

Customer Satisfaction in Operation of Pradhan Mantri Jan Dhan Yojana (PMJDY) Account: An Empirical Evidence

Dr. R. Magesh Kumar,

Assistant Professor,
Karunya Institute of Technology and Sciences,
School of Management, Coimbatore, India.

Dr. C. Samuel Joseph,

Professor,
Karunya Institute of Technology and Sciences,
School of Management, Coimbatore, India.

ABSTRACT

Financial inclusion is the buzzword for the Government of India for attempting towards inclusive growth. Pradhan Mantri Jan-Dhan Yojana (PMJDY) is the national mission of Government of India for achieving the goal for financial inclusion. This national project has a determined goal of ensuring all the households in the country should have a bank account and access to all the financial services provided by the banks. This is an empirical study that attempts to capture the perception of customers on PMJDY towards operationalization of bank account. The result obtained on multiple regression analysis from the various constructs on operationalization of PMJDY account indicate that advertisement, economic development are most important predictor of the dependent variable whereas bank employee behavior and customer satisfaction have less impact on the operationalization of PMJDY account. The outcome of this research throws some insight to understand the bank customer's perception towards operationalization of PMJDY account which will be supportive to management practitioners, bank authorities and policy makers to design appropriate marketing strategies.

Keywords: Financial Inclusion, Pradhan Mantri Jan Dhan Yojana (PMJDY), Financial Economics, Economic Development, Financial Services, Financial Literacy.

INTRODUCTION:

Inclusive economic growth is one of the important focuses of the Government of India (GOI) over the past years. The slew of economic reforms made in the banking industry has played an enormous role in the growth of Indian economy. Inclusive growth can lead to a sustainable growth in the long run (George, 2011). Sarma and Pais (2008) defined financial inclusion as the process of providing access, availability, and usage of formal financial services at ease to all the members of the society. Murari and Didwania (2010) hinted that the formal financial services should reach all the households, enterprises and traders at an affordable cost. Kuri and Leha (2011) explained it as a process of bringing the poorer people within the influence of formal financial system. Bagli and Dutta (2012), has indicated holding a bank account will enable a person to access to savings, credit, payments, insurance and other financial products. Shah and Dubhashi, (2015) has witnessed the origin of financial inclusion can be tracked to the initiatives of United Nations, which largely explains inclusion refers to the access to various kinds of financial services to all households at a reasonable cost.

In the recent years, financial inclusion has become a global agenda across the world for achieving sustainable and economic development of the country. Many empirical studies revealed that greater outreach and accessibility of finance in small firms in many countries has got a greater growth rate (Beck et al, 2006). Increase in accessibility of finance plays a greater role in reducing the inequality and increasing the income of the poor people. (Li et al, 1997). Sumi Goswami (2014) has observed that Reserve bank of India (RBI) has given more priority to financial inclusion during the last decade. Product based approach, bank led approach,

regulatory approach, technology based approach, knowledge based approach, are the various approaches embraced by the government in order to push financial inclusion to next level (Sonu Garg and Parul Agarwal, 2014). Financial inclusion should be approached as a strategy supported by various determining factors like technology, financial education, counseling and society (Lokeshwara and Tulasi Rao, 2015).

The appropriate literature has been reviewed to understand the recent research work and to identify the research gap based on which the hypothesis are developed and tested. The present study attempts to capture the perception of customers on PMJDY towards operationalization of bank account. The manuscript of the research paper has been built as literature review as section 2, followed by research objectives, methodology, analysis, results and discussions, managerial implications and concludes with future research agenda.

LITERATURE REVIEW:

The earlier studies carried out in the related government schemes of financial inclusion have analyzed in detail nationally and globally. The pertinent study included in this section provides the base for the development of hypothesis and appropriate items of the interview schedule.

Beck and De la Torre, (2006) has observed that the outreach of financial services to an area is referred as breadth of financial services. In common term breadth indicates how many people have access to financial services. Even though financial inclusion signifies a various range of financial services, the real measure of breadth of financial services indicates how many people have really access to a bank account. Even though bank account is one measurement of financial inclusion, it determines access to many other financial services (Little field et al, 1997). Peachey and roe, (2006) has observed, even though the poor people require flexible financial products and services, bank savings account require a high minimum balance which act as a barrier in opening a bank account. The study disagrees with the findings of the Kempson (2006) and suggests that level of income and occupation are the predominant determinants of access to credit and savings. Households, rural, village and poor borrowers were not bankable and are neglected by the banks unless compelled by the policy. Further formal financial services will be delivered to the poor people only after banks were compelled by the government (Burgess and Pande, (2003) Leeladhar, (2006); Basu, (2006)). Bhole et. al, (2009) has identified from the study that branchless banking, in some circumstances work moderately well for the provision of no-frill savings accounts but not if this is the only product offered. Offering savings products alone is simply not a viable arrangement for the bank.

