

Some Major Impediments of Sustainable Rural Development through Rural Banking in Bangladesh: An Exploratory Study

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Abstract: *The majority people of Bangladesh, who producing foods, vegetables and other household products for urban people, are living in rural areas. Desired balanced development of rural economy can help the path to gear up the sustainable development of Bangladesh. Rural Banking is being considered as an important element of rural development. The main objective of this paper is to find out the causes behind the poor rural banking systems so that concern policy makers and the government can adopt proper measures for development of rural economy to sustain the development of Bangladesh. To discuss some factors of rural banking, qualitative data have been used. Since this is a desk research, secondary sources along with some primary sources of data have been analyzed and interpreted. Financial inclusion of rural people to the Modern Financial Technology (FINTECH) system, must be ensured for balanced and fast development of country's economy and infrastructural situation. Rural-urban income disparity must be lessened for smooth development of economy. This research will help the policy makers, financial thinkers, rural people, NGOs, Bankers to take decision about management of money and credit by using modern banking channel in rural areas. This is also help the academicians for further research in future.*

Keywords: Rural Banking, sustainability, rural economy, Fintech, Mortgage, farmers, village, season money need banking, infrastructure, urban banking.

1. Introduction

Bangladesh is a densely populated country with an area of 56977 square miles or 147570 square kilometer. It is inhabited with 87, 316 villages. According to World Bank data, in 2020 calendar year, 61.823 percent of total population live rural area. People live in rural areas are mostly engaged directly or indirectly with agriculture or agriculture related sectors. Agriculture is one of the main sources of food and nutrition. This sector is also a main source of employment for rural population. According to Bangladesh Bureau of Statistics (BBS) agriculture contributes about 13.47 percent to Gross Domestic Product (GDP) in FY 2020-2021. So, rural economy is playing an important role in increasing productivity, food security and creating employment opportunities in rural areas. Robert Chambers says, "Rural development is a strategy to enable a specific group of people, poor rural women and men to gain for themselves and their children more of what they want and need."

Easy availability of credit in due time plays an important role for rural investors who want to utilize money for rural development by developing own enterprise (s) particularly under the condition when resources are limited. Lack of education in rural population, is one of the main obstacles for taking rural banking services. Saving tendency among the rural population is less than that of urban population. Lack of saving facilities for rural people is also sitting on the driver seat to rely on inconvenient and costly alternatives. Credit from financial institutions like banks can be prudential solution for this perspective.

Rural banking started since the establishment of banking sector in Bangladesh. Rural Banks in those days mainly focused upon the agro sector. Bangladesh Krishi Bank

(BKB, established in 1973) and RajshahiKrishiUnnayan Bank (RAKUB, founded in 1987) open their wings every corner of the country and extended their helping hand in the growth process of the country. Commercial banks, especially state-owned commercial Banks (SOCBs) are also extending their hands to develop the rural economy by investing huge amount of money among the rural people and agro based industries. Since the economy of Bangladesh is mainly agro based and most of population are living in the rural areas, rural banking can play a vital role to ensure sustainable development, balanced geographical growth as well as growth of GDP and to eradicate poverty from Bangladesh.

As per policy taken by Bangladesh Bank, half of the branches opened in a calendar year must be in rural areas. According to Bangladesh Bank Statistics, from January 2019 to January 2022, in 3 years, number of bank new branches increased to 655, of which 327 branches operating in rural areas with fully online banking facilities and 328 branches operating in urban areas with online facilities also. From 1990 to 2021 year bank new branches increased to 5400 whereas total branches increased from 5539 to 10939. (http://dsce.edu.bd/db/Banking_in_Bangladesh) . . There are 61 schedule banks and 5 non-schedule banks are operating in Bangladesh. But still now a vast population in rural areas have remained unbanked.

Figure: Number of bank branches increased in 4 years.

Period	Total Branch		
	Urban	Rural	Total
December 21	5700	5239	10939
December 20	5522	5149	10671
December 19	5541	5027	10568
December 18	5372	4909	10281

Source: Bangladesh Bank.

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A sustained development of Bangladesh is largely dependent on rural population betterment, but fewer studies have been done about finding the cause behind poor rural banking scenarios. In this article, we will try to focus on rural banking system, its potentialities, contribution to national economy, major problems faced by the sector and its possible solutions which may help banks to provide better contribution to rural economic development through rural banking services.

2. Concept of rural Banking

Rural banking is such kind of banking that is done in areas that are not close to towns or cities, making it difficult for those who need to conduct banking business. Now a days some bank agents have come to the rural area to offer basic banking services. The goals of rural banking system should be to provide banking services to the rural population of Bangladesh.

