

## **Bridging the gap in RURAL MARKET: A study on technology use by banking and insurance sector**

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### **Abstract**

The rural potential is still underestimated by the marketer. The lifestyle is changing along with the flow of money from the different sources. A rapid growth is seen in the literacy level of the rural people but still the use of marketing strategies by retailers has not exactly touched the life of the rural people. Technology plays an unavoidable part in modern banking and Insurance sector. Online banking, ATM and wire transfer are excellent examples of banking of 21st century and technology is the soul of these entire phenomenon. Combines a variety of software and hardware sure the technology exists to do the job of an insurance agent is easier. Book Smart Port Agency, AMS Transit Server Service, PACT accelerator, Turbo Storm and comparative rating system TurboRator insurance and management systems are some of the major insurance technologies that allow agents to reduce the input and output processes, allowing the agents to generate more revenue.

Key Words: Technology, Banking, Insurance.

### **Introduction**

The use of appropriate technology removes many of the problems of the past, and allows the agencies to keep up with competition. Rural market potential shows that a population of about 250 million in rural areas exhibits a high level of market potential. This is almost 25% total population of India. With such a high market potential, why have the good efforts of organizations with developed technologies, devices and products for rural areas but till date has it borne any fruit? This article tries to analyze the reasons and to provide some possible solutions

### **Information Sources**

Information has been sourced from books, newspapers, trade journals, portals, government agencies, news, and through access to paid databases.

### **Technology in the Financial Sector**

Retail banking in India is maturing with time, several products, has come up for the development of the rural sectors. Some of the products being commonly offered to the customers are generally technology based like Plastic money, credit card, debit cards, mobile banking, Kisan credit cards, net banking, NRI services etc. These are the products offered by banks for the convenience of the customers for providing them with the facility of anytime credit and banking at a click. Even carrying cards can prevent frauds and money being cheated and there is always a greater risk to the rural people.

Private sector Banks also realized the potential in rural market. In the early 2000's ICICI bank began setting up internet kiosks in rural Tamilnadu along with ATM machines.

Data and facts say millions kisan credit cards (KCCs) have been issued by banks ever since the scheme was launched by the government in to provide credit to small and marginal farmers.

More than 30 percent of the sample KCC holders were not aware of the modalities, usefulness/ benefits of KCC scheme. Farmers have been issued KCC and sanctioned limits under

KCC, but they were not aware of its positive aspects, like, revolving cash credit facility (RCCF) involving any number of withdrawals and repayments, credit limits for full year including ancillary activities related to crop.

Now biometric ATM has been the most desirous gift of the millennium based on latest technology both for urban and the rural India. One does not have to remember the pin number, so easy access and banking .and over all protection from fraud and cheating.

But the question comes are these machines really helpful? Can this really bring about changes in the rural banking? The main idea was as the people are barely literate by using biometric identification; they can become a part of the banking community. Identification is ok but will they be able to continue with the process of transaction? Over the years, the banking sector in India has seen a number of changes. Most of the banks have begun to take an innovative approach towards banking with the objective of creating more value for customers and consequently, the banks. Some of the significant changes in the banking sector are discussed below.

There are specific reasons for low demand for insurance in spite of intense need. Suppliers have their own concerns which help to explain why there have been so little efforts at market development.

Consequently, the rural market is characterized by limited and inappropriate services, inadequate information. And even the processes / procedures are to be streamlined and simplified, to facilitate easier access for the rural poor. Information should be made available in vernacular for easy understanding of the terms on offer.

