Department of Banking & Finance
Wayamba University of Sri Lanka

Sri Lankan Journal of Banking and Finance
An endeavor to share knowledge
Volume: 5 Issue: 02 December: 2022

THE IMPACT OF INDIVIDUALS' PERCEPTION ON FINANCIAL INCLUSION IN LOW–INCOME FAMILIES: A REVIEW

W M M S Werake

SLJBF 05.02.06: pp. 127-142
ISSN 2345-9271 (Print)
ISSN 2961-5348 (Online)
DOI: http://doi.org/10.4038/sljbf.v5i2.34

Abstract

The aim of this paper was to review existing literature on the impact of customer and manager perception on financial inclusion among low-income populations around the globe. Using a thematic approach, it reviewed more than fifty research papers. The review has shown that customer perceptions primarily focus on convenience, speed, ease of use, reliability, Quality of core services, procedure, and security. The review also identified that most bank branch managers had overall negative attitudes regarding poor people. Bank managers believed that lending to the poor carries high risks, and nearly all associated the poor with high-level loan diversion. The review suggests that strategies are needed to set priorities and coordinate overall approaches to expanding financial inclusion.

Keywords: Customer, Financial inclusion, Low- income people, Manager, Perception

W M M S Werake
(Corresponding Author)

Department of Economics, University of Kelaniya, Sri Lanka.

Email: senanik@kln.ac.lk

Tel: +94 71 9412 880

https://orcid.org/0000-0002-5431-1141

1. INTRODUCTION

Financial inclusion or universal access to financial products and services is a key instrument to promoting inclusive growth. The importance of financial inclusion is stressed in target 8.10 of the United Nations' sustainable development goals (SDG). As stressed by SDGs target 8.10[1], "strengthening the capacity of the domestic financial institution to encourage and expand access to banking insurance and financial services for all" is necessary for achieving sustainable economic growth in a country (Global sustainable development report, 2022).

A study by the World Bank (2014) has shown that about 2.5 billion of the world's population are excluded from the formal financial system, and nearly 50 percent of adults are financially excluded. In most developing countries, a large portion of the population, particularly the low-income sector, has little or no access to formal or semi-formal financial products and services. Consequently, many of them must depend either on their own money or informal sources of finance. More than ninety percent of the population in less developed countries is excluded from the formal financial system (Ravikumar,2017). High-income countries are also concerned that one in every adult will have to move out of the informal banking system. Accordingly, exclusion from a formal financial system is one of the major obstacles to growth and development.

Many studies have argued that financial inclusion is a rural phenomenon. However, the situation is no so good among low-income families in urban areas compared to the rural sector, even though they have a greater chance of accessing financial services compared to their complement (Jena & Eicher,2018). policymakers and academics have discussed rural financial inclusion. Urban financial inclusion needs more attention due to the speedy urbanization, the unique needs of the urban population, and the increase in the poor and low-income population living in urban areas, especially slums[2]. A study conducted by Bapat & Bhattacharyay (2016), showed that the savings capacity of the urban poor is limited; therefore, the household should be let on to open accounts without any condition on a minimum balance and should provide education on banking to increase banking habits. However, the absence of collateral required for the formal financial institution is one of the main hurdles to the above situation. Therefore, many low-income families living in the and irregular income, lack of awareness, and perception of the formal financial system may continuously prevent them from being included in the formal financial system. Among the various factors, the role of one's own perception of formal financial products and services also plays a key role in being financially included (Heenkkende, 2015).

---

[1] This target 8.10 has two indicators namely,

1. Indicator 8.10.1: Number of commercial bank branches per 100,000 adults and number of automated teller machines (ATMs) per 100,000 adults.
2. Indicator 8.10.2: Proportion of adults (15 years and older) with an account at a bank or other financial institution or with a mobile- money-service provider.

[2] The term "slum" is used in Report on Human Settlement (2003) a wide range of low-income settlements and/or poor human living conditions.

Customer perception is a larger concept than user satisfaction and there is increasing interest in understanding the user experience. Consumer attitude is simply a composite of a consumer's ideology, feelings, and psychological motives (Perner, 2010, cited in Alsamydai, Sanad, Albairooti, 2014). An attitude can be interpreted as a positive or negative idea about people, objects, activities, ideas, and anything in our environment (Alsamydai, Sanad, Albairooti, 2014).

