

A Study on Perception of People Towards The Mobile Microfinancing with Special Reference to Gujarat State

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ABSTRACT

This study investigated the perception of people towards mobile microfinancing with a specific focus on Gujarat State. Utilizing a sample of 150 respondents, the research examined how various socio-demographic factors—such as gender, age, educational qualification, annual income, and marital status i.e. affect perceptions of mobile microfinancing services. The study explored key factors included trust and security concerns, security of transactions, privacy concerns, transparency of operations, and customer support and responsiveness. The findings revealed significant differences in perceptions based on gender, age, educational background, and income levels, while marital status has a more limited impact. Trust and security issues emerge as major concerns, with variations in user confidence related to service providers' handling of personal data and transaction security. Transparency and customer support are positively perceived, yet there are notable areas for improvement. The study highlighted the importance of addressing these concerns to enhance the adoption and effectiveness of mobile microfinancing services in Gujarat. It underscored the need for targeted interventions to improve financial inclusion, support economic empowerment, and ensure user satisfaction. The results contribute valuable insights for policymakers, financial institutions, and service providers in designing more effective mobile microfinancing solutions.

Key Words: Trust and security concerns, Security of transactions, privacy concerns, transparency of operations, and customer support and responsiveness

1. Introduction

Microfinancing has become a crucial instrument in advancing financial inclusion, especially in underdeveloped areas. Microfinance seeks to empower economically disadvantaged persons and promote entrepreneurial activity by offering modest loans to those who lack access to standard banking services. Mobile technology has significantly transformed the microfinance business, leading to the emergence of mobile microfinancing. This invention utilizes mobile platforms to provide financial services, hence enhancing accessibility and efficiency.

Mobile microfinancing has several benefits, such as reduced transaction expenses, enhanced convenience, and wider accessibility. Users may utilize their mobile phones to apply for loans, make payments, and receive monies immediately, eliminating the necessity of visiting a real bank. This is especially advantageous in areas with a restricted financial infrastructure.

Significance of the Research Gujarat, located in the western region of India, is renowned for its dynamic business culture and strong economic expansion. Although there has been notable economic advancement, a considerable segment of the population continues to lack access to services provided by conventional financial institutions. Mobile microfinancing offers a hopeful approach to close this divide and advance financial inclusion in the state.

Gaining insight into the attitude of individuals about mobile microfinancing in Gujarat is essential for several reasons. Firstly, it can offer valuable information on the level of acceptability and usage of these services within the intended audience. Additionally, it can illuminate the difficulties and obstacles encountered by users, therefore providing valuable insights for the formulation of policies and strategies by financial institutions and service providers. Furthermore, it has the potential to enhance the overall discussion on the topic of financial inclusion and digital financial services in India.

2. Literature Review

Amarnani, A., & Amarnani, N. (2015) defined that Microfinance, essentially, referred to the provision of financial services specifically targeted at individuals with low income. Currently, policymakers worldwide have intensified their focus on microfinance. In the past, a significant amount of energy and financial resources were allocated to this sector, making it crucial to focus on the efficacy of different models of microfinance delivery. In light of this context, the present study aimed to evaluate the effects of microfinance. This study was conducted as a cross-sectional research in the Sabarkantha district of Gujarat. The participants were women who lived below the poverty line (BPL). The control group consisted of new participants, while the treatment group consisted of participants who had been in the program for a longer period of time. The research involved the examination of both quantitative and qualitative data at both the household and individual levels. The study revealed that microfinance had a positive impact on the financial earnings of impoverished consumers who had participated in the program for a duration exceeding two years. In addition, the study found that consumer spending decreased during the early phase of involvement as individuals became more financially cautious. There was a negative shift, although it was statistically insignificant. On an individual level, it was found that

participation in the program improved the financial stability of the customers and raised the proportion of eligible daughters who attended school. However, the process of making financial decisions remained largely unchanged. The impact evaluation found that microfinance had a positive effect on impoverished women. However, to enhance their quality of life and maintain this improvement over an extended period, additional interventions at the social and human level were necessary.