Opening of bank account is not a daunting task when continued to the continuous operation of bank account which poses a difficult task. Emphasis should be on improving the financial literacy and quality training program which can influence better usage than compared to quantity of opening of account. Thereby it is suggested, life insurance and accidental cover and credit facilities should be given to all account holders Pujari (2016). This was again concluded by Meera et.al 2017 that public sector banks perform better than the regional rural banks on the agenda of Jandhan yojana scheme. Objective of the scheme is not just the opening of bank account but continuous operation of such opened bank account, as it evident that there is increasing trend of balance maintained in Jandhan yojana account in recent years. Kumar and Joseph (2016) have identified multiple factors affect the utilization of basic savings bank deposit account. Business correspondent's service, and borrowings, predominantly affects the utilization of the bank account. Kaur and Walia, (2016) has asserted that the people in Tamilnadu, were not aware of the scheme regarding insurance, accident insurance and overdraft but have better awareness as compared with the Assam and Bihar. Thereby government and RBI should conduct proper training to educate the customers. Sarma and Pais (2008) has done a cross country analysis and suggested that, a country possessing a low GDP has a significant difference in income inequality, less financial literacy and urbanization and more financially excluded.

OBJECTIVE OF THE STUDY:

The review of literature conducted revealed a lack of research attempt focused on PMJDY from the viewpoint of bank customers. Prior studies have focused their study to understand the underlying reasons and perception of customers for opening the bank accounts under PMJDY. Therefore, in this study the researcher has investigated the various constructs of operation of PMJDY account on Customer satisfaction

RESEARCH METHODOLOGY:

Description of the Sample:

Data were collected from the respondents using Snowball sampling technique, with the sample size of 100 in

the Dindigul district of Tamilnadu from the customers of Jandhan Yojana bank account. The researcher has personally contacted and requested the respondents to provide the detail which has yielded the sample size of 100 from the bank customers of PMJDY in Dindigul locality.

Description of the tools used:

The present study has adopted a survey method of approach as the purpose of the study is to understand the perception of the customers for better operationalization of bank account (Fisher et al.1993). An Indepth interview schedule is used as research instrument, since the study requires collecting the personal opinion of the respondents and the research has a specific objective (Parasuraman et al. 2005). The Interview schedule of the study with five point Likert scale (strongly disagree to strongly agree) was used as an instrument to collect the data from the customers of Jandhan yojana bank account. The research instrument developed is dispersed among few industry experts in banking industry and academic research experts for their evaluation. Based on the content validity as suggested by Lawsche, 1975, all the items in the schedule which was above the threshold level (0.75) were used for the study.

Scope of the Study:

Scope of the study was limited to public sector banks of various blocks in Dindigul district and to understand the perception of customers in Operationalization of PMJDY bank account.

ANALYSIS AND INTERPRETATION:

The respondents are requested to fill the interview schedule which includes 41 items relating to understand the perception of customers in Operationalization of PMJDY bank account.

The Kaiser-Mayer-Olkin (KMO) test is used as a measurement for conducting factor analysis. The KMO of the study was found to 0.72 which is well above the threshold limit of 0.6 (Kline, 1994). Thereby it indicates that the interview schedule can be used further for conducting factor analysis.

Factor Analysis:

Based on the detail provided in the interview schedule by the customers a factor analysis is deployed to extract the factors of Customer satisfaction in operation of PMJDY account. The reliability of the items used in the schedule is measured by using cronbach's alpha. The cronbach's alpha results for the items were found to be 0.854 which is above the threshold level (Hair et al., 2006).

Table 1: Reliability Statistics

| Cronbach's Alpha | N of Items |
|------------------|------------|
| .854 | 41 |

Table 2: KMO and Bartlett's Test

| | |
|--------------------------------------------------|------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | .720 |
|--------------------------------------------------|------|

Exploratory Factor Analysis (EFA):

EFA is used to extract the factors from the variables. To use Exploratory Factor Analysis the data should follow normal distribution. One of the simple ways to check the normality is to identify the mean and standard deviation of each variable. The mean of the items are between 2.06 to 3.96 and all the mean of the items are greater than the standard deviation. This confirms the data has followed normal distribution. Using Exploratory Factor Analysis (EFA) were extracted namely as Bank loan, Bank employee behavior, Bank product, Economic development, Advertisement, Easy account procedures, Customer satisfaction, and operationalization of bank account. All the factors were loaded more than 50% which refers convergent validity established. (Hair et al., 2006).