Basically, most research targets only consumer-side reasons for financial exclusion, which is a significant drawback of financial inclusion literature. Bank managers, who interact frequently with customers, have specific responsibility for the bank's service delivery, trust building, and customer experience. (Karatepe & aga, 2016 cited in Mbama, Ezepue, Alboul, Beer, 2018). Managers have the responsibility for implementing banking services, capturing opinions, and interacting with customers. Therefore, managers' perspective is also important for understanding customer experiences regarding formal financial services. The aim of this paper is to review existing literature on customers' and managers' perceptions of financial inclusion in low-income households. the impact of customer/ manager perception on financial inclusion. The rest of the paper is structured as follows. The next section of the paper presents a broad review of the theoretical base on perception and financial inclusion. Section 3 discusses the empirical evidence which identifies how does customers' and managers' perceptions affect financial inclusion. Section 4 of the paper summarized the findings and provides a conclusion drawn from the review.

2. LITERATURE REVIEW

The objective of the literature review is to identify existing literature on individuals' perceptions of financial inclusion in low-income families. Section 2.1 presents a theoretical review while an empirical review presents section 2.2.

2.1 Theoretical Background

2.1.1 Concept Definition: Perception

The concept of customer perception is based on the fact that customer experience is how they perceive services and how they are offered and whether they are ultimately satisfied with their experience. (Aspfors, 2010). Perception is simply the process of (i) selecting, (ii) organizing, and (iii) interpreting information inputs to produce meaning that would aid in consumption decision-making (Madichie, 2012). Perception is highly subjective and personal, and thus, two persons will never experience the same even though they are exposed to the same situation in the same environment. The main factors that affect individual perception, namely functional factors and structural factors. Functional factors include needs, i.e. other things known as personal factors. Structural factors, on the other hand, come from things outside the individual such as the environment and culture, applicable laws, and social values. (Mustaqim, Djakfar, Munir, 2020). "Perception is a process that is preceded by sense, namely the stimulus process by individuals through sensory processes' ' (Walgito, 2002 cited in Mustaqim, Djakfar & Munir, 2020). However, some researchers have interpreted the perception in different dimensions. Someone doesn't measure perception according to experiences. Someone has mentioned that perception can be understood based on the size of sense. In a narrow sense, consumer perception is the understanding of how something is seen and in a broad sense, perception is the understanding of how something is interpreted (Mustaqim, Djakfar & Munir, 2020).

The theory of consumer preferences, introduced by Daniel Bernoulli in 1736, is related to the theoretical side of analyzing the attitudes of decision-makers in dealing with risk, i.e. to study the consequences of decision-making. (Gonglong & Wang,2018). In target utility-maximizing, consumers choose products and services in accordance with their preferences. Utility refers to the ultimate satisfaction a consumer derives from consuming the product. Although consumer value is measured in terms of relative utility between goods, utility criteria are determined by a range of non-economic factors. These reflect the consumer's preferences. Consumer preferences are interpreted as subjective (individual) tastes, as measured by utility, various bundles of goods (Sowunmi, Omigies, & Daniel, 2014; Thiyagaraj, 2015-cited in Kontota, Hamalib & Abdullah, 2015). Preferences are independent of income and prices. Perception is the most impact factor that affects consumer preference.

Another theoretical aspect of perception connects with the technology acceptance model (TAM) developed by Davis in 1986 to illustrate the attitudes behind the urge to employ technological know-how (Manyoncho, 2015, cited in Michelle, 2016). The technology acceptance model affirms that the system’s real utilization is established by each user’s behavioral intention for usage and is inspired by an individual’s perception of the system. The theory also explains that the perception towards new technology has a direct relation to its, and support for the recognition or suspicion about the advancement is instrumental in the improvement of the states of mind that will result in system usage conduct in the long run (Lim & Ting, 2012). TAM considers that acceptance of technology and functionality is influenced by consumers’ intentions that establish the customer’s perception of the system (Mojtahed, Nunes & Peng, 2011). TAM also explores the attitude of individuals’ particular systems (Lule, Omwansa & Waema, 2012)

2.1.2 Financial Inclusion

Financial inclusion (FI) can be introduced as the process of ensuring access to financial services and meeting the credit needs of vulnerable people in society such as weaker sections and low-income groups at an affordable cost (Tabitha & Stella, 2019). The term financial inclusion explains access to formal financial products and services like bank accounts, insurance, remittances, payment services, financial advisory services, etc. In order to consider financial inclusion, the author has taken several factors such as convenience, affordability, low service charges and adaptability, user friendly, and security.

