



Digital Financial Inclusion



BACKGROUND

“India has made tremendous strides in the **realm of financial inclusion**. Bindu Ananth, chairperson and managing trustee of Dvara Holdings, said that India has grown from about **half the country having a bank account six-seven years ago** to about **90% now**.

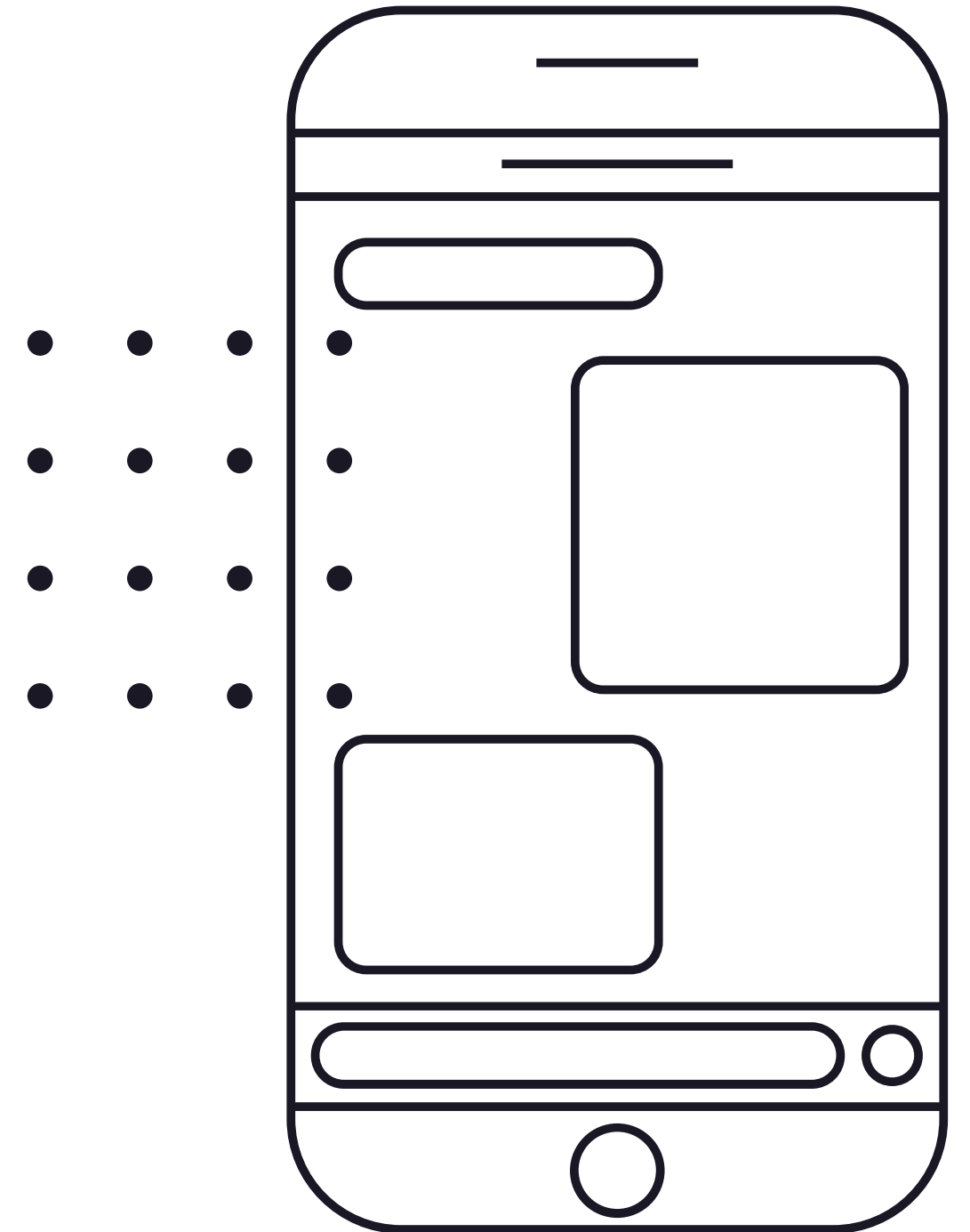
However, an estimated **190 million people remain underbanked in India**. Digital financial services (DFS) are critical for bringing unbanked and underbanked customers in emerging economies into the formal financial sector. There have been several innovations in the past decade; however, there continue to be **gaps in understanding critical product and service uptake challenges**.”

PROBLEM STATEMENT

Company has been tasked to understand and document the uptake of digital financial services and richly describe the experience of both unbanked and underbanked individuals as they navigate the digital financial services landscape.

These groups suffer due to a wide variety of reasons, including limited access and other socio-economic factors. They may also view the process of opening accounts and utilizing these services as cumbersome and/or intimidating - especially at a bank or a service center.

Your main objective is to **identify key challenges in the uptake of digital financial services** with a view towards understanding **what might be limiting the experiences of these groups -especially women, low-income, and vulnerable populations.**



REQUIREMENTS

1

Please prepare a research approach and key questions for the assignment - this could include a list of questions to explore different aspects of the problem. This is the overall research plan, so please factor in questions for secondary research and expert interviews and not just for the target audience as you prepare this. (1 page - upto a maximum of 450 words).

2

Collating information resources: Through a quick secondary scan online, please list 4-5 resources (academic, non-academic, gray literature; rich media) for an understanding of the digital financial ecosystem in India and challenges related to inclusion.

