**Financial Inclusion in India: Specific Insights from Global Findex Report 2021**

**Abstract:**

This paper examines the current status of financial inclusion in India using data from the Global Findex Report 2021. The methodology comprised evaluating several facets of financial access and usage by utilising the extensive statistics contained in this database. Financial inclusion is essential for promoting economic growth and reducing poverty, especially when it comes to making credit and banking services more accessible. Additionally, the paper explores the implications of mobile money accounts and digital financial services, which have considerably transformed banking accessibility for marginalised groups. Financial inclusion is greatly impacted by behavioural variables, according to the literature analysis, which suggests that policymakers should take these factors into account in addition to economic analyses. According to statistics taken from the Global Findex Database, despite an increase in account ownership, barriers to efficient use of financial services still exist, especially for underserved groups. Notwithstanding progress, barriers like gender disparities, low financial knowledge, and high service costs still stand in the way of full financial inclusion. In conclusion, the article promotes focused interventions meant to improve financial accessibility and literacy, guaranteeing that all facets of society can benefit from financial services and fostering sustainable economic growth in India.

**KEYWORDS: Global Findex,** **digital financial services,** **credit,banking services,** **poverty**

**Introduction**

In the modern era of economic growth, the public must be included in the banking and financial system. To achieve this objective, the efficacious execution of financial inclusion strategies is essential. This undertaking will not only expedite the social development of the nation but also enhance its economic progress. It is vital to note that financial inclusion differs fundamentally from social banking and possesses the potential to deliver more substantial benefits to impoverished populations than those provided by social banking in prior instances (Kamath, 2007). The significance of financial inclusion is increasingly acknowledged as The effective implementation of financial inclusion methods is crucial to achieving this goal. This project will boost the country's economic development in addition to accelerating its social development. It is important to remember that financial inclusion is essentially different from social banking and has the ability to benefit poorer communities more significantly than social banking has in the past (Kamath, 2007). rucial for promoting sustainable development and economic prosperity. The effective implementation of financial inclusion methods is crucial to achieving this goal. This project will boost the country's economic development in addition to accelerating its social development. It is important to remember that financial inclusion is essentially different from social banking and has the ability to benefit poorer communities more significantly than social banking has in the past (Kamath, 2007). By providing affordable financial solutions, these programs hope to foster social justice and economic growth (Patil & Patil, 2024). There is a clear correlation between financial inclusion initiatives and poverty reduction, as seen by government initiatives like India's Pradhan Mantri Jan Dhan Yojana, which has successfully increased banking accessibility for underprivileged people (Kamal 2023).

Furthermore, by reducing transaction costs and enhancing service accessibility, financial technology (fintech) solutions have fundamentally altered the landscape of financial inclusion by leveraging digital breakthroughs to reach historically disadvantaged populations. Notwithstanding these developments, there are still issues, such as the requirement for greater financial literacy and efficient technology use in rural regions. Financial inclusion is a holistic strategy aimed at fostering equitable economic growth on a global scale, not only a financial one.

By offering a wide range of savings, credit, payment, and risk management options catered to people with different needs, healthy financial systems play a vital role. For those in poverty and other marginalised groups, inclusive financial systems that allow broad access to financial services without enforcing price or non-price restrictions are especially beneficial. Without inclusive financial systems, those who are less fortunate must rely on their meagre savings to fund their education or start their own businesses, while small businesses must rely on meagre revenue streams to take advantage of potentially profitable growth opportunities. According to King and Levine (1993), Beck, Demirguc-Kunt and Levine (2007), Beck, Levine, and Loayza (2000), Demirguc-Kunt and Levine (2009), Klapper, Laeven, and Rajan (2006), and the World Bank (2008), this tendency can worsen long-standing income inequality and obstruct overall economic growth.