Access to finance is a key element in any country's economic growth and development process. Financial inclusion is also defined as the procedure which assures accessibility, availability, and utilization of the financial system by members of an economy (Sarma, 2008- cited in Mutua, 2018). Financial inclusion is one of the key factors necessary for a society to build an economy (Lenka & barik, 2018). In recent times, much attention has been paid to improving the financial inclusion of nations in the member countries of the South Asian Association for the regional corporation. Research on financial inclusion by various researchers and recognized international organizations is evident due to its importance.

The definition of financial inclusion varies across countries, geographies, organizations, depending on the level of social, economic, and financial development (Ravikumar,2017). Low access to formal financial services still remains high in developing countries (Annim, Arun, Kostov, 2012). According to the UN report, financial inclusion is the continuous provision of financial services necessary to bring people into a formal economy. (United Nations, 2016). Financial inclusion is the access and use of appropriate financial products and services by individuals and businesses (World Bank, 2021). According to the world bank, useful and affordable financial products and services means that – transactions, payments, savings, credit, and insurance – delivered in a responsible and sustainable way. Financial inclusion is the access of poor people to financial products and services (Beck, Demirglic-Kunt & Levine,2007). However, a review of the literature emphasizes that there is no generally accepted definition of financial inclusion. Financial inclusion involves increasing the number of individuals that have formal bank accounts, which supports the reduction of income inequality and economic development.

Considering the theories on financial inclusion, Ozili (2019) has introduced several theories based on the delivery of financial products and services, their target groups, the way they fund to provide those products and services, and who is responsible for the provision. In this respect, the good public theory of financial inclusion argues that the delivery of formal financial services to the entire population and ensuring that there is unrestricted access to finance for everyone should be treated as a public good for the advantage of all members of the population. As described by this theory, all members of the population are beneficiaries of financial inclusion, and nobody is left out.

The dissatisfaction theory of financial Inclusion emphasized that a country's financial inclusion activities and programs should first target all individuals who have previously entered the formal financial sector and subsequently left formal finance. (Ozili, 2019). Providers of financial services are profit-seeking corporations that use finance to maximize their profitability or to maximize the profitable opportunities of businesses affiliated with finance providers, namely, banks and financial and non-financial institutions. The most important point is who should fund financial inclusion expenditures for the people. Some think taxpayers should fund financial inclusion programs and activities (Marshall, 2004 - cited in Ozili, 2020). However, Ozili, (2019) argued that financial inclusion is a public responsibility that the government owes its citizens, and the citizens expect the government to promote financial inclusion for its citizens. He named this theory as the public services theory of financial inclusion.

The private money theory of financial inclusion of Ozili (2019) states that financial inclusion activities should be funded using private money because private funders will require accountability from the users of their funds and will ensure that private funds are utilized efficiently and ensure that financial products and services are delivered to the excluded members of the population. The public money theory of financial inclusion states that financial inclusion programs and activities should be funded using public money. Some merit of the public money theory is the government can tax the rich to generate funds for financial inclusion projects for the benefit of all.

Community Echelon Theory states that financial inclusion should be delivered to the financially excluded population through their communal leaders (Ozili,2019). This theory argues that community leaders are influential in their communities and can use their influence to encourage or persuade community members to participate in the formal financial sector. According to some theories, the inclusion of formal financial services should include those excluded from formal financial services and new entrants to formal financial services. Some others are of the opinion that in order to achieve financial inclusion, it should be done with their private money and public money.

2.2 Empirical Review

2.2.1 Customer Perception on Financial Inclusion

Various research studies on customer perception toward formal banking services have shown that there are several factors influencing customer perception towards quality banking, such as accessibility, awareness, bank functions, cost, ease of use, convenience, flexible virtual banking system, etc. (Naguyen & Tran, 2020, Aunashantha, 2019, Ju- Liang, Wang & Farquhar, 2008). Arunashantha (2019) explored the factors influencing customer perception of internet banking. Data were collected through a sample survey and data were analyzed using the partial least squares structural equation model. The study concluded that accessibility, ease of use, bank function, and cost are significant influences on customer perception toward internet banking. Further Ju-Liang et al, (2008) developed a model for examining the relationship between customer perception and bank performance. The study concluded that customer perception positively affects purchase of financial services and performance based on the SME tool of linear structure relation. Although studies have shown that customer perception has a positive effect on financial inclusion, it is clear that consumers have a negative attitude toward banks in terms of security and cost.

