Impact of Demographic Factors on Usage of Financial Services by Marginalised Communities through Financial Inclusion

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Abstract: The current study is undertaken to assess the impact of demographic factors on usage of financial services by marginalised communities through financial inclusion. Primary data were collected from the 424 bank account holders belonging to marginalised communities breathing in district Samba of Union Territory of Jammu and Kashmir (India) by using purposive sampling technique. Statistical techniques like EFA, CFA, One-way ANOVA and Independent sample t-test were used for data analysis and scale purification. The finding of the study revealed that demographic characteristics like age, gender, marital status, occupation, education level, income level, place of residence, and purpose of credit significantly affect usage of financial services by marginalised communities through financial inclusion. The current study is restricted to Samba district only because of time and resources constraints, which in future could be conducted in other districts of Jammu and Kashmir. The data were collected from respondents belonging to marginalised communities only, which in future could be collected further from other sections of the society. Comparative study of households who are covered under the financial inclusion drive and those who are still financially excluded has not been done yet, and thus could be undertaken in future. Though every attempt has been made to make the study objective, yet the possibility of subjectivity in some cases cannot be ruled out. The current study advances debate on financial inclusion and makes significant contribution towards the existing literature relating to financial inclusion. It looks into how for the demographic characteristics of marginalised communities influence their exclusion from usage of financial services. The study also provides valuable

insights for the policy makers, researchers and academicians both at the countrywide and intercontinental level to devise and put into practice programmes that will widen right to use financial products & services.

Keywords: Financial inclusion, demographic factors, marginalised communities, poverty

Introduction

Financial inclusion or comprehensive financing has remained a catch phrase for the past few years, especially in the Indian context. Delivering financial products and services to marginalised communities will always remain a challenge before the financial service sector (Marine and Magwewa, 2017; Shabna, 2014; Lal (2019). The main concern to look at is the vigorous usage of the financial services offered by the financial institutions in the country. Demirguc-Kunt *et al.* (2015) and Lal. (2018) have advocated that financial inclusion plays a major role in reducing poverty and achieving inclusive growth among poor marginalised households. They claimed that India has made quite significant progress towards financial inclusion, but majority of marginalised households still have no access to basic financial products and services delivered by regulated financial institutions (Udhayadeepa (2013; Divya, 2014; Kiai *et al.*, 2016). Financial inclusion is the route which ensures right to use wide range of financial products and services such as access to broad portfolio of financial products and services including deposit services, insurance, pensions and payment systems, financial education and consumer safety device as well as timely & adequate credit where needed by susceptible and low income groups at an reasonable price (Rangarajan, 2008; Rajan, 2009; Sarma, 2010). It has broadens the resource base of the economic system of the country by inculcating a culture of savings among large segment of poor households. Chattopadhayay, 2011; Sarojit, 2015; Rama and Rupayan (2012) posit that greater availability of financial services fosters financial inclusion among the poor. The drive for gaining financial inclusion is led by government policies and implemented by the proper financial system of the country, but it is also very important to appreciate the demand side effects which generally arises from demographic characteristics of the people. With this background the current study is undertake to assess the impact of demographic factors like age, gender, occupation, income level, qualification, marital status, place of residence and purpose of credit on usage of financial services by marginalised communities through financial inclusion.

Review of Literature

Financial inclusion is budding as a new concept of monetary growth that plays most imperative role in pouring away the dearth of financial resources from the country. It refers to delivery of financial products and services to underprivileged and deprived section of the society at reasonable conditions and state of affairs (Iqbal, A. B., and Samj, S., 2017; Uma *et al.*, 2013; Singh and Kodan, 2011). It enables the policy makers and advocators of financial inclusion to reduce the gap stuck between well-off and pitiable section of the society. Financial inclusion is internationally considered as a decisive indicator of improvement and well-being of society.

Richard *et al.* (2016) indicated that demographic factors like age, gender, marital status, education level and place of residence significantly affects investment decision of financial excluded households. They recommended that both financial service providers and advocators of financial inclusion should take into consideration these demographic factors while designing financial products and services. They concluded that consideration of these factors will helps the banks to promote financial inclusion, which in turn leads to increase in employment and reduction in poverty among poor households. Marine & Magweva (2017) have explored the relationship between demographic factors and financial exclusion in Zimbabve. The findings of their study revealed that except income, other demographic factors like age, gender, education level and employment status significantly affects degree of financial exclusion. Kaur, J. (2017) attempts to identify the factors affecting financial inclusion in Punjab. She observed that financial institutions in Punjab are still urban oriented. She pointed out that merely opening of branches in unbanked areas and opening of bank accounts will not lead to financial inclusion rather it is the access to finance which is needed to promote financial inclusion. She claimed that state govt has performed very poorly in bringing access to financial services in rural areas. Hence, it is suggested that vigorous efforts are required to promote financial inclusion and check the inter-districts disparities. Krishankumar and Vijaykumar (2013) depicts that there is significant relationship between demographic factors like age, gender, occupation and educational qualifications. Further, they revealed that female segment is not fully tapped. In order to tap fully the female segment of the society, they recommended increase in the level of financial inclusion among financially weaker section of the society by utilising the demographic factors as a promotional activity of financial inclusion. World Bank (2014) indicated that the use of financial services in rural areas is lagging far behind the urban areas especially in developing countries