Bangladesh Bureau of Statistics (BBS) in its survey, Agriculture and Rural Statistics Survey (ARSS) Project-2017, defines rural area as rural area consists of the whole area of the country excluding City Corporation, Paurashava and restricted area. More than 10 crore people live in rural areas are mostly engaged directly or indirectly with agriculture or agriculture related sectors. So for sustainable development of Bangladesh, rural banking is being considered as an important issue. By the name rural banking refers to banking services provided to the individual living in rural areas. This rural banking has become an integral part of financial systems of Bangladesh with majority of the population living in rural or semi urban areas. The government of Bangladesh and the central bank, Bangladesh bank jointly have been working relentlessly for financial inclusion of this unbanked rural population. The main objective of rural banking is to collect deposit from rural people and to provide credit and other modern banking facilities, like fintech etc. to the small farmers, landless destitute people, agricultural laborers as well as all sorts of people live in rural areas for accelerating rural economy. Without desired balance development of rural population, sustainable development of the country will never be achieved.

3. Literature Review

Financial Service is witnessing varieties of changes like new products, new concept, new entrants, mergers and acquisition all over the world. Bangladesh is not out of the situation. Internet has given a new dimension to the financial services given by the financial institutions. Internet banking system makes banking easy but a great portion of people especially in rural areas may not use the system in spite of their availability. So, it is necessarily important to point out the factors that determine the acceptance of digital banking service or internet banking service. In this chapter, rural banking concept and obstacles for inclusion of rural people to banking service will be analyzed and discussed. In addition, relevant information of land digitalization will be discussed in this chapter. The position of FINTECH services in rural economy will also be discussed in this chapter.

Moreover, essential factors that influence rural banking acceptance will also be talked about here.

The World Bank data (2014) shows that in the high-income group countries 73% of the population (age 15+) has bank account, and 126% of the population (age 15+) has mobile phone subscription; but in low to middle income countries about 53% of the population (age 15+) has bank account while 90% of the population (age 15+) has mobile access. On the other hand, in Bangladesh, 29% of the population (age 15+) has a bank account while 76% of the population (age 15+) has mobile access. According to World Bank data (2018), in 2017, account ownership at financial institution or with a mobile-money-service provider richest 60% (% of population age 15+) in Bangladesh is 56.68 and account ownership at financial institution or with a mobile-money-service provider poorest 40% (% of population age 15+) in Bangladesh is 40.079

Digital technology like Mobile banking is one of the best ways to reach unbanked population to for financial inclusion. According to data of www.statista.com number of mobile cellular subscriptions per 100 inhabitants in Bangladesh in 2020 is 103.31 in 2019 and 2018 it was 101.55 and 100.24 respectively. This type of data indicates that people in the high-income group have higher banking and mobile access than that of lower and middle-income groups or nations also.

The Dhaka Tribune, in December 21, 2021 said, "With a significant portion of Bangladesh's population unbanked and having little or no access to financial services. Financial technology can be the answer to incubating financial inclusions among micro-enterprises through access to finances. Leveraging fintech will also reduce loan disbursement costs and eliminate other barriers existed among most micro and small entrepreneurs such as providing collateral against bank loans, maintaining financial accounts or transaction records, or undergoing a complex loan application process. In Bangladesh, the number MFS users reached 10.81 crore, representing 59.62% of the country's total mobile phone users. MFS transactions reached the second-highest at tk 67.5 thousand crore in October from Tk.65.1 thousand crore in September."

World Bank blog published by Anir Chowdhury in March 15, 2017 cited that the branch-based banking system fails at inclusion since rural villagers deal mostly in cash. But the cost of these cash transactions will have to be passed on to the customers, meaning that they would end up having high service charges to cover the overhead of rural branches of banks. Difficult as it is, to bring the poor illiterate rural farmer into the fold of a formal financial system, a high service charge would make it next to impossible. Digital tools towards the same goals are accepted to be far more effective for rural populace. Towards that end, electronic cash cards, agent banking, mobile phones and other digital means are opening up the possibility to connect rural households with reliable financial services and tools.

The daily Financial Express published January 15, 2020 writes, "Bangladesh has made significant progress in

financial inclusion over the past eight years, with as much as 48 percent of the adult population now under the banking umbrella. Yet, there are many things to do as a large number of the people still remains out of any formal financial services. Rural market and people are still outside major banking services.”