Generally, bank products and services primarily targeted the middle and upper-income classes to the exclusion of lower-income groups. Countries have relatively less access to formal financial services and tools and face distinct financial sector development challenges related to issues of trust, consumer protection, and operation network systems. Most bank customers are still unaware of banking services, and also customers have concerns about security, safety and lack of trust about banking services. An Irish study found that trust was “the most powerful factor influencing consumers’ willingness to use smartphones to make m-payments” (Singhania & Sardana, 2018). Singhania & Sardana (2008) aimed their study to understand the perception of customers towards the digitalization of banking services. They used descriptive nature based on primary data. The study concluded that people access digital finance and the financial system only if there is a favorable situation for them.

Some research shows that reliability and credibility are the most important attributes, followed by the security of deposits, updated information, smooth services, and so on. Aboagye & Anong (2020) aims to identify key indicators that influence financial inclusion and to identify the impact of consumer perception. Data was collected through interviews and data was analyzed through the qualitative method and study revealed that consumer perception primarily focuses on network capacity, fraud, security, and complex user designs. In considering the use of banks by the customers, it is seen that the trust of the customers in the banks is at a high level. Therefore, the lack of trust of consumers towards banks is not very acceptable.

Some other studies have found that core services are the most influencing factors for customer perception of banking services. Taneja & Kaushik (2009) investigated the factors influencing customer perception in banking services. For this, the judgmental sampling method was followed and data were collected through a questionnaire. Data were analyzed under the factor analysis method. The study concluded that the factors such as trustworthiness, location of the branch, bank covers its promises, providing answers to questions, waiting area, awareness of bank statements, material associated, and providing bank statements on time are the core services affecting consumer perception. When focusing on the perception of customers towards the services quality of banks, a study has shown that changes in banks' services, training, attitudes and images, changes in strategies and practice of the organization, new technology, and more personalized services are required to win the customer (Mbama et al., 2018). However, perception and behavior toward credit usage in customers determine the source of financial advice, trust of the institution, characteristics of the financial instruments, and cost of credit (Ntwiga & Wanyonyi, 2020). In focusing on consumer perception of financial inclusion, although financial inclusion is determined based on factors such as basic services such as accessibility, availability, cost, and trust, in particular, customers' perceptions of bankers' attitudes remain negative

Customers' views on purchasing products and services and how customers use them are highly related to bank performance. It is also crucial to how customers view a product based on their own conclusions. Ease of use, Efficiency, Availability, Confidentiality, and awareness is essential for the selection of banking services. Adesoga & Louise (2016) examined customer perception of banking services as factors for a bank's performance. A survey research method was used and component factor analysis and T-tests were used to analyze data. The study concluded that the most potent factors are customers treated competently with professionalism by the employees, strong commitment to meeting customers' needs, and interaction with the user (Adesoga & Louise, 2016). Therefore, banks' services must be customer-oriented and customer relationship-focused.

Service quality and customer satisfaction are very crucial concepts that the banking industry must understand in order to remain competitive in the field. Knowing how to measure these factors is critical to identifying and satisfying customer demands. Most of the studies were to analyze the customer's perceptions regarding service quality dimensions. It has been revealed that service quality is the most significant determinant among customers (Dubey & Vermar). For measuring the service quality, it is necessary that the service provider must respect the customer's expectation, as well as the customer perception, and should understand the service quality parameters. This will help in getting better service and provide a greater level of customer satisfaction. The quality of financial services provided by banks is related to high and middle-income people. It is unlikely that the quality of financial services related to low-income earners has a significant impact on bank performance.

Blank (2008) investigated that Low-income households may mistrust banks when comparing cost across financial institutions and they mistrust banks or perceive using them as an unpleasant experience. Low-income households have been treated rudely by bank staff in the past (Blank, 2008). Also, customers have negative attitudes such as the internal environment, ATM services, skilled employees, objection handling, hospitality, degree of complexity, office automation, and updated information regarding the nationalized commercial banks (Sarker, Bose & Khan, 2012). Further, the study has emphasized that the majority of the customers said that banks were not given a proper response when they complain about bad services and that banks must pay due attention to reduce the customer complaint to gain more customers. Valand (2016) investigated customer perception towards the quality of financial services. The researcher collected data through a questionnaire and he built the hypothesis and two independent sample t-tests was carried out to test the hypothesis. The study revealed that bank staff are not willing to provide effective solutions to customers' needs and grievances. (Valand, 2016).