India has made impressive strides in financial inclusion, mostly thanks to the Reserve Bank of India's initiatives and the rise of fintech developments. Currently, almost 80 percent of Indians have bank accounts, but challenges remain, with 76 percent of adults not being sufficiently financially literate (Aadarsh and Srivastav, 2024). Basic determinants of financial inclusion include income, education, and availability of banking services, while obstacles like poor network connectivity, trust in financial institutions, and limited transaction capacity hinder advancement (Ozili and Syed, 2024; Vinay Kandpal, 2023). According to a comparative analysis, India performs better than the global average in terms of account ownership but worse than the other G20 countries in terms of borrowing and savings metrics (Mehak and Dharni, 2023). In order to solve current inequities, improve user engagement, and promote digital payment methods—all of which are essential for developing full financial inclusion—fintech innovations have emerged as being crucial. However, sociocultural factors and the need for improved digital literacy continue to be significant barriers to achieving comprehensive financial inclusion (Sandhu et al, 2023). In conclusion, even though progress has been made, ongoing efforts are necessary to reduce current disparities and raise financial literacy.

When analysed using the World Bank's Global Findex database and Reserve Bank of India (RBI) statistics, the Indian financial sector highlights significant obstacles and opportunities for financial inclusion. According to the Global Findex, only 35% of Indian adults have a formal bank account, and only 8% have used formal loan services. This highlights notable differences, especially in terms of gender, with women engaging in less prudent financial practices like saving than men (Sandhu et al, 2023; Vinay Kandpal, 2023).Although the RBI's regulatory framework has changed significantly since economic liberalisation in 1991, the banking system is still dominated by the public sector and has strict regulations, which can stifle innovation and limit liquidity in financial markets (Chakraborty, 2012). Despite these obstacles, government programs aimed at strengthening financial inclusion through infrastructure improvements and collaborations with internet companies are driving the Indian banking industry's present growth trajectory (Krishna et al., 2012). In conclusion, even if progress has been made, targeted policy changes are necessary to close the gaps that still exist and provide fair access to financial services (Nandu et al., 2021).

**Review of literature**

Several academic studies (Aghion & Bolton, 1997; Banerjee & Newman, 1993; Banerjee, 2001) have suggested that having access to capital is essential to enabling people to increase their output and employment efforts and, consequently, to escape poverty. The core role of the banking industry, which is to provide credit, is crucial for boosting economic activity and developing capacities, according to scholars (Sen, 2000). Initiatives and policy interventions implemented by the Reserve Bank of India (RBI) and the Indian government were examined by Dangi and Kumar (2013). This study assesses India's financial inclusion situation today, using the Global Findex report from 2021 as a guide. Agrawal (2008) did a study of financial inclusion from a behavioural approach, encompassing both supply and demand aspects. Instead of restricting their considerations to just economic assessments, the results showed that a behavioural assessment presents a substantial potential for marketers and policymakers to proactively connect their techniques with behavioural characteristics.

On the other hand, one noteworthy effort to promote inclusive growth among rural populations is the RBI's 2003 financial inclusion policy, which sought to provide financial services to underserved populations. Facilitating financial inclusion for previously excluded demographic segments is crucial for maintaining and accelerating economic growth, according to the 2008 study by the Rangarajan Committee on Financial Inclusion. The creation of a National Mission on Financial Inclusion, the revival of Regional Rural Banks (RRBs) and Cooperatives, the implementation of a Microfinance Institution (MFI) model (SHG-bank linkage), and the Business Facilitator and Business Correspondents Model were all part of the committee's multipronged plan to accomplish these goals. The function and effectiveness of commercial banks in the state of Jharkhand, as well as the contributions of organisations like Regional Rural Banks (RRBs), Self-Help Groups (SHGs), and Non-Banking Financial Companies (NBFCs) to the advancement of financial inclusion, were examined by Mukherjee and Chakraborty (2012). It was suggested that each bank disclose its financial inclusion accomplishments to the RBI more frequently since the analytical results showed that banks did not meet the targeted goals. Uma and Rupa (2013) made an effort to look into how Self-Help Groups (SHGs) affected financial inclusion and found that membership in SHGs was positively correlated with financial inclusion. Following SHG participation, the study found that members' access to credit, the number of bank accounts, and the annual loan repayment rates all showed positive trends.