Main obstacles of rural economic development is a great inconsistency between the real needs of economy and exiting structure of education and vocational training. Qualified and professional knowledge based personnel needed for growing sectors is not sufficient in rural economies. Sustainability of rural economic development is hindered by backwardness (Sandor Magda, Robert Magda and SandorMarselek, 2009)

Since it is very crucial to develop the rural economy for sustainable development, a lot of study is required for development of time befitting rural banking system in Bangladesh. Though many countries of the world have done a lot of research on the rural banking system, but unfortunately Bangladesh does not have sufficient research on it. This research paper will add theoretical value about rural banking system for sustainable development of rural economy.

4. Statement of problem

For attainment of sustainable development process, Bangladesh needs to bring rural population under the banking channel to perform their daily economic activities. In Bangladesh, Most of the people of the rural areas, exchanging their daily needs money on basis of relation to each other parties. A needy man in rural areas borrowed money from a financially solvent family giving the promise or condition to give it back within certain period with or without paying interest depends on the situation. Such incidents indicate rural people doing their economic activities without maintaining proper banking channel.

The amount of money, what the rural people saved by various activities, cannot take part to contribute into mainstream money activities like money market, capital market etc. This kind of non-banking activities would be marked as an impediment for sustainable development of rural areas or Bangladesh as a whole.

According to Bangladesh Bank recent report 61 banks have now been operating in Bangladesh, out of which 6 state owned commercial Banks (SOCBs), 3 Specialized Krishi Banks, one development Bank, and rest of them are private commercial Banks (PCB). Most of the PCBs doing their business mainly in urban areas showing less interest to go rural areas fearing business losses.

The SOCBs and specialized banks are mainly giving services to the rural people with low capabilities. As getting loan from commercial banks is time consuming and cumbersome matter still now, most of the rural people take their season based little amount of money from non-government Organizations (NGOs) spending very short time with easy process though interest imposed on the loan given

is very high. Rural people also collect money from their friends and relatives.

Shortage supply of money to the rural people leads them away from availing the advantages of advanced technology to produce their valuable goods or agricultural products. Due to poor banking infrastructure in rural areas, standard of living of the rural people is undermined.

5. Methodology of the Study

This is a secondary research. To carry out the research, mainly secondary sources of data are used for analysis and interpretation. Some primary data such as number of RTGS, ATMs transactions are also used. Secondary sources include Government organizations, Non-Government Organizations, International Organizations, newspaper, books, journals, internet, etc. Descriptive statistics has been adopted to analyze data and deductive approach is used to derive the objective in the paper. To understand rural banking scenario, some important factors are taken to describe rural banking practice in Bangladesh.

6. Objective of the Study

The objective of this research is to identify the key impediments of Sustainable rural development through rural banking system among rural population in Bangladesh. To measure the performance and to identify the major roadblocks of rural banking following specific objectives have been designed. Possible solutions are also discussed at the same time.

- To find out causes behind unwillingness about banking among rural people.
- To evaluate the use of internet for rural banking through Modern FINTECH system in Bangladesh.
- To find out rural credit as a factor of rural Banking and development of rural economy.
- To evaluate land digitalization to accelerate rural Banking investment.
- To explore rural infrastructure for giving banking services in rural areas of Bangladesh.

7. Analysis and Discussion

7.1 To find out causes behind unwillingness about banking among rural people

To analyze the cause behind reluctances about banking in rural people in Bangladesh many factors has to be considered. But, here we give emphasis three elements-income factors, location of bank, Education and some misperception about banking. A wide range of income disparity exists in Bangladesh economy. According to World Inequality report 2022, 1% of Bangladesh's population holds 16.3 percent of the total national income generated in 2021. This report also showed that 44 percent of total income is held by only 10 percent of the population of this country. Though Bangladesh achieved notable progress to alleviate poverty in last decade, income inequality is seen very high. The following table shows the scenario of income inequality between rural and urban areas:

Monthly household nominal income, expenditure and consumption by residence HIES 2016

Survey Year	Residence	Average Monthly (taka)		
		income	Expenditure	Consumption
2016	National	15,945	15,715	15,420
	Rural	13,353	14,156	13,868
	Urban	22,565	19,697	19,383

Source: Preliminary report on Household income and expenditure survey 2016

This income inequality creates a major impediment for regular banking of rural people. What rural people earn, has to spend to accommodate daily life. A few people of rural areas have some idle money to deposit in a Bank. The following chart shows the poverty line as per HIES 2016 report.

Head Count Rate of Incidence of Poverty HIES 2016 and HIES 2010 by Residence

Residence	Upper Poverty line		Lower poverty line	
	2016	2010	2016	2010
National	24.3	31.5	12.9	17.6
Rural	26.4	35.2	14.9	21.1
Urban	18.9	21.3	7.6	7.7

Source: Preliminary report on Household income and expenditure survey 2016

7.1.1 Location of Branch

To make rural people bank oriented, location of bank branch plays an important role. The farmer does not want to spend enough time for banking. If a bank branch is located far away from the village the bank may not have made enough customers for daily banking. Because, it causes loss of money and time of a man simultaneously. Infrastructural developments, especially roads and vehicles have also very important rule for banking in rural areas.