A fact that has been revealed in the studies done regarding the customer perception of banking is that the bank does not provide proper answers to the customers' problems. Lack of regular income and lack of documentation are problems seen with low-income earners. Increasing financial literacy among low-income earners is a key solution to this problem. Increasing financial inclusion cannot be expected without increasing financial literacy among low-income earners.

2.2.2 Manager's Perception On Financial Inclusion of Low-Income Groups

Jones, Williams, Yashwant & Abha (2001) examined the manager's perception of their role for poor people. Although financial products and services are seen as an important instrument for the alleviation of income inequality, a significant segment of rural and urban populations are not served by formal financial institutions. The bank's role in providing financial services to the poor is debatable. There is no ground to believe that the banks have been willing or able to operate as development institutions for the poor. In order to prove this matter, 20 rural banks were randomly selected and open-ended questionnaires and interview methods were used. The Study revealed that the majority of rural bank managers have negative attitudes regarding poor rural people. Also, Study revealed that more than half the managers believed that lending to the rural poor carries high risks, and nearly all associated the poor with high-level loan diversion. Uncertain repayment capacities and high transaction costs mean formal financial institutions are often unwilling to lend to the rural poor. Major bank branches in some areas often fail to operate successfully there because they fail to speak the financial language of the poor and do not understand poor customers (Baradaran,2012 cited un Mende, Salisbury, Nenkov & Scott, 2019). It is very necessary that bank managers should pay more attention to low-income earners mostly in rural areas. Currently, many initiatives have been taken by financial institutions to increase the financial inclusion of low-income earners. Therefore, we cannot directly say that the attitude of bank managers towards low-income earners is negative.

Nkuna at. el (2018) examined the role of commercial banks in financial inclusion. The aim of the study was to investigate banks' perceptions regarding financial access. The researcher used primary and secondary data. As well as the study used stratified and judgmental sampling techniques for identifying the sample of research and data were collected through 16 banks. The study explained that banks have significantly contributed to reaching the unserved populations while banks provide financial literacy to their customers, and set very low minimum or zero balance requirements for various types of accounts. The bank manager's perception strongly influences such a situation. The role of bank managers is to provide the necessary products and services to increase the financial inclusion of customers and increase their attraction to banks. It is commendable that banks have gone beyond traditional financial services to provide financial products and services to the low-income group.

Nowadays almost all banks have developed digital facilities, but there is still a need to identify the customer experience and its influence on the financial performance of banks, especially from the manager's perspective. By using digital banking, bank performance can be enhanced and the digital banking experience can be enhanced by improving the relationship between employees and customers. Mbama, Ezepue, Alboul, and Beer (2018) examine banking staff perception focusing on identifying perception-based gaps for digital banking. The researcher used the interview method for gathering data and data were analyzed thematically. Also, the study revealed that the attributes affecting the digital banking experience are namely, service quality, functional quality, perceived value, service customization, service speed, employee-customer engagement, digital banking innovation, and perceived usability. They affect customer experiences, satisfaction and loyalty, and financial performance. Bank managers should strive to increase the financial inclusion of customers through innovative methods such as digital banking and online banking. Banks believe that modern ICT can act as a development platform that helps us to extend financial services in remote rural areas. Provide financial services at an affordable cost to the unserved and underprivileged people of the country and most people in the country fear to access to banking and financial services due to the absence of appropriate delivery models and products which satisfy the financial need of low-income families (Bansal, 2014)

Providing financial services to the low-income group may not solve all their problems but it does give them the power and resources to make decisions that could help them move out of poverty and lead a better life. Being able to produce the desired or intended results by using finances can have a positive impact on financial inclusion. Kumar Vaid, Singh & Sethi (2020) explained what are the determinants of financial inclusion in low-income earners. Judgmental sampling techniques were employed for selecting the sample and 485 responses were analyzed using confirmatory factor analysis and path analysis. An important matter observed in this study was bank technology is a crucial point for promoting financial inclusion among low-income families. However, increasing the technology literacy of low-income people is something that should happen simultaneously. George & Hedge (2004) The result from the study indicates that the customer service executives in banks do have concern towards the customers whom they consider reasonable, also they use their own assumptions to see one customer from another differently. This conclusion is probably realistic. Banks provide financial services mostly according to the income and ability of individuals. A bank should have common criteria for its actions towards each of its customers. Assumptions regarding service delivery should not vary from one person to another.