Table 3: Rotated Component Matrix

| Particulars | Components | | | | | | |
|-------------------------------------------------------------------|------------|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Bank Employee Behavior | | | | | | | |
| Bank staff assistance in opening the bank account is satisfactory | 0.723 | | | | | | |

| Particulars | Components | | | | | | |
|-----------------------------------------------------------------------|------------|-------|-------|-------|-------|-------|-------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Bank staff solve all the customer problems effectively | 0.724 | | | | | | |
| Bank staff help in doing bank transaction is satisfactory | 0.527 | | | | | | |
| Business Correspondent render service at my door steps | 0.546 | | | | | | |
| I am able to get children's education fund | 0.588 | | | | | | |
| Advertisement | | | | | | | |
| Newspaper advertisement is useful in knowing about bank account | | 0.653 | | | | | |
| I came to know about bank account through TV/Radio advertisement | | 0.674 | | | | | |
| Economic development | | | | | | | |
| Bank account improved my standard of living | | | 0.643 | | | | |
| Bank account is useful in meeting my expenses | | | 0.607 | | | | |
| I use ATM and Debit card continuously for bank transactions | | | | 0.663 | | | |
| Easy Bank account Procedures | | | | | | | |
| To open bank account minimum document is required | | | | 0.585 | | | |
| Less time is required for opening bank account | | | | 0.610 | | | |
| I am able to do deposit and withdraw small amount in my bank account | | | | 0.620 | | | |
| I receive bank statement in time | | | | 0.560 | | | |
| Bank Loan | | | | | | | |
| I can get bank loan easily | | | | | 0.760 | | |
| It is easy to return bank loan | | | | | 0.588 | | |
| Bank loan solved my financial problem | | | | | 0.592 | | |
| I am able to get children's education fund | | | | | 0.588 | | |
| Financial Products | | | | | | | |
| Accident insurance scheme is useful and attractive | | | | | | 0.660 | |
| I get old age pension with in the stipulated time | | | | | | 0.620 | |
| Life insurance scheme is very useful | | | | | | 0.573 | |
| Satisfaction | | | | | | | |
| The bank financial advice is satisfactory to operate the bank account | | | | | | | 0.757 |
| Bank motivates me to use the account continuously | | | | | | | 0.518 |
| I am satisfied in getting the government benefit | | | | | | | 0.765 |
| Operation of bank account | | | | | | | |
| I am satisfied with the operation of my bank account | | | | | | | 0.734 |

Extraction Method: Principal Component Analysis

Influence of various factors influencing Operationalization of PMJDY account:

A multiple regression was performed to predict the respondent's perception towards various factors influencing

Operationalization of PMJDY account. Multiple regression in a research helps to understand the influence of the dependent variable (Satisfaction towards Operationalization of PMJDY account) on several independent variables such as Bank loan, Bank employee behavior, Bank product, Economic development, Advertisement, Easy account procedures, and Customer satisfaction. The results are depicted in the table 4 (a) respectively.

Table 4 (a): Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------|----------|-------------------|----------------------------|
| 1 | .532a | .283 | .228 | .71403 |

a. Predictors: (Constant), Customer_Satisfaction, Easy_Bank_Account_Procedures, Financial_Products, Advertisement, Bank_Loan, Bank_Employee_behavior, Economic_Development

b. Dependent Variable: Operation_bank_account

From the table, the value of R is the multiple regression coefficient which measures the quality of the prediction of the dependent variable i.e. Satisfaction on operationalization of PMJDY account. The obtained value of 0.283 indicates that the independent variables explain 28.3% of the dependent variable of the study.