Singh, V., & Padhi, P. (2015) defined that the financial industry has seen a significant revolution via the integration of information and communication technology (ICT) in delivering financial services. This has enabled the provision of financial services to clients located far away and has also resulted in a reduction in the cost of providing these services. The use of ICT in the financial system, especially in the microfinance sector, aims to not only increase access to money but also to provide financial services to the most remote and isolated locations. The adoption of technology by microfinance institutions (MFIs) has expanded their reach and resulted in cost reduction. However, this adoption has also faced certain hurdles, particularly in relation to legal matters and the choice of distribution channels. This research attempts to evaluate the influence of ICT on client management, risk management, and work efficiency in MFIs. The assessment is based on a case study of three MFIs: Cashpor Microcredit, SKS Microfinance Ltd, and Utkarsh Microfinance Pvt Ltd. The article concludes that the implementation of Information and Communication Technology (ICT) has effectively improved cost efficiency and client management in the microfinance sector. However, there is a need for a comprehensive policy reform in the adoption of ICT in Microfinance Institutions (MFIs), particularly in addressing regulatory and infrastructure challenges. This reform should consider the interests and concerns of all stakeholders involved in the microfinance sector.

Ahtesham, N., & Mittal, S. (2019) mentioned that since its inception, microfinance has been a crucial and impactful instrument for economically empowering those who are excluded from the official credit system. Currently, recognizing the significance of microfinance, several groups, both official and unofficial, have been actively engaged in providing financial support through their channels. The present study work focuses on the socio-economic advantages of accessing microfinance, specifically for farmers, in the state of Punjab. Variables used to quantify the economic impact encompass indicators such as income growth, savings accumulation, and investment expansion. Conversely, social impact is gauged by variables such as education levels, health outcomes, and societal relationships. The application of ANOVA aimed to determine if there are any notable disparities in the advantages obtained from microfinance across individuals with different income levels and durations of microfinance utilization. The study shows that while the advantages obtained are consistent among individuals of all income levels, there is some variation in the benefits based on the length of time the microfinance is utilized. Beneficiaries who have been utilizing microfinance for over 5 years have a significant and favorable socio-economic impact, whereas those who have been utilizing microfinance for a shorter length experience a significantly reduced impact. The study article seeks to emphasize the importance of microfinance for farmers in Punjab and serves as a foundation for future research in this field.

3. Research Methodology

3.1. Problem Identification

Identifying research gaps is a crucial step in formulating a research study. For a study on the perception of people towards mobile microfinancing with special reference to Gujarat State, the researcher has considered the below mentioned point as an important parameter for the research problem.

Most studies on mobile microfinancing focus on broader regions or different states in India. There is a lack of region-specific studies that cater specifically to the unique socio-economic dynamics of Gujarat. Conducted a focused study on the perception of mobile microfinancing in Gujarat to understand regional differences and specific needs. The perception of the people of Gujarat state have been tested on the limited parameters. Investigated how various demographic segments in Gujarat perceive mobile microfinancing and what factors influence their acceptance and usage. The relationship between digital literacy and the adoption of mobile microfinancing services has not been extensively explored. Examined how digital literacy levels in Gujarat affect the perception and usage of mobile microfinancing services. There is a paucity of research on trust and security issues related to mobile microfinancing in Gujarat and due to which explored the trust and security concerns of users and non-users of mobile microfinancing in Gujarat and how these factors influence their perception.

3.2. Scope of the Study

The scope of this study encompasses a comprehensive analysis of the perception of mobile microfinancing among the people of Gujarat State. This research will delve into various demographic factors, such as age, gender, income level, and education, to understand their influence on the acceptance and usage of mobile microfinancing services. It examined the role of digital literacy in shaping perceptions and explore trust and security concerns that may affect adoption. Additionally, the study has compared the perceptions between rural and urban populations, assess the effectiveness of awareness programs, and evaluate the impact of government policies on mobile microfinancing. By identifying specific barriers to adoption and understanding the perspectives of small business owners, this study aims to provide a nuanced

understanding of the factors driving and hindering the adoption of mobile microfinancing in Gujarat. The ultimate goal was to offer insights that can inform stakeholders and contribute to enhancing financial inclusion in the region.

3.3. Objectives of the Study

The objective of this particular study has been mentioned below:

- To identify the important factors for the users of the mobile micro financing facility from the Gujarat State.
- To know the significant difference of opinion among the people of the Gujarat State for the important factors for the mobile micro financing facility in Gujarat State.

