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Nancy W. Nix.(2001).*Supply Chain Management in the Global Environment*, John T.Mentzer (Ed.). *Supply Chain Management* (pp.27-58).New Delhi:Sage Publications, Inc.

Sample Journal Reference

Pandey, R., & Raman, V. (2012).Financial Inclusion in Uttar Pradesh and Bihar *Journal of Social and Management Sciences.41*(2). 147-164.

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EDITORIAL

It is heartening to see that the ninth issue of the VICHAARA AN INTERNATIONAL JOURNAL OF MANAGEMENT has been brought out successfully. An educational journal is a platform where knowledge gets amplified and disseminated; research results and innovations are documented and unique experiences are shared for enhancement of knowledge. The design architecture of Vichaara is made in such a way that it becomes a comprehensive document to reflect the different dimensions of Management discipline. Business Research forms the core part wherein original, empirical based research papers are included. This issue comprises articles on recent issues in business world from different disciplines. These articles show a methodological way of conducting a research and presenting their findings. Findings on technology influence, cultural changes in the organizations, behavioural changes among the consumers and their expectations have been presented with relevant facts. We invite scholarly articles and research papers and write ups on robust cases. Suggestions and views from readers and scholars are solicited for the qualitative improvement of the Journal.

IMPACT OF FINANCIAL INCLUSION AMONG THE ADVANCED NATIONS AND IN INDIA

Dr. P. Suganya, Associate Professor, Dr. NGP. Arts and Science College, Coimbatore

ABSTRACT

Digital payments offer the ability to broaden access to financial services for all people. The global COVID-19 health crisis and government responses such as economic lockdowns, increased need for contactless financial products and services, accelerating the transition to digital finance in many economies. Governments used digital payments to reach vulnerable individuals, and shoppers increasingly paid merchants with their phones and cards. Risks associated with the implementation of digital banking include those relating to consumer protection and financial capability. The researcher on reviewing 10 articles related to financial inclusion and its impact of fintech, most of literature focused on the digital payments, digital banking, and banks implementing the fintech. Also these studies obtained information from limited resources. The objective of the researcher is to identify the impact of fintech benefiting financial inclusion. Hence we firstly concentrated on the world bank survey on impact of financial inclusion in which the view point of regulators in digital payments, digital banking, flexibility on E- KYC, digital lending and second the financial inclusion impact in India.

Keywords: Financial Inclusion, digital payments, digital banking, E-KYC.

1. INTRODUCTION

Financial inclusion means that individuals and businesses have access to usable and affordable financial products and services that fulfill their needs - transactions, payments, savings, credit, and insurance – that are offered in a responsible and sustainable manner. Governments hastened to provide financial aid to residents during the pandemic, creating opportunities and constraints for promoting financial inclusion.

The proportion of adults in a country who hold an account at a traditional financial institution or through a mobile money provider is a basic measure of financial inclusion. However, owning an account is merely the beginning. When adults use accounts to save, make payments, acquire reasonable credit, and limit economic risks, financial inclusion is at its finest. Digital finance is increasingly providing chances to broaden access by lowering prices, boosting ease, and allowing users to interact remotely via mobile devices—all of which were critical during the COVID-19 pandemic.

1.1 OPPORTUNITIES AND RISKS

During the COVID-19 crisis, it analyses the digital finance channels that are generating potential for increased inclusiveness. This covers both access to new accounts opened during COVID-19 to accept digital payments and new chances to use accounts for further digital financial services. While COVID-19 has increased the usage of digital finance, not all communities or customers have been able to quickly shift to digital financial products and services. Consumers need connectivity, which included owning a mobile phone, having access to the internet, and having digital skills to handle mobile apps and online applications in order to use digital financial services. These tools and abilities are not uniformly distributed among communities, notably among women, rural populations, and low-income adults, who have disparities in access to digital technology and skills.

1.2 ACCESS TO TECHNOLOGY

Indeed, digital payments, notably government payments, which have been expanded in several countries in response to COVID-19, have traditionally been a key driver of financial inclusion. Globally, 9% of adults (or 13% of account holders) opened their first account specifically to receive private sector wages, government payments, or payments for agricultural product sales (Global Findex, 2017). Evidence suggests that, as a result of the COVID-19 emergency, digital payments, in particular, has increased and is contributing in the acceleration of digital financial inclusion.

