

# Financial Inclusion, Awareness, and Understanding of Financial Products among People Selected Gewogs (Blocks) of Bhutan

Purna Prasad Sharma, Shad Ahmad Khan, Prabha Thoudam

**Abstract:** *The financial products that are being offered by the banks in the contemporary era are significant to enhance the primary objective of the banks that is, 'Financial Inclusion' (FI). However, due to umpteen reasons, the banks in many countries have failed streamlining the poor and the majority of the rural folk. Bhutan is not an exception as it is in a landlocked country. The Survey finding (2013) depicted a smaller share of Bhutanese involvement in the formal financial system (48%) whereas larger percentage of them involved in informal financial system. Further, the present Governor of Royal Monetary Authority (The central bank of the country), DASHO PENJOR in his discussion on the review of His Majesty's address on 109th National day Celebration in Trongsa stated that the majority of the rural folks are unable to avail banking services extended by the formal institutions. Besides, financial services can be availed by mass only when banks and other financial institutions run some awareness programmes. There are a few literature on FI in Bhutan in general; however literature on the awareness and understanding of financial products of the people are minimal in the country. The present study, therefore, investigates the scenario of FI along with awareness and understanding of financial products of commercial banks among Bhutanese in four Gewogs (Blocks) of the country that is, Bongo, Chapcha, Darla and Samphelling.*

*The structured questionnaire was designed and primary data from 378 respondents were collected. Further, various articles and papers published in survey findings, magazines, and journal articles are used as secondary data sources of the study. The collected data have been tabulated, analysed, and interpreted with the help of Descriptive statistics, Independent t-test and Analyses of Variance (ANOVA).*

**Keywords :** *Financial inclusion, financial products, awareness, understanding Bhutan.*

## I. INTRODUCTION

A large number of people especially the poor and the underprivileged in underdeveloped and developing countries lack access of sustainable financial services. Financial Inclusion (FI) delineates all financial services to be delivered to disadvantaged group of people at an affordable cost as per their need and requirement. The World Bank report states,

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*"Financial Inclusion is defined as an absence of price and non-price barriers in the use of financial services".* Research findings indicate that a large number of population across the globe do not obtain basic banking services. They also recommended FI as one of the significant drivers for holistic economic development.

Financial inclusive policies and programs play a pivotal role to outreach the formal financial services to everyone without any constraint. Globally, the challenges are to address the constraints that exclude the poor and the vulnerable from formal financial system. Since 2010, the leaders of G20 have recognised the integration of *financial inclusion, consumer protection and financial education* as necessary factors to establish effective financial inclusion mechanism. Generally, formal financial institutions mostly ignore the weaker sections of the society. This ultimately opens the door of local moneylenders in particular and increases the country's financial exclusion rate in general.

As financial inclusive initiatives and programs, from the supply side, the policy makers have recognized the importance of financial education through formulating and implementing some financial education strategies to stimulate the financial inclusion. These wide ranges of initiatives include training courses; television and radio programmes intend to financial education and have come from various stakeholders. In some countries, even some legislative measures have been initiated such as the law on Exclusion (1998) in France and the Financial Inclusion Task Force (2005) in U.K. The banking sector has also been found taking active role in enhancing financial inclusion through a number of initiatives through education and awareness programs. In India, initiatives like "no frills" accounts and "General Credit Cards" are such programmes. In Bhutan, financial inclusion is regarded as fundamental and essential prerequisite to materialize its national goal that is, equitable and harmonious development. The Royal Monetary Authority (RMA), the central bank of Bhutan initiated different programs with the purpose of developing national FI strategy after conducting extensive survey from demand and supply side. There are several regulations introduced to promote FI by RMA, which include Microloan Institutions Regulation in 2014, Private Money Lending Rules and Regulations in 2016, Agent Banking Rules, and Regulations in 2016 and Deposit Taking Microfinance Institution Regulation in 2017. The inclusive financial system has several advantages.

