Financial Attitudes and Behaviours: Key Drivers of Financial Inclusion in Malappuram District

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Abstract:

Financial inclusion, which gives those with limited access to basic financial services including savings, credit, insurance, and payments, is critical for fair economic development and the fight against poverty. Financial inclusion, as defined by the Rangarajan Committee (2008), guarantees that low-income households and other vulnerable groups have prompt and reasonably priced access to necessary financial services. Many people continue to be excluded despite major legislative initiatives, which exacerbates economic inequality. Following the nationalisation of banks in 1969, programs like the Lead Bank Scheme, priority sector lending, Kisan Credit Cards, and bank integration with self-help groups marked the beginning of India's financial inclusion path. The Pradhan Mantri Jan Dhan Yojana (2014), which made basic financial services accessible to a large number of people, and programs like the Atal Pension Yojana and Pradhan Mantri Mudra Yojana, which cater to a variety of requirements, are important turning points. Direct Benefit Transfers (DBT) connected to Aadhaar and improved legal frameworks led to increased efficiency and transparency. The dedication to equitable growth is further demonstrated by initiatives to increase financial literacy through organisations such as the National Centre for Financial Education. Despite Kerala's successes in social development, the district of Malappuram lags behind in terms of financial inclusion. According to a Karuvarakundu Panchayat research, insufficient financial literacy and digital skills cause gaps in digital banking awareness and trust, underscoring the necessity of focused outreach (Muhammed Nisar, 2021).

Keywords: Financial inclusion, credit, The Pradhan Mantri Jan Dhan Yojana, Direct Benefit Transfers.

Introduction

Financial inclusion has emerged as a critical policy goal in fostering equitable economic development and reducing poverty. It ensures access to essential financial services, such as savings, credit, insurance, and payment systems, for all segments of society, particularly the underserved and marginalized populations. While institutional and policy measures play a vital role in promoting financial inclusion, individual financial attitudes and behaviours also act as significant drivers in determining the level of engagement with formal financial systems. Financial inclusion, as defined by the Rangarajan Committee (2008), involves ensuring that vulnerable groups, such as weaker sections and low-income households, have access to essential financial services and timely, affordable credit. Despite significant efforts to promote financial inclusion, many segments of the population remain excluded, leading to a widening gap between those who benefit from financial services and those who do not.

The journey of financial inclusion in India gained momentum in 1969 with the nationalization of banks. Over the years, the country adopted various strategies to enhance financial access, including the Lead Bank Scheme, mandatory priority sector lending, introduction of Kisan Credit Cards, the integration of banks with self-help groups, and doorstep banking services through business correspondents. India's policymakers have consistently

worked to reduce poverty and improve financial stability, starting as early as 1956 with the nationalization of Life Insurance companies, followed by nationalization in the banking and general insurance sectors. These efforts reflect India's long-standing commitment to inclusive financial growth. A significant turning point came in 2014 with the launch of the Pradhan Mantri Jan Dhan Yojana, which aimed to provide every household access to basic financial services.

The Malappuram district of Kerala presents a unique case in the context of financial inclusion. Despite Kerala's notable achievements in literacy, social development, and financial inclusion, Malappuram lags other districts in terms of access to and usage of formal financial services. The district's low credit penetration and deposit account density highlight the existence of persistent socio-economic and behavioural barriers. One notable study conducted in the Karuvarakundu Panchayat of Malappuram highlights significant gaps in financial inclusion, particularly in terms of awareness and usage of advanced banking services like internet and mobile banking. While many residents have access to basic banking services like savings accounts and loans, there is limited understanding and trust in digital financial tools, partly due to low levels of financial literacy, limited digital skills, and lack of tailored banking outreach efforts (Muhammed Nisar, 2021).

Data Analysis:

Objectives of the study

1. To assess socio economic status in Malappuram district.
2. To analyse gender-based differences in the perception of affordability as a critical factor in financial decision-making.
3. To examine the impact of financial awareness program on financial attitude

Methodology

The empirical analysis for this study relies on primary data collected through a structured questionnaire. A systematic sampling approach was used to guarantee a representative sample of the population in Malappuram district, which is divided into six taluks (Tirur, Ernad, Tirurangadi, Perinthalmanna, Nilambur, and Ponnani) (as per Census 2011). A total of 400 respondents were chosen after the sample size was determined using Cochran's Formula. This approach improves the validity and generalizability of the study findings by guaranteeing a strong and statistically sound representation of the heterogeneous population throughout the six taluks. For analysis tables, percentage, ANOVA, regression analysis were applied.