2. INVESTIGATIONS

The researcher on reviewing 10 articles related to financial inclusion and its impact of fintech, most of literature focused on the digital payments, digital banking, and banks implementing the fintech. Also these studies obtained information from limited resources. The objective of the researcher is to identify the impact of fintech benefiting financial inclusion. Hence we firstly concentrated on the world bank survey on impact of financial inclusion in which the view point of regulators in digital payments, digital banking, flexibility on E- KYC, digital lending and second the financial inclusion impact in India. The sources of data are from secondary data i.e. World Bank and Cambridge Centre for Alternative Finance, and Global Financial Inclusion (Global Findex) Database 2017.

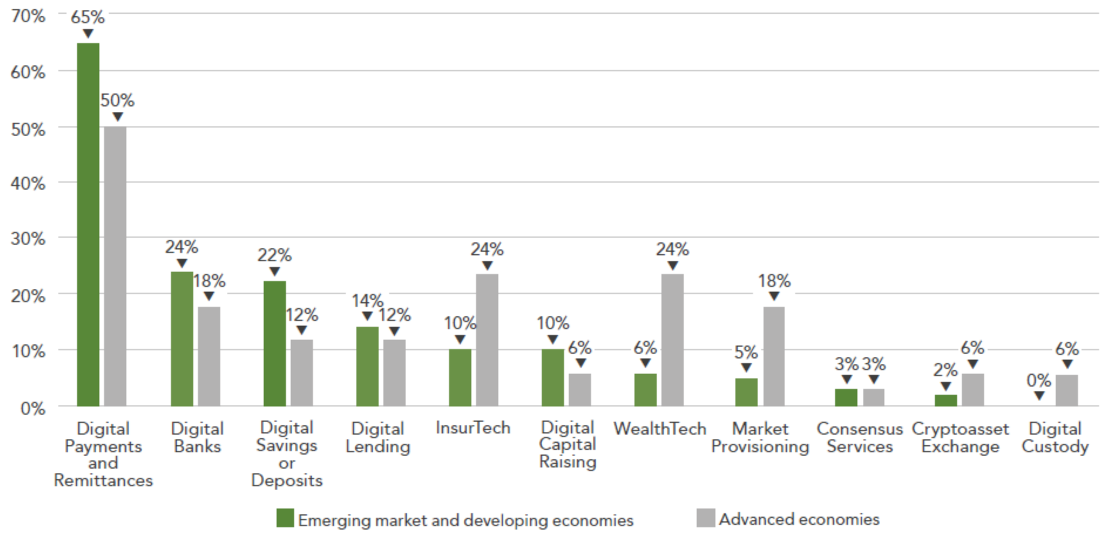
3.1 EMERGING FACTS ON THE IMPACT OF COVID-19 ON DIGITAL FINANCIAL INCLUSION A WORLD BANK SURVEY

At least 36 countries converted these payments into fully functional accounts that can be used for savings or transactions in addition to cash withdrawals. Such sophisticated functionality is essential for financial inclusion. Other governments used limited-function accounts or simply handed out cash (Figure1).

Source: Gentilini and others (2021).

Figure: 1 Payment methods used in COVID-response social assistance programs across a subset of 58 low- and middle-income countries

