

INFORMAL FINANCIAL SYSTEM IN VILLAGE LEVEL WITH SPECIAL REFERENCE IN AKKARAIPATTU



ARUMUGAM JEYACHANDRAN

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DEPARTMENT OF MANAGEMENT
FACULTY OF COMMERCE AND MANAGEMENT
EASTERN UNIVERSITY, SRILANKA

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ABSTRACT

Drawbacks of the Formal Financial System in rural areas, the rural people prefer to adopt Informal Financial System according to more motivation and reasons in village level. Even though varieties of formal financial systems are introduced in our country, many institutions were expanded and more types of financial tools, packages were introduced, our people still operates the informal financial systems particularly in rural areas than urban area. Therefore, this study focuses on the reasons for informal financial system in village level. The objectives of this study are to identify the reasons for informal financial system and evaluate the level of the system. In order to achieve the objectives, the Akkaraipattu village is selected and issued questionnaire among the 150 people and small business men. Data were collected and analyzed by using univariate analysis. The results of the study show that there is various factors influence in involvement of informal financial system in Akkaraipattu village and the informal financial system is high level in Akkaraipattu. Based on the findings, some recommendations are given to strengthen the formal financial system. Findings of this study help bank managers, policy makers and informal suppliers to better understand about the reasons and level of informal financial system.

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