



For more information, please contact:

Dr Mridul Saggar, NCAER, mksaggar@ncaer.org

Press Release

The FINDEX Report, 2022 and Challenges and Opportunities for Leveraging Digital Technology for Financial Inclusion in India

September 12, 2022, 3:30-5:30 pm IST

New Delhi (Monday, September 12, 2022):

NCAER organised an in-person seminar on September 12, 2022 covering the World Bank's FINDEX Report 2021 released in June 2022 and discussing the theme "Challenges and Opportunities for Leveraging digital Technology for Financial Inclusion in India". The World Bank has, since 2011, been producing the FINDEX database/report once in three years, covering financial inclusion parameters for about 130 countries worldwide. The latest Report contains data for 2021 on the theme "Financial Inclusion, Digital Payments and Resilience in the Age of COVID-19".

Delivering a keynote address on the occasion, RBI Deputy Governor, **Mr T. Rabi Sankar**, complimented the recent FINDEX Report for focusing on digital financial inclusion. Noting that FINDEX database shows that number of bank accounts in India has gone up by a phenomenal 76 per cent over the last 10 years, which is remarkable. Of these, 61 per cent of the account holders made digital payments from their accounts, going up from 35 per cent in 2014. This is a clear indicator of the digital growth that we are making in India. He added that there was a notable rise in daily digital transactions—which have gone up from 40 million in 2011 to 290 million in August 2022. A majority of these transactions were made through the Universal Payment Interface (UPI).

He also noted that the database shows that the gender gap in bank account ownerships has been completely bridged but expressed concern that there was a 17 per cent gender gap in the use of digital payments that still needs to be bridged. He added that the RBI was trying to address this and various other challenges as it has a vision for devising a national strategy for achieving universal financial inclusion in the country. He also said that RBI has sought to provide a regulatory framework that creates and reinforces the enablers adding that inter-operability, security, cost efficiency and digital literacy were its building blocks.

Dr Leora Klapper said, “Financial inclusion initiatives must also consider the financial capability of the users, given the common feeling among unbanked people in India that they could not use an account by themselves. Effective onboarding and ongoing product education could help people benefit from an account and avoid fees, inappropriate products, or exploitation. Improved digital literacy, data security, and grievance mechanisms could increase the share of adults who use digital transactions, as well as reduce the large number of inactive accounts.”

Making a presentation on the FINDEX database/report, **Leora Klapper**, Lead Economist in the Finance and Private Sector Research Team at the World Bank and the co-author of the Report, made the following salient points: (i) Digital financial services (mobile money, cards, and e-wallets) have catalyzed account usage around receiving and making payments, saving, storing money, and borrowing, (ii) Mobile money in Sub-Saharan Africa and Asia has driven growth in account ownership, digital payments, and formal savings, (iii) In developing economies, the gender gap across access and usage remains – but has significantly narrowed, and (iv) In many economies, the pandemic accelerated the use of digital payment.

Amongst other panellists the National Payments Corporation of India (NPCI) MD and CEO, **Mr Dilip Asbe** said that regulatory ecosystem had enabled the digital services to grow in an orderly fashion in India in contrast to many other emerging markets. He also clarified that though PMJDY has resulted in a tremendous progress in bank account opening, it had several other components dovetailed to it included insurance, pension, debit card transactions and even credit. He said technology can now help in further progress around this road. **Shri Chandra Shekhar Ghosh, MD and CEO of Bandhan Bank**, detailed the micro-story behind financial inclusion and financial literacy. He emphasized that they were making considerable efforts to empower women and bridge the gender bank.

Moderating the discussions, the IEPF Chair Professor at NCAER and former Executive Director of RBI, **Dr Mridul Saggur** concluded that while India had made a giant leap in financial inclusion, there was scope to do more with the help of technology. Despite the percentage of population having bank accounts more than doubling from 35 percent in 2011 to 77 percent in 2021, India still had the largest absolute number of unbanked population. The opportunity provided by mobile money accounts was underutilized as such accounts were just 4.6 per cent of the number of bank deposit accounts. He also noted that a Schumpeterian creative destruction was taking place with use of digital technology and it is important to regulate platform based finance constructively to further financial access.

About NCAER

NCAER, the National Council of Applied Economic Research, is India’s oldest and largest independent economic think tank, set up in 1956 to inform policy choices for both the public and private sectors. Over the past 65 years, NCAER has served the nation well with its rich offering of applied policy research, unique data sets, evaluations, and policy inputs to Central and State governments, corporate India, the media, and the citizenry. It is one of a few independent think tanks world-wide that combines rigorous economic analysis and policy outreach with deep data collection capabilities, particularly for large-scale household surveys. NCAER is led by its Director General, Dr Poonam Gupta, and it is governed by an independent Governing Body currently chaired by Mr Nandan M. Nilekani.

About the FINDEX Report:

Financial inclusion is a cornerstone of development, and since 2011, the Global Findex Database has been the definitive source of data on global access to financial services from payments to savings and borrowing. The 2021 edition, based on nationally representative surveys of over 125,000 adults in 123 economies during the COVID-19 pandemic, contains updated indicators on access to and use of formal and informal financial services and digital payments, and offers insights into the behaviours that enable financial resilience. The data also identify gaps in access to and usage of financial services by women and poor adults.

NATIONAL COUNCIL OF APPLIED ECONOMIC RESEARCH
NCAER India Centre, 11 Indraprastha Estate, New Delhi 110002
Tel: +91-11-2345 2698, +91-11-6120 2698 | Email: events@ncaer.org
www.ncaer.org

NCAER | Quality . Relevance . Impact