Numerous scholarly investigations (Aghion & Bolton, 1997; Banerjee & Newman, 1993; Banerjee, 2001) have articulated that access to financial resources is perceived as a pivotal element in facilitating individuals' capacity to transform their production and employment endeavours, thereby alleviating poverty. Scholars have posited that the quintessential function of the banking sector, specifically the provision of credit, is indispensable for stimulating economic activities and fostering the development of capabilities (Sen, 2000). Dangi and Kumar (2013) undertook an examination of the initiatives and policy measures instituted by the Reserve Bank of India and the Government of India. This inquiry analyses the current status of financial inclusion in India, utilizing data from the Global Findex report 2021. Agrawal (2008) investigated financial inclusion from a behavioural standpoint, taking into account both supply-side and demand-side factors. The findings indicated that an assessment from a behavioural perspective offers valuable insights for policymakers and marketers to strategically align their initiatives with behavioural considerations, rather than restricting their focus solely to economic evaluations.

According to Rana et al. (2020), digital financial services (DFS) have a great deal of potential to offer underserved communities in developing countries a wide range of accessible, reasonably priced, and secure banking choices through cutting-edge technologies like smartphone apps, online platforms, and electronic monetary models. According to Balasubramanian & Kuppusamy (2020), women's access to sophisticated financial services, such as debit and credit cards, is significantly influenced by their level of financial literacy. The World Bank Findex database was used in a recent study by Dar and Ahmed (2020) to look into the demographic factors influencing access to and use of different financial services. Primarily, the researchers examined the variables that impact financial inclusion and the related obstacles. The study's findings further define a number of financial inclusion measures, including bank account, credit card, and savings ownership, and show that gender, age, education, and income have a substantial impact on debit card ownership.

**Specific insights from Global Findex Database, 2021**

Sixty-nine percent of adults worldwide own an account. They now have a valuable financial instrument as a result. Accounts offer a secure means of accumulating funds for the future. Additionally, they facilitate the process of sending or receiving remittances, making purchases, obtaining credit, and paying bills. Thus, the World Bank and others use account ownership as a sign of financial inclusion. Having an individual or joint account at a financial institution or through a mobile money provider is what the 2017 Global Findex database classifies as account ownership. Accounts at banks or other formal, regulated financial institutions, including credit unions, cooperatives, or microfinance institutions, fall under the first category. The second includes mobile phone-based services that are used to send and receive money and pay bills; these services are not connected to any financial institution. People can send and receive electronic payments and store money with these mobile money accounts.

In order to determine which individuals had a mobile money account, the 2017 Global Findex survey asked participants if they used any particular services offered in their community, such as M-PESA, MTN Mobile Money, Airtel Money, or Orange Money, which are listed in the GSM Association's Mobile Money for the Unbanked (GSMA MMU) database. Only services that are accessible without a financial institution account qualify as mobile money accounts. Individuals who use a mobile money account that is connected to their bank are regarded as having a bank account. The poll only asked about mobile money accounts in the 77 economies (out of the 144 that were part of the survey) where the GSMA MMU database shows that mobile money accounts were available at the time of the survey.

**Account Ownership**

Sixty-nine percent of adults worldwide own a financial account. This ownership bestows a substantial financial asset. Financial accounts give people a safe way to protect their money and build up savings for future projects. Accounts additionally streamline the procedures for paying bills, obtaining credit, making purchases, and sending and receiving money. As a result, the World Bank and other institutions use account ownership as a crucial metric of financial inclusion. Account ownership is defined by the 2017 Global Findex database as having an individual or jointly held account at a financial institution or through a mobile money service provider. Accounts opened at banks or other official, regulated financial institutions, including credit unions, cooperatives, or microfinance organisations, fall under the first category. The second group includes mobile phone-based services used for bill payment, money transfers, and receipts that are not affiliated with any financial institution. People can keep their money and make electronic payments using these mobile money accounts.

The 2017 Global Findex survey asked respondents if they used any of the services offered in their economies, such as M-PESA, MTN Mobile Money, Airtel Money, or Orange Money, which are listed in the GSM Association's Mobile Money for the Unbanked (GSMA MMU) database, in order to determine who had a mobile money account. Only services that do not require association with a financial institution are included in the definition of a mobile money account. People who have an account at a financial institution are those who use a mobile money account connected to their financial institution. Only in 77 economies (of the 144 surveyed) where the GSMA MMU database showed the existence of mobile money accounts at the time the study was conducted was the question about mobile money accounts asked.

