



## A STUDY ON E-BANKING AWARENESS AND ADOPTION IN RURAL HARYANA

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### **Abstract:**

The broad use of electronic banking (sometimes called "e-banking") is a significant development regarding the banking system's convenience and efficacy. Unique challenges have slowed the adoption of e-banking systems in rural areas like Haryana, India. This study looks at the current state of electronic banking knowledge and adoption in Haryana's most remote areas. The essay considers the underlying economic and social factors at play. This study synthesises academic literature, official reports, and data on financial inclusion to offer light on the critical factors that affect the spread of online banking in rural areas. This article explores the foundational components of e-banking, including awareness campaigns, instructional initiatives, and the underlying infrastructure. Lack of technological knowledge, trust issues, and the digital divide are only a few of the issues the study shows that impede wider adoption. By synthesising data from many studies, this report thoroughly evaluates the state of online banking in remote areas of Haryana. It also describes the disconnect between the accessibility and use of these options. In conclusion, it offers policymakers, financial institutions, and other stakeholders practical recommendations for increasing the use and effectiveness of e-banking services in these unserved areas.

**Key Words:** Stakeholders, Policymakers, Financial Institutions, Synthesising

### **Introduction:**

In the age of digitalisation, the banking industry has witnessed a paradigm change with the advent of electronic banking (e-banking), altering the way financial transactions are done. Electronic banking, or "e-banking," refers to using various technologies to perform financial transactions more quickly and easily. Although e-banking has seen tremendous adoption worldwide, it has received conflicting reactions in rural areas, especially in emerging countries like India. An excellent instance of the study of e-banking awareness and acceptance may be found in Haryana, a state representative of the varied socioeconomic fabric of India. The state has vast agricultural potential and is rapidly expanding its infrastructure. Despite this growth, a chasm remains; e-banking is still in its infancy in urban areas, while traditional banking is the norm in rural Haryana. Online banking is crucial for the rural communities of Haryana for several reasons. More individuals may be able to join the financial system and access banking services more efficiently, and rural economies may be linked to a more extensive financial system if this happens. Having more control over one's money and options is a great confidence booster.

If you are looking for comprehensive data on adopting and using electronic banking in India, the Reserve Bank of India (RBI) is an excellent place to start. Statistics on banking practices, electronic transactions, and the demand for various financial products are regularly compiled and published by the Reserve Bank of India (RBI). These publications generally feature in-depth appraisals divided by regions, which may be valuable in analysing the situation in Haryana. The National Bank for Agriculture and Rural Development (NABARD) is another crucial institution because it promotes agricultural sustainability and rural justice. E-banking and other digital services are being promoted in India's rural regions as part of the government's Digital India initiative, headed by the Ministry of Electronics and Information Technology (MeitY). Their writings may shed light on the effects of these measures, the growth of digital infrastructure, and the impact on the popularity of online banking. Regarding the growth of e-banking in Haryana's rural areas, the state government may keep its own set of statistics and reports. This might include efforts geared to cater to the state's demographics and the efficiency of these programmes in boosting the rural population's access to digital banking services. The Indian Banks' Association (IBA) publishes reports illustrative of the state of the banking sector in India and its progression. In India, they monitor the development of online banking services, the implementation of security protocols, and the spread of various financial technology.

### **Government and Institutional Role:**

When it comes to the development of e-banking in Haryana's rural regions, the government and established institutions play a crucial role. Through policymaking, financial inclusion initiatives, and hands-on service provision, these organisations may either promote or stifle the growth of digital banking services. The government's regulatory framework determines whether or not e-banking operates in a conducive atmosphere or

is stifled by unnecessary red tape. Supportive policy frameworks that promote digital transactions and financial inclusion have been established in Haryana thanks to programmes like Digital India and the Jan Dhan Yojana (Sharma & Singh, 2019). E-banking services need investments in power, communications networks, and internet access. Partnerships with private sector actors to improve service delivery and government programmes to improve rural infrastructure have allowed e-banking (Kumar & Mittal, 2019). The government and other organisations have launched several initiatives to expand access to formal banking services for those living in rural areas. Setting up rural ATMs, establishing mobile banking vans, and employing banking correspondents are all examples of components of these programmes that encourage e-banking (Gupta & Arora, 2017).