The study by Nkuna et.al.(2018) revealed that, when African banks were asked what barriers low-income people face to accessing banking, they stated that distance is the only barrier for low-income people to access banking. In addition, bank chargers also appear as a significant barrier. Bank charges are immensely high in most African countries relative to the income of the rural population. For instance, 50% of the population in African countries such as Kenya, Malawi, and Uganda are excluded from the formal financial system due to high bank charges. Further, a lack of knowledge and relevant information on financial products and services is a crucial barrier for them to access banking services, confirming that there is generally high financial literacy across population segments.

Financial inclusion is the key to economic development Greater financial inclusion can also provide poor households with opportunities to build savings, make investments, and access credit (Ozili, 2019). Also, low-income groups are relatively immune to fluctuation in the economic cycle, and including them in the financial sector will improve the stability of the deposit and loan bases in the financial system. When analyzing the importance of financial inclusion on an individual's standard of living, the majority of the country's governments especially SAARC countries and their central banks give more importance to the enhancement of financial inclusion in order to overcome the financial risks of individual people and to improve their standard of living.

3. METHODOLOGY

The researcher conducted a literature review on the perception of both individuals and managers on financial inclusion. The review is done following a thematic approach. In this context, a comprehensive search of the literature in English published between 2000 and 2021 was conducted. Although a large number of studies were found, the reliability of such quality and content is low. 45 studies were identified after completing the screening process. First, studies that addressed low-income access to financial services were selected, followed by studies that addressed their perceptions. To examine bank managers' perceptions, research on the role of banks and manager's views on low-income households was selected. The review consists of different conceptual definitions of financial inclusion and perception. The facts reported here are based on research and reports identified through searching academic journals and abstracting databases, internet searches, and the websites of key organizations. The researcher used the selection criteria to search for articles. Here, quantitative, qualitative, and mixed methods study reports were used. In searching for research papers, no restrictions were placed on the country where the research was conducted. But researchers focused more on research on financial activities in low- and middle-income countries. further, more attention was paid to the research done on financial services directed to middle-income and poor families.

4. FINDINGS AND DISCUSSION

As emphasized by many studies in the literature survey, when analyzing the customers' perception of formal banking services, most customers felt that formal banking services were convenient, there are many types of banking services for them to use and they can access them anywhere. The studies revealed that factors such as ease of use, banking activities, and cost awareness contribute significantly to customer perception. Another point found in the research is that bank accessibility, product and service cost, ease of use and financial literacy of banking services lead to increased consumer attractiveness towards the bank. The studies found that if the customer's perception towards formal financial services is positive, financial inclusion will increase and the performance of the bank will be high. Also, a small number of studies revealed that consumer interest in network capacity, fraud, and complex user plans has increased. The study found that customer perception of the quality of banking services is determined by factors such as new technology, changes in services, attitudes toward the bank, and benefits to customers.

It can be seen from many types of research that the products and services of the banks have been targeted at high and middle-income groups and because of this low-income people have to be excluded from the formal financial system. Consumers have a negative attitude toward trust and security in financial products and services. Low-income people's perception of banks is negative when the bank's responses to their complaints are not good and complaints are not given attention. Studies have revealed that low-income people lack trust in banks due to the cost and poor experience of financial product services. Most of the surveys done on consumer perception showed that stratified sampling method and judgment sampling techniques were used to select the sample and mostly questionnaire method was used to collect the data.

Studies have found that managers' perceptions contribute significantly to the development of consumers' financial inclusion. The study found that the manager's perception of urban low-income earners and rural low-income earners was negative. Managers are reluctant to provide loans to low-income earners due to the high risk involved in lending money, non-repayment of loans, and informality of loans. And the study found that most managers think that there should be a change in the attitude of the customers.

5. CONCLUSION AND POLICY IMPLICATIONS

The aim of this paper was to review existing literature on the impact of customer and manager attitudes (perception) on the financial inclusion of low-income families. Using a thematic approach, more than fifty papers were reviewed., and it has concluded that convenience, speed, ease of use, reliability, Quality of core services, and procedure of financial products and services were positively related to customer perception, while lack of information and lack of trustworthiness and doubt about safety keep some customers away from formal financial services. The study also concluded that bank branch managers had overall negative attitudes regarding low-income people and the manager has a vital role in increasing the financial inclusion of vulnerable groups and weaker sections.