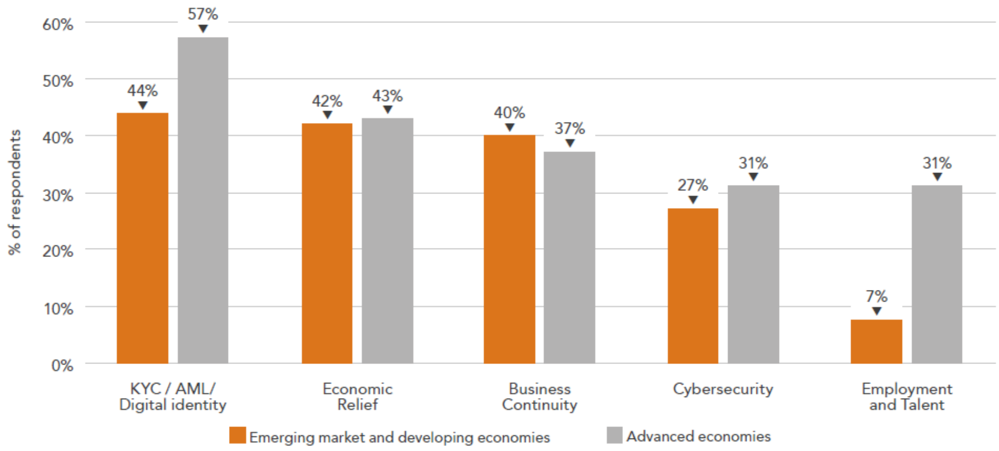
The World Bank and the Cambridge Centre for Alternative Finance (CCAF) conducted a survey in 114 jurisdictions globally in mid-2020, asking financial regulators about market dynamics during COVID-19. Regulators found the highest growth in activity for digital payments (65%), followed by digital banking (24%), savings (22%), and lending (14%), with emerging markets reporting a larger spike in all of these sectors (Figure 2)



Source: World Bank and Cambridge Centre for Alternative Finance, 2020

Figure 2: Percent of regulators who reported an increase in fintech usage or offering in light of COVID-19 in emerging and advanced economies (N=97)

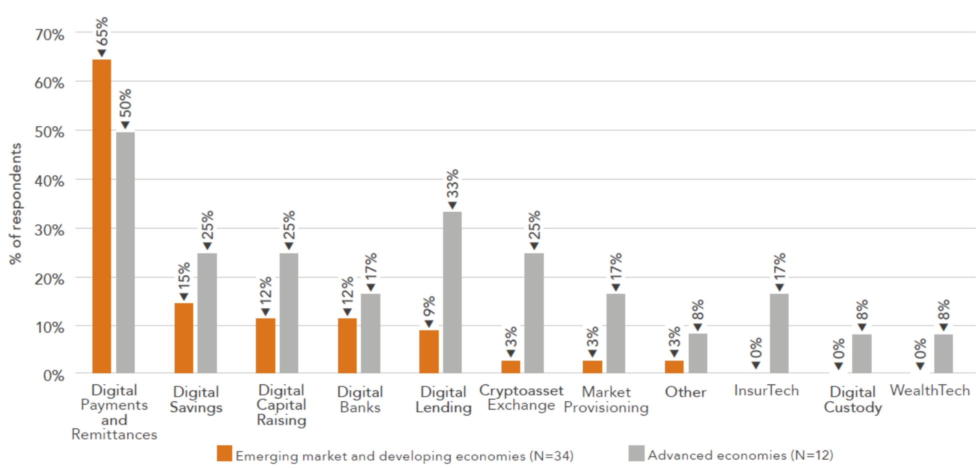
Regulators were also polled on their reactions to COVID-19. Boosting e-KYC flexibility, expanding the usage of digital ID and remote on boarding, increasing transaction limits, and suspending or reducing fees for digital payments are some of the most typical actions implemented. Albania, Jordan, and certain West African Economic and Monetary Union countries relaxed criteria for opening accounts, either with mobile money providers or with banks. Policies to promote economic relief payments, company continuity, and cyber security received a lot of attention as well (Figure 3)



Source: World Bank and Cambridge Centre for Alternative Finance, 2020

Figure 3: Regulatory measures taken in response to COVID-19 – emerging markets and advance economies (N=90)