**Table 1: Account Ownership of India**

|  |  |
| --- | --- |
| **Year** | **Value** |
| 2011 | 35.23% |
| 2014 | 53.14% |
| 2017 | 79.88% |
| 2021 | 77.53% |

**Source:** Global Findex Database 2021

**Use of account**

One of the most important first steps in achieving financial inclusion is having a financial account. Nevertheless, people need to be able to use their accounts in safe and practical ways if they want to get the most out of account ownership. The several ways that people access and use their financial accounts are examined in this section. In line with the noted increase in account ownership, the Global Findex 2021 survey revealed an increase in the use of accounts for digital payments, savings, and borrowing, highlighting the interdependencies between these financial services within the broader financial system. The following summarises the main conclusions:

**Digital payments**

* In developing economies, the percentage of adults who make or receive digital payments increased from 35% in 2014 to 57% in 2021, surpassing the growth in account ownership over that time frame.
* In developing economies, 39% of people (or 57% of those with a financial institution account) established their first account at a financial institution precisely to receive government funds or a wage payment.
* In developing nations (apart from China), 20% of individuals made a merchant payment with a card, smartphone, or the internet; roughly 40% of them done so for the first time following the pandemic's onset. In developing economies, over one-third of adults who paid a power bill straight from their account did so for the first time following the onset of the COVID-19 epidemic, demonstrating how the pandemic accelerated the adoption of digital technology.

**Savings**

* Adults in developing nations used accounts to save 25 percent of their money, while 39 percent of them used accounts to keep money for cash management.
* In 2021—the first year that formal techniques became the most popular way to save—more over half of those in emerging nations who saved any money did so in a formal account.
* In Sub-Saharan Africa, where 15% of people and 39% of mobile money account holders use them to save, mobile money accounts are a significant way to save money. In Sub-Saharan Africa, an equal percentage of adults had both a formal savings account with a financial institution and a mobile money account. Taking out loans
* Although less than half of individuals in developing economies borrowed money through official channels like a credit card, mobile money account, or a loan from a financial institution, roughly 50% of them did so.
* High-income countries and certain developing nations, like Argentina, Brazil, China, the Russian Federation, Turkey, and Ukraine, mostly used credit cards for borrowing.
* Approximately 50% of individuals in developing nations took out loans, but less than half of them did so formally through credit cards, mobile money accounts, or direct loans from financial institutions.
* The most common way to borrow money in high-income countries and certain developing countries, including Argentina, Brazil, China, the Russian Federation, Turkey, and Ukraine was through credit cards.

**Opportunities to increase account ownership through an enabling environment**

* Women, low-income individuals, those with less education, and those not employed are still underserved:

Women, low-income adults, and those with lower levels of education continue to comprise the bulk of those excluded from the formal financial system, even as account ownership rises. Creating an inclusive, enabling financial services infrastructure will be necessary to increase these populations' access to financing.

Regarding account ownership, there is a conspicuous lack of gender inequality in India. The Findex Database for 2021 shows that the percentage of account owners who are male and female and aged 15 and over is equal at 78%. The rate of male account ownership has significantly decreased by 5%, but the proportion of female account ownership has significantly increased by 1%.

Approximately 1.4 billion adults worldwide are still unbanked, which is defined as those who do not have an account with a financial institution or mobile money provider (Global Findex, 2021). Compared to 1.7 billion in 2017 and 2.5 billion in 2011, this number indicates a decline. Almost majority unbanked adults live in underdeveloped countries since account ownership is close to universal in high-income economies. In fact, just seven economies account for 740 million people, or 54 percent of the unbanked population. At the same time, even though they have relatively high rates of account ownership, China and India have significant shares of the world's unbanked population (130 million and 230 million, respectively), which can be attributed to their enormous populations (figure 1). The next two countries with the highest numbers of unbanked people are Indonesia (100 million) and Pakistan (115 million) with unbanked adults. Together with Bangladesh, Egypt, and Nigeria, these four economies account for more than half of the world's unbanked population. From 2017 to 2021, the top five economies with the highest percentages of the world's unbanked stayed the same.