It helps efficient allocation of scarce resources, open door for smooth access of financial services, improve financial management and help reducing growth of informal sources of finance. Financial inclusion through microfinance has been evolving in other countries since 1990s where it helps the poor in improving their living standards. However, in Bhutan it remains at its nascent stage since establishment of Bhutan Development Bank Ltd (BDBL) in 1988. The BDBL is the only Bank that focuses rural farmers. It provides seasonal, small and medium term loan to small farmers. From numerous programmes initiated by BDBL, farmers outreach banking program have been quite successful where most of the farmers do banking transactions at their doorstep. Today, BDBL and other commercial banks along with some of the Micro Finance Institutions (MFIs) and Non Governmental Organisations (NGOs) are found playing a pivotal role in bringing higher degree of FI. Recently, in one of the economic forums, a wide range of international and regional experts have shared their best practices and discussed on innovative and transformative solution for Bhutan to emulate.

As per the news in Kuensel (one of the leading newspapers of Bhutan) dated 25th May 2017, at the first International Financial Inclusion Summit held on 24th May 2017, Central Bank's governor, Dasho Penjore mentioned 'digitisation' as one of the effective means of spreading financial services and financial inclusion in the country. In addition, he advocated that the focus of financial services in potential areas are ignored and need to work at policy level. To support this effort, he urged financial institutions and other NGOs to reach their financial services in far-flung areas of the country.

Awareness and understanding of financial products among people become pivotal for effective FI of any country. Literature on perception of customers on financial products is scanty in Bhutan. One of the studies reveals that due to distance and difficult terrain, people in some parts of the Gewogs in Bhutan are not clients of Bhutan Development Bank Limited (BDBL). The United Nations Capital Development Fund (UNCDF) Report( 2014) reveals that the corporate customers in Bhutan are aware of those products that they acquire but they do not have enough information regarding other financial products that are provided by the various financial institutions. This phenomenon also delineates towards adopting strong mechanism to enhance the knowledge of banking products among customers in all the Dzongkhags which in turn may bring high degree of FI in the country.

## II. LITERATURE REVIEW

### (a) Awareness and understanding of financial products among customers

The meaning of the word, *awareness* in the Oxford dictionary is "knowledge or perception of a situation or fact". On the other hand, the word '*understanding*' delineates "the ability to understand something or an individual's perception or judgment of a situation". These two terms are therefore, pivotal in a detailed understanding of any subject. According to Rogers, (2003), the customers' understanding of financial products in terms of their perception demonstrates the degree of which their assessment influence their decision to choose

from alternatives observed with respect to the event occurrence and the relative probabilities of these alternatives.

There are some specific studies on the awareness and perception of financial products among bank customers. Lateh et al. (2009) in their research on the awareness of the customers towards financial products of Islamic bank concluded that most of the Thai customers were aware of financial products of Islamic bank but their understanding level about the products was low when it is compared to other countries. In Pakistan, the customers were aware of some general products such as time deposit and current accounts (Khattak and Rehman, 2010 and Okumus, 2005). Selvaraj (2011) did research in the Indian context and concluded that 70% of the sample respondents (Which were mostly from rural areas in Tamil Nadu) lacked the awareness of financial services of banks.

The growth of banking system of a country largely depends on the spread of necessary financial products, especially in the rural area. Financial exclusion rate is still high and it is a case of concern for the governments in many nations. Therefore, the governments are to bring some effective mechanisms to reduce this social evil from the country. Effective programme on financial literacy and training could be some of the solutions to enhance FI. Dang and Kumar, (2013) argued that the banks should take FI as a business initiative instead of taking it as a social initiative. Studies have established a positive correlation between the level of human development and financial inclusion and advocated that they move together. On the contrary, a better human development is expected to bring a better level of financial inclusion. (Sharma & Pais, 2011). The governments have been found introducing various schemes to enhance banking outreach to the poor and unbanked part of the nation around the globe. The study on the Pradhan Mantri Jan Dhan Yojana (PMJDY) highlighted the key areas and suggested a few strategies to bring higher financial inclusion, especially, for the underprivileged and unbanked areas (Kaur & Singh, 2015). A study by Guntupalli (2016) concluded that the low income of the people discourage them to mainstream with the formal financial system.

Besides, a few other factors have been traced by the researchers for the poor awareness and perception of financial products among people, especially, in the rural areas. Singh and Tandon (2012) found that the age, legal identity, bank charges, low literacy, living place, cultural and psychological barriers were the main factors affecting access to financial services. Patnaik et al. (2015) stated that only 13.8% of the respondents in the state of Bhubaneswar in India have access to bank accounts. The study recommended banks for conducting awareness programme on the zero balance scheme. Divya (2013) found that daily wage earners in Andhra Pradesh who earn more than Rs. 300 have portrayed their interest in utilizing financial inclusion services. Instead of conjunctive effort from the different stakeholders, the FI is yet to achieve its goal in the country. The innovative financial products along with the installation of latest information communication technology may enhance increasing FI. (Aggarwal & Garg, 2014).