Despite the growth and expansion of financial institutions, a quiet number of population segments are still financially excluded. Therefore, it is the responsibility of formal financial institutions to address this issue. In this respect, bank managers should carry a huge responsibility to attract customers from low-income families by providing information on financial products and services available to them and giving incentives through lowering the transaction costs, introducing low-cost financial services packages, and minimizing the collateral requirements. Providing facilities, helps to increase access and use of formal financial services for low-income earners and thereby enhances the country's financial inclusion for higher economic growth and development.

In the Sri Lankan context, despite wider banking outreach, Sri Lanka has not been successful promoting financial products and getting the masses into the banking system. A number of gaps in the current financial system must be addressed, including those found in the cost and quality of services provided, attitudes, the sustainability of financial institutions, and clients' knowledge of banking. Strategies are needed to set priorities and coordinate overall approaches to expanding financial inclusion and National strategies of the central bank, ministries, and/or financial regulatory bodies are most desirable.

REFERENCES

Aboagye, J, & Anongs. (2020). Provider and consumer perceptions on mobile money & microfinance integrations in Ghana: A financial inclusion approach, international journal of business and economics research, 9(4).

Adesoga, A. Louise, V.S. (2016). Consumer perceptions of banking services: factors for banks preference, Risk Governance & Control: Financial Markets & Institutions, 6(4).

Alsamydai, M.J., Sanad, H.M, & Albairooti, S.A. (2014). Measuring customer's attitudes towards banking services offered by Iraqi public and private commercial banks, International Journal of Business Management & Research, 4(2).

Annim,S., Arun,T., & Kostov,P. (2012). Effect of perceptions and behavior on Access to and use of financial services: Evidence of South Africa, IZA Discussion paper, Article 7042.

Aruna, A.S. (2019). Customer Perception on Internet Banking: With Special Reference to Bank of Ceylon in Sri Lanka, International Journal of Research in Engineering, IT and Social Sciences, 09(5).

Aspfors, E. (2010). Customer perception of service, store image, and product assortment – from an interior store perspective. https://core.ac.uk/download/pdf/38011045.pdf.

Bansal, S. (2014). perspective of technology in achieving financial inclusion in rural India, Procedia economics and finance, 11(14), 472 – 480.

Bapt, D. & Bhattacharyay, B.N. (2016). Determinant of financial inclusion of urban poor India; an empirical analysis, CESifo working paper, No 6096.

Beck, T. (2020). Fintech and Financial Inclusion: Opportunities and Pitfalls, ADBI Working Paper, No 1165.

Beck, T., Demirguc-Kunt, A. & Levine, R. (2007). Finance, Inequality and the Poor, Journal of Economic Growth, 12, 27-49. https://doi.org/10.1007/s10887-007-9010-6.

Blank, R.M. (2008). Promoting Banking Services among Low-Income Customers, Federal Reserve Bank of Boston, 3. 5-7

Dubey. A Verma.A (Year N/A). A study on perception of customers towards banking services: A case of SBI.

Gonglong,S & Wang,.Q. (2018). The Application of Utility Theory in the Decision-Making of Marketing Risk Management, Advances in Economics, Business and Management Research, 62.

George, B & Hedge (2004). Employee attitude towards customers and customer care challenges in banks, The International journal of bank marketing, 22 (6).

Heenkenda, S. (2015). Inequalities in the financial inclusion in Sri Lanka: An Assessment of the functional financial Literacy, MPRA Paper No.67293.

Jena, S.K. & Eichir, L. (2018). Divergence of financial inclusion: Rural vs. Urban in Arunachal Pradesh- An analysis of Supply-side, International journal of management studies,5(3).

Jones, J.H.M. Williams, M. Nilsson, E. Thorat. Y (2007) Training to address attitudes and behavior of rural bank managers in Madhya Pradesh India: A program to facilitate financial inclusion, Journal of international development,19(6),841-851.

Jones, H., Williams, M,. Yashwant,. & Abha (2002). Attitudes of the rural branch manager are in Madhya Pradesh, India towards their role as a provider of financial services to the poor, Journal of microfinance,5 (2).

Ju Liang,C., Wang,W.H., & Farquhar,J.D (2008). The influence of customer perceptions on financial performance in financial services, international journal of bank marketing.

Kontota,. K, Hamalib,.J & Abdullahc,.F. (2015). Determining Factors of Customers' Preferences: A Case of Deposit Products in Islamic Banking, Procedia - Social and Behavioral Sciences 224, 167 – 175.