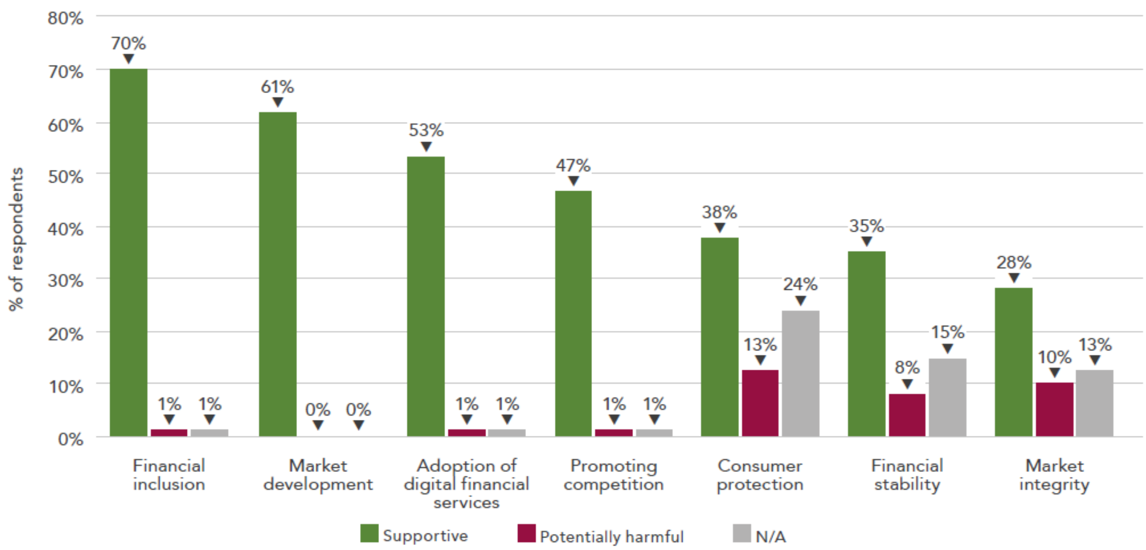
The majority of regulatory actions taken in reaction to COVID-19 and lack of mobility were in the digital payment industry. Other market categories, such as digital savings, digital banking, and capital rising, have seen regulatory action. Regulators in advanced economies have also focused on digital lending, crypto assets, market provisioning (such as data analytics), and InsurTech (Figure 4).



Source: World Bank and Cambridge Centre for Alternative Finance, 2020

Figure 4: Fintech specific measures taken by regulators in response to COVID-19 by market vertical

Seventy percent of polled regulators regarded growing usage of fintech and digital finance as benefiting financial inclusion, followed by benefits for market development, general use of digital finance, and increased competition. Worries about consumer protection, market stability, and integrity were raised more frequently; however positive opinions still outnumbered concerns (Figure 5).



Source: World Bank and Cambridge Centre for Alternative Finance, 2020

Figure 5: Perceived impact of fintech on regulatory objectives in light of COVID-19 *(N=88)*

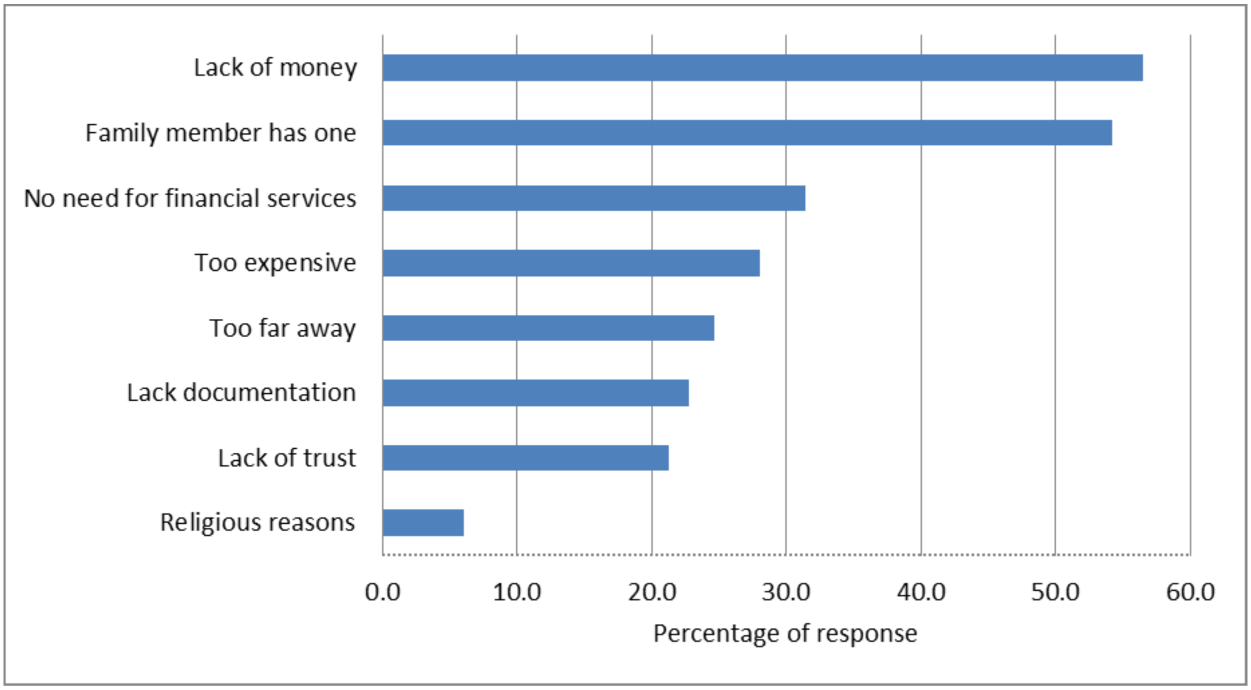
3.2 DETERMINANTS OF FINANCIAL INCLUSION IN INDIA