**(b) Impact assessment of awareness and understanding of financial products on FI**

The various authors who have conducted research on perception of financial products among customers include: Haque(2004), Dusuki and Abdullah (2007). Ismail et al.(2008), Manzoor and Amanullah (2010), Rashid et al.(2012). A study conducted in Bangladesh, Malaysia and Morocco revealed that along with religious sentiment, desire for higher rate of profit, efficient financial service delivery mechanism, and low transaction cost play an important role in choosing financial services in Islamic bank (Ramdhony,2013; Rashid et al.,2012; Eze et al.,2011). Lack of awareness of campaign programme by the banks has been reported as another factor for having less knowledge of financial products among bank customers. The surveys' result of Fada and Wabekwa, (2012) unveiled the same and recommended awareness campaign programs to be initiated to enhance the knowledge of Islamic banking among Nigerians.

Provision of financial services has been seen as another plausible reason of customers' satisfaction. Ahmad et al., (2010) argued on providing high quality financial services to the needy customers. While providing such services, personnel's friendliness with the customer, dress code of the banker, communication style and customer relations (Haron et al., 1994; Naser et al., 1999) are significant. The banking services, if found better by the customer, tend to increase FI. This becomes more significant for the rural population. Lack of appropriate banking networks in the rural part has been observed as one of the significant hurdles for full-fledged FI. Kumar (2013) in his study revealed that increase in banking networks has positive impacts on FI. Similarly, Beck et al., (2007a, 2007b) found that the increased bank branches enhance efficiency of the banks as well as a positive increase in growth rate. In addition, high rate of FI provides good opportunity for the banks to utilize the financial services towards beneficiaries that reduce the informal banking system.

**(c) Awareness and perception of financial products among people of Bhutan**

The financial system of Bhutan is very small. It consists of five banks, two insurance companies, a pension fund and three microfinance institutions. RMA being the central bank of the country has been supervising country's financial institutions. The country is at its nascent stage in terms of its establishment of financial institutions and banking networks. The rural credit in Bhutan started in the year 1980. The Bank of Bhutan (BOB) and the Food Corporation of Bhutan (FCB) had been the earlier interventions through which Government tried to streamline the poor with formal financial institutions. At present, the BDBL (Bhutan Development Bank Limited) has been catering the needs of more than 60 percent of the rural poor of the country. Perception studies on financial products are scanty in the nation. One of the studies reveals that due to distance and difficult terrain, people in some parts of the Gewogs in Bhutan are not a client of BDBL. Recently, in the first FI summit held in Thimphu, Dasho Penjor, the Governor of RMA stated that majority of the financial services (54%) and credit allocation (53%) are concentrated in a few

Dzongkhags(districts) delineating disproportionate banking services in the country (Dorji, 2017). Presenting these figures and narrating the importance of digitization as a fastest mode of spreading FI, he urged the need of effective FI in the country. On the other hand, high degree of FI in the country is only possible when large section of the residents, especially from the rural areas are made aware of financial services of the banks and financial institutions.

**III. OBJECTIVES**

- (i) To study the awareness and understanding level of the financial products and services among people in selected Gewogs of Bhutan
- (ii) To study the scenario and level of financial inclusion among people in selected Gewogs of Bhutan.

**IV. HYPOTHESES**

The alternative hypotheses of the research are formulated as follows:

- H<sub>1</sub>**: There is a significant difference between genders (Male vs. Female) towards FI.
- H<sub>2</sub>**: There is a significant difference between genders (Male vs. Female) towards LoA
- H<sub>3</sub>**: There is a significant difference between genders (Male vs. Female) towards LoU
- H<sub>4</sub>**: There is a significant difference among respondents' age groups (15-18 years, 19-30 years, 31-50 years and above 50 years) towards FI
- H<sub>5</sub>**: There is a significant difference among respondents' age groups (15-18 years, 19-30 years, 31-50 years and above 50 years) towards LoA
- H<sub>6</sub>**: There is a significant difference among respondents' age groups (15-18 years, 19-30 years, 31-50 years and above 50 years) towards LoU