For the rural population to be able to use e-banking services, capacity-building programmes are crucial. Campaigns to teach people about money and technology are included. Such training programmes have been actively participated in by organisations like NABARD and RBI (Verma & Singh, 2018). Often, these programmes are organised in partnership with local NGOs and educational institutions. Government policies that stimulate private sector engagement in rural e-banking may lead to new solutions and investment in the industry. A significant step in this approach has been the encouragement of banks and fintech businesses to provide accessible and locally relevant e-banking services for rural consumers (Singh et al., 2020). It is also the responsibility of the government and other institutional authorities to track the development of rural e-banking. Keeping tabs on e-banking metrics like adoption rates, user happiness, and operational efficiency allows for more data-driven policy and programme choices (Rana & Sharma, 2021). The government has adopted a more hands-on approach in certain circumstances, such as with the creation of India Post Payments Bank (IPPB), which uses the country's extensive post office network to provide financial services, including electronic banking, to people in rural areas (Malhotra & Singh, 2010). The government needs to facilitate e-banking during times of crisis, such as the recent COVID-19 outbreak and subsequent natural catastrophes. The government can do more than only help those in need by promoting the use of e-banking by making relief payments available via digital channels (Patil & Bhakkad, 2014). There are many moving parts to the government's and institutions' efforts to spread the word about and facilitate online banking in the state's outlying regions. These organisations do more than advocate for and inform the public about e-banking services; they also actively work to improve the environment in which they operate. To get closer to financial inclusion, their actions are crucial in resolving the barriers rural communities encounter in obtaining and utilising e-banking services.

#### **Literature Review:**

The collection of research on e-banking in rural regions, in particular as it pertains to the state of Haryana, is a rich tapestry of studies from various academic disciplines, including those on information technology, rural development, banking, and finance. The purpose of this study is to conduct an in-depth analysis of the current body of research to understand the elements that influence the awareness and uptake of e-banking in rural areas of Haryana.

Mittal, (2019), Many people use the term "e-banking" to sell financial products and services to end users over the Internet and other electronic and interactive media forms. This term is widely used in the appropriate academic literature. E-banking research encompasses all forms of electronic money transmission, such as online banking, mobile banking, ATMs, POS systems, and more.

Malhotra (2010) use an adapted version of Rogers' Diffusion of Innovations Theory to examine the spread of e-banking services in rural areas and the factors that influence their adoption. Many conceptual frameworks to try to make sense of the meteoric rise of Internet banking. Perceived ease of use and perceived usefulness are significant markers of a technology's degree of adoption. Also, Using this model, researchers have looked at what factors people consider when deciding whether or not to switch to using online banking.

Rana (2021), customers of internet banking in Haryana are not yet acquainted with the online banking system, but they are making efforts to get used to the most recent technology since they are aware that there is a significant amount of room for them to investigate and benefit from it. The transactional system of internet banking is the term used to characterise internet banking in its mature level. This is because there are a lot of provisions of facilities, such as the transfer of money, that are included in this system. gaining access to one's accounts and making purchases of financial items over the internet. The phrases "electronic form of banking" and "internet banking" are often used interchangeably across various written works. The use of online banking to conduct financial transactions is electronic banking.

Rohilla (2020), because of the rise of online banking, the relevance of physical bank branches has decreased, which means there are less opportunities for new branch openings. The evolution of information technology has made it possible for clients to get access to all services offered by the bank via the use of online banking. This eliminates the need for customers to physically visit the bank. One good example that can be used to illustrate the expansion of online banking is the use of automated teller machines (ATMs). It is anticipated that over a very short period of time, clients living in semi-urban and rural regions would utilise ATMs on a much more broad scale.