like India. Ramakrishana & Trivedi (2018) explored the relationship between financial inclusion and demographic factors. They found that except age financial inclusion is dependent on education, occupation, household income, household savings and type of bank. They culminated that financial literacy and income levels are the key parameters of financial inclusion. Deepti and Vaidhyasubramaniam (2018) and Uma and Rupa (2013) observed that financial inclusion has the ability to mitigate the sufferings of poor households by facilitating them with easy access to formal credit. They added that by bringing poor households in the formal banking system of the country, financial inclusion protects their economic wealth and significantly improves their management of finances. Clamara *et al.* (2014) revealed that factors such as having low income, low education level, rural background and being a woman may reduce the probability of being included in the formal banking system. Ellis *et al.* (2010) discovered that there is a significant relationship between demographic factors and usage of financial services. They explained that demographic factors like age, gender, marital status, qualification and place of residence have significant effects on usage of financial services. Johnson and Arnold (2012) claimed that among all demographic factors, age has significant affects on financial inclusion because they feels that older people are more likely use to use bank account compared to young age people.

Objectives of the Study

- To assess the impact of demographic factors on usage of financial services by marginalised communities.
- To advance suggestions for promoting financial inclusion among marginalised communities.

Hypotheses Development

Demographic factors include age, gender, marital status, employment status, education level, income level, religion, place of residence etc. These factors are used to describe a population in terms of its size, destitution and structure. Each of these factors significantly affects delivery of financial inclusion (Krishanakumar, R. and Vijaykumar, L., 2013). Thus, a study of demographic factors of bank account holders belonging to marginalised communities is imperative for promoting financial inclusion. In order to assess the impact of demographic factors on usage of financial services, the following hypotheses are framed:

H_1: There exists significant relationship between age and usage of financial services.

H_2: There is significant relationship between occupation and usage of financial services.

H_3: Education level has direct and significant impact on usage of financial services.

H_4: Place of residence significantly affects usage of financial services.

H_5: There exists significant relationship between income level and usage of financial services.

H_6: There is significant relationship between purpose of credit and usage of financial services.

H_7: There is significant relationship between gender and usage of financial services.

H_8: There is significant relationship between marital status and usage of financial services.

Research Methodology

The current study aims at investigating the impact of demographic factors on usage of financial services by marginalised communities through financial inclusion. The study is both indicative & suitable for conceptualising and actualising programmes for the marginalized sections of the society. To fulfil the objectives and to test the hypothesised relationships, primary data were collected from the bank account holders of four tehsils of samba district viz., Bari-Brahamana, Ramgarh, Samba, and Hira Nagar belonging to marginalised communities through questionnaire based survey approach. The questionnaire was portioned into two parts. The first section contained demographic information about the respondents and the second section contained ordinal information regarding usage of financial services. The scale items were generated by reviewing extant literature and threadbare discussions with the subject experts. The questionnaire contained 38 items, out of which 13 items pertains to demographic information, and 19 items pertains to usage of financial services. The items pertaining to usage of financial services were generated from Paramasivan & Ganeshkumar, 2013; Kelkar, 2010; Lal, 2018; Chakrabarty, 2010; Agarwal, 2010; Sarma & Pais, Barik, 2002; Christine, 2014; and Lal, 2019. Five-point Likert Scale was used for collecting the information, where '1'denotes strongly disagree and '5' denotes strongly agree. Questionnaires were distributed to 730 households, of which only 424 were accurately filled and used for subsequent analysis, reflecting an effectual response rate of 58.08%. Purposive sampling technique was adopted in collecting