**V. RESEARCH METHODOLOGY**

**5.1. Methodology**

**5.1.1. Scope and coverage**

The study investigates on the financial inclusion, awareness and understanding level of financial products among Bhutanese in four Gewogs of Chukha district. For drawing true inferences of FI and awareness and understanding of financial products, the respondents who were availing financial services from the banks were considered. The understanding of current scenario of FI however is an ancillary goal of the study. Prime importance is given to obtain the better trend of perception of financial products among the respondents, the variables such as, types of bank accounts, respondents' preferences of borrowing loan from financial institutions or local money lenders, financial products and services of the banks, quality of the financial services of financial institutions, frequency of visit to bank branches, trust with the services of banks, level of awareness and availing of financial products such as, loans, internet banking, mobile banking, debit/credit card, Mortgage, cheque book, overdraft facilities, Automated Teller Machines (ATMs) facilities.



**5.1.2. Sources of data**

Both primary as well as secondary data were collected for the analyses and interpretation.

**5.1.2.1. Primary data**

The required data for the research were gathered from four Gewogs of Bhutan namely, Bongo, Chapcha, Darla, and Sampheling. All the data were collected from respondents through the following instruments.

- a. Structured and unstructured interviews with experts.
- b. Pilot survey
- c. Scheduling

**5.1.2.2. Secondary data**

- a. Data were also collected from various articles and papers published in survey findings, magazines, journals, newspapers regarding financial inclusion and awareness and understanding of financial products of commercial banks across globe in general and Bhutan in particular.
- b. Year books published by National Statistics Bureau (NBS) were consulted for basic data on population characteristics.
- c. Recent Annual Reports (ARs) of commercial banks with special reference to Bhutan Development Bank Limited (BDBL) have been referred to draw inferences on financial inclusion, and outreach of the banks in all the Gewogs selected for the study.

**5.1.3. Population, Sample, and Sample classification**

Total population of the four Gewogs were obtained by giving telephonic calls to the respective Gups (Head of the Block). A total of 21,834 individuals were found residing in four Gewogs. Out of these, Darla constitutes the highest population of 8,050 individuals that represent 37% of the total followed by Bongo 6,609 (30%), Sampheling 3,736 (17%) and Chapcha 3,439(16%). The total sample size was arrived at 378 by applying Krejcie & Morgan, (1970) formula. The respective sample size of each Gewog was determined based on the population proportion. Darla being the highest populated Gewogs among four, represent almost 37% of the total samples (139) followed by Bongo (30%) (114), Samphelling (17%) (65) and Chapcha being the lowest that is about 16% of the total samples (60).

**5.1.4. Tools of data analyses**

The collected data have been tabulated, analysed, and interpreted with the help of Independent t-test, and Analyses of Variance (ANOVA). Descriptive statistics have been used to describe the frequency of respective variables. The independent t-test and ANOVA were mainly used to analyse the data and for testing the hypotheses. Besides, the data type such as categorical and interval are taken into consideration for selecting the statistical tools such as t-test and ANOVA. Apart from SPSS software (version-22) for running t-test and ANOVA, the MS Excel of Microsoft Office has also been used significantly to analyse the research data. The data were converted into percentage wherever there was a need of analysing and interpreting into their meaningful terms.

**VI. LIMITATION OF THE STUDY**

a. This study is based on the primary data obtained from the respondents of four Gewogs of Bhutan. The research

inferences thus drawn from here may not be generalised for the nation as a whole.

b. The sample size of the study was arrived at 378. This size would have been increased if more number of Gewogs were included under study.

c. As maximum numbers of respondents were illiterate, difficulties were faced by the researchers in translating and explaining technical language of questionnaire from English to Dzongkhag (National language of Bhutan). Hence, there may be some variations in respondents' answers.

d. The inferences of the study have been drawn mainly on the primary data obtained from the respondents. Therefore, respondents' perception and living may be changed in future.

**VII. DATA ANALYSES AND INTERPRETATIONS**

This section of the study analyses the data with the help of SPSS. Before performing the actual analyses, a reliability test was run to check the internal consistency of the questions. The test was conducted for all the three levels of criteria separately. The results (Cronbach's Alpha) obtained showed good internal consistency of survey questions with the Cronbach Alpha value of .848, .762 and .712. (Table 1). From the data, every latent variable score of above 0.7 signifies good level of questionnaire being developed for the study.