Age, gender, financial strength, educational background, and employment status and/or participation of the respondent are all important factors in determining financial inclusion. In India, nearly 80% of those polled have a bank account. According to the socio-economic analysis, males have 82.9 percent more bank accounts than females (76.6 percent). Education level plays a positive role in determining the status of having a bank account, with 97.1 percent of those with a higher educational level having a bank account. The lowest percent has been observed among the poorest 20 percentage groupings, according to a household income quintile group analysis. In contrast, the richest 20% of the population had a greater rate of bank accounts (Table 1). In terms of age groups, people in three middle-aged categories (45-64) had a greater rate of bank account ownership (85.4 percent). Similarly, there is a bigger share of bank account holders in the workforce (83.8 percent) (T.D.Simon, 2020).

Data Source: Estimated from the micro data of Global Financial Inclusion (Global Findex) Database 2017 of the World Bank.

3.2.1 Reasons for not having a bank account

In India, 20.2 percent of respondents do not have a bank account, according to the poll. The biggest reason for not having a bank account was determined to be a lack of money (56.5 percent) among those who did not have one (Figure 6). Another argument for not having a bank account is that other family members already have one and do not want to add to it (54.2 percent). There was no need for financial services (31.4%), it was too expensive (28.1%), it was too far away (24.6%), there was a lack of documentation (22.8%), and there was a lack of trust (21.3%).



Source: Estimated from the micro data of Global Financial Inclusion (Global Findex) Database 2017 of the World Bank.

Figure 6: Reasons for not having a bank account.

4. FINDINGS

- During pandemic 36 countries converted the payments to fully functional accounts that can be used for transactions like savings and cash withdrawals.

- Regulators found highest growth for digital payment (65%) followed by digital banking (24%).
- Boosting the flexibility of E-KYC, increasing the transaction limits and reducing the fees for digital payments are made to encourage the financial inclusion.
- Regulators in advanced economies have also focused on digital lending, crypto assets, market provisioning, etc..
- 70% of the regulators are in support of fintech and digital finance benefiting the financial inclusion.
- In India, 80% of the respondents have bank accounts out of which 82.9 % are males and 76.1% are females.
- In India, 20.2 % of the respondent's do not have a bank account out of which 56.5% do not have bank account because of lack of money.

5. CONCLUSION

The COVID-19 epidemic has revealed and exaggerated socioeconomic gaps in society like never before, emphasizing that digital financial inclusion is now more crucial to nations and governments than ever before. Consumers want seamless access to financial services in order to manage their daily lives, and the economic hardship produced by the pandemic has highlighted the necessity of digital transactions. The COVID-19 pandemic has, in its own way, ushered in a new era of digitization. Fintechs are paving the way forward by enabling digital financial inclusion and enhancing the lives of families, communities, and businesses all around the world. To expand digital financial inclusion, banks and financial institutions must continue to innovate and simplify access to their services.

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