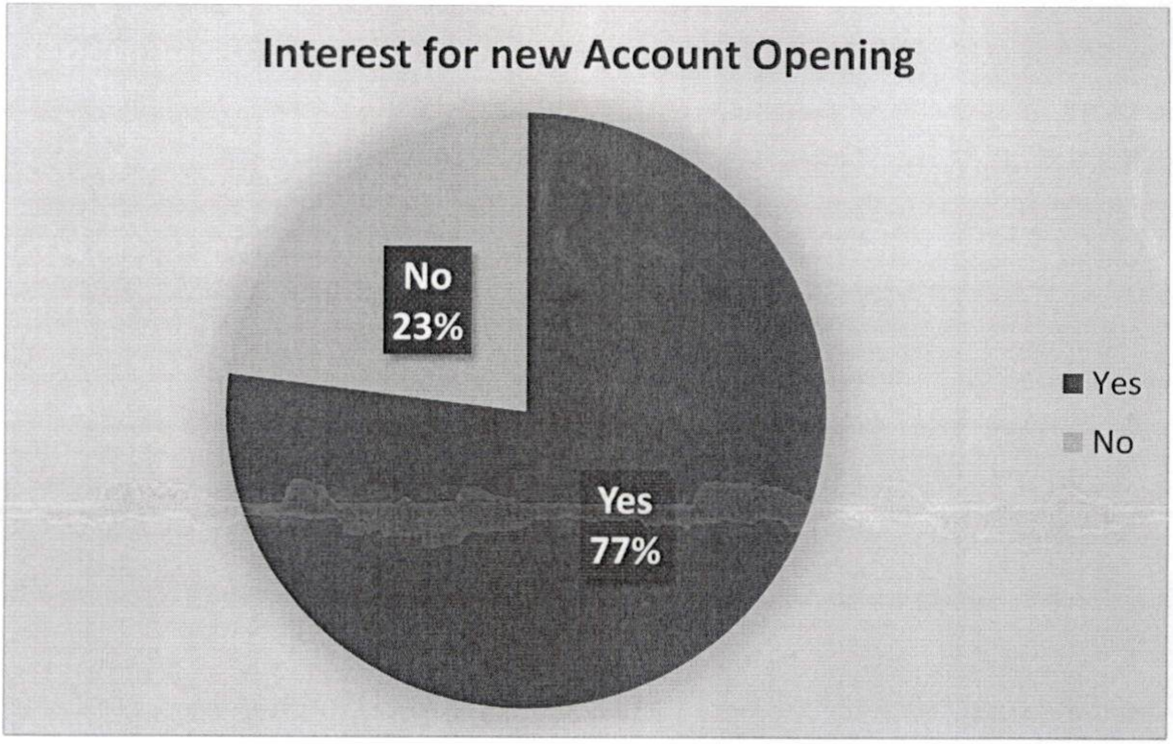
5.34 Interest for opening a new savings account.

Table 5.34 Interest for opening a new savings account.

Particulars	Frequency	Per cent
Yes	77	77.0
No	23	23.0
Total	100	100.0

Source: Primary data

Figure 5.34 Interest for opening a new savings account.



From the above table 5.34 shows the respondents interest towards opening a savings account. It could be identified that 77 percent of the respondents who are interested to open a savings account. Only 23 percent of the respondent are not interested to open a new savings account. From the analysis, it can be observed that the reason for not showing interest towards opening a new saving account may be due to lack of money or time.

CHAPTER - VI

SUMMARY OF FINDING, SUGGESTIONS & CONCLUSION

6.1 INTRODUCTION

Savings habit and banking awareness among students helps to know the saving pattern and banking awareness among students. This chapter attempts to analyze the savings habit and awareness among high schools students. From the point of views of students by examining their saving habit and banking awareness, we could make a conclusion that whether they are really having a saving habit and banking awareness among them. For the purpose of the study, 100 high school students from two schools of Palakkad district both from rural and urban area were selected and analyzed with the help of percentages, Likert scale and indices. This chapter is divided into two sections viz; socioeconomic profile & Saving Habit & Banking Awareness among high school students.

6.2 Findings

The major finding can be summarized as below.

1) From the study it is observed that majority of the students are having a savings bank account. It is also found that the male students are dominant in having savings bank account with 89 percent of the total students who have a bank account. Only a few female students are having savings bank account with 11 percent. So there's significant difference in the male and female who have a savings bank account.

2) The majority of the students who doesn't have a bank account is due to lack of money and some find any use of having a bank account. Also it is noted that they don't know to operate a bank account and unaware about banking. All these are the main reasons for not having a bank account.