7.1.2. Education

Education is the backbone of a nation. In Bangladesh 25 percent people are illiterate and unable to read and write in Bangla-the first and national language of Bangladesh. UNESCO defines literacy as –the ability to understand what one reads and writes in their first language and the ability to keep day-to-day accounts related to household income and expenditure. The literacy rate, according to Ministry of Primary and Mass Education, in urban and rural areas were 81.7 percent and 67.3 percent respectively in 2019. This wide gap shows impoverished rural areas get more illiterate people than urban areas. This illiteracy in rural areas is also an impediment to increase rate of people availing rural banking facilities as some misconceptions (such as huge bank charges, amount deposited with bank will reduced after a certain period etc.,) and some sort of fear or uneasiness (i. e banking environment, how to speak with bank officers etc.,) works on their mind.

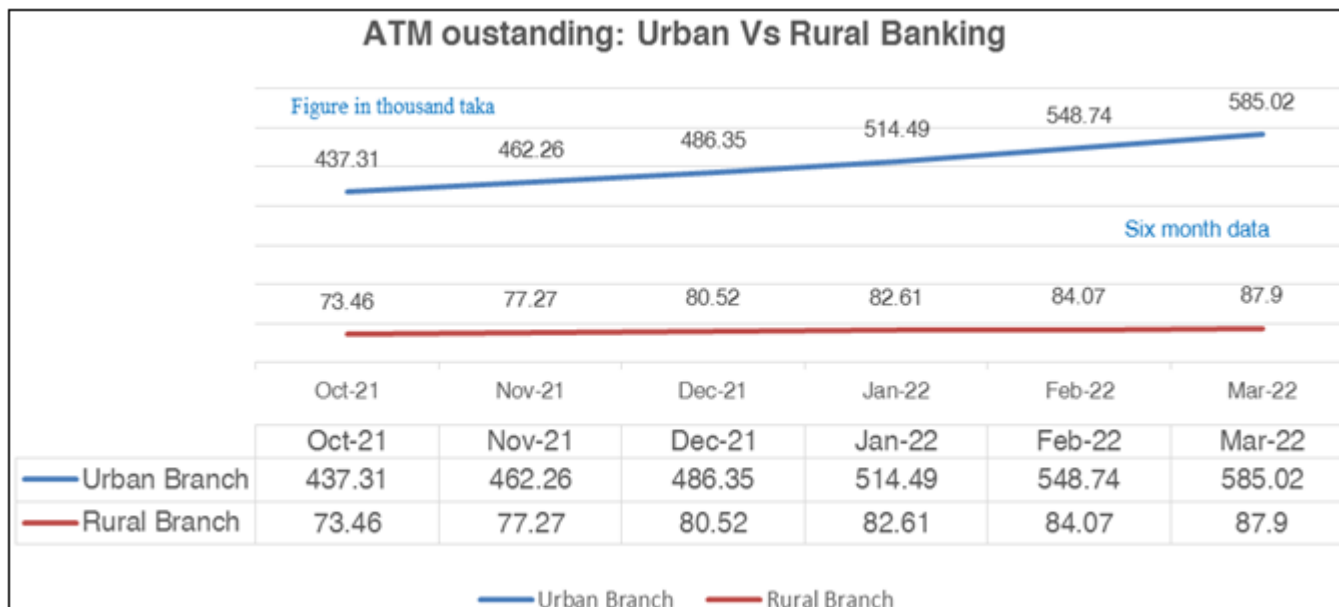
7.2 To evaluate the use of internet for rural banking through Modern FINTECH system in Bangladesh

Once upon a time, all bank branches irrespective to rural or urban, did their daily banking process manually, i. e. keeping long ledger book on a long high table. All transactions are written down with black and white on the ledger. Now, the time has changed. All the banks perform in Bangladesh, run digitally or online process. In online process customer can banking their needs sitting anywhere in Bangladesh even if in outside of the country by using FINTECH or mobile applications.

Bangladesh started internet in early 1990 with dial-up connections which was limited to some people especially urban people took the benefit of the internet. But the situation drastically changed with the inception of Mobile data network. People from all sort of living enjoy the benefit of internet by using just a mobile phone. Though the mobile phone in first time was expensive, now for adopting policy support from government end, in December 2020 the total number of mobile phone users in Bangladesh reached 170.1 million. On the other hand, internet users increased to 111.8 million at the end of December 2020 of which 102.3 million users use internet through mobile operators. According to GSMA report 41 percent of mobile phone users had smartphone in Bangladesh. The internet speed in rural areas is not equal to the urban people enjoyed. According to a study by Asian Development Bank Institute (ADB), an increase of 1 % point number of internet users would help Bangladesh's Gross Domestic Product (GDP) grow by 0.11%.

