

Digitalized Financial Inclusion: A Cause of Development in India

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Keywords: Digitalization; Communication; Society; Government; Youth

Objectives of the Study

- I. To understand the usage of mobiles and internet in the rural and remote areas.
- II. To know the financial services available to Indian Population and Digitalized form.
- III. To compare both the above options and to find out the results to support the topic.

Introduction

With the bold steps taken by Honourable Prime Minister of India Sh. Narendra Modi ji, Indian developments are taking up new heights and with improved relationships with international neighbours. India has been showing its presence at world stage. The policies are streamlined by the Indian government in such a way that not only the rich high class population instead even the last person in the economy can have access to the policies. There have been few hurdles such as remote locations, cultures, community and class diversification, etc. in the way for the government to reach the grass roots of the economy. Further it becomes really difficult for the Government to reach the lower sections of the society because of the discrepancy in the availability of elementary education due to which there is lack of awareness amongst them. To overcome this hurdle government has tried its best that the communication networks mainly the mobile phone networks and internet are easily available in the manner that the mobile operators are almost covering every inch of the land and trying to cover maximum population of the country and above all it is the market which has driven the intense competition and forcing the companies of all sectors especially the mobile operators to cover the even the last person of the economy. This has helped the Indian customers to get streamlined through one of the electronic communication facility. The availability of internet facility and mobile phones in the remote area as well the Prime Minister of India gave a charge to DIGITALIZATION of India supporting the idea of cashless economy but that's the road ahead for the present time digitalized financial inclusion seems to be attainable and hence the Prime Minister hit the red hot iron very hard and keeping an eye over the youth and its development the digitalization seems very easy.

Nine Pillars of Digital India

According to the following data released by the TRAI (Telecom Regulation Authority of India) it can be stated that India is developing very fast in electronic communication field and Digitalization will be one of the major cause of financial inclusion [1].

Digital Financial Services and Financial Inclusion

According to RBI "Mobile Banking in India Perhaps the biggest change in banking in recent times has been the introduction of mobile banking [2]. The RBI issued its first set of regulatory guidelines to do with mobile banking in 2008, where banks were permitted to transfer funds from one bank account to another through the mobile platform. From 2010 to 2012, the number of users of mobile banking services

grew 277.68% (from 5.96 million to 22.51 million) and the value grew a whopping 875.6% (from Rs. 6.14 billion to Rs. 59.90 billion) [3]. These figures clearly indicate that mobile banking in the country is growing at a very high rate. Yet, as of 2014, there were 350 to 500 million unique mobile subscribers and only 22 million mobile banking customers (Figure 1). The RBI clearly recognized the potential for a widespread increase in mobile banking as well as the opportunity of increasing financial inclusion in the country, and made recommendations for "addressing the consumer acquisition challenges as well as the technical aspects". Recommendations such as alternate channels for mobile registration such as ATMs, uniformity in the mobile registration process across banks, and standardization and simplification of the MPIN generation process were made by the RBI [4]." And with addition to its AADHAR CARD issuance and linking it with mobile phone was an appreciable move by the Prime Minister making clear, true and transparent information about the population of India and their lifestyle so whole in whole it is an excellent step taken up the government of India. The individual can name a financial service and it is available in the digital form and due to the customer satisfaction criteria taken up the private as well as public sector it is very easy for a customer as now the company reaches the customers. Following is the table showing the fragmented Digital Financial Services market and Examples of some providers [5].

The following table studies the network operators in India and their subscription percentage.

Analysis and Findings from Tables 1 and 2, and Figure 2 and to Support the Topic

- I. From Table 1 it is very clear that there has been a rise in the

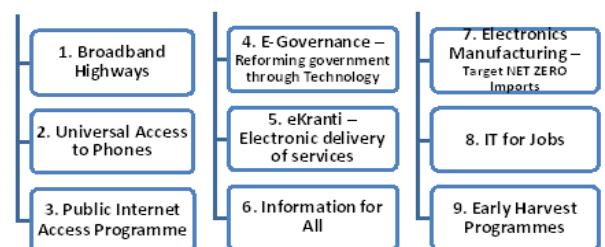


Figure 1: Nine pillars of digital India: Data released by the TRAI (Telecom Regulation Authority of India).

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TELECOM REGULATORY AUTHORITY OF INDIA TRAI							
New Delhi, 9 th January, 2017 (www.trai.gov.in)							
Highlights of Telecom Subscription Data as on 31st October, 2016							
Particulars		Wireless	Wireline	Total (Wireless+Wireline)			
Total Telephone Subscribers (Million)		1,078.42	24.52	1,102.94			
Net addition in October, 2016 (Million)		28.68	0.02	28.7			
Monthly growth rate		2.73%	0.10%	2.67%			
Urban Telephone Subscribers (Million)		621.77	20.61	642.37			
Net addition in October, 2016 (Million)		17.96	0.03	18			
Monthly growth rate		2.97%	0.17%	2.88%			
Rural Telephone Subscribers (Million)		456.66	3.91	460.57			
Net addition in October, 2016 (Million)		10.72	-0.01	10.71			
Monthly growth rate		2.40%	-0.26%	2.38%			
Overall Tele-density		84.34	1.92	86.25			
Urban Tele-density		155.35	5.15	160.5			
Rural Tele-density		51.98	0.45	52.43			
Share of urban subscribers		57.66%	84.04%	58.24%			
Share of rural subscribers		42.34%	15.96%	41.76%			
Broadband subscribers (Million)		200.49	17.93	218.42			

Table 1: Data from TRAI for mobile phone users in India.

Group company wise % market share (subscribers) - April 2017					
Sl.No	Name of Company	Total Sub Figures	Additions in Apr 2017	% Market Share	% Growth over previous month
1	Bharti Airtel	27,65,01,427	28,53,044	29.59%	1.03%
2	Vodafone	20,98,19,503	7,56,637	22.45%	0.36%
3	Idea	19,60,52,705	6,83,858	20.98%	0.35%
4	Aircel	9,05,60,441	-3,39,427	9.69%	-0.37%
5	Telenor	4,93,44,153	-11,48,996	5.28%	-2.33%
6	MTNL	36,25,183	-2,137	0.39%	-0.06%
7	Rjio	10,86,80,772	0	11.63%	0.00%
Total	All India	93,45,84,184	28,02,979		0.30%

Table 2: The network operators in India and their subscription percentage.



Figure 2: A fragmented Digital Financial Services market and examples of some providers.

usage of mobile in the rural area is increasing at a good rate.

- II. With the introduction of private companies in the communication sector led to more awareness and usage of mobile and internet in the country (Table 2).
- III. With the increase use of financial services through internet there has been increase in the number of companies which provide the platform to use these services (Figure 2).
- IV. With the availability of Third party companies and easy reach of mobile operators the subscriptions have increased from all the tables.

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