



GOVERNMENT OF KARNATAKA
DEPARTMENT OF COLLEGIATE EDUCATION



Dr. S. GOPALARAJU
GOVERNMENT FIRST GRADE COLLEGE

Attibele Main Road, Anekal - 562106

Re- Accredited by NAAC with 'B' Grade

IQAC Sponsored National Conference on

HIGHER EDUCATION IN DIGITAL ERA

A MULTIDISCIPLINARY APPROACH

on

17th April, 2018



ROLE OF DIGITAL TECHNOLOGY IN FINANCIAL INCLUSION

Siny Philip

Research Scholar (ISBR Research Centre)
Associate Professor, Dept. of Commerce,
St. Francis De Sales College, Hebbagodi, Electronic City Post, Bangalore 560 100

Dr. Noor Firdoose Jahan

Professor, R.V. Institute of Management, CA 17, 26th Main, 36th Cross,
4th T Block, Jayanagar, Bangalore 560 041

Digital transformation is considered as one of the mega-trends in industry and public sector. It is now widely accepted that any modern organization needs a digital strategy if it is to achieve its business objectives. Digital India is an initiative taken by Indian government to provide government services electronically to all the citizens. The future of democratic polity and social harmony of India rests on the premise of inclusive growth. Financial inclusion is a crucial driver for such growth. In a country like India where majority of the population is excluded from banking and other financial services due to the affordability factor. Digitalization will serve as a good platform for availing the financial inclusion services to these populations. This has also helped government to deliver financial services at a reasonable cost to low income section of the public. The paper studies the effect of digital India initiative on the concept of financial inclusion. The digital India initiative can easily connect the different groups of society and can help to achieve the objective of financial inclusion through digital banking and the influence of digitalization on inclusive finance. The data is taken from the different secondary sources i.e. published reports of SBI and RBI, websites, journals and newspapers.

KEY WORDS: Financial Inclusion, digitalization, digital technology

INTRODUCTION

The causality between economic growth, financial deepening and financial inclusion has been well recognized in India's development strategy, particularly since the reforms of the early 1990s. However an accelerated effort through targeted interventions has been a more recent story. The eleventh five year plan (2007-12) of the Government of India has further emphasized the initiatives of financial inclusion with its greater focus on "inclusive growth". Access to finance, especially by the poor and vulnerable groups is a prerequisite for employment, economic growth, poverty reduction and social cohesion. Further, access to finance will empower the vulnerable groups by giving them an opportunity to have a bank account, to save and invest, to insure their homes or to partake of credit, thereby facilitating them to break the chain of poverty.

The banking industry in India has recognized this imperative and has undergone certain fundamental changes over the last two decades. Reforms since the early nineties in the banking sector have facilitated increasing competition, the development of new generation private sector banks as well as technological breakthrough in diverse financial products, services and delivery channels. With the recent developments in technology, both delivery channels and access to financial services have transformed banking from the traditional brick-and-mortar infrastructure like staffed branches to a system supplemented by other channels like automated teller machines (ATM), credit / debit cards, internet banking, online money transfer, etc.

In its landmark research work titled "Building Inclusive Financial Sectors for Development" (2006), more popularly known as the Blue Book, the United Nations (UN) had raised the basic question: "why are so many bankable people unbanked?" The Blue Book says that an inclusive finance sector would

HIGHER EDUCATION IN DIGITAL ERA – A Multidisciplinary Approach

**A book containing the Proceedings of the National level conference organized by
*Dr. S Gopalaraju Government First Grade College, Anekal***

1st Edition 2018

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Edited by:

Prof. Salma Bano

Prof. Dhanalakshmi .C

Prof. G.V. Sujatha

Published by: GFGC-ANEKAL

Printed by:

Print Point

No 40/5, G.B.R. Complex,

M.S.R. College Road,

Mathikere, Bangalore- 560054

Ph: 9844295679

ISBN - 9789353009298

ISBN 978-93-5300-929-8



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