the data from the respondents. Age-wise analysis revealed that out of 424 respondents, 34% (145) respondents are in the age group of 30-40 years and 32% (136) are in the age group of 40-50 years, 19% (80) are in the age group of 20-30 years and only 15% (62) respondents are above 50 years of age. Hence, it is concluded that majority of the respondents who were contacted during the survey falls in the age group of 30-40 years and 40-50 years. As far as gender is concerned, it is found that 69% (294) respondents are male and only 31% (130) are female which indicates that male members have more probability in using financial services as compared to their female counterparts. Qualification-wise analysis depicts that out of 424 respondents, 13% (54) respondents are under matriculate, 19% (82) respondents are matriculate, 23% (97) are having higher secondary qualification (10+2), 14% (59) are undergraduates, 20% (85) are graduates, and only 11% (47) are postgraduates. Marital status wise analysis exposed that 64% (272) respondents are married and only 36% (152) respondents are unmarried. Thus, it is assumed that unmarried respondents are more financially excluded as compared to married respondents. Occupation-wise analysis shows that out of 424 respondents, 19% (80) respondents are farmers, 30% (128) respondents are businessmen, 28% (119) are doing services either in government or private sectors and 23% (97) respondents engaged themselves in other occupations. So far as income is concerned, it is established that 21% (89) of the total respondents are having monthly income up to Rs.10,000-Rs.20,000, 24% (102) are having Rs.20,000–Rs.30,000, 22% (93) are having Rs.5000-Rs.10,000 and 20% (85) respondents are having monthly income above Rs.30,000. It is found that only 13% (55) respondents are having monthly income up to Rs.5,000, which indicates that majority of the respondents who were contacted under the present study have monthly income up to Rs.20,000 - Rs.30,000. Place of residence-wise depicts that 56% (237) respondents are urban areas and only 44% (187) are from rural areas Thus, it is concluded that people living in urban areas are availing more financial services than the people living in rural area. Tehsils -wise analysis depicts that 37% (157) respondents are from tehsil Samba, 24% (102) from tehsil Bari- Brahamana, 21% (91) from tehsil Ramgarh, and 18% (74) from tehsil Hira Nagar Thus, it is found that among all respondents contacted under the present study, the majority of the respondents belong to tehsil Samba. Bank-wise analysis reveals that out of 424 respondents, 38% (161) respondents had opened their accounts with the Jammu and Kashmir Bank, 29% (123) with the Punjab National Bank, 19% (80) with the State Bank of India, Jammu, and only 14% (59) with the Jammu and Kashmir

Grameen Bank bank. It is concluded that out of 424 respondents who are contacted under the present study, the majority of the respondents (36%) belongs to Jammu and Kashmir Bank. As far as access to credit is concerned, it is found that 52% (221) respondents have obtained loans from the bank and 48% (203) respondents have not yet obtained any loan. It is also found that out of 221 respondents who have availed loan from Cooperative banks, 34% (75) respondents have availed loan for agricultural purpose, 9% (18) respondents obtained loans for dairy farming, 24% (54) respondents have obtained loan for starting business, 10% (21) for higher education, 7% (17) for marriage purpose, 5% (11) for health care and 11% (25) of the respondents obtained loans for other purposes. For reviewing the appropriate literature, secondary data were collected from various high quality peer reviewed referred journals of national and international repute.

In order to purify the scale items and to assess the fitness, reliability and validity of the measured constructs, exploratory factor analysis and confirmatory factor analysis were applied on the data. Further, to test the hypotheses framed, One-way ANOVA and t-test were applied.

Exploratory Factor Analysis (EFA)

The technique of Exploratory Factor Analysis (EFA) was applied using Principal Component Analysis and Varimax Rotation (SPSS 22.0). The statements with factor loadings less than 0.5 and Eigen values less than 1 were ignored for the subsequent analysis (Malhotra, 2009). Regarding usage of financial services the output resulted into four-factor solution with 64.551% of the total variance explained, KMO value of .698 and Bartlett value of 1301.438 (Table 1). The factor loading ranges from .575 to .855 and communalities from .536 to .760 as evident from the Table 2.

Table 1: Output From Factor Analysis with Regard to Usage of Financial Services*

Rounds	Variance explained	Items emerged	No of factors extracted	Iterations	No of items deleted	KMO	Bartlett test of sphercity
1	60.803	19	7	11	1	.647	2027.009
2	58.062	18	6	10	2	.659	1993.942
3	63.680	16	6	10	1	.664	1859.503
4	67.444	15	6	11	2	.672	1823.100
5	60.258	13	5	20	2	.689	1823.100
6	64.551	11	4	06	—	.698	1301.438

*Source: Data analysis

A brief description of factors emerged are as under:

Factor 1: Govt. support

This factor consists of four items i.e., 'You opened a bank account to receive Govt. payments from NREGA' 'You are aware that the bank is opening zero balance account' 'You opened a bank account to receive Govt. payments from PM Jan Dhan Yojana' and 'Debit card is regularly used for shopping, withdrawing money'. The mean values for the aforesaid items ranges from 2.239 to 3.79, factor loadings between .574 to .841 and communalities from .656 to .760. This factor underlines that respondents generally opened zero balanced bank account to avail financial inclusion schemes offered by Govt. like NREGA & PMs Dhan Jan Yojana scheme.

Factor 2: Loans & advances

This factor comprises of three items namely, 'You save money to start own business', 'Advance schemes of bank are frequently used by you' and 'You opened a bank account to request for a loan'. The mean values of this factor ranges from 2.32 to 3.23, factor loadings between .578 to .798 and communalities from .605 to .670. This factor underlines that beneficiaries mostly opened their bank account for using loans & advances schemes of the bank.

Factor 3: Health and employment

The two items included in this factor are, 'You opened bank account for saving money' and 'You save money to face uncertainties related to health and employment' with mean values 4.38 & 4.21, factor loading 8.32 & .726 and communalities .729 & .582. This factor reveals that beneficiaries save money for combating uncertainties related to health & employment.