Digital technologies, especially payment systems by using mobile devices, is now very important to achieve Sustainable Development Goals (SDGs) and to implement government's 2041 Perspective Plan as well. So, it is necessary to take proper measures for equal internet opportunity for rural and urban people of the country.

We have to recognize that the role of banks in economic development is fast changing. Technology makes banking easy. By using apps one can do business, pay utilities or other banking needs from home by just one click. Technological development opens potential doors for banking services industry. The emergence of new technology allows access to banking and banking related services without physical direct presence to bank premise by the customers. The Automated Teller Machines (ATM) is the best and well known example of this technological advancement. Though most of the ATMs are now established in urban oriented area in our country, it should be scattered widely in semi-urban and rural areas to expedite the economic development of under developed areas.

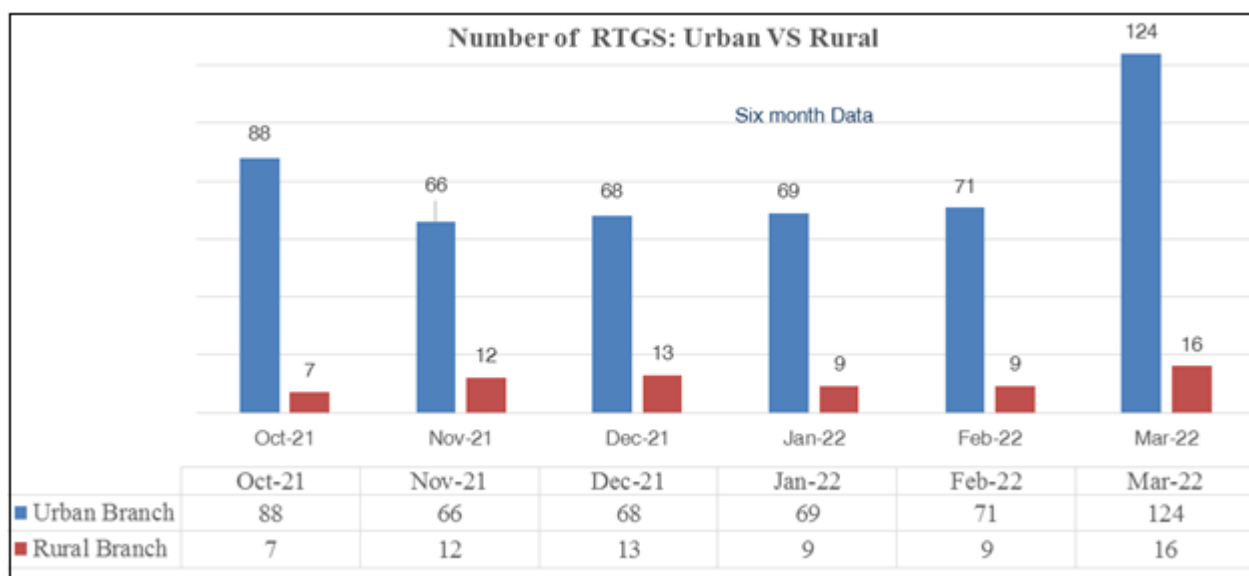


Source: Two branches of Rupali Bank-one urban & one rural.

Credit Card, another development of banking industry is getting popularity in our country like other countries of the world. This credit card service should reach rural areas for economics choice of freedom. Many banks are now giving loan within very short time against credit card limit with interest. This type of facility can meet up urgent needs of business if the service made available in rural areas. To spread virtual banking or internet banking in rural areas, electricity and telecom connectivity must be continuous and supplies do not interrupt especially banking hours.

The central Bank of Bangladesh, Bangladesh Bank launched BD-RTGS system on 29th October 2015 to facilitate safe, secure and efficient interbank payment system as a part of digitalization initiative. BD-RTGS system introduced a

horizon in payment system of banks. The minimum limit of a RTGS transaction is set at BDT 1, 00, 000.00 taka whereas there is no limit in case of government payment. Data of Bangladesh bank indicates that more than 10250 online branches of scheduled banks are currently connected to this system. 14.62 lakh crore taka was transacted through 24.49 lakh transactions in 2020 year. RTGS means Real Time Gross Settlement. For Bangladesh it is called BD-RTGS. BD-RTGS is a real time interbank large value electronic fund transfer system. At present, BD-RTGS system is operating in local currency inside the country. Real time means transaction done the bank is not subjected to any waiting period. Gross settlement indicates the transaction is booked in central bank's account on one to one basis without netting any other transaction.