Table 1.1 Religious Composition of Surveyed Respondents

RELIGION		
	Frequency	Valid Percent
Muslim	440	85.8
Hindu	58	11.3
Christen	15	2.9
Total	513	100.0

Source: Primary Survey 2023

The religious makeup of a surveyed population is shown in the table based on valid replies. With 85.8% of the population, Muslims make up the majority of the 513 responders, demonstrating their substantial prevalence in the sample. With 2.9% of legitimate responses, Christians make up the smallest group, while Hindus make up 11.3%. The Muslim population makes up the majority of this distribution, with minority groups accounting for less than 15% of the total. Such data analysis is essential for comprehending demographic trends, which helps researchers and policymakers create studies or actions that target the population's distinct socio-religious dynamics.

Table 1.2 Caste Composition of Surveyed Respondents

CASTE		
	Frequency	Percent
General	72	14.0
OBC	431	84.0
SC	10	2.0
Total	513	100.0

Source: Primary Survey 2023

The caste distribution of 513 people who were surveyed is summarised in the table. With 84.0% of the responses, the OBC (Other Backward Classes) category makes up the vast majority. The SC (Scheduled Castes) group makes up a tiny minority at 2.0%, whereas the General category accounts for 14.0%. This distribution shows how the OBC population predominates in the sample, with the General and SC groups making up relatively lower shares. Understanding the caste dynamics in the area is crucial for studies aimed at certain caste groups or for influencing social and economic policy.

Table 1.3 Gender Distribution of Respondents

Gender		
	Frequency	Percent
Female	358	69.7
male	155	30.3
Total	513	100.0

Source: Primary Survey 2023

The table shows the gender distribution of the surveyed population. Females constitute the majority, making up 69.7%, while males account for 30.3%. This indicates a significant gender imbalance in the sample, with nearly twice as many female respondents as males.

Table 1.4 Educational Qualifications of Respondents

EDUCATIONALQUALIFICATIONS		
	Frequency	Percent
Diploma	11	2.14
Graduate	124	24.17
HS/HSS	247	48.15
Illiterate	9	1.75
LP	29	5.65
Others	3	0.58
Post Graduate	53	10.33
UP	32	6.24
Total	545	100.0

Source: Primary Survey 2023

The educational backgrounds of 513 respondents are shown in the table. High school or upper secondary school (HS/HSS) completion is nearly universal (48.15%). 10.33% hold postgraduate degrees, while 24.17% are graduates. Among them, 2.14% have diplomas, 5.65% have completed lower primary (LP), and 6.24% have passed upper primary (UP). A tiny percentage falls into other undefined groups (0.58%) or is illiterate (1.75%). Given that many of the respondents have completed secondary or higher school, this indicates that the majority of them have a good level of education.

Table 1.5 Marital Status of Respondents

MARTALSTATUS		
	Frequency	Percent
Divorced	8	1.47
Married	205	37.61
Unmarried	288	52.84
Widow	11	2.02
Total	545	100.0

Source: Primary Survey 2023

The table shows the marital status of 545 respondents. The majority, 52.84%, are unmarried, while 37.61% are married. 2.02% are widowed, and 1.47% are divorced. This indicates that most respondents are either unmarried or married, with a small proportion being widowed or divorced.

Table 1.6 Occupational Status of Respondents

OCCUPATION		
	Frequency	Percent
Apprentice	4	0.7
In paid employment	51	51: 9
Looking	69	13.45
Other	7	1.36
Retired	13	2.53
Self-employed	99	19.3
Student	271	52.83
Unable to work due to sickness or ill-health	30	5.85
Total	513	100.0

Source: Primary Survey 2023

The table shows the occupation of 513 respondents. The majority, **52.83%**, are students, followed by **19.3%** who are self-employed. **13.45%** are looking for work, and **9.94%** are in paid employment. Other categories include **2.53%** retired, **1.36%** in other occupations, **0.7%** apprentices, and **5.85%** unable to work due to sickness or ill-health.

Table 1.6 Gender and Financial Attitude Towards Affordability Before Making Investment

		Financial Attitude towards Affordability Before Making an investment.					
		Strongly disagree=1	Disagree	Not sure	Agree	Strongly agree	Total
gender	1	15	31	54	33	16	149
	2	94	58	76	68	15	311
Total		109	89	130	101	31	460

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	27.717[a]	4	.000
Likelihood Ratio	29.958	4	.000
Linear-by-Linear Association	16.578	1	.000

Source: Primary Survey 2023

Gender Differences in Financial Attitude: It is clear from the crosstabulation that men and women have different financial views regarding affordability prior to investing. There are more men (94) who strongly disagree with the statement than women (15), but there are more women in the "Agree" and "Not Sure" groups. Statistical Significance: The Pearson Chi-Square score of 27.717 at the

significance level of 0.000 indicates a statistically significant association between gender and financial attitude. This suggests that gender has a major impact on how people perceive affordability before making financial decisions. The Pearson Chi-Square test's (and the Likelihood Ratio test's) p-value of 0.000 indicates that it is improbable that the observed disparities between the responses from men and women happened by accident. As a result, we can say with confidence that gender influences financial attitudes about the affordability of investments. These conclusions suggest that gender plays a role in shaping how individuals view the affordability of making investments, with notable differences in attitudes between males and females.