Factor 4: Saving for future

This factor contained only two items namely, 'You are using a bank for depositing saving' and 'You save money for the future' with mean values 4.20 & 4.50, factor loadings .793 & .734 and communalities .729 & .582 which highlights that beneficiaries uses their bank account for saving money for the future.

Reliability

Four factors emerged after scale purification falling within the sphere of usage of banking services. As it is clear from Table 2, the Cronbach's reliability coefficient for

all the 11 items underlying four factors ranges from .634 to .789. The alpha reliability coefficients for F1 i.e., Funding from Govt. (.789) is higher than the criteria of .77 obtained by Gordon and Narayanan (1984) indicating high consistency. The alpha reliability coefficients for other factors such as F2: Loans and advances (.678), F3: Health & employment (.637), & F4: Saving for the future (.634) are close to or also at a minimum acceptable level of 0.50 as recommended by Brown *et al.* (2001) and Kakati & Dhar (2002) thereby obtaining satisfactory internal consistency. The reliability and adequacy of sample size to yield distinct and reliable factors is further demonstrated through Kaiser-Meyer-Olkin measure of sampling adequacy that is .698 and all factors loadings are greater than 0.50.

Validity

The four factors obtained alpha reliability, higher or equal to 0.50 and satisfactory KMO value at .698, indicating significant construct validity of the construct (Hair *et al.*, 2009).

CFA model for usage

EFA on usage dimension consist of four factors viz., funding from govt., loans and advances, health & employment and saving for future. Out of four factors, one factor i.e., health & employment have been dropped as its regression weight is below 0.50. Second order CFA (Figure 1) is performed on usage dimension with three factors i.e., funding from Govt. (FG), loans and advances (L&A) and saving for future (SF). The model has been found valid and reliable after deleting one factor having regression weights below .50. The result of CFA shows the model fully fits the data, CMIN/DF = 4.17, GFI = .957, AGFI = .912, TLI = .918, CFI = .944, RMR= .044 and RMSEA = .084 (Table 3). The model has been found to be valid and reliable. The alpha value is .828 whereas composite reliability came out to be .963 thereby indicating that all items are reliable. The model has been proved valid, as AVE came out to be .606 (Table 4).

Results and Analysis

In order to assess the impact of demographic factors on usage of financial services by marginalised communities through financial inclusion in four tehsils of district Samba of Union Territory of Jammu and Kashmir, statistical techniques like One-way ANOVA and t-test were applied. The surfacing results are as under:

Figure 1: CFA Model For Usage Dimension*
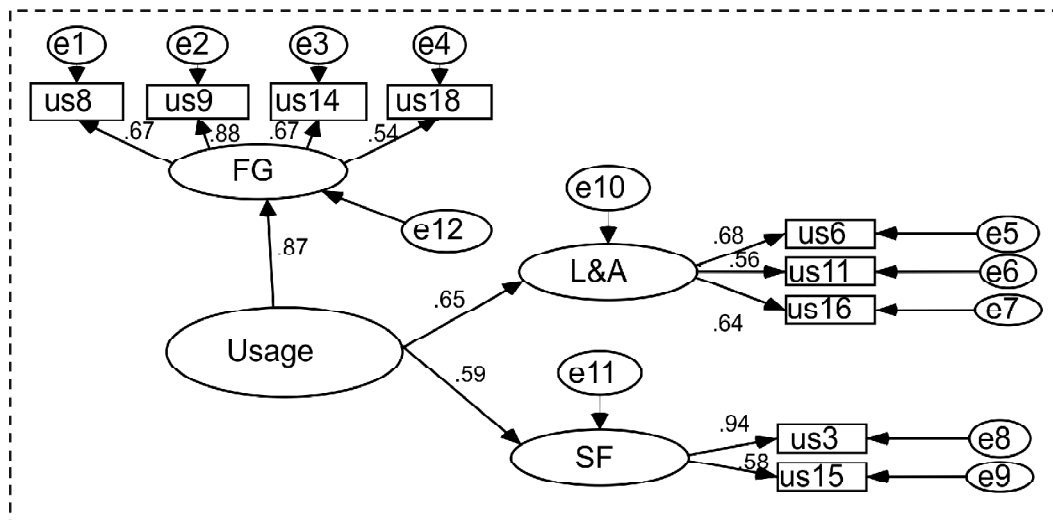
*Source: Data analysis

Note: FG= Funding from Govt., L&A= Loans &advances, SF= Savings for future,Ubs8= You opened a
         bank account to receive Govt. payments from NREGA, ubs9= You are aware that the bank is
         opening zero balance account, ubs14= You opened a bank account to receive Govt. and payments
         from PMs Dhan Jan Yojana scheme, ubs18= Debit card is regularly used for shopping, withdrawing
         money, etc., ubs6= You save money to start own business, ubs11= Advance schemes of bank are
         frequently used by you, ubs16= You opened a bank account to request for loan, ubs3=You are using
         bank for depositing saving, ubs15=You save money for the future and e1-e12 are error terms.