Source: Two branches of Rupali Bank Limited-one urban and one rural

But rural people do not have well enough knowledge about the RTGS system. They don't know money can be sent from one bank branch to another bank branch through RTGS or Bangladesh Electronic fund transfer network (BEFTN)

system. BEFTN allows customer sent money any bank branches irrespective of amount. To deposit money, rural people has to go to the respective bank branch by spending

time and money. Rural people can save their money and time by using digital platform like RTGS, BEFTN etc.

There are some rural people who are the customer of banks situated at urban areas doing banking electronically. Many banks of Bangladesh are now giving e-banking applications for their valued customer to pay bills, transfer money among account, check account, and download account statement and many more modern services. But all the services are interrupted by slow internet and telecom connectivity in rural areas. High speed internet connectivity can be a change maker in rural areas.

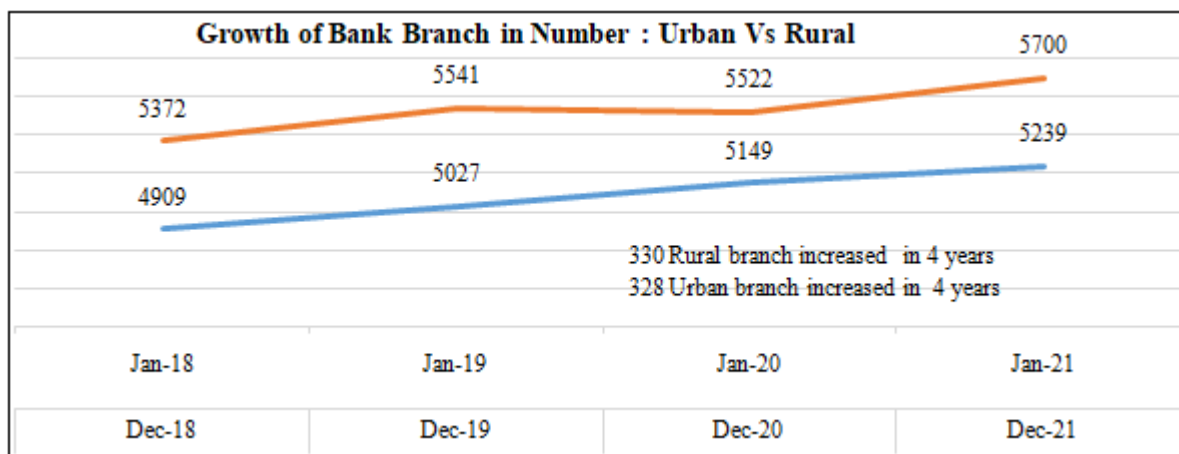
A long banking experience of this writer finds that most of the rural people want to keep their deposit with the bank in long term basis – three to five years, even if it may goes up to eight years so that the money they deposited matured with double or triple figure. Rural people want to use this double or triple figure of money in some important occasions like marriage ceremony of daughter.

By using this long term fund bank can easily meet up loan demand for business entities. As many financial entities like

a Non-government organizations (NGO) working with the recent technology, to sustain rural banking and latest technology must be used in branches already existed and new one also. Manpower given to the rural branches must be technologically sound enough. By an extensive survey, potential rich rural and semi-rural areas to be find out to set up new branches to expedite sustained development of rural economy.

7.3 To find out rural credit as a factor of rural Banking and development of rural economy

According to World Bank report 61.823 percent of total people lived in rural areas in 2020 while 164.7 million people lived in Bangladesh at the same time. Rural people are mostly concentrated in agricultural sector or agriculture related sectors. The central Bank of Bangladesh, Bangladesh Bank declared 1: 1 policy to open a new branch for rural and urban area. That means if any bank keen to open new branch in an urban area, it has to open a new branch in rural area within same calendar year.



Source: Bangladesh Bank.

To give financial help to the farmer, Bangladesh bank announced 28, 391 crore taka as agriculture and rural credit for 2021-2022 financial year which is 7.98 percent higher than previous 2020-2021 financial year. Beside this, Bangladesh Samabaya Bank Ltd and Bangladesh PolliUnnayan Board (BRDP) will disburse 25 crore and 1062.50 crore taka from their own fund as agriculture and rural credit facility.

