

Rural banking industry

[Finance](#), [Banks](#)



The banking system is an indispensable institution in the modern world and plays a vital role in the economic life of every civilized nation. Whether as mere passive entities for the safekeeping and saving of money or as active instruments of business and commerce, banks have become common among the people who have come to regard them with respect and even gratitude, and most of all, confidence (Dizon, 2006). Thus, even the humble wage earner has not hesitated to entrust his life's savings to the bank of his choice knowing that they will be safe in its custody and will even earn some interest for him. The ordinary person, with equal faith, usually maintains a modest checking account for security and convenience in the settling of his monthly bills and the payment of ordinary expenses. As for business entities, the bank is trusted and activities associate that can help in the running of their affairs, not only in the form of loans when needed but more often in the conduct of their day-to-day transactions like the issuance or encashment of checks. In our study, we will be focusing in the rural banking industry in the Philippines.

Rural banking is a common practice in places where banking institutions are few and far between and people who need to carry out banking transactions may have difficulty finding a way to do so. With modern technology, more and more people have access to online systems that allow them to conduct certain types of banking without a nearby branch, but this technology is not available for everyone, and demand for rural banking is still high in some areas (ehow. com). Rural banking is very common in countries with emerging markets that are beginning to offer a wider selection of banking services. This includes places like India, rural China and countries in Africa.

The importance of the rural banking in the economic development of a country cannot be overlooked. Without the upliftment of the rural economy as well as the rural people of our country, the objectives of economic planning cannot be achieved. In fact, the real growth of Indian economy lied in the emancipation of rural masses from acute poverty, unemployment, and socio-economic backwardness. Keeping this end in view, various important plans and programs of rural development have been conceived and implemented by the government of India since the commencement of first five-year plan from 1951-56. But an appraisal of the achievement of these programs clearly reveals that much programs failed to achieve the desired objectives due to the backward economic condition and lack of adequate finance to the poor people in the rural areas.

Hence, bank and other financial institutions are of vital importance for development of rural economy of a country (easternbookcorporation. com). This study is conducted to help interested parties like investors, creditors, rural banks and future researchers analyze the rural banking industry in the Philippines.