As reported in Table 5 the output from one-way ANOVA using different demographic variables such as age, occupation, education level, place of residence, tehsils, income level and purpose of credit availed from banks operating in district Samba, it is found that that there exists significant relationship exists between demographic charastristics of respondents and usage of financial services as value of p is less than 0.05 with regard to age (F=3.75, Sig.=.011), occupation (F=32.17, Sig.=000), education level (F=3.23, Sig.=.007), place of residence (F=11.63, Sig.=.000), tehsils (F=325.36, Sig.=.000), income level (F=2.79, Sig.=.026) and purpose of credit availed (F=5.23, Sig.=.000) from commercial banks operating in four tehsils of district Samba (Table 6).

Age-wise analysis

The ANOVA results for age depicts significant mean differences in responses of the beneficiaries belonging to different age groups (F=3.75, Sig.=.011,Table 5) with

regard to usage of banking services. The ANOVA results for individual factors with regard to usage of banking services shows significant mean differences for Govt. support (F=3.12, Sig.=.026) and insignificant mean difference for loans & advances (F=1.60, Sig.=.187), health & employment (F=1.27, Sig.=.281) and saving for the future (F=.494, Sig.=.686). Overall, the respondents above 50 years of age (3.68) are using more financial services than the respondents in the age group of 40-50 years (3.63), 30-40 years (3.59) and 20-30 years (3.49) Table 6. Beck (2009); Malkamaki (2009); Johnson and Arnold (2012) and World Bank (2014) had similar results which indicated that older people internationally are much more likely to use formal financial services than younger people. Hence, it is concluded that age of respondents significantly effects financial inclusion. Thus, the hypothesis *'There exists significant relationship between age and usage of financial services'* stands accepted.

Occupation-wise Analysis

Table 5 shows occupation-wise output from one way ANOVA for usage dimensions of financial inclusion. The variance of the group is not same as the value of p is less than 0.05 indicating significant mean difference exist among respondents belonging to different occupations (F=32.17, Sig.=000). The ANOVA results for individual factors with regard to usage of financial services shows significant mean differences for Govt. support (F=28.25, Sig.=.000), loans & advances (F=46.29, Sig.=.000), health & employment (F=8.53, Sig.=.000) and insignificant for saving for the future (F=1.59, Sig.=.190). Overall, the respondents in the occupation of business are more likely to use financial services as they have accorded highest occupation wise factorial mean score (3.83) followed by farmers (3.70), service (3.66 and others (3.38), Table 6. Hence, it is culminated that employment status significantly affects the level of financial inclusion. Thus, the hypothesis *"There is significant relationship between occupation and usage of financial services"* stands accepted.

Education level

Qualification-wise analysis depicts insignificant mean differences in responses of the beneficiaries belonging to different qualifications (F=3.23, Sig.=.007,Table 5) with regard to usage of banking services. The ANOVA results for individual factors with regard to usage of financial services shows significant mean differences for Govt. support (F=1.94, Sig.=.086), health & employment (F=.103, Sig.=.991), saving for the future (F=1.00, Sig.=.414) and significant for loans & advances (F=5.49,

Sig.=.000). Overall, the respondents who are Graduate, post graduate & above are more likely to use financial services as they have accorded highest qualification wise factorial mean score i.e., 3.72 and 3.64 respectively, followed by graduate (3.63), 10+2 (3.61), matriculate (3.55) and under matriculate (3.46), Table 6. Ndii (2011); World Bank (2014); Mwangi and Sichei (2011) had similar findings which revealed that the use of financial services increases with the increase in the level of education. Hence, it is culminated that education level significantly affects usage of financial services. Higher the level of education, higher the usage of financial services. Therefore the hypothesis *"Education level has direct and significant impact on usage of financial services"* stands accepted.

Place of Residence

Table 5 indicates significant difference exists among respondents belonging to urban and rural areas with regard to usage of financial services as value of p is less than 0.05 (F=11.63, Sig.=000). The ANOVA results for individual factors with regard to usage of financial services shows significant mean differences for Govt. support (F=19.96, Sig.=.000), loans & advances (F=2.80, Sig.=.039) and saving for the future (F=13.03, Sig.=.000) and insignificant for health & employment (F=2.22, Sig.=.085). Place of residence wise analysis depicts that respondents living in urban areas (4.04) are more likely to use financial services than the people living in rural areas (3.56), Table 6. Similar studies conducted by Ellis *et al.* (2009) and Malkamaki (2009) also revealed that urban households are more likely to use more financial services as compared to rural households. Thus, it is concluded that place of residence significantly affects usage of financial services through financial inclusion. Hence, the hypothesis *"Place of residence significantly affects usage of financial services"* stands accepted.