2.5 percent of total loan outstanding of all private banks and foreign banks is being consider as agriculture and rural credit. Bangladesh Bank gives a strict direction about disbursement of agricultural loan mainly in three sectors – Crops, fisheries and livestock. If any bank fails to disburse the targeted amount, undisbursed amount or 3% of loan amount to be deposited with Bangladesh bank without demanding any interest thereon. The central bank has given directive to the banks to disburse at least 60% of crop loan target along with to disburse at least 10% fisheries and livestock loan target. To expedite agriculture and rural loan disbursement among rural people Bangladesh bank has given a waiver to collect Credit Information Bureau (CIB)

report up to 2.5 lakh taka new or renewal of agriculture and rural credit loan. The agriculture and rural credit loan would be helpful to achieve food security, poverty alleviation, lifestyle development, job opportunity if farmers get the loan amount in time. In 2020-2021 financial year, 30, 55, 160 rural people got 25, 511.35 crore taka (which is 97.03% of target) agri and rural loan against the targeted amount of 26, 292 crore.

The availability of loan, though the amount is small, from banks with very little papers or guarantees and without any harassment creates good attitude in the mind of rural people about banks and banking, plays a crucial role for sustainable development of rural economy.

Bangladesh Bank has taken an initiative for farmers to open a bank account with any bank only by depositing taka 10 to disburse agriculture and rural credit through this account. Farmers can use this type of no frill account for their daily banking needs including receiving foreign remittances from different countries across the world. This time befitting step

makes a positive sign about bank and banking among the rural people.

7.4 To explore tough Chain of Document rules for getting loan for development process.

In Mortgage Loan, borrower gives the commitment to pay back the lender within the stipulated time as per contract done. The Mortgage property serves as a collateral security to secure the loan given. Currently, Mortgage loan is a loan used either purchasers of the real assets to increase fund to buy real estate or by the owners of the property to raise fund for various purposes putting a lien on property being mortgaged.

Defaulted loan culture, encourages the banking systems to secure loan by taking immovable property, especially land as mortgage. Sometimes, banking entity or financial institution cannot recover the lending amount in full or partial basis due to borrower inability or reluctance to repay the loan. The increase of Nonperforming Loan (NPL) generates no income hampers the financial stability of the financial institution. As defaulted loan decrease the efficiency, Banks provide loan against mortgage of immovable property. In case of rural people, Mortgage process of immovable property which gained from predecessor, narrow the line of opportunity of getting loan from banks. Village people cannot collect all the papers banks needed to take as mortgage, due to unconsciousness about documentation of the property. Lack of chain of documents act as a hindrance the rural people to access banking channel. In most of the rural people, transfer or partition of land done among the family members settled verbally by setting with senior citizens which finally narrow the road for getting loan against mortgage as only registered deed of partition of land among the stakeholders acceptable to the bank. Only a few people of rural areas avail the opportunity of loan facilities from banks against mortgage of land. Tough chain of documents requirements for land property and lack of digitalization process of land offices cause of deprive for getting loan for development process of the rural people.

7.5 To evaluate land digitalization for easy access of all stakeholders

Land is the main factor of production and source of wealth of the land owner and other people also. Since Land is scarce always specially in densely populated country like Bangladesh, establishing ownership right over land is highly competitive.

Bangladesh is a small country with a huge population. Bangladesh is generally known as an agriculture based nation. Land for every people is very insignificant. So, management of land system clutches a pivotal role in the economic and social aspects of the country. Most of the conflicts or quarrels in rural or urban areas occur as a result of weak and corrupted land systems.

7.5.1 Survey, Record Keeping and Mutation of land

British colonial rulers, under the Survey Act, 1875 conducted 'The Cadastral Survey' (CS) from 1888 to 1940 starting from Chattogram and ended with Dinajpur. This

Cadastral survey prepared the Records of Right (ROR/ Khatian). The CS Khatian covered the name of the owners (then Zamidaar-feudal lords, occupants, narrative of land, amount of revenue given and all the other exacting facts of lands. By enacting 'The East Bengal States Acquisition and Tenancy Act, 1950', the Zamidaari system was abolished. Under this act 'State Acquisition' (SA) survey was conducted from 1956-1962. State Acquisition survey followed the CS blueprint and the records were handwritten which copies were stored in the district record room, Thana Revenue Offices, and Tahsil (Union Land) offices. After 50 years of SA survey record, the Revisional Survey (RS) of land was conducted after independence in 1971. The latest survey of land known as 'Bangladesh Survey (BS)' started in 2010 and is an on-going survey. These BS surveys now have printed copies of document and are preserved in the Deputy Commissioners' record room, Upazila Land Office and Union Land Office.