Table 1 Reliability test

Serial no.	Criteria	Alpha value
1	Awareness level of financial products	.848
2	Understanding level (availing) of financial products	.762
3	Overall Financial Inclusion	.712

Source: Obtained from field survey data

After the reliability test, mean scores of three test variables that is Financial Inclusion (FI), Level of Awareness (LoA) of the financial products among respondents and Level of Understanding (LoU) of the financial products among respondents were calculated before analysing the data. The following sub-questions have been considered in each variable to calculate their average scores.

(a) FI – The mean score of the FI was calculated, taking into account the respondents' bank A/c, choice of keeping their surplus money in the banks, preference towards local money lenders for borrowing loan, range of financial services obtained from the banks, quality of bank services, bank employees' attitude and timing of services that banks take to provide services to the respondents.

(b) LoA – Average score of LoA was calculated by taking respondents' awareness towards various banking services such as loans, internet banking, mobile banking debit and credit card, mortgage, cheque book ATMs, overdraft, depositing and withdrawing of cash and any other service that they were availing during the study period.

(c) LoU – Same type of financial products as mentioned in (b) above were considered for calculating the mean score of LoU. In LoA, respondents were

just asked whether they know/heard about the banking products as mentioned in the questionnaire. In LoU, however, they were asked to define as well as to mention whether they have been availing those products. In other words, the respondents' knowledge about the financial products were tested.

**(i) FI, LoA and LoU based on respondents' gender**

Table 2 presents the group statistics of gender (male vs female) towards FI, LoA and LoU. The mean score of 3.68

and 3.62 of male and female indicates that FI is slightly higher among male as compared to female. Similarly, the awareness level of financial products is higher among male (3.39) as compared to its counterpart (3.14). Contrary to this result, the understanding level of the banking products is less in both male (1.88) and female (1.57). In all the test variables, however, mean score of male is higher than that of its counterpart.

Table 2 Group statistics

Variables	Gender	N	Mean	Std. Deviation	Std. Error Mean
Financial Inclusion (FI)	Male	211	3.6761	.31511	.02169
	Female	167	3.6180	.33377	.02583
Level of Awareness (LoA)	Male	211	3.3929	.80807	.05563
	Female	167	3.1415	.82404	.06377
Level of Understanding (LoU)	Male	211	1.8785	.63398	.04365
	Female	167	1.5689	.44457	.03440

Source: Obtained from field survey data

To find out the significance of mean score between male and female towards the test variables of FI, LoA and LoU, Independent t-test was run. The results depicted in Table 3 delineate the following:

- (i) For FI:  $t(376) = 1.737, p > .05 (.083)$
- (ii) For LoA:  $t(376) = 2.978, p < .05 (.003)$
- (iii) For LoU:  $t(376) = 5.354, p < .05 (.000)$

The samples t-test results demonstrated in Table 2 show that the mean score between gender (male vs female) is

statistically significant towards LoA and LoU. The p value of less than .05 in both the variables answers this fact. Thus, the result supports working hypotheses  $H_2$  and  $H_3$ . On the other hand, no significant difference has been found in the numerical mean value of male and female towards FI. The p value of more than .05 suffices this fact and rejects the alternate hypothesis  $H_1$ . The scenario of financial inclusion in Bhutan is not satisfactory. It is ranked 130 in Financial Inclusion Index in the world. Timely delivery of financial services to the poor at a low-priced cost is vital for the success of financial inclusion (Pavithran & Raihanath, 2014).

Table 3 Independent Samples t-test

Variables	Variances	Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
Financial Inclusion (FI)	Equal variances assumed	.488	.485	1.737	376	.083
	Equal variances not assumed			1.725	346.510	.085
Level of Awareness (LoA)	Equal variances assumed	.169	.681	2.978	376	.003*
	Equal variances not assumed			2.971	353.139	.003
Level of understanding (LoU)	Equal variances assumed	18.746	.000	5.354	376	.000*
	Equal variances not assumed			5.572	370.891	.000

Source: Obtained from field survey data

Note: \*Mean difference is significant at 0.05 level.