**Source:** Prepared by Authors

**Reasons for people remain unbanked**

Approximately 24% of adults worldwide do not have a bank account. In order to determine the fundamental causes of this group's lack of bank accounts, the Global Findex 2021 survey asked unbanked adults why they did not have bank accounts (a question Findex has been asking since its founding) or mobile money accounts (a question Findex first asked in the 2021 survey). Participants were allowed to give more than one explanation, and most of them, on average, gave more than two explanations for not having a financial institution account. One of the many answers given by a noteworthy 62% of the unbanked population was "lack of money" (see Figure 2). Essentially, respondents generally cited a lack of funds as the first reason, followed by another barrier, like the high cost or difficulty of accessing financial services. These answers suggest that lowering banking costs or improving the accessibility of banking facilities might encourage people to open an account. Insufficient cash were cited as the only obstacle by only 12% of adults. On the other hand, less than 4% of adults without bank accounts cited all other obstacles as the only cause. Globally, 36% of adults without bank accounts said that the cost of financial services is too high. In Latin America and the Caribbean, where it reached 60%, this percentage was almost double. More than 60% of adults without bank accounts in Brazil, Colombia, Honduras, Nicaragua, Panama, Paraguay, and Peru specifically mentioned cost as a major obstacle. Of the adults without bank accounts, 31% cited distance as a barrier. This percentage was correspondingly greater in some economies, such as Liberia, where 53% of adults without bank accounts claimed that banks were too far away. Bolivia (47 percent), India (43 percent), Lao PDR (45 percent), and Uganda (41 percent) were among the other countries where a higher percentage of adults without bank accounts cited distance as a barrier. Globally, 30% of adults without bank accounts said that the reason they did not have one was because a family member had one. In some economies, women were more likely than males to use this justification. 25 percent of males and 39 percent of women in Turkiye's unbanked population agreed with this explanation. According to the data, women are more likely than men to cite this justification in Algeria, Bolivia, Nepal, Pakistan, and Tunisia, revealing significant gender discrepancies in these countries. In terms of account ownership, the majority of these countries likewise showed notable gender differences. Conversely, in China and India, the likelihood of men and women reporting that they do not have an account was similar because a family member had an account.

**Adults without an account (%) who cite a specific obstacle as the cause of their lack of a financial institution account, 2021**

* Insufficient funds
* The cost of financial services is excessive.
* Financial services are too distant.
* A family member has an account.
* Absence of required paperwork
* Lack of faith for religious reasons

**A Case for India**

In the context of financial inclusion within India, the "utilization of accounts" constitutes a pivotal component of the nation's endeavours to guarantee that all citizens, particularly those hailing from economically marginalized demographics and rural territories, obtain access to financial services. The advancement of financial inclusion in India has been markedly propelled by a multitude of governmental initiatives, technological advancements, and the proliferation of banking services in historically underserved locales. Nevertheless, numerous challenges and obstacles endure in the proficient utilization of accounts, especially among economically disadvantaged and rural communities. The following delineates some of the principal challenges:

**Source**: Global Findex Database 2021

 A considerable proportion of individuals identify a deficiency of financial resources as a principal obstacle to the acquisition of financial services. This observation implies that financial institutions ought to contemplate the introduction of more economically viable alternatives to accommodate low-income demographics. Numerous participants assert that the cost of financial services is prohibitively high. This prevailing perception may dissuade prospective clients from pursuing essential financial support, thereby indicating a requirement for more competitive pricing structures or subsidized offerings to enhance accessibility. Importantly, the presence of a family member with an established account can positively influence an individual's likelihood of utilizing financial services. This finding underscores the significant role that social networks play in the process of financial decision-making and suggests that financial institutions could capitalize on this by promoting family-focused financial products. Certain individuals reference religious convictions as a rationale for their avoidance of specific financial services. This highlights the necessity for financial institutions to exhibit cultural sensitivity and take into account the varied belief systems of their clientele when formulating products and services.