7.5.2 Registration of Land

Registration of land ownership came to the fore after introduction of the 'Transfer of Property Act, 1882'. Later, 'The Registration Act, 1908' was introduced. Under this Registration act land registers office establish and collect 'ad valorem' based on land registration fees, different land transfer related taxes. Registration records under this act are stored in registers at sub-registrar's office. All these processes were and are done manually still now. After a long journey, government introduced the electronic management of the mutation of land, or e-mutation, in 485 upazila and 3, 617 union land offices of 61 districts, keeping away the three hill districts in the Chittagong Hill Tracts. Mutation, is a process by which name (s) of new land owner (s) inserted instead of former owners partially or fully after transfer of ownership of land. Mutation establishes the proprietary rights. It allows the land owners to transfer and registration of the land, and the payment of taxes for the land used. The electronic management of land mutation gives a step forward to stop corruption and bribery of some unscrupulous people.

This newly introduced electronic management of land mutation is said to have some positive changes like quick and due time disposal of applications for mutation, compared with the manual system. This process also reduced public sufferings by way of less required land office visits. To give uninterrupted online service to people especially in rural area optimum power supply and speedy internet connection to be insured by the concerned department. Though land mutation system is not enough to justify the land ownership, it is a flagship for digitalization of land system of Bangladesh. To give relief to service seekers and to curb corruption related to land management, it is necessary to bring whole of land management systems, including land records, under a digital platform.

A digital link or access between concern land sub-registry office and AC land office to check the land latest records before committing registration of transfer deed or finalizing mutation case will reduced the problems related to land management.

If the Banker gets access to the online system to verify the land ownership, bank can invest money easily by taking the property as mortgage having minimizing the risk of land ownership. Bankers of Bangladesh now enjoy the access to verify National Identity Card (NID) or Smart Card that flatten the curve of address related issues or Know Your Customer (KYC) issues.

8. Findings of the Study

After conducting the research following issues have been found out as major impediments for sustainable development of rural economy through current rural banking system:

- a) There is a tendency among the rural population not to go not only to the banks but also any offices, unless seriously needed due to less education and invisible fear of corresponding which contributes poor rural banking development.
- b) Bank officials working in the rural branches need to extend more helping hands to the marginal people of the rural areas. A periodic seminar or meeting among the parties can motivate rural people about banks and banking system.
- c) For most of the cases in rural areas the chain of documents of proposed mortgage property found guilty as ancestral property is orally distributed to the heirs, violating the existing rule of land registration. This oral distribution of property makes bank investment almost impossible, which in terms, badly affects rural economic development.
- d) Income disparity between rural and urban people also responsible for poor rural banking transactions.
- e) Rural people do not have enough knowledge to accept Modern Financial Technology (FINTECH) system transactions. Many mobile phone users of rural people cannot avail the opportunity of Mobile Financial System (MFS) transactions due to lack of education.
- f) One kind of misperception exists among the rural population that high bank charges and other deductions will be imposed on their deposit which will finally lessen the original deposited amount.
- g) To set up a new branch in rural area bankers are looking for commercially successful places to make its business profitable which creates fear of communication fares and time among the villagers.
- h) Poor investment opportunity in rural areas is also a major obstacle to set up a new bank business.
- i) Infrastructure set up in rural areas is not well enough. As a result, bankers have to think security of the rural bank branches.
- j) Mobile Banking charge is high enough for rural people. At least taka 10 (ten) has to pay per 1000 taka withdrawal. This high rated charge discourages rural people for MFS transactions.

9. Conclusion and recommendations

The contribution of rural population in our GDP cannot be ignored. A huge percentage of employees are directly engaged in agriculture sector. Since major portion of total population of Bangladesh are living in rural areas and most of them are unskilled, illiterate and unbanked people so to

convert this major population into resources and to sustain overall development, rural banking can be the best solution for our economy. To make poverty free Bangladesh, the role of banks performing in rural areas of Bangladesh cannot be ignored. Bangladesh bank in this regard, has taken some important steps like branch opening rule 1: 1 (for opening 1 urban branch, 1 rural branch is to be opened) farmers are allowed to open bank account with only 10 taka initial deposit, rural credit target achievement included in bank's CAMELS rating, mandatory participation in agriculture or rural credit disbursement for all banks, reducing provision for rural credit etc. People of rural areas need the same facilities and services from bank what people living in important towns and cities avail. To deliver such similar banking services, government and concern authorities should take effective and time befitting steps so that rural banking can expand in more rural areas to play a key role to ensure the economic development and socio-economic empowerment of rural people. To balanced development of the country, rural-urban income disparity must be lessened by taking proper steps. Advanced fintech system must be introduced among rural population so that they can take the opportunity of modern technology based banking. Emphasis must be given to make policy support for rural banking to attract the villagers to avail the available banking facilities in rural areas.

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