Kumar Vaid, Y., Singh, V. & Sethi. (2020). Determinants of Successful Financial Inclusion in Low-Income Rural Population, The Indian Economic Journal, 68(1), 82–100, DOI: 10.1177/001946622096205.

Lenkas, K., Barik, R. (2018). Has the expansion of mobile phone and internet use spurred financial inclusion in the SARRC countries, Lenka and Barik financial innovation4(5) https://doi.org/10.1186/s40854-018-0089-x.

Lim,W.M., & Ting,D,H. (2012). E Shopping: An analysis of the technology acceptance model, Modern applied science, 6 (4).

Lule, I., Omwansa,T., K. & Waema,T. M. (2012). Application of Technology Acceptance Model (TAM) in Mobile Banking Adoption in Kenya, International Journal of Computing and ICT Research, 6, 31-43.

Madichic, N.O. (2012). Consumer perception, 153- 154.

Mbama,C.I., Ezepue,P.O., Alboul,L., Beer,M. (2018). Digital Banking, Customer Experience, and Financial Performance: UK Bank Managers' Perceptions, Journal of Research in Interactive Marketing, 12 (4), 432- 451.

Mende, M, Salisbury, L.C, Nenkov, G.Y, Scott, M.L. (2019). Improving financial inclusion through communal financial orientation: How financial service providers can better engage consumers in banking deserts, Journal of consumer psychology.

Michelle, A.M. (2016). The effect of digital finance on financial inclusion in the banking industry in Kenya, (Master of science in finance thesis), University of Nairobi.

Mojtahed, R., Nunes, J.M.B. & Peng, G.C (2011). The role of the technology acceptance model in information system research: a case study: Proceedings of the IADIS International Workshop on Information Systems Research Trends, Approaches and Methodology.

Mustaqim,M.K.A, Djakfar, M., Munir, M. (2020). Customer Perceptions of Murabahah Financing on MSMEs, AL-ARBAH: Journal of Islamic Finance and Banking, 2(2), 195-208. DOI: 10.21580/al-arbah.2020.2.2.7259.

Mutua,P.N.(2018). The effect of financial Innovation on financial inclusion in Kenya, (Master of business administration degree school of business), University of Nairobi.

Nkuna,O., Lapukeni, A.F., Kaude,P., Kabango,G. (2018). The Role of Commercial Banks on Financial Inclusion in Malawi, Open Journal of Business and Management, 6, 812-832 http://www.scirp.org/journal/ojbm.

Nguyen,L.T.P., & Tran,H.V.C. (2020). Customer Perception towards Electronic Banking and its Relationship with Customer Satisfaction: An Evidence from Vietnam. International Journal of Business and Management, 15(7).

Ntwiga, D.B & Wanyonyi, A.W (2020). Consumer perception & behavior forward credit usage in Kenya, open access library journal, 7(6),1-16

Ozili, P.K. (2018). Impact on digital finance on financial inclusion and stability, Borsa Istanbul Review, Essex business school, University of Essex, 18(4), 329-340.

Ozili,P.K . (2019). Theories of financial inclusion, SSRN Electronic journal. DOI:10.2139/ssrn.3526548.

Ravikumar, (2017). A comparison Literature Review on financial inclusion, Asian journal of research in Banking and Finance, 7,(8),199-133.

Sarker.S., boe,T.K., Khan,A. (2012). Attitudes of customers toward the financial institutions, International Journal of Managing Value and Supply Chains (IJMVSC) 3(4). DOI: 10.5121/ijmvsc.2012.3402 13.

Singhania,S., & Sardana,V. (2018). Digital finance: Perceptions of the Indian consumer, Conference paper.

Tabitha.D., & Stella,G. (2019). Digital finance and its impact on financial inclusion, Journal of emerging technologies and innovative research, 6 (1).

Taneja, G., & Kaushik, N. (2009). Factors influencing customer perception towards banking services, (Unpublished).

United Nation, (2016). Annual Report, New path for development 2015- 2016.

United Nation, (2022). Global sustainable development report, 2022.

Valand, J. (2016). A study on perception of bank customers towards financial services quality in selected cities of Gujarat, International journal of social impact, 1(3).

World Bank. (2014). Global financial development report, World Bank Group.

World Bank. (2020). UFA 2020 Overview: Universal Financial Access by 2020. World Bank Group.