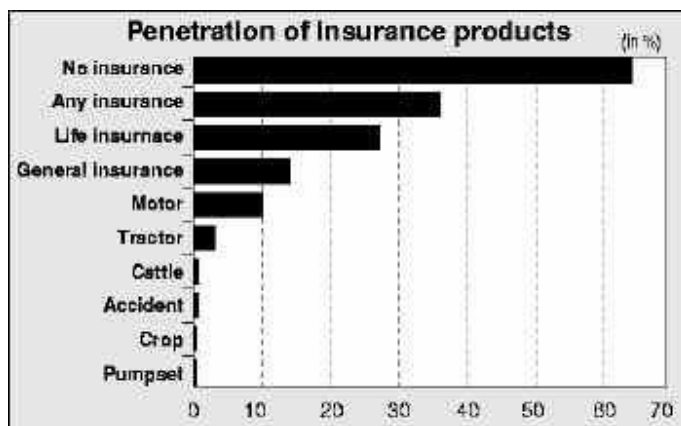


Fig 1 Insurance penetration in rural India

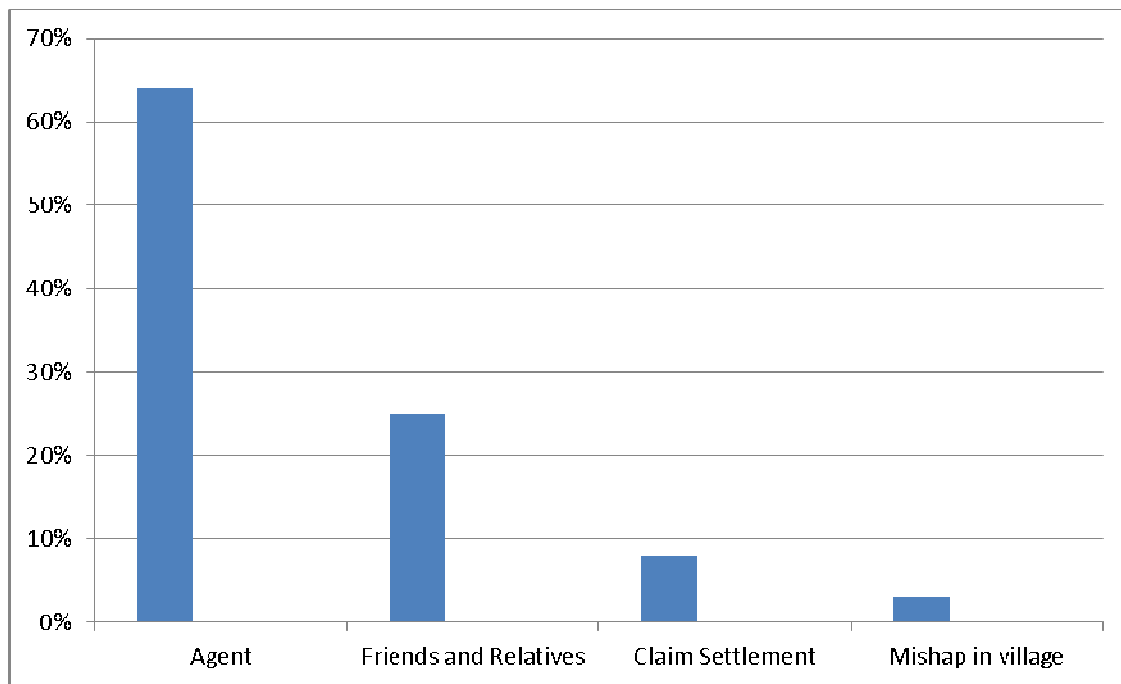


Fig. 2 Motivational factors for insurance selling (Source: IRDA)

This shows that the agents are the most important channel through which the insurance products can be deployed. But even the agents are recruited from the same mass that are a bit more educated than the rest.

The strong saving habit is underscored by the finding that even the relatively low-income families tend to save about a third of their annual earnings. With such a high saving habit why still the Insurance Company is unable to penetrate the mass?

Maybe the process of penetration in the rural areas could be pushed further through an appropriate use of IT and a more pragmatic definition of 'Rural'. Lack of consensus regarding the need of insurance product among the rural people is one of the major causes of slow penetration. They are not aware of the payment and claim facility with the use of technology (online payment, ATM and online claim follow-up etc)

Registered medical practitioners and teachers are the more educated persons in a village and command considerable respect and influence. Villagers also trust them. So if these people can be trained under IRDA for becoming advisors that will really increase the Insurance penetration in rural India. They can also comfortably use the technology for providing the best benefit to the rural mass.