3.4. Hypothesis of the Study

The Hypothesis of the study are mentioned below:

H0₁: There is no significant impact of Gender of people on their perception towards mobile micro financing facilities in Gujarat

H0₂: There is no significant impact of Age of people on their perception towards mobile micro financing facilities in Gujarat

H0₃: There is no significant impact of Educational qualification of people on their perception towards mobile micro financing facilities in Gujarat

H0₄: There is no significant impact of annual income of people on their perception towards mobile micro financing facilities in Gujarat

H0₅: There is no significant impact of marital status of people on their perception towards mobile micro financing facilities in Gujarat

Test used for above mentioned objectives and hypotheses testing are Frequency Distribution, Descriptive Statistics, and Non-Parametric tests (Mann Whitney U Test and Kruskal Wallis Test)

3.5. Societal Importance of the Study

The societal importance of studying the perception of people towards mobile microfinancing in Gujarat State is profound and multifaceted. This research is crucial for enhancing financial inclusion by integrating unbanked and underbanked populations into the formal financial system, thereby promoting economic stability and reducing poverty. It supports economic empowerment by identifying barriers and facilitators to mobile microfinancing, which can inform policies and programs tailored to small business owners, women, and rural populations. Insights from this study will guide policymakers and financial institutions in developing regulations that ensure secure and efficient mobile financial services, thus boosting user confidence. Additionally, the study highlights the need for digital literacy initiatives, enabling broader adoption of digital financial services and bridging the digital divide. By addressing trust and security concerns, the research can lead to stronger security measures and transparency practices, enhancing user satisfaction and service efficiency. Overall, the study aims to promote equitable access to financial services, foster social equity, and improve customer support, contributing to a more inclusive, secure, and efficient financial ecosystem in Gujarat.

3.6. Limitations of the Study

The study on the perception of people towards mobile microfinancing in Gujarat State has several limitations. Firstly, the sample size may not fully represent the diverse population of Gujarat, potentially leading to biased results. Secondly, the study relies on self-reported data, which may be influenced by respondents' personal biases or inaccuracies in their responses. Thirdly, the rapidly evolving nature of mobile technology and financial services means that the findings may become outdated quickly, limiting their long-term applicability. Additionally, the study focuses specifically on Gujarat, which may limit the generalizability of the results to other regions with different socio-economic contexts. Furthermore, the research may not fully capture the nuanced differences in perception across various sub-groups within the state, such as rural vs. urban populations or different income levels. Finally, external factors such as government policies and market conditions, which can significantly impact perceptions and adoption of mobile microfinancing, may not be thoroughly examined within the scope of this study.

3.7. Sample Size of the Study

The sample size for this study on the perception of people towards mobile microfinancing in Gujarat State comprises 150 respondents. This sample includes a diverse cross-section of the population, with 61.33% male and 38.67% female participants. The age distribution ranges from individuals under 25 years to those over 60, ensuring representation across different life stages. Educational qualifications of the respondents vary from up to schooling to doctorate levels, reflecting a broad spectrum of educational backgrounds. The annual income levels of participants also range widely, from less than Rs. 25,000 to more than Rs. 60,000, covering various economic strata. Furthermore, both married (65.33%) and unmarried

(34.67%) individuals are included, providing insights into the perceptions of people with different marital statuses. This diverse sample allows for a comprehensive analysis of the factors influencing the perception of mobile microfinancing in Gujarat, although it may not fully capture the entire population's views due to its limited size.