## Financial Inclusion, Awareness, and Understanding of Financial Products among People Selected Gewogs (Blocks) of Bhutan

Commercial banks of the countries must play a pivotal role in this regard. Pavithran et.al. (2014), recommended some important areas of financial inclusion where banks can play the active role. These include financial literacy; know Your Customer (KYC) norms, Credit counselling, branch expansion, mobile banking and No-frill accounts. Besides, the density of bank branches and access to banks in terms of geographical distance play crucial role for the outreach as well as to increase financial inclusion (Beck, Demirgüç Kunt, and Martinez Peria, 2007b). In the present day banking, banks can encourage customers to make effective use of mobile banking. This will help in expanding banking network without opening new branches. This technique, though found effective in many places, does not guarantee effective financial inclusion everywhere as it is evident from Kenya (Ivatury, 2006).

### (ii) FI, LoA and LoU based on respondents' Age

Age-wise analysis presented in Table 4 supports FI of the respondents among all age groups. The highest mean score of

FI was reported in 15-18 years age group (3.78) followed by the lowest in above 50 years age group (3.56). In case of LoA, the highest mean score was reported in 19-30 years age group (3.51) and the least in above 50 years (2.96). Compared to FI and LoA, the LoU of the financial products among the respondents were found quite low. The highest mean score of 1.78 among 31-50 years age group supports this fact. Thus, the possible inferences drawn from the descriptive statistics supported financial inclusion of the respondents along with satisfactory level of awareness towards financial products. However, the understanding of the financial products among the respondents was found low. One of the significant reasons for satisfactory level of FI among respondents could be the 'Agent Banking' services of Bhutan Development Bank Limited (BDBL). Agent banking facilities of the BDBL has been praised by many of the respondents during field survey. In one of the studies in Kenya, financial inclusion was found positively correlated with that of services provided by the Agent banking. (Waihenya, 2012).

Table 4 Descriptive statistics

Variables	Age	N	Mean	Std. Deviation	Std. Error
Financial Inclusion (FI)	15-18 yrs	10	3.7800	.28983	.09165
	19-30 yrs	82	3.6756	.32940	.03638
	31-50 yrs	188	3.6784	.32136	.02344
	Above 50 yrs	98	3.5626	.31591	.03191
	Total	378	3.6504	.32435	.01668
Level of Awareness (LoA)	15-18 yrs	10	3.1273	1.08855	.34423
	19-30 yrs	82	3.5144	.71628	.07910
	31-50 yrs	188	3.3544	.78786	.05746
	Above 50 yrs	98	2.9638	.86073	.08695
	Total	378	3.2819	.82362	.04236
Level of Understanding (LoU)	15-18 yrs	10	1.2636	.33866	.10709
	19-30 yrs	82	1.8703	.65990	.07287
	31-50 yrs	188	1.7848	.58084	.04236
	Above 50 yrs	98	1.6002	.46313	.04678
	Total	378	1.7417	.57847	.02975

Source: Obtained from SPSS

Table 5 ANOVA

Variables	Age	Sum of Squares	df	Mean Square	F	Sig.
Financial Inclusion (FI)	Between Groups	1.123	3	.374	3.632	.013*
	Within Groups	38.538	374	.103		
	Total	39.660	377			
Level of Awareness (LoA)	Between Groups	15.577	3	5.192	8.086	.000*
	Within Groups	240.160	374	.642		
	Total	255.737	377			
Level of Understanding (LoU)	Between Groups	5.953	3	1.984	6.175	.000*
	Within Groups	120.199	374	.321		
	Total	126.153	377			

Source: Obtained from field survey data

Note: \* Mean difference is significant at 0.05 level.

The ANOVA results depicted in Table 5 shows that there would be a significant difference among age groups towards FI, LoA and LoU as P value is < .05 in all three variables. The summary result of ANOVA as drawn from the table reflects the following:

For FI  $F(3,374) = 3.632, P < .05 (.013)$

For LoA  $F(3,374) = 8.086, P < .05 (.000)$

For LoU  $F(3,374) = 6.175, P < .05 (.000)$

The multiple comparison results presented in Table 6 signifies that the mean scores may differ significantly between the age group of 15-18 years and above 50 years,

between 19-30 years and above 50 years, and between 31-50 years and above 50 years towards FI. The homogeneous subset table presented in Table 7, however, reveals that no significant difference exists among the age groups of 19-30, 31-50 years and above 50 years towards FI. Similarly, there is no significant difference among 19-30 years, 15-18 years and 31-50 years. On the other hand, there is a significant difference between the age group of 15-18 years and above 50 years towards FI. Thus, the alternate hypothesis  $H_4$  is partially accepted.

