CHAPTER 8

Conclusion

8.1 Contribution to the Body of Knowledge

The study is a unique addition to the existing literature on FinTech-enabled sustainable financial inclusion. The study provides an in-depth understanding of the demand-side barriers to access to financial services leading to the in-operation of formal accounts. The practices of savings, deposits, insurance, proximity of financial institutions and practice of sending/receiving remittances were studied. The study brings out the major challenges accountholders with dormant accounts (unsustainable groups) had in retaining accounts at formal financial institutions. This is supposed to assist in meeting the void left by the earlier initiatives to best meet the actual needs of society. Furthermore, the study also contributes to the existing body of knowledge to understand the demographic and social factors affecting the usage of technology-based financial services among bank customers in rural-urban areas. Contrary to previous studies (Hasan, 2007; Jumardi et al. 2019; Shiau et al. 2020) it is established in this study that self-efficacy does not affect the attitude and intention to use FinTech services. The study was done amidst the Covid-19 pandemic and revealed the pattern of respondents' adoption of digital financial services during crisis situations. Furthermore, the study provides insights into infrastructural, regulatory, operational and interoperability issues faced by the FinTech service providers (supply-side) in fostering financial inclusion in the state. This would aid to transfigure the financial inclusion efforts through FinTech to thrive in the long run.

8.2 Scope for Future Research

Future research in the broad area of FinTech for financial inclusion can be carried out in a number of subjects. Studies can be conducted on the functioning of digital insurance and lending sectors (impacting the access to finance for SMEs) in Assam. Since the current study was carried out in the midst of the pandemic, studies can be done focusing on whether the potential efficiency brought by FinTech is shared equally by all sections of the population. Furthermore, future research is also possible on social and operational performance aspects of payment banks in the state of Assam.

8.3 Conclusion

Financial inclusion means the provision of responsible and sustainable delivery of a variety of financial products and services that suit the requirements of individuals, including payment, saving, credit, and insurance products and services. i.e., towards the larger goal of promoting inclusive development. An inclusive financial system, which allows even the last mile section of the population to actively participate in the formal financial system, absorb financial shocks and entitle users to satisfy the majority of their financial demands, is a necessary precondition for economic progress. Seven of the 17 Sustainable Development Goals specifically mention financial inclusion as a necessary catalyst for their achievement. The G20 reaffirmed its commitment to enacting the G20 High-Level Principles for Digital Financial Inclusion and to increase global access to financial services. Understanding the users' demand, strengthening the concepts and strategies as well as assessing their practicality and technological requirements are all necessary for attaining sustainability in financial inclusion. India is also making significant strides in encouraging inclusive growth. Through the 'Aspirational Districts Programme', the Government of India and NITI Aayog aim to rapidly and successfully transform 112 of the most underdeveloped districts in India. Financial inclusion and skill development are one of the five socioeconomic themes of the programme. The districts are urged to identify and reproduce best practices that contribute to the advancement of socioeconomic issues. Furthermore, the leveraging of technology facilitates the effective delivery of financial services and would help in reaching individuals who were previously excluded. Thus, digital financial inclusion has the potential to catalyse rapid advancement toward the SDGs, resulting in positive social and economic effects for millions of individuals throughout the world (UNSGSA, Better than Cash Alliance, UNCDF & The world bank, 2018). Accordingly, the study is being conducted in light of the above.

The empirical literature on digital financial inclusion is nascent. Thus, the study was carried out on FinTech services with a special focus on interface with financial inclusion i.e., how FinTech would help in the furtherance of sustainability in financial inclusion grasping on the issues of acceptance infrastructure, connectivity, demand-side lag, etc. The study's empirical data showed that there are inconsistencies in the use of bank accounts, especially in Assam's rural districts. Distance, the opportunity cost of lost wages, lack of agent points coupled with a delay in services and a lack of infrastructure for accepting payments are identified as major obstacles contributing to dormant and inactive accounts.

Additionally, only a small percentage of people have insurance, and borrowing from informal sources like ROSCA, friends and family, and moneylenders was common in rural areas. Other significant factors for some people's decision to save through informal means include saving a relatively smaller amount of money in monthly or weekly installments, unfamiliarity with banking procedures and shyness due to financial illiteracy among the rural areas, particularly the tea tribe-populated villages of Assam. Therefore, modified financial products and services embracing technology are required to promote the empowerment of the underprivileged and uplift them by meeting their basic financial demands. This would assist in making deeper inroads into the rural areas by providing tailor-made solutions in augmenting access and lowering the cost required to cater to the needs of the last-mile population.

The onset of Covid-19 has resulted in the increased use of technology-based financial services in Assam. Even though initiatives have been undertaken for FinTech adoption, however, digital divide across gender and other demographic factors such as age, educational qualification, occupation, area of residence and social group strongly affect FinTech usage in the state. Furthermore, ease of user interface, risks in digital financial services due to transaction failure, unawareness, attitude towards technology-based financial services influences the trust and behavioural intention in FinTech adoption. Case studies on the FinTech service providers working for fostering financial inclusion have shown that access to financial services has improved by embracing FinTech services. However, challenges like lack of CICO infrastructure, low awareness regarding dispute resolution, low financial and digital literacy, infrastructural and connectivity issues, particularly in the rural areas, limits the access, usage and quality of financial services in Assam as well as other North Eastern states. With the advancements in digital financial services, the road ahead for FinTech service providers is to swiftly deepen access, strengthen the quality and affordability of banking services while addressing the risks. Additionally, this includes addressing the issue of lack of financial and digital literacy with better efforts to deal with the vulnerabilities and other associated challenges to ensure trust and adoption of FinTech services.

On the basis of the findings of the study, a suggestive framework for improving sustainable financial inclusion through FinTech has been made. These include focused initiatives to create an enabling environment that is conducive to sustainable financial inclusion. The foundational elements, pillars, and critical enablers of digital financial inclusion would ensure that people actively use financial services, together with regular monitoring, equality of gender, age, and social group, focusing on important subsectors like Aadhaar penetration, merchant adoption, enhancing agent points and addressing vulnerabilities with effective redressal mechanisms.

Various initiatives are being undertaken to facilitate the expansion of digital payments in all sectors and demographics of the country. The Union Cabinet has approved an incentive programme to promote low-value BHIM-UPI (person-to-merchant) transactions and RuPay Debit Cards for a period of one year, chaired by the Honourable Prime Minister of India. For the fiscal year 2022-23, this programme incentivizes acquiring banks to increase the volume of e-commerce and Point-of-Sale (PoS) transactions made with RuPay Debit Cards and low-value BHIM-UPI transactions (Press Information Bureau, 2023). In light of the rapid development of technologically based payment systems, central banks all over the world are looking into the pros and cons of releasing a Central Bank Digital Currency (CBDC). RBI has also been evaluating the benefits and drawbacks of introducing CBDCs and is presently involved in the development of a phased implementation approach, comprising a series of pilots (RBI, 2022b). Furthermore, to facilitate cashless transactions, e-rupi was launched in 2021 as a one-time voucher to give a streamlined payment option that would allow recipients to easily use their mobile phones to redeem vouchers by text message or QR code. It is anticipated that this will significantly contribute to the improvement and transparency of direct benefit transfer. As a result, the drafting policies would aid in strengthening the country's digital infrastructure and the suggestions given in this study would aid in moving forward to ameliorate the availability and use of digital banking services.