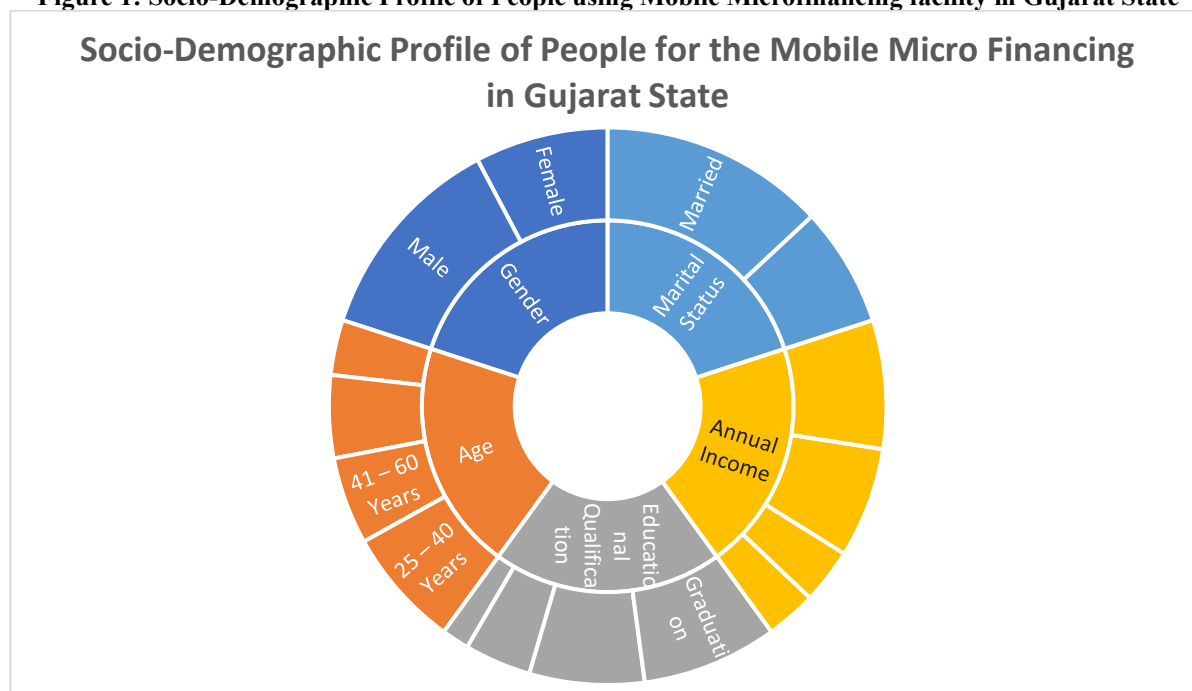
Data Analysis and Interpretation

Table 1: Socio-Demographic Profile of People using Mobile Microfinancing facility in Gujarat State

Socio-Demographic Profile	Parameters	Frequency
Gender	Male	92 (61.33%)
	Female	58(38.67%)
Age	Less than 25 Years	24(16.00%)
	25 – 40 Years	52(34.67%)
	41 – 60 Years	38(25.33%)
	More than 60 Years	36(24.00%)
Educational Qualification	Up to Schooling	12(08.00%)
	Graduation	59(39.33%)
	Post – Graduation	50(39.33%)
	Doctorate	29(19.33%)
Annual Income	Less than Rs. 25,000	24 (16.00%)
	Rs. 25,000 – Rs. 40,000	48 (32.00%)
	Rs. 40,001 – Rs. 60,000	56 (37.33%)
	More than Rs. 60,000	22 (14.67%)
Marital Status	Married	98 (65.33%)
	Unmarried	52 (34.67%)

(Source: Research Result)

Figure 1: Socio-Demographic Profile of People using Mobile Microfinancing facility in Gujarat State



(Source: Research Result)

The socio-demographic profile of people using mobile microfinancing facilities in Gujarat State revealed a diverse user base. The gender distribution shown a higher proportion of males (61.33%) compared to females (38.67%). Age-wise, the largest group of users falls within the 25-40 years category (34.67%), followed by those aged 41-60 years (25.33%), indicated that mobile microfinancing is predominantly utilized by working-age adults.

In terms of educational qualifications, a significant portion of users have completed higher education, with 39.33% holding a graduation degree and another 39.33% having post-graduation qualifications. Users with a doctorate constitute 19.33%, while those with up to schooling education represent a smaller segment (8.00%).

The annual income data indicated a broad range of financial backgrounds among users. The majority earn between Rs. 25,000 and Rs. 60,000 per year (69.33% combined), with 32.00% in the Rs. 25,000 – Rs. 40,000 range and 37.33% in the Rs. 40,001 – Rs. 60,000 bracket. Users earning less than Rs. 25,000 constitute 16.00%, and those with an income exceeding Rs. 60,000 represent 14.67%.