Table 6 Multiple comparisons

Dependent Variable	Age group		Mean Difference	Std. Error	Sig.	
Financial Inclusion (FI)	15-18 yrs	19-30 yrs	.10439	.10752	.332	
		31-50 yrs	.10163	.10417	.330	
		Above 50 yrs	.21741*	.10656	.042	
	19-30 yrs	15-18 yrs	-.10439	.10752	.332	
		31-50 yrs	-.00276	.04248	.948	
		Above 50 yrs	.11302*	.04804	.019	
	31-50 yrs	15-18 yrs	-.10163	.10417	.330	
		19-30 yrs	.00276	.04248	.948	
		Above 50 yrs	.11578*	.03999	.004	
	Above 50 yrs	15-18 yrs	-.21741*	.10656	.042	
		19-30 yrs	-.11302*	.04804	.019	
		31-50 yrs	-.11578*	.03999	.004	
	Level of Awareness (LoA)	15-18 yrs	19-30 yrs	-.38714	.26841	.150
			31-50 yrs	-.22718	.26006	.383
			Above 50 yrs	.16345	.26602	.539
19-30 yrs		15-18 yrs	.38714	.26841	.150	
		31-50 yrs	.15996	.10605	.132	
		Above 50 yrs	.55059*	.11993	.000	
31-50 yrs		15-18 yrs	.22718	.26006	.383	
		19-30 yrs	-.15996	.10605	.132	
		Above 50 yrs	.39063*	.09984	.000	
Above 50 yrs		15-18 yrs	-.16345	.26602	.539	
		19-30 yrs	-.55059*	.11993	.000	
		31-50 yrs	-.39063*	.09984	.000	
Level of Under standing (LoU)		15-18 yrs	19-30 yrs	-.60665*	.18989	.002
			31-50 yrs	-.52118*	.18398	.005
			Above 50 yrs	-.33655	.18820	.075



	19-30 yrs	15-18 yrs	.60665*	.18989	.002
		31-50 yrs	.08547	.07503	.255
		Above 50 yrs	.27010*	.08485	.002
	31-50 yrs	15-18 yrs	.52118*	.18398	.005
		19-30 yrs	-.08547	.07503	.255
		Above 50 yrs	.18463*	.07063	.009
	Above 50 yrs	15-18 yrs	.33655	.18820	.075
		19-30 yrs	-.27010*	.08485	.002
		31-50 yrs	-.18463*	.07063	.009
Source: Obtained from SPSS					
Note:*. Mean difference is significant at the 0.05 level.					

In case of LoA, the multiple comparisons Table reveal no significant difference among the age group except that of 19-30 years and above 50 years and 31-50 years and above 50 years. The homogeneous subset Table 8, further, supported no significant difference among the age group of 15-18 years, 31-50 years and above 50 years towards LoA. Further, there is no significant difference among the age group of 15-18 years, 19-30 years and 31-50 years towards LoA. However, the mean scores are statistically significant between the age group of 19-30 years and above 50 years. Hence, the alternate hypothesis  $H_5$  is partially accepted.

With regard to LoU, there would be a significant difference among 15-18 years age group with that of 19-30 years and 31-50 years. Additionally, there would be a significant difference between 19-30 years age group and above 50 years followed by 31-50 years and above 50 years. The homogenous subset table 9 concludes that there is no significant difference among the age group of 19-30 years, 31-50 years and above 50 years towards LoU. However, there is a significant difference between 15-18 years with all the age groups (that is, 19-30 years, 31-50 years and above 50 years). Therefore, the alternate hypothesis  $H_6$  is partially accepted.

**Table 7 Homogenous subset (FI)**

Age group		N	Subset for alpha = 0.05	
			1	2
Tukey B	Above 50 yrs	98	3.5626	
	19-30 yrs	82	3.6756	3.6756
	31-50 yrs	188	3.6784	3.6784
	15-18 yrs	10		3.7800

Source: Obtained from SPSS

**Table 8 Homogenous subset (LoA)**

Age group		N	Subset for alpha = 0.05	
			1	2
Tukey B	Above 50 yrs	98	2.9638	
	15-18 yrs	10	3.1273	3.1273
	31-50 yrs	188	3.3544	3.3544
	19-30 yrs	82		3.5144

