FINANCIAL INCLUSION WITH THE AID OF TECHNOLOGY

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Abstract

Financial inclusion is delivery of banking services at door steps or at easily accessible location to low income and disadvantaged section of people in society at an affordable cost. Business Correspondents or Bank Mitras are engaged by Banks to provide basic banking services to people of unbanked areas. All BC’s are provided with POS machines or Micro ATM’s which are working on the GPRS connectivity and are capable of doing smart card and Aadhar enabled transactions. These machines are capable of doing transactions and enrolments on real time basis. Technology plays a vital role in Financial Inclusion. The study attempts to understand benefits of Financial Inclusion facilitated by Technology. Results reveal that rural people have benefited through Financial Inclusion with the aid of technology. Basic Savings Bank accounts are opened by BC’s at their door steps and rural people are enjoying basic banking services. Self Help Group members are acting as BC’s and serve in rural areas. People also trust them since BC’s are also belong to that locality. Village people developed habit of regular savings in Bank by opening Recurring deposits.

Key words: Bank Mitras, Financial inclusions, Technology, SHGs.

I. INTRODUCTION

“Financial inclusion is delivery of banking services at door steps or at easily accessible location to low income and disadvantaged section of people in society at an affordable cost. Business Correspondents or Bank Mitras are engaged by Banks to provide basic banking services to people of unbanked areas. Financial Inclusion is implemented by Public sector Banks and Regional Rural Banks under arrangements with software companies providing technical support. Procurement of Point of sale devices and management of Business Correspondents (BC’s) are taken care by Banks, either with the help of its officials or outsourced agencies. All BC’s are provided with POS machines or Micro ATM’s which are working on the GPRS connectivity and are capable of doing smart card and Aadhar enabled transactions. These machines are capable of doing transactions and enrolments on real time basis. Technology plays a vital role in Financial Inclusion.

II. REVIEW OF LITERATURE

NABARD started Micro Credit Innovations Department in the year 1998 to facilitate sustained access to financial services for the unreached segments of the society, through various products and delivery channels in a cost effective manner. The department launched SHG-Bank linkage programme through which, NABARD acts as mentor to micro finance initiatives of our country.

In the India, the term ‘Financial Inclusion’ was first used by Y.Venugopal Reddy, the then Governor, Reserve Bank of India in April 2005 in the Annual Policy Statement presented. Later, Financial Inclusion gained importance and the term is widely used in India. Earlier Banks excluded vast sections of population, due to Government initiatives and target on Financial Inclusion, they were opened Branches
in unbanked areas and posted BC’s with the objective of financial inclusion.

The Report of the Internal Group to Examine Issues relating to Rural Credit and Microfinance (Khan Committee) in July 2005 drew strength from this announcement by Governor Y. Venugopal Reddy in the Annual Policy Statement for 2005-06 wherein he had expressed deep concern on the exclusion of vast sections of the population from the formal financial system.

In the Khan Committee Report, the RBI exhorted the banks with a view to achieving greater financial inclusion to make available a basic "no-frills" banking account. The recommendations of the Khan Committee were incorporated into the mid-term review of the policy (2005–06).

In January 2006, the Reserve Bank permitted commercial banks to make use of the services of non-governmental organizations (NGOs/SHGs), microfinance institutions, and other civil society organizations as intermediaries for providing financial and banking services. They can be used as business facilitators or business correspondents by banks.

Pradhan Mantri Jan-Dhan Yojana (P.M.J.D.Y), was launched by the Prime Minister of India Narendra Modi on 28 August 2014. He had announced this scheme on his first Independence Day speech on 15 August 2014. PMJDY is a Financial Inclusion scheme to ensure all people in India have access to basic financial services like Basic Savings Bank Deposit Accounts with ATM cards, inbuilt Credit, Insurance facilities. This financial inclusion campaign is a massive success and more than 29 crores Jan Dhan accounts has been opened till date.