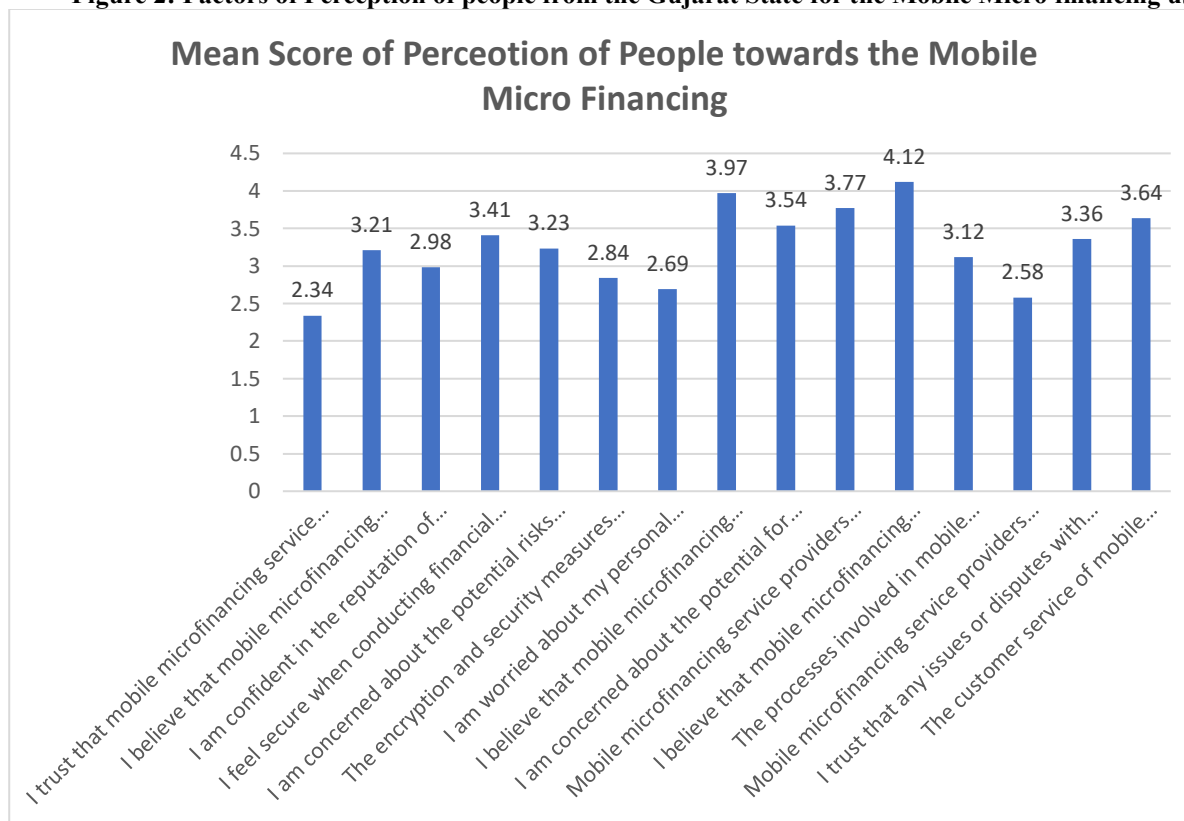
Regarding marital status, a substantial majority of users are married (65.33%), compared to 34.67% who are unmarried. This socio-demographic profile highlights that mobile microfinancing users in Gujarat are predominantly middle-aged, well-educated, and come from diverse income brackets, with a higher incidence of usage among married individuals and males.

Table 2: Factors of Perception of people from the Gujarat State for the Mobile Micro financing usage

Factors	Statements	Mean Score
Trust and Security Concerns	I trust that mobile microfinancing service providers will handle my personal and financial information securely.	2.34
	I believe that mobile microfinancing service providers have reliable systems to protect against fraud and unauthorized access.	3.21
	I am confident in the reputation of mobile microfinancing service providers in Gujarat.	2.98
Security of Transactions	I feel secure when conducting financial transactions using mobile microfinancing services.	3.41
	I am concerned about the potential risks of hacking or cyber-attacks when using mobile microfinancing.	3.23
	The encryption and security measures used by mobile microfinancing services are adequate to protect my financial transactions.	2.84
Privacy Concerns	I am worried about my personal information being misused when using mobile microfinancing services.	2.69
	I believe that mobile microfinancing services have strong privacy policies to protect user data.	3.97
	I am concerned about the potential for my data to be shared with third parties without my consent.	3.54
Transparency of Operations	Mobile microfinancing service providers clearly explain their terms and conditions.	3.77
	I believe that mobile microfinancing service providers are transparent about their fees and charges.	4.12
	The processes involved in mobile microfinancing are clear and easy to understand.	3.12
Customer Support and Responsiveness	Mobile microfinancing service providers offer prompt and effective customer support.	2.58
	I trust that any issues or disputes with mobile microfinancing services will be resolved fairly.	3.36
	The customer service of mobile microfinancing providers is reliable and trustworthy.	3.64

(Source: Research Result)

Figure 2: Factors of Perception of people from the Gujarat State for the Mobile Micro financing usage



(Source: Research Result)

From the above table and chart for the Factors of the perception of the people from the Gujarat state towards the mobile micro financing it had been noted that

The data on the perception of people from Gujarat State towards mobile microfinancing usage revealed several key insights across various factors. Trust and Security Concerns appeared to be a significant issue, with relatively low mean scores such as 2.34 for the belief in secure handling of personal and financial information, indicating a lack of confidence among users. Similarly, perceptions of reliable systems to protect against fraud and unauthorized access score moderately at 3.21, suggested some scepticisms. In terms of Security of Transactions, while users feel somewhat secure (mean score of 3.41), concerned about hacking and cyber-attacks remain relatively high (mean score of 3.23). The adequacy of encryption and security measured received a lower score of 2.84, further highlighting security apprehensions.