Tehsil-wise Analysis

Tehsil-wise analysis reveals significant mean differences in responses of the beneficiaries belonging to four tehsils i.e., Samba, Bari-Brahaman, Ramgarh and Hira Nagar (F=325.36, Sig.=.000,Table 5) with regard to usage dimension. The ANOVA results for individual factors with regard to usage of banking services shows significant mean differences for funding from Govt. (F=300.30, Sig.=.000), loans & advances (F=49.51, Sig.=.000), health & employment (F=17.20, Sig.=.000) and saving for future (F=41.16, Sig.=.000). Tehsils-wise analysis depicts that

respondents belonging to the tehsil Samba (3.91) are more likely to use financial services followed by tehsil Bari- Brahamana (3.84), Hira Nagar (3.26) and Ramgarh (3.22), Table 6.

Income Level

As far as income is concerned, it is found that significant mean difference exist in the responses of the beneficiaries belonging to different income groups (F=2.79, Sig.=.026,Table 5) with regard to usage of banking services. The ANOVA results for individual factors with regard to usage of banking services shows insignificant mean differences for Govt. support (F=.830, Sig.=.506), health & employment (F=2.25, Sig.=.062) & saving for the future (F=.724, Sig.=.576) and significant difference for loans & advances (F=3.04, Sig.=.017). Overall, income-wise analysis depicts that the beneficiaries in the income group of Rs.10,000-Rs.20,000 and above Rs.30,000 are more likely to use financial services as they have accorded highest mean score i.e., 3.66 and 3.64 respectively, followed by respondents in the income group of Rs.5,000- Rs.10,000 (3.59), Rs.20,000-Rs.30,000 (3.58) and up to Rs.5,000 (3.48) towards the usage of banking services (Table 6). Studies conducted by Lammermann (2010) and Collonny (2014) also supported this. The findings of their study indicated that low income households are more likely to be financially excluded compared to households with higher income bracket. Hence, it is concluded that income level is an important factors in determining usage of financial services. Thus, the hypothesis *"There exists significant relationship between income level and usage of financial services"* stands accepted.

Access to Credit

As far as access to credit is concerned, it is found that out of 424 respondents contacted during the survey 282 respondents has access to credit, whereas 182 respondents yet have no access to credit offered by the banks.

Purpose of Credit

Table 5 depicts significant mean differences exists among respondents belonging to different categories of credit usage as value of p is less than 0.05 (F=5.23, Sig.=000). The ANOVA results for individual factors with regard to usage of banking services shows significant mean differences for Govt. support (F=3.58, Sig.=.001), loans & advances (F=9.71, Sig.=.000), health & employment (F=2.34, Sig.=.023) and saving

for the future (F=4.24, Sig.=.000). Credit-wise analysis reveals that respondents who have obtained loan for starting business (3.90) are most satisfied, followed by those who have obtained loan for agriculture purpose (3.66), dairy farming (3.59), others (3.55), marriage (3.51), education (3.50) and health (3.48) beneficiaries regarding usage of financial services (Table 6). Hence, it is concluded that purpose of credit significantly affects usage of financial services. Thus, the hypothesis *"There is significant relationship between purpose of credit and usage of financial services"* stands accepted.

Gender-wise analysis

Table 7 shows the output from independent t-test measuring the significance of mean differences among male & female respondents. As clear from the table, significant mean difference exists with regard to usage as value of p is less than 0.05. World Bank (2014) had similar findings which indicated that male members have more probability to use formal financial services than females, because women generally found lagging behind men due to low savings, lower education level, lack of awareness and other social conditions. Hence, it is concluded that gender is an important factor influencing financial exclusion. Thus, the hypothesis *"There is significant relationship between gender and usage of financial services"* stands accepted.

Marital status-wise analysis

Table 8 depicts the output from independent t-test measuring significance of mean differences between married & unmarried respondents. As evident from the table, the value of p is less than 0.05 indicating significant mean difference exists between married & unmarried respondents with regard to usage of financial services. The overall result shows that married respondents are more satisfied with the usage of financial services as compared to unmarried respondents. This is supported by other studies conducted by Mwangi & Sichei (2011) and Mwangi & Kihiu (2012) which indicated that married persons have higher chances of being included as the service providers believes that married persons have higher level of responsibility and are trusted more than the single persons who are sometimes considered less reliable or stable. Hence, it is concluded that married persons have more probability of accessing financial services than the unmarried persons. Thus, the hypothesis *"There is significant relationship between marital status and usage of financial services"* stands accepted.