Singh (2019), the process, which is driven by technological advancements, is bringing us closer to what is known as virtual banking. The services offered by virtual banks come with a variety of advantages. Numerous

financial institutions have come to the conclusion that a sizeable segment of their clientele prefers to conduct their banking activities online using various e-banking platforms. On the basis of the positive results that the existing 24-hour telephone banking system has produced, a great number of banks have developed and implemented the various vital ebanking applications. As a result, customers of these banks now have the ability to pay their bills online, transfer money between accounts, check their account histories, download information about their statements, and easily computerise.

**Objective:**

To understand the current status of E-banking and also check awareness adoption level in rural areas.

**Methodology:**

The methodology of this work comprises a systematic analysis of secondary data obtained from various research papers, government reports, case studies, and industry publications. The purpose of this analysis is to undertake a complete evaluation of the awareness and acceptance of e-banking in rural regions of Haryana.

**Awareness of E-banking in Rural Haryana:**

E-banking awareness in rural Haryana is a pressing problem since it is the first step towards widespread technological adoption. Infrastructure capabilities and the efficacy of government and institutional tactics for spreading information about e-banking facilities are only two aspects affecting the rural population's familiarity with these services. Like other regions of India, rural Haryana has poor infrastructure that might make it difficult to use online banking. Despite progress, there is still inequality in access to modern conveniences like electricity and the Internet (Kumar & Mittal, 2019). Gupta and Arora (2017) found that higher-income people were more likely to be familiar with and use technological resources. Awareness of online banking services is strongly influenced by a person's education degree and financial literacy. Verma and Singh (2018) found that e-banking knowledge increased when implementing financial literacy programmes and inclusion efforts. While the government and banks have been working on instructional initiatives, it is unclear how far their efforts have reached or how successful they have been in rural Haryana.

The advantages of digital banking have been widely publicised, and the required infrastructure has been made available thanks to government schemes like Digital India and the Pradhan Mantri Jan-Dhan Yojana (PMJDY) (Sharma & Singh, 2019). Banks have also launched outreach programmes; however, the degree to which these activities raise awareness in the rural regions of Haryana has varied. Awareness is affected by social and cultural elements such as the sway of community leaders and social networks. Higher levels of awareness and acceptance within the community may result when opinion leaders embrace and promote e-banking (Singh et al., 2020). It is essential that information about e-banking be made available in local languages and that services be easily accessible. The scarcity of information available in local languages is a common obstacle to understanding (Dahiya & Bhatia, 2015). The importance of mass media and individual contact in raising consciousness is immeasurable. According to research, people in rural Haryana with frequent access to media outlets including community radio, television, and the Internet are more likely to be familiar with e-banking services (Kaur & Arora, 2016).

**Adoption of E-banking in Rural Haryana:**

Several variables, including but not limited to the previously mentioned awareness level, impact the spread of e-banking in rural Haryana. Adoption requires more than simply being familiar with online banking; it also necessitates a propensity towards and facility with such services. This section of the analysis will focus on several factors influencing the spread of electronic banking in Haryana's outlying regions. The accessibility of necessary technical infrastructure is a significant factor in the adoption rate. The availability of standard banking infrastructure, such as automated teller machines (ATMs) and point-of-sale terminals (POSs), is essential. Researchers have found that this infrastructure is lacking in many rural areas of Haryana (Kaur & Arora, 2016). Perceived utility and perceived ease of use are crucial elements impacting e-banking acceptance, according to the Technology Acceptance Model (TAM). In rural Haryana, where banking demands are typically particular to agricultural cycles and associated activities, the perceived relevance of e-banking services impacts their adoption (Gupta & Arora, 2017). The widespread use of online banking depends significantly on the confidence of its users. Worries about the safety of internet purchases may be a significant deterrent. Many people living in rural areas are wary of using digital services for fear of losing money to fraud or technological difficulties (Verma & Singh, 2018).