Basic Banking Services through Financial Inclusion with the aid of Technology

**Cash Deposit**
Accepting deposits to the savings bank account of account holders, who are beneficiaries of financial inclusion scheme.

**Cash Withdrawal**
Maximum withdrawal allowed is Rs. 5000/- from savings bank account of account holders who are beneficiaries of financial inclusion scheme.

**Balance Enquiry**
Customers can get their balance enquiry and mini statement at their door steps through Business Correspondents.

**Fund Transfer**
Maximum fund transfer allowed is Rs. 5000/- from savings bank account of account holders who are beneficiaries of financial inclusion scheme.

People who linked their Aadhar number with Bank accounts can avail Aadhar Enabled Payment System (AEPS) using bio metric authentication, which is more secured for illiterate. People can transfer funds to customers of same Bank (AEPS on us) or other bank (AEPS off us).

Statement of Problem:
1. Many unbanked villages in India and such people are exploited by money lenders.
2. Many Rural people do not have Bank accounts and access to financial services

**Objective of the Paper**
To understand benefits of Financial Inclusion with the aid of Technology.

**III. RESEARCH METHODOLOGY**
According to the nature of study and type of information required, personal visits and interviews with the concerned SHG, BC’s, local people and NGO members is required. So, Research Methodology involved in this study is qualitative Scientific Research.

A sample of 50 people in Tiruppur District of Tamilnadu were interviewed and found out the benefits they are enjoying through financial inclusion.
Because of guidance and motivation from NGO’s, SHG’s, BC’s and subordinate members, many illiterate old members learnt to write their name in local language. Financial knowledge of members improved and some women members became small scale entrepreneurs.

**Limitations**

1. Method of Research : Qualitative
2. Demography : Middle age People of a particular Village at Tiruppur District.
3. Sample Size : 50

**IV. DATA ANALYSIS**

Data collected under this Qualitative research is analysed using Narrative analysis method. Research questions developed were asked during interview and data collected was organised thematically and identified findings.

**Findings of Research**

Rural People are benefited through Financial Inclusion with the aid of technology. Basic Savings Bank accounts are opened by BC’s at their door steps and rural people are enjoying basic banking services. Self Help Group members are acting as BC’s and serve in rural areas. People also trust them since BC’s are also belong to that locality, due to trust and comfort they are enjoying through financial inclusion, there is substantial increase in savings by poor. Reduced dependancy on informal money lenders and other non institutional sources.

Empowerment of Women – Since banking service are available at door steps and at convenient time, women members are feeling empowered and they start to save more money and developed better financial planning. Old age pension scheme beneficiaries are receiving their pension at door steps and are feeling highly relaxed because there is no need of travelling to nearby branch and waiting to get pension. Many Zero balance accounts are opened under PMJDY, at villages and People are benefited through insurance schemes like PMSBY, PMJJBY, APY...

Business Correspondents are collecting small loan applications from village people and forwarding to Banks, which saves time of people to go to Bank, which is located far from their village and they feel empowered to do their work. Village people developed habit of regular savings in Bank by opening Recurring deposits...

**V. SUGGESTIONS**

More Self Help Group women may be motivated to act as Business Correspondents

Incentive to Business Correspondents may be hiked.

**Scope of Further Research**

Job satisfaction of BC’s and their financial position may be studied. Scope of SHG members as BCs may be studied

**VI. CONCLUSION**

Government intends to promote Financial Inclusion with the aid of technology and providing micro finance in a big way. The way forward is to identify Micro Finance Institutions clearly, rate them and empower them to intermediate between lending Banks and beneficiaries. In India, still people living in rural areas are under the fold of money lenders. So, these people should utilize the Financial Inclusion facilities with the aid of technology, given by Banks, it is the ultimate aim of Financial Inclusion. Business Correspondents and Self Help Group concepts are for improvement of Financial Inclusion and providing better livelihood to people living below poverty line.

**VII. REFERENCE**

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