Conclusions and Recommendations

The current study assessed the impact of demographic factors on usage of financial services by marginalised communities. The findings of the study revealed that age, gender, marital status, occupation, education level, income level, place of residence and purpose of credit were the major demographic factors affecting usage of financial services. The results of the study indicated that older people have more probability to use financial services than the younger people. Gender-wise analysis indicated that male members have more probability to use formal financial services than females, due to the reason that women generally found lagging behind men due to low savings, lower education level, lack of awareness and other social conditions. Further, it was found that married persons have higher chances of being financial included as the service providers believes that married persons have higher level of responsibility and are trusted more than the single persons who are sometimes considered less reliable or stable. Occupation-wise analysis depicts that respondents who are businessmen are more likely to use financial services followed by farmers and servicemen. It was also found that respondents who are Graduate, Post-graduate & above are more likely to use financial services. Significant relationship was also observed between education level and usage of financial services. The results of the study revealed that the use of financial services increases with the increase in the level of education. The results of the study also indicated that low income households are more likely to be financially excluded compared to households with higher income bracket. Geographic location-wise analysis depicts that respondents living in urban areas are more likely to use financial services than the people living in rural areas. As far as access to credit is concerned, it is found that out of 424 respondents contacted during the survey 282 respondents has access to credit, whereas 182 respondents yet have no access to credit offered by the banks. Credit-wise analysis reveals that respondents who have obtained loan for business purpose are more likely to use more financial services than those who have obtained loan for agriculture purpose, dairy farming, marriage, education and health purpose. Hence, it is culminated that demographic characteristics have significant impact on usage of financial services by marginalised communities. Hence, it is suggested that the financial service providers and advocators of financial inclusion should take into consideration age, gender, marital status, employment status, education level, income level, place of residence, and purpose of credit while designing financial products and services or advocating for the same. It is also suggested that the financial institutions should carry out

financial literacy programmes for the financial excluded marginalised households so that they may be able to identify and use appropriate financial products and services to preserve their financial prosperity. Further, it is recommended that the financial institutions should identify the gender-related rider and design pro-women scheme to bring women in the banking network. To bring people belonging to other occupations, financial institutions must extend a range of financial services that are tailor-made for agricultural production, agricultural-based industry, non-farm enterprises, household consumers and investigate the impact of financial service provision on rural household income and employment conditions. To bring people with lower qualification in the banking network, it is suggested that all financial inclusion efforts should be done in dialect language. In addition to this, it is also suggested that the financial institutions should implement CBS to make efficient use of ICT to provide door step banking services through banking correspondents. Further, it is also suggested that the banks should also offer facility like Real Time Gross Settlement System (RTGS), National Electronic Fund Transfer System (NEFT) and entrepreneurial credit products like General Purpose Credit Card (GCC) and Kisan Credit Card (KCC). To facilitate easy opening of bank accounts especially for small customers, banks should relax KYC norms. The five financial inclusion schemes recently added by the Government of India such as Aadhar enabled payment system, Pradham Mantri Jan Dhan Yojana, ATAL Pension Yojana, Pradham Mantri Jeevan Jyoti Bima Yojana, Pradham Mantri Suraksha Bima Yojana should be properly implemented as they create a strong demand for banking and other financial products and services on easy and reasonable cost. In order to facilitate the delivery of social welfare benefits by direct credit to the bank accounts of the beneficiaries, financial institutions are required to introduce Direct Benefit Transfer Service by validating the identity of its customers through Aadhar. It is also suggested that the banks should promote Electronic Benefit Transfer (EBT) system effectively for boosting their financial inclusion plans. All grants, subsidies of Government must be transferred through bank account.

Limitations of the Study and Directions for Future Research

The in-depth analysis of the study is restricted to Samba district only which can further be conducted in other districts of Jammu and Kashmir. The data were collected from respondents belonging to marginalised communities only, which in future could be collected further from other section of the society. Comparative

Table 2: Output from Factor Analysis with Regard to Usage of Financial Services*

Dimension	Variables	M	SD	FL	Eigen values	% of VE	Commu-nality	Alpha (α)
Usage of financial services	**Factor 1: Govt. support**	**2.452**			**2.167**	**14.360**		**.837**
	• You opened a bank account to receive Govt. payments from NREGA	2.142	1.057	.859			.681	
	• You are aware that the bank is opening zero balance account	2.139	1.217	.779			.775	
	• You opened a bank account to receive Govt., & payments from PMs Dhan Jan Yojana scheme	2.470	1.048	.693			.793	
	• Debit card is regularly used for shopping, withdrawing money, etc.	3.048	1.032	.627			.691	
	Factor 2: Loans & advances	**3.888**			**1.784**	**12.032**		**.806**
	• You save money to start own business	4.246	0.940	.799			.557	
	• Advance schemes of bank are frequently used by you	4.001	0.793	.699			.701	
	• You opened a bank account to request for loan	3.917	0.411	.639			.768	
	Factor 3: Health and employment	**3.639**			**1.387**	**8.393**		**.738**
	• You opened a bank account for saving money	4.140	0.923	.626			.558	
	• You save money to face uncertainties related to health and employment	3.138	1.071	.527			.769	
	Factor 4: Saving for future	**4.119**			**1.537**	**6.401**		**.636**
	• You are using bank for depositing saving	4.025	0.758	.829			.553	
	• You save money for the future	4.214	0.916	.773			.755	
	Total Variance Explained					**71.159**		

*Source: Data analysis

study of households who are covered under the financial inclusion drive and those who are still financially excluded has not been done yet, and thus could be undertaken in future. Though every attempt has been made to make the study object, yet the possibility of subjectivity in some cases cannot be ruled out.