**Use of financial services**

Similar to the rise in account ownership, the Global Findex 2021 survey showed an increase in the use of accounts for borrowing, saving, and digital payments, underscoring the overlap between various financial services within the larger financial ecosystem. The following are the main conclusions:

**Digital payments**

* In developing economies, the percentage of adults who make or receive digital payments increased from 35% in 2014 to 57% in 2021, surpassing the growth in account ownership over that time frame.
* In developing economies, 39% of people (or 57% of those with a financial institution account) established their first account at a financial institution precisely to receive government funds or a wage payment.
* In developing nations (apart from China), 20% of individuals made a merchant payment with a card, smartphone, or the internet; roughly 40% of them done so for the first time following the pandemic's onset. As proof of the pandemic's involvement in speeding up digital adoption, around one-third of persons in emerging economies who paid a utility bill directly from an account did so for the first time following the onset of the COVID-19 epidemic.

**Savings**

* Adults in developing nations used accounts to save 25 percent of their money, while 39 percent of them used accounts to keep money for cash management.
* In 2021—the first year that formal techniques became the most popular way to save—more over half of those in emerging nations who saved any money did so in a formal account.
* In Sub-Saharan Africa, where 15% of people and 39% of mobile money account holders use them to save, mobile money accounts are a significant way to save money. In Sub-Saharan Africa, an equal percentage of adults had both a formal savings account with a financial institution and a mobile money account.

**Borrowing**

* Although less than half of individuals in developing economies borrowed money through official channels like a credit card, mobile money account, or a loan from a financial institution, roughly 50% of them did so.
* In high-income countries and certain developing nations including Argentina, Brazil, China, the Russian Federation, Turkey, and Ukraine, credit cards were the most common way to borrow money.
* Although it considerably outstripped official methods in certain developing nations, borrowing only from friends and family is just as frequent there as formal borrowing.

**A Case for India**

India, characterized by its extensive population and heterogeneous socio-economic environment, exemplifies a distinctive scenario for financial services. Historically, a considerable segment of the population faced exclusion from formal financial services, attributed to elements such as insufficient income, inadequate financial literacy, and geographical obstacles. Nevertheless, the preceding decade has witnessed a concerted initiative by governmental entities, financial institutions, and fintech enterprises aimed at integrating a larger demographic into the financial system. The utilization of financial services within India has experienced substantial growth over the last ten years, propelled by an array of factors including governmental policies, technological innovations, and an escalating emphasis on financial inclusion. Herein lies a comprehensive overview of the pivotal elements:

**Table 2: Uses of financial services by age 15+**

|  |  |
| --- | --- |
| **Use of Financial Services** | **Value (%age 15+)** |
| Made or received a digital payment | 35 |
| Saved at a financial institution, rural | 11 |
| Saved at a financial institution, urban | 15 |
| Borrowed any money, rural | 45 |
| Borrowed any money, urban | 44 |

**Source:** Global Findex Database 2021

The analysis of financial services usage in India reveals significant insights into account utilization and the broader adoption of financial services. Here are the key conclusions:

* **Limited use of accounts**: A notable portion of adults in India do not actively use their financial accounts. The primary reasons for this inactivity include distance from financial institutions, lack of trust in the banking system, and a perceived lack of necessity for using an account. For instance, 34% of men and 26% of women with inactive accounts reported discomfort in using their accounts independently (Global Findex Report 2021), indicating a gender disparity in confidence and comfort levels with financial services.
* **Predominance of payments**: Globally, payments are the most commonly used financial service, and this trend is reflected in India as well. Many adults primarily use their accounts for making payments rather than for savings or borrowing. This pattern suggests that while account ownership exists, the functionality of these accounts is not fully leveraged for broader financial activities.
* **Dual usage patterns**: In India, a significant number of adults utilize their accounts solely for payments, while others engage in a combination of payments and savings or payments and borrowing. This dual usage indicates that while there is some engagement with financial services, it is often limited to basic transactions rather than comprehensive financial management.
* **Potential for growth in financial services**: The findings suggest that there is substantial room for growth in the adoption of financial services among both banked and unbanked adults in India. By promoting digital payments and enhancing the appeal of financial products, stakeholders can encourage more individuals to utilize their accounts for a wider range of services, including savings and borrowing.
* **Need for trust and accessibility**: To increase the use of accounts and financial services, it is crucial to address the barriers to trust and accessibility. Initiatives that build confidence in the banking system and improve access to financial institutions can significantly enhance account usage and the overall adoption of financial services in India.
* **Conclusion**

This study highlights the current state of financial service usage in India, underscoring the need for targeted strategies to increase account utilization and expand the scope of financial services to the broader population.