3) From the study it is observed that majority of the students who have a bank account belong to the time period of more than 2 years with 57 percent of the total students who have a bank account, also 27 students uses the bank account in a period of 1-2 years and only up to 16 students have opened their account in less than a year. This implies that students open their account at their entry into the high school. Also it can be noted that majority of the students have the bank account which enables them to save something for their needs.

4) Income is a main source for saving. From this study it is understood that 80 percent of the students are getting pocket money from parents or from others as small source of income. So this could be taken into consideration for having a small saving habit.

5) Also it is important to note that majority of the students also spend for their needs. This study states that 76 percent of the students on an average spend their small saving to purchase for their needs. So from this we can conclude that students have a saving habit for a particular reason.

6) Sum of 81 percent of the students have a small savings with them and less than 20 percent are not having any saving with them. So students save their small saving either keep with themselves or in their bank account.

7) The use of ATM is comparatively high among the students, the study observed the use of ATM of their own or their family members or others. The Use of Chequebook is also dominant among students, whereas other facilities like use of mobile banking, net banking, PoS, E-Statement, etc. is very low. Unaware about banking and its services are the major reason for the lack of usage of all these facilities. Also it is observed that the technological adopted facility and services are not aware about the students.

8) The student uses most of the facility for a time period of 1-3 years and about a majority started using various features of the bank in less than a year.

9) Also among the students it was observed that none of the students are not bothered about the bank they are banking with. Out of the total bank account holders only 2 percent of them have shifted their bank account from one bank to another. The reason observed was due to the change in the residence and better service in another bank.

10) Frequency of transaction in the bank is not active. From the total bank account holders 19 percent of the students use bank transactions on a regular basis whereas

most of the students uses the bank transactions rarely and only a few students do the transactions occasionally.

11) It was observed that only 20 percent of the students do deposit their small saving regularly and almost the majority, 46 percent visit the bank to deposit their saving rarely and about 34 percent of the students deposit their savings occasionally. In case of withdrawal also it is was observed that 64 percent of the students withdraw cash from the bank rarely and 20 percent visit the bank occasionally and 14 percent students withdraw cash from the bank regularly. So it can be concluded that majority of the students are not regular at the bank. They are visiting the bank rarely for having their transactions done.

12) From the study it was observed that 72 percent of the students have a savings habit and 28 percent of the students are not interested in savings. So it can be concluded that the students are having a good savings habit. Savings awareness among students are there and it can be taken like they are lacking banking awareness. Students save the small savings for their small needs like to buy something special, for emergencies or for a safe custody. Some students are inspired by their parents and friends and do save. Students also save for their vacation and even some students save to simply have more money with them.

13) Banking awareness was studied in this study, majority of the students responded that they are aware a about few banking facilities. From the entire study it was observed that majority of the students are aware about the savings bank account, ATM, Chequebook. Students are unaware about the rest of the facilities provided by the bank.

14) Also it was found that students uses only the savings account, ATM and the Chequebook. PoS are also used by some of the students. So it is clear that lack of banking awareness was one of the major reason for that.

6.3 Major suggestions

The major Suggestions can be summarized as below.

1. The students should be given more awareness about banking and its services. It was found that majority of the students are having a saving habit, so it will help them to make use of the banking facilities. It can be a step towards the improvement of financially literacy among students.

2. From the study it was understood that majority of the female students are not having bank account. Female students should be given more awareness. Financial literacy among female students should be given more importance

3. The students should be provided with better services and user friendly products. From the study, it can be seen that the students are expecting a savings account with ATM facility and Cheque book. The use of technologically enabled services are not used by the students on a large scale. So it is better to offer a savings account with these facilities and the withdrawal frequency is comparatively low so it want be a big burden for the bank also.

4. The frequency of transaction is comparatively low among students. Unawareness about banking is the main reason for that. So giving financially literacy among students can bring them forward and build a better youth for the nation.

5. Students are interested in having a savings bank account, so it will be a good decision if banks starts a bank account opening campaign as a part of financial literacy. Female students are lagging behind and more focus should be given to them and bring them forward.

6. Students are aware about some of the facilities of banking, so proper guidance and information can make them aware about technologically advanced services like net banking and mobile banking facilities.

7. Student's uses the PoS facility, so ATM and the technologically enabled services can bring them forward in doing transaction in a friendlier manner.

6.4 Conclusion

Everyone needs banks, but not everyone understands how banks work, or the role they play in the world's economy. A bank is not only about saving money, it's also about managing money. Opening an account is a smart move – it means that you can access a service that helps you control your money, which may help you borrow at some time in future, if you need to do so. A savings account is an interest-bearing deposit account held at a bank or another financial institution that provides a modest interest rate. Banks or financial institutions may limit the number of withdrawals you can make from your savings account each month, and they may charge fees unless you maintain a certain average monthly balance in the account. In most cases, banks do not provide checks with savings accounts.