Table 3: Results of Confirmatory Factor Analysis (CFA) Fit Indices*

Dimensions	Rounds	Total items	Items deleted	CMIN/ DF	GFI	AGFI	TLI	CFI	RMR	RMSEA
Usage	1	11	1	10.33	.851	.813	.871	.846	.063	.102
	2	10	1	8.74	.893	.896	.874	.890	.054	.986
	3	9	—	4.17	.957	.912	.918	.944	.044	.083

*Source: Data analysis

Table 4: Reliability & Validity of Latent Constructs*

Constructs	AVE	Composite reliability	Cronbach's alpha (α)
Usage	.606	.963	.828

*Source: Data analysis

Table 5: Factor–Wise, Demographic Analysis (Anova) for Usage of Banking Services*

Factors	Age		Occupation		Education level		Place of residence		Tehsils		Monthly income		Purpose of credit	
	F	Sig.	F	Sig.	F	Sig.	F	Sig.	F	Sig.	F	Sig.	F	Sig
F1: Govt. support	3.12	.026	28.25	.000	1.94	.086	19.96	.000	300.30	.000	.830	.506	3.58	.001
F2: Loans & advances	1.60	.187	46.29	.000	5.49	.000	2.80	.039	49.51	.000	3.04	.017	9.71	.000
F3: Health and employment	1.27	.281	8.53	.000	.103	.991	2.22	.085	17.20	.000	2.25	.062	2.34	.023
F4: Saving for future	.494	.686	1.59	.190	1.00	.414	13.03	.000	41.16	.000	.724	.576	4.24	.000
Overall	**3.75**	**.011**	**32.17**	**.000**	**3.23**	**.007**	**11.63**	**.000**	**325.36**	**.000**	**2.79**	**.026**	**5.23**	**.000**

*Source: Data analysis

Table 6: Demographic Factorial Mean of Beneficiaries Regarding Usage of Banking Services*

Age	F1	F2	F3	F4	Overall
20-30 years	2.66	2.70	4.23	4.36	**3.49**
30-40 years	2.93	2.85	4.28	4.32	**3.59**

Age	F1	F2	F3	F4	Overall
40-50 years	2.92	2.88	4.33	4.37	**3.63**
Above 50 years	3.11	2.86	4.35	4.38	**3.68**
Occupation					
Service	3.13	2.76	4.42	4.31	**3.66**
Farmers	2.98	3.25	4.19	4.36	**3.70**
Business	3.61	2.80	4.45	4.45	**3.83**
Others	2.43	2.49	4.25	4.34	**3.38**
Education level					
Under matriculate	2.65	2.52	4.30	4.38	**3.46**
Matriculate	2.83	2.73	4.30	4.35	**3.55**
10+2	2.88	2.93	4.29	4.33	**3.61**
Undergraduate	3.11	2.98	4.32	4.46	**3.72**
Graduate	3.00	2.92	4.27	4.32	**3.63**
Postgraduate & above	3.05	2.85	4.32	4.33	**3.63**
Place of residence					
Urban	3.90	3.16	4.50	4.60	**4.04**
Rural	3.25	2.65	4.35	4.01	**3.56**
Tehsils					
Samba	2.09	2.54	4.2398	4.1988	**3.26**
Hira Nagar	3.12	2.89	4.1031	3.8901	**3.22**
Bari-Brahamana	3.53	3.03	4.2174	4.5807	**3.84**
Ramgarh	3.64	3.13	4.5074	4.3778	**3.91**
Income Level					
Up to Rs. 5,000	2.76	2.65	4.20	4.32	**3.48**
Rs.5,000-Rs.10,000	2.85	2.75	4.36	4.37	**3.58**
Rs.10,000-Rs.20,000	3.01	2.92	4.36	4.37	**3.66**
Rs.20,000-Rs.30,000	2.91	2.85	4.24	4.31	**3.58**
Above Rs. 30,000	2.95	2.93	4.27	4.39	**3.64**
Purpose of credit					
Agriculture	3.05	2.89	4.25	4.43	**3.66**
Dairy farming	2.88	3.06	4.23	4.20	**3.59**
Business	3.44	3.47	4.52	4.19	**3.90**
Education	2.35	2.55	4.46	4.63	**3.50**
Marriage	2.73	2.50	4.27	4.55	**3.51**
Health	2.45	2.88	4.32	4.26	**3.48**
Others	2.71	2.88	4.41	4.19	**3.55**

Source: Data analysis

Note: F1= Govt. support, F2= Loans & advances, F3=Health & employment, F4=Savings for future

Table 7: Gender-wise, Mean Difference with Regard to Usage of Financial Services*

Construct	Nature of variable	Mean	Std. dev.	t-Value	Level of significance	Remarks
Usage	Male	3.46	.50	.461	.033	Significant
	Female	3.38	.49			

*Source: Data analysis

Table 8: Marital Status-wise Mean Difference with Regard to Usage of Financial Services*

Construct	Nature of variable	Mean	Std. dev.	t-Value	Level of significance	Remarks
Usage	Male	3.42	.56	1.89	.041	Significant
	Female	3.32	.50			

*Source: Data analysis

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