Privacy Concerns shown mixed perceptions; while users are moderately worried about misuse of personal information (mean score of 2.69), they believe privacy policies are strong (mean score of 3.97). However, concerns about data sharing without consent are still prevalent, with a mean score of 3.54. Transparency of Operations scores positively, with high mean scores of 4.12 for transparency about fees and charges and 3.77 for clear explanation of terms and conditions, indicating that users appreciate the clarity provided by service providers.

Customer Support and Responsiveness reveal areas needing improvement, particularly in promptness and effectiveness of support (mean score of 2.58). Nonetheless, trust in fair resolution of issues (mean score of 3.36) and reliability of customer service (mean score of 3.64) indicate moderate satisfaction.

Overall, the data suggests that while there are positive perceptions around transparency and privacy policies, significant concerns around trust, security, and customer support need to be addressed to enhance the adoption and user confidence in mobile microfinancing services in Gujarat.

The above listed results are obtained with the help of Frequency Distribution, Descriptive Statistics.

Table 3: Significant Difference of opinion among the Socio-demographic profile of the people of Gujarat State towards the factors for the mobile micro financing

Factors for Mobile Micro Financing	Gender	Age	Edu. Qual.	Annual Income	Marital Status
Trust and Security Concerns	0.000	0.004	0.000	0.005	0.001

<i>Significant Difference</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>No</i>
Security of Transactions	0.000	0.000	0.070	0.001	0.010
<i>Significant Difference</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
Privacy Concerns	0.543	0.200	0.010	0.002	0.200
<i>Significant Difference</i>	<i>No</i>	<i>No</i>	<i>No</i>	<i>No</i>	<i>No</i>
Transparency of Operations	0.000	0.000	0.004	0.002	0.001
<i>Significant Difference</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>No</i>
Customer Support and Responsiveness	0.004	0.012	0.023	0.000	0.034
<i>Significant Difference</i>	<i>No</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>No</i>

(Source: Research Result)

The analysis of the significant differences in opinions among the socio-demographic profiles of people in Gujarat State towards various factors related to mobile microfinancing revealed several key insights. Gender differences are significant across most factors, including Trust and Security Concerns, Security of Transactions, Transparency of Operations, and Customer Support and Responsiveness. This indicated that males and females perceive these aspects differently.

Age shown significant differences in opinions for Trust and Security Concerns, Security of Transactions, Transparency of Operations, and Customer Support and Responsiveness. This suggests that perceptions about these factors vary notably across different age groups, highlighting the influence of age on user experiences and trust levels in mobile microfinancing services.

Educational qualification also played a significant role, with differences noted for Trust and Security Concerns, Security of Transactions, Transparency of Operations, and Customer Support and Responsiveness. This implies that users with varying educational backgrounds have distinct perspectives on the security, transparency, and support associated with mobile microfinancing.

Annual income is another critical factor, shown significant differences across all factors except Privacy Concerns. This underscores that financial standing influences how users perceive trust, security, transparency, and customer support in mobile microfinancing.

Marital status, however, shown significant differences only for Security of Transactions and Transparency of Operations, indicating that marital status influences perceptions of these specific factors but not the others. The above listed hypotheses were tested using Non-Parametric tests (Mann Whitney U Test and Kruskal Wallis Test).

Findings, Conclusions and Suggestions of the Study

In the case of defining the factors for the people perception towards the mobile micro financing it had been noted that there are positive perceptions around transparency and privacy policies, significant concerns around trust, security, and customer support need to be addressed to enhance the adoption and user confidence in mobile microfinancing services in Gujarat. For the identification of significant difference of opinion among the people for the mobile micro financing in the Gujarat state, it had been noted that the data reveals that gender, age, educational qualification, and annual income significantly impact users' perceptions of mobile microfinancing in Gujarat State, while marital status has a more limited effect. Privacy concerns do not show significant differences across any socio-demographic factors, suggesting a more uniform perception in this area.

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