Table 1.7 Regression Analysis for the Impact of Financial Awareness Programs on Financial Attitude

ANOVA					
Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	219.270	5	43.854	49.856	.000[b]
Residual	310.507	353	.880		
Total	529.777	358			
a. Dependent Variable: Financial Attitude Towards Affordability Before Making Investment					
b. Predictors: (Constant). Self Help Groups Credit Program Kudumbashree, Atal Pension Yojana,Awareness About Pradhan Mantri Jan Dhan Yojana (Financial Inclusion),Pradhan Mantri Mudra Yojana and Pradhan Mantri Suraksha Bima Yojana					

Coefficients					
	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	t	Sig.
(Constant)	.624	.148		4.230	.000
Pradhan Mantri Jan Dhan Yojana (PMJDY)	.427	.088	.302	4.872	.000
Pradhan Mantri Suraksha Bima Yojana (PMSBY)	.147	.088	.115	1.680	.094
Atal Pension Yojana (APY)	.114	.062	.084	1.836	.067
Pradhan Mantri Mudra Yojana (PMMY)	-.011	.084	-.009	-.134	.894
Self-Help Groups (SHGs) credit program Kudumbashree	.313	.073	.269	4.303	.000

Source: Primary Survey 2023

This table presents the ANOVA (Analysis of Variance) results used to assess the relationship between the dependent variable (Financial Attitude Towards Affordability Before Making an Investment) and several independent variables (predictors). The independent variables include programs like Self Help Groups Credit Program Kudumbashree, Atal Pension Yojana, Awareness About Pradhan Mantri Jan Dhan Yojana (Financial Inclusion), Pradhan Mantri Mudra Yojana, and Pradhan Mantri Suraksha Bima Yojana. Atal Pension Yojana: This variable is considered statistically significant if its p-value is less than 0.05. This indicates that the Atal Pension Yojana significantly influences people's financial attitudes on affordability prior to investing.Knowledge of Pradhan Mantri Jan Dhan Yojana (Financial Inclusion): This variable is statistically significant if its p-value is less than 0.05. This suggests that the dependent variable is significantly impacted by knowledge of the Pradhan Mantri Jan Dhan Yojana (Financial Inclusion). Self Help Groups Credit

Program Kudumbashree: If the p-value for this variable is greater than or equal to 0.05, it is statistically insignificant. This suggests that Self Help Groups Credit Program Kudumbashree does not have a significant impact on financial attitude towards affordability before making an investment. Pradhan Mantri Mudra Yojana: If the p-value for this variable is greater than or equal to 0.05, it is statistically insignificant. This means that Pradhan Mantri Mudra Yojana does not have a meaningful impact on financial attitude towards affordability before making an investment. This means that Atal Pension Yojana and Awareness About Pradhan Mantri Jan Dhan Yojana (Financial Inclusion) are the main factors influencing financial attitude towards affordability before making an investment, while the other variables do not have a statistically significant effect in this context.

Conclusion

This study offers important information about the financial, socioeconomic, and demographic characteristics of the population studied. With Muslims (85.8%) and Other Backward Classes (OBCs, 84%) as the two most common religion and caste groups, respectively, the data points to important demographic trends. With 69.7% of responses being female, there is a clear gender imbalance. The majority (48.15%) have completed high school or higher secondary school, and 24.17% have graduated, according to educational attainment data.Gender disparities in financial attitudes are clear. Based on the Pearson Chi-Square value of 27.717 (p = 0.000), a statistically significant correlation was found between gender and financial attitudes on affordability prior to investing. Men and women exhibit different perspectives, underscoring the role that gender plays in financial decision-making. Furthermore, the ANOVA results show that the Atal Pension Yojana and knowledge of the Pradhan Mantri Jan Dhan Yojana have a substantial impact on financial attitudes on affordability prior to investments

among the studied financial inclusion programs. In this case, other initiatives like Pradhan Mantri Mudra Yojana and the Self-Help Groups Credit Program Kudumbashree were not statistically significant predictors.These results highlight the necessity of addressing gender-specific financial behaviours and attitudes in order to increase participation in formal financial systems, as well as the significance of focused interventions in financial inclusion programs.

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