

**INFORMAL FINACIAL SYSTEM IN VILLAGE LEVEL  
WITH SPECIAL REFERENCE IN AKKARAIPATTU**

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## ABSTRACT

Drawbacks of the Formal Financial System in rural areas, the rural people prefer to adopt with 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 focused 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 objective, 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 result of the study shows that there is various factors influence in involvement of informal financial system in Akkaraipattu village and the system in Akkaraipattu is found in high level. Based on the findings, some recommendations are given to strengthen the informal financial system as formal 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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