Source: Obtained from SPSS

**Table 9 Homogenous subset (LoU)**

Age group		N	Subset for alpha = 0.05	
			1	2
Tukey B	15-18 yrs	10	1.2636	
	Above 50 yrs	98		1.6002
	31-50 yrs	188		1.7848
	19-30 yrs	82		1.8703

Source: Obtained from SPSS



## VIII. CONCLUSION

Calculated mean score of just above three supports financial inclusion among respondents in the research study. However, this score of just above three may not be considered as satisfactory level of financial inclusion for a developing country like Bhutan. The average score level of awareness of the financial products among respondents is found just above three. This figure, again suffices that the respondents are aware about financial products during the study period. The score, however, may not be considered positively for effective level of awareness. Compared to the financial inclusion and level of awareness, the level of understanding of the financial products among respondents was found quite low. The average score of less than three in all the variables clearly signifies that respondents have just heard about range of financial products being offered by the banks but they did not understand and did not know how to avail those financial products. The analyses in terms of t-test, ANOVA, multiple comparisons and finally homogenous subset reveal that the mean scores are not statistically significant among most of the groups and therefore no single alternate hypothesis were fully accepted. Moreover, this means that many of the alternate hypotheses were rejected whereas a few of them have been partially accepted.

In most of the cases, it was observed that the respondents knew about those financial products which they were availing by then but they were not aware of other range of financial products being offered by the financial institutions in their respective areas. Far distance location of bank branches was another plausible reason for the respondents' not visiting bank branches frequently. Low level of awareness campaign by the banks was yet another reason for low level of understanding of financial products among respondents. The illiteracy of respondents adds more. Low-income level of the respondents has also been observed as one of the prime factors for not visiting the banks. Inability of mortgaging personal assets for obtaining loans from the banks have also been captured as one among many reasons of not able to receive any loans from the banks. On the flip side, however, respondents were found satisfied towards banking services, timely delivery of financial services, and bank employees attitude towards customers.

## RECOMMENDATIONS

Grounded on the research findings, the following points may be considered as key recommendations:

(a) Banks are recommended to conduct awareness programme about their financial products at regular intervals. Many of the respondents during field survey were found to be lacking knowledge about the series of financial products and services such as internet banking, mobile banking, mortgage, debit card, credit card and insurance.

(b) Handholding support systems have been adopted by many countries to help the poor and the disadvantaged of the society for streamlining them with the formal financial system. The same system in greater degree of frequency may be highly effective for Bhutanese respondents especially for

those people who are residing in far flung areas of the country's land.

(c) Additional bank branches, especially in the village areas may be established to meet the small and frequent needs of the customers. This will reduce the villagers' frequency of visit towards local moneylenders for meeting their financial need. This also helps in bringing effective rate of financial inclusion in the country.

(d) Agent banking of the BDBL has been found effective for the people in terms of availing financial services from the bank. However, the higher degree of such facilities by all the banks may help customers to know and understand more about the various financial products of the banks.

(e) The inability of providing sufficient mortgage for obtaining loan has been found as one of the main hindrances among respondents for not approaching banks for the loans. Hence, sanction of loans with no or minimum mortgage may help the poor streamlining with banking systems. This will also help them to know more about the range of financial products being offered by the banks.

(f) Installation of more number of ATMs by the banks is recommended. This will provide comfortable platform for the bank customers in availing financial services at least in terms of checking account balance and withdrawal of cash.

(g) The financial institutions in Bhutan are recommended to invest more in marketing their mobile banking product as several of their clients seemed not aware of the products and the ones who were aware did not fully understand their usage. This may be one of the significant reasons why the respondents, under the research, have the mean score in terms of their understanding of financial products.

(h) Higher usage of Mobile banking may be encouraged among customers. This will not only help reducing transaction costs for the banks but also help customers performing their financial transaction with a few clicks. In addition, this may establish an easy and effective platform for the banks for advertising their products among customers. This in turn may help increasing the awareness and understanding level of the financial products among customers.

(i) Setting of Micro-Finance Unit (MFU) in each of the bank branches may be highly beneficial for attracting low-income customers towards marketing their financial products. This would also help streamlining the poor with the banks in the country. The figure revealed by CGAP, 2007 indicate that almost 80% of the people in the least developed countries are outside the purview of formal banking system. Hence, opening of MFUs are expected to open door for unbanked population, which in turn may lead to higher rate of financial inclusion.

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