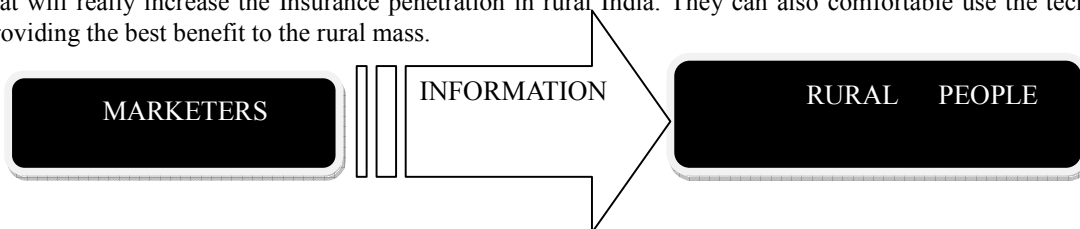


Fig 3 The gap between rural people and Rural people

- Most of the technologies being propagated in rural areas are urban-based and biased. They trickle down to rural areas.
- Marketers don not take enough initiative to reduce the gap created between them by the technology and the Information
- In this information era no venture can be successful unless and until there is enough information flow to the rural segment.
- Technologies are not user friendly for the rural people.
- Marketers are talking about brand awareness but rural market emphasizes on product awareness.
- Depending on the context (lifestyle, culture, mental blocks ),the whole product based on technology has to be designed or customized for the rural market.( ATM card operation)
- People irrespective of their education are even dependent on outsiders for a simple transaction in the bank.

### Recommendations:

The marketers should now seriously think of another P along with the basic four 4P's for the Rural segment. The gap created can be resolved by PAL .A person who can be appointed by the marketer for the rural people as a Corporate Social Responsibility act. A PAL will act as a friend to the rural mass making them

- Aware about the product
- About the benefits of the product
- Technology for the use of the product
- Information about the other available product

Rural market is still a black Pit, yet to be discovered and explored. Rural population is composed of human beings. Their needs and aspirations are similar to those staying in urban areas. These aspiration and need should be kept in mind while designing new technology based product for the human being.

A PAL can be selected from the rural mass on the basis of a few criterions like

- A person who has good social contacts
- A person who is graduate
- A person who has a strong motivation to contribute to the society
- And overall willingness to learn and teach

Proper training can be imparted by the organization which will enable PAL to carry out his activities smoothly and basic infrastructure should be provided to him ,inorder to support his activity.

This will also help in the regular employment in the rural areas .Companies can definite bear this cost as

- This will build up good repudiation of the organization
- Advertisement of the company/organization
- Sale will definitely increase as people will be more aware
- For the long run benefit of companies/organization because India rural market is almost 12% of the total world population.

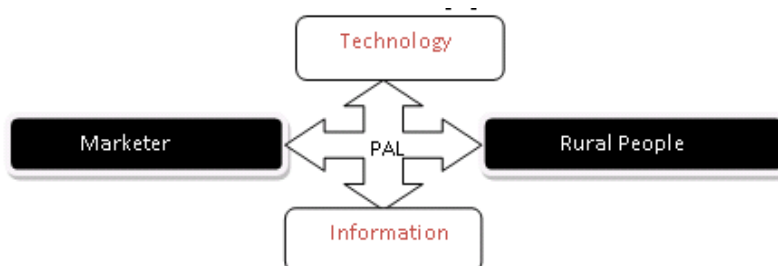


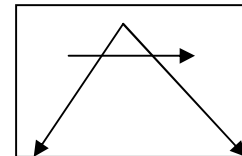
Fig 4 the bridge between marketer and the rural people

### Conclusions:

More than 70 % of the people are literate and more than 85 percent homes have a member in the urban area. They are exposed to the new world but one does not even see the shadow of the marketers in their life. Efforts now have to taken for making the rural people use the technology and educated at the same time.

Buyer's Mind (Black Box) is same as that of the urban people but the gap lies only in the information flow. The internal influences may be different but the components of decision making process needs only information

- Problem solving
- Information search
- Alternate Evaluation
- Purchase
- Post purchase
- Evaluation
- As a baby learns A, B, C, D when Personal attention is given
- Everything is done according to their mentality and attitude
- The process is thought to them



Likewise the rural market is newly born and it is not aware about the latest market scenario. So what they need is only proper information ,they are at a stage of learning and people need to be thought about the rural people need to be taught about the usage, benefits, process and technology, only offering the products for their development will not help.

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