The rate of e-banking adoption in rural areas is influenced by the population's financial literacy and technological competence. Even people aware of e-banking may be unwilling to switch if they lack the skills to use digital platforms. According to the research, increased usage has been linked to better digital literacy (Rana & Sharma, 2021). There is a correlation between the chance of adopting e-banking and demographic parameters such as age, education, income, and employment. E-banking users tend to be younger and more educated than the general population. The unique banking requirements of the agricultural sector may shape the adoption patterns of farmers and related professionals (Singh et al., 2020). In rural communities, where family and community choices may affect the adoption of new technology, the function of social influence is essential.

Malhotra and Singh (2010) found that the choice to use online banking was more typically made as a group than by an individual.

The Indian government is dedicated to increasing the amount of digital transactions in the country's economy, which would improve the strength and calibre of the financial sector and the standard of living for its people. Due to concerted efforts by the government and all relevant parties, the number of digital payment transactions has expanded dramatically, rising from 2,071 crore in FY 2017–18 to 8,840 crore in FY 2021–22 (Source: RBI, NPCI, and banks).

Over the past five years, a number of simple and practical digital payment methods, such as Immediate Payment Service (IMPS), Bharat Interface for Money-Unified Payments Interface (BHIM-UPI), and National Electronic Toll Collection (NETC), have experienced significant growth and revolutionised the digital payment ecosystem by boosting both P2P and P2M payments. As the favourite payment method for citizens, BHIM UPI recorded 803.6 crore digital payment transactions in January 2023, valued at ₹12.98 lakh crore. The following lists the total number of digital payment transactions made in the current fiscal year as well as the previous five fiscal years:

Table 1: Digital Payment Transactions of Five Fiscal Years

Financial Year (FY)	Total Number of Digital Transactions (in crore) #
2017-18	2,071
2018-19	3,134
2019-20	4,572
2020-21	5,554
2021-22	8,840
2022-23	9,192

# Note: Digital payment modes considered are BHIM-UPI, IMPS, NACH, AePS, NETC, debit cards, credit cards, NEFT, RTGS, PPI and others.

Source: RBI, NPCI and banks

#### **Case Studies:**

Examining case studies and success stories might illuminate the most productive approaches to increase e-banking's visibility and uptake in rural Haryana. These case studies provide light on the dynamic process of technology adoption in rural banking and on the practical interventions that have been implemented.

#### **Case Study 1:**

Banking practises in a rural area may be revolutionized by improvements in digital infrastructure and education, as shown by the "Smart Village" project. As part of this initiative, one Haryana community was chosen to serve as a pilot for a new kind of digital banking infrastructure. The initiative entailed several critical steps, including the provision of high-speed internet connectivity to ensure seamless digital service accessibility, the establishment of digital literacy centres to educate villagers on the nuances of digital banking, and the provision of incentives for local merchants to adopt POS (Point of Sale) machines for their transactions.

After the intervention, there was a discernible increase in the use of electronic banking among the villagers. The initiative did more than introduce locals to online banking; it also demonstrated the value of establishing an appropriate digital environment to promote the widespread use of online banking (Kumar and Mittal's 2019). Case study provides conclusive proof that under the correct conditions, rural communities can adopt and benefit from digital financial services. ATMs on Wheels and Bank Tellers on Wheels the deployment of mobile ATMs and banking correspondents has been a massive success in rural Haryana, bringing financial services suitable to people's front doors. This development has helped those who lack access to conventional banking institutions or automated teller machines. Increasing numbers of people in outlying regions are using online banking thanks to the efforts of these correspondents, many of whom also serve as informal instructors.