**Policy Recommendations for Enhancing Financial Inclusion in India**

To achieve comprehensive financial inclusion in India, a multi-faceted approach addressing existing barriers and leveraging opportunities is essential. Based on insights from the Global Findex Report 2021 and related literature, several key policy recommendations emerge:

**Address Core Barriers to Account Ownership**

* **Tackle "Lack of Money" and High Costs**: A significant portion of the unbanked population cites "lack of money" (62% globally) and high service costs (36% globally, 60% in Latin America and the Caribbean) as primary reasons for not having an account. Policymakers should focus on initiatives that lower banking costs or provide subsidized offerings to make financial services more economically viable for low-income individuals. This could involve promoting basic no-frills accounts or micro-savings schemes with minimal charges.
* **Improve Accessibility and Proximity**: Distance to financial service points is a notable barrier, cited by 31% of unbanked adults globally, and as high as 43% in India. Policies should encourage the expansion of banking infrastructure, including agent networks, business correspondents, and digital access points, especially in rural and remote areas, to reduce physical distance barriers.
* **Simplify Documentation and Build Trust**: "Lack of necessary documentation" (7% in India) and "lack of trust in religious reasons" (3% in India) are also cited as obstacles. Policies should aim to simplify Know Your Customer (KYC) requirements, possibly through digital identity verification, and financial institutions should engage in community outreach to build trust and address cultural sensitivities.

**Promote Digital Financial Literacy and Usage**

* **Enhance Financial Literacy**: Despite progress, 76% of Indian adults are not sufficiently financially literate. Low financial knowledge is a significant barrier to effective use of financial services. Targeted interventions are needed to improve financial literacy, especially for underserved groups, to ensure they can make informed financial decisions and utilize services efficiently.
* **Boost Digital Literacy and Adoption**: Fintech innovations are crucial for full financial inclusion, but sociocultural factors and the need for improved digital literacy remain significant barriers. Policies should promote digital literacy programs, particularly in rural areas, to enable effective use of mobile money accounts and other digital financial services **[6]**. The COVID-19 pandemic demonstrated how digital payments can be rapidly adopted, suggesting potential for accelerated digital financial inclusion.
* **Encourage Broader Use of Accounts**: While account ownership has increased, many adults in India do not actively use their accounts, often limiting usage to basic payments rather than savings or borrowing. Policies should incentivize and educate users on the full range of financial services available through their accounts, promoting a shift from transactional use to comprehensive financial management.

**Address Gender Disparities and Social Factors**

* **Bridge the Gender Gap**: Gender disparities persist, with women often engaging in less prudent financial practices than men. Furthermore, women are more likely than men to cite having a family member with an account as a reason for not having their own. Policies must specifically target women through financial literacy programs and products designed to meet their unique needs, fostering independent financial agency.
* **Leverage Social Networks**: The presence of a family member with an account can positively influence an individual's likelihood of using financial services. Financial institutions could capitalize on this by promoting family-focused financial products or community-based financial education initiatives.

**Strengthen Regulatory Framework and Government Initiatives**

* **Support Fintech Innovations**: Fintech solutions have significantly altered the landscape of financial inclusion by reaching disadvantaged populations. Policies should continue to support and regulate fintech innovations to ensure they are secure, accessible, and beneficial for all segments of society.
* **Sustain Government Programs**: Initiatives like India's Pradhan Mantri Jan Dhan Yojana have successfully increased banking accessibility for underprivileged people. Continued government support and expansion of such programs are vital for sustaining progress.

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