For a student it is very important to have a savings bank account, it helps them to have their small savings account safe and secured. The social aspect of children's banking can't be underestimated. Allowing the students into the bank with you to learn the deposit or withdrawal process with a teller helps make the experience real for them, perhaps more so than if they watch you send them an electronic transfer for their pocket money. The same can be said of School banking, where saving is a social activity that the whole class takes part in on a particular day every week. There's a lot to be said for the positive feelings students associate with money when they're all working on their savings at the same time.

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KERALA AGRICULTURAL UNIVERSITY

COLLEGE OF CO-OPERATION, BANKING AND MANAGEMENT

VELLANIKKARA, THRISSUR

MBA IN AGRIBUSINESS MANAGEMENT

A STUDY ON SAVING HABIT AMONG HIGH SCHOOL STUDENTS

A STUDY WITH SPECIAL REFERENCE TO PALAKKAD DISTRICT

INTERVIEW SCHEDULE FOR STUDENTS

(FOR ACADEMIC PURPOSE ONLY)

Socio-economic profile

1. Name:____________________________
2. Class :- ___________________________
3. Gender: Male ☐ Female ☐
4. Place of residence: Rural ☐ Urban ☐
5. Parents Occupation: Self-employed ☐ Wage employed ☐ Unemployed ☐
   Salaried ☐ Retired ☐ Others ☐
6. Average Monthly Family Income (in ₹) : Below ₹10000 ☐ ₹10000- ₹25000 ☐
   ₹25000- ₹50000 ☐ Above ₹50000 ☐
7. Do you have a savings bank account: Yes ☐ No ☐

8. If no, why? (Tick all that apply). If yes, go to question 3.

   1. Lack of money ☐
   2. Unaware about banking ☐
   3. Lack of time ☐
   4. Don't find them very helpful ☐
   5. Nobody else in my house has one ☐
   6. Don't know to use it ☐
   7. Far away from my place ☐
   8. Fear and Inhibition ☐

9. How long you have been using a bank account?

Less than 1 Year ☐ 1 year- 2 years ☐ more than 2 years ☐

10. How many bank accounts you are having?

1 account ☐ 2 account ☐ more than 2 account ☐ Nil ☐

11. Name of the banks? ____________________________

12. Would you get money from parents or from others as pocket money?

Yes ☐ No ☐

13. Do you spend money to purchase something?

Yes ☐ No ☐

14. Do you have any money saved?

Yes ☐ No ☐

15. How long you are using a savings bank account and services? (tick all that apply)

Particulars	Savings Account	Check Book	ATM	Mobile Banking	POS	Net Banking	E Statements
Not Using							
Less than 1 Year							
1 year- 3 years							
More than 3 years							

16. Have you ever changed from one bank to another? Yes ☐ No ☐

17. If yes, what is the reason for shifting from this bank?

1. Changed the residence area ☐
2. Because I did not like my bank ☐
3. Because someone told me that another bank was better than the one I was banking with ☐
4. Because my new bank offers better services ☐
5. Bank is not treating me well ☐

18. Frequency of transactions?(tick the relevant answer)

Rarely ☐ Regularly Occasionally ☐

19. About how often do you deposit money in your bank account?

Rarely ☐ Regularly ☐ Occasionally ☐

20. About how often do you withdraw money from your bank account?

Rarely ☐ Regularly ☐ Occasionally ☐

21. Do you save regularly?(tick the relevant answer)

Yes ☐ No ☐

22. If you do save, why do you save? (tick all that apply)

1. Parents tell me to ☐
2. Friends also save ☐
3. For something special I want to buy ☐
4. For a holiday and tour ☐
5. For emergencies ☐
6. Simply to have more money ☐
7. For a safe Custody ☐

23. Are you aware about the banking facilities you receive from the bank, Facilities that you have and used from the bank & rate most used facility from 1-11 (tick all that apply)

No	Facility	Aware	Used	Rating
1	Savings Account			
2	Mobile Banking			

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3	ATM			
4	Internet banking			
5	cheque book			
6	DD			
7	SMS Banking			
8	PoS			
9	NEFT			
10	RTGS			
11	IMPS			

24. What is your Expectation about Savings account? (tick all that apply)

Zero Balance Account		Mobile Banking	
Good Interest Rates		Gifts for Savings	
ATM Facility		Net Banking	
Cheque Book Facility		Fixed Deposit Schemes	
Better Customer Service		Recurring Deposit Schemes	
Savings Collection Scheme		Credit Cards	
Complaint Lodging Facility		Help Desk	
CDM		Rewards for Savings	

25. Mode of operation?

Self ☐ Joint ☐

26. Interest for opening a new savings account?

Yes ☐ No ☐

THANK YOU