Table 4 (b): ANOVA

| ANOVA ^a | | | | | |
|--------------------|----------------|-----------|-------------|-------|-------------------|
| Model | Sum of Squares | df | Mean Square | F | Sig. |
| Regression | 18.485 | 7 | 2.641 | 5.179 | .000 ^b |
| Residual | 46.905 | 92 | .510 | | |
| Total | 65.390 | 99 | | | |

a. Dependent Variable: Operation of bank account

b. Predictors: (Constant),Customer Satisfaction, Easy Bank Account Procedures, Financial Products, Advertisement, Bank Loan, Bank Employee behavior, Economic Development

From the table 4 (b) the significant value of the model (0.000) is less than 0.05. Thus this value indicates that there is a significant difference between various factors and Satisfaction on operationalization of PMJDY account. The regression coefficients for the various factors influencing operationalization of PMJDY account are presented in the table 4(c)

Table 4 (c): Model Coefficient

| Coefficients ^a | | | | | |
|------------------------------|-----------------------------|------------|---------------------------|--------|------|
| Model | Unstandardized Coefficients | | Standardized Coefficients | | Sig. |
| | B | Std. Error | Beta | | |
| | | | t | | |
| (Constant) | 2.547 | .726 | | 3.508 | .001 |
| Bank Employee Behavior | .037 | .168 | .026 | .223 | .824 |
| Advertisement | .294 | .125 | .273 | 2.343 | .021 |
| Economic Development | .398 | .202 | .234 | 1.966 | .052 |
| Easy Bank Account Procedures | -.370 | .188 | -.210 | -1.961 | .053 |
| Bank Loan | -.418 | .169 | -.269 | -2.481 | .015 |
| Financial Products | -.173 | .148 | -.119 | -1.170 | .245 |
| Customer Satisfaction | .226 | .178 | .148 | 1.271 | .207 |

a. Dependent Variable: Operation of bank account

From the table 4(c) it is concrete that, Advertisement is the most important predictor of the dependent variable (Standard Beta Coefficient=0.273 and t value is 2.343; significant at 0.05 level). The findings also confirms that Economic development is the second most predictor (Standard Beta Coefficient=0.234 and t value is 1.966; significant at 0.05 level). Bank employee behavior and customer satisfaction are statistically significant but have less impact compared with Advertisement and Economic development.

RESULTS AND DISCUSSIONS:

Kumar (2017) has observed, involvement of all people is much required for the success of Jandhan yojana and for the economic development of the country. (Kaur and Walia, 2016). Chowhan and Pande, (2014) have concluded that focus of Jandhan yojana scheme will enable the underprivileged community to understand the basic banking and financial systems. Somani and Nahar, (2015) specifies that usage of Jandhan yojana will reduce poverty and it will solve the various problem of the people. Sreevidya (2016) indicates the current development of PMJDY has to go through a long way in achieving the mission of financial inclusion particularly in rural area. The number of bank account accounts of Jandhan yojana under public and private banks was increased considerably in the rural area. But still there exists lack of awareness, insufficient documentation illiteracy, low outreach, high interest rate negligence of urban poor, low education level, late payment high transaction cost were the problems faced under Jandhan yojana scheme of financial inclusion. Effective implementation of this account will able to get rid of money lenders, inculcate the habit of saving and access the string of financial products and services. The study by Kumar and Joseph (2016) have concluded that receipt of old age benefit, investment advice, timely bank statement, business correspondent service, bank borrowings are found high influencing for better utilization of basic savings bank deposit account. The results of the study suggest better operationalization of PMJDY account is a daunting task for the bank and the government authorities. The effect of various demographic characteristics doesn't impact on satisfaction with operationalization of PMJDY account. The findings convey that advertisement on various features of the PMJDY account and Economic development of an individual are statistically significant and have direct and significant impact on factors influencing operationalization of PMJDY account.

CONCLUSIONS, IMPLICATIONS AND FUTURE DIRECTIONS:

Sanjeetha (2017) has critically analyzed the amount of deposits is growing in PMJDY bank account and it can be translated in to a capital formation if utilized as savings and investments properly. So the scheme of Jandhan yojana has a direct impact on the financial enlargement of the country. This dilemma has to be addressed for the success mission of financial inclusion. An attempt has been made by the researcher to understand the perception of the customers towards various factors influencing the Operationalization of PMJDY account. The coverage of the sample is limited only to a few selected places in Dindigul district. Future studies can deal with more widely geographical coverage for more accuracy.

The effect of various demographic characteristics on satisfaction with operationalization of PMJDY account will be of help to frame policies accordingly. Bank customer's perception towards Operationalization of PMJDY account will be supportive to management practitioners, bank authorities and policy makers to design appropriate marketing strategies as it is evident from the study that advertisement and Economic development of an individual has a significant impact on Operationalization of PMJDY account. Scope of the study was limited to public sector banks of various blocks in Dindigul district and to understand the perception of customers in Operationalization of PMJDY bank account may not have universal applicability. Problem faced by the existing customer of PMJDY in Operationalization of bank account, and the ways to improve Operationalization of PMJDY account can be taken for future research in this area.

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