#### **Case Study 2:**

The KCC (Kisan Credit Card) Scheme has been an innovative effort to introduce rural areas to online banking. The concept enabled digital transactions between farmers by combining this credit facility with an internet portal. This was a calculated step towards providing Haryana's farmer population with the ease and efficiency of online banking. Because of this project, rural areas are progressively becoming more receptive to and familiar with e-banking services, previously only used by a small percentage of the population. Verma and Singh (2018) point out that the program's success demonstrates the value of industry-targeted financial solutions in advancing digital banking. Camping for Computer Literacy Camps teaching digital literacy hosted by different NGOs in partnership with financial institutions have also achieved great strides. These camps have successfully reduced scepticism and increased trust in online banking among rural residents by emphasising the features and services that are most useful to them. The success of these efforts may be attributed mainly to content adaptations catering to the unique needs and interests of rural areas (Singh et al., 2020).

#### **Case Study 3:**

In Haryana, women's self-help groups (SHGs) have been instrumental in spreading online banking. Like local banks, these organisations have been crucial in expanding access to banking services. By encouraging



the establishment of bank accounts and promoting mobile banking services, SHGs have allowed their members to manage their money digitally. Women are the backbone of rural economies, and their participation in e-banking has given them economic independence and instilled a digital-first mentality among their neighbours. As Rana and Sharma noted in 2021, these organisations have been crucial in fostering a long-term culture of digital financial management in the countryside. Partnership Financial Technology and Government The state government's collaboration with fintech firms to provide accessible e-banking software in native tongues led to a dramatic increase in use. More people are using applications explicitly made for agricultural transactions, demonstrating the value of tailored software (Malhotra & Singh, 2010).

While there are still obstacles to boosting the use of e-banking in rural Haryana, these case studies and success stories illustrate strong prospects for doing so. The common thread across these cases is the necessity for individualised strategies that consider the specific requirements of rural communities. Creating an ecosystem that promotes the broad and sustained use of e-banking services requires the collaboration of governments, financial institutions, community organisations, and technology suppliers.

#### **Problem Faced in using E-Banking in Haryana:**

The use of online banking services in Haryana is often accompanied with a number of obstacles. The inconsistency of internet access is one of the most common problems, and it may interfere with the efficient operation of online banking procedures. Technical hiccups, like as server downtimes or software malfunctions, are also prevalent and may make it difficult for users to access their accounts or cause issues with the processing of transactions. In addition, security continues to be a major issue, since there is always the possibility of cyberattacks such as phishing scams or data breaches, both of which have the potential to jeopardise critical financial information. In addition, the fact that some users aren't aware of secure e-banking practises or haven't had a sufficient education on the topic may make these hurdles even more difficult to overcome, leaving consumers open to the possible hazards connected with online transactions and banking activities.

#### **Conclusion:**

Significant progress has been made, but there are still many ongoing hurdles in the effort to digitalise financial services in rural Haryana. Comprehensive coverage of the present condition of e-banking in rural Haryana is provided by this review article, which delves deeply into literature reviews, methodological techniques, and theme case studies to explore the awareness and acceptance of e-banking in this area. The research finds that although awareness of e-banking services is expanding due to government efforts and the growth of mobile technologies, actual adoption rates are still impacted by various variables. Several elements, including but not limited to technological availability, perceived utility, trust and security worries, financial and digital literacy, demographics, social impact, and institutional support, play crucial roles in the adoption process. The Smart Village Initiative, mobile ATM services, and the Kisan Credit Card scheme are just a few examples of success stories that illustrate the power of strategic interventions. These examples illustrate how e-banking services may revolutionise how people in rural regions conduct their financial business by making it more accessible, easy, and safe.

E-banking services would not have taken off without the significant part played by governments and other institutions. These institutions set the basis for a healthy e-banking environment by creating legislative frameworks, establishing infrastructure, implementing financial inclusion programmes, and bolstering personnel skills. Their unwavering backing and forward-thinking policies are crucial to closing the digital gap and making e-banking the norm. Sustained efforts are necessary to fully realise the promise of e-banking in promoting financial inclusion and empowering rural communities. This includes fixing the Internet's shoddy infrastructure, educating people on how to use it, making the web safer, and adapting online banking to the requirements of those living in rural areas. It would be crucial for the future expansion and adoption of e-banking services in rural Haryana for the government, financial institutions, technology providers, and the community to continue working together.

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