3

Primary Research Plan - Think of creating a field study ready reckoner of not more than 750 words.

Could you help identify:

- i. Think of a very brief primary research plan and detail it out. Include the primary stakeholders you would meet. Do think of various behaviors demographic profiles when choosing the primary audience and other respondents who might be influencing their journey? You may prioritize 3-4 stakeholders.
- ii. Identify any one research method and use that to interview 3-4 stakeholders. This sample should include 3-4 staff members working at your previous University.
- iii. Share the discussion guide you create and use for this research
- iv. Share a brief summary of your research findings

RESEARCH BRIEF

WHAT

To design and conduct a research to understand the current digital financial ecosystem in India and thereby, identify the key challenges faced by the vulnerable population of the country.

WHY

In order to strengthen the nation in economic aspects specially the fintech sector there is a need to adopt a pragmatic approach to understand and resolve the incurring gaps in the current digital infrastructure and enable the unbanked and underbanked population for successful implementation.

HOW

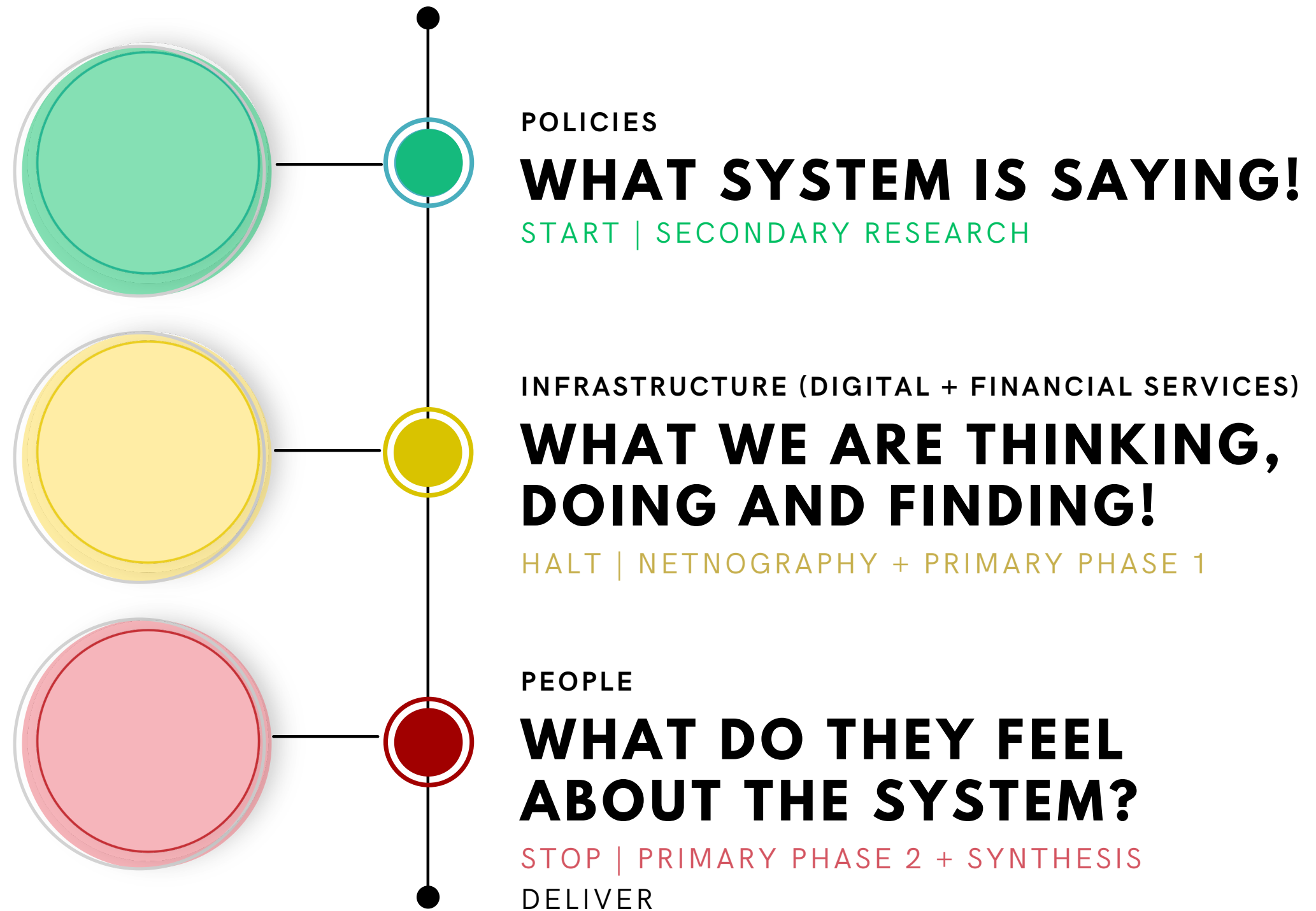
This purposive study could be conducted in a phase wise manner with application of mixed research methods with adaptative strategies that reinforce the research in multi-folds. The SHS approach could help navigate through the traffic of financial thought turmoil and help simplify it.

Some of the strategies that could be applied are as follows:

1. Quantification of Qualitative Data: The parametrisation of qualitative data would help quantify the project with enhanced results.
2. Flash of Fin Cards: A gamified tool of common fintech icons that could be used to test their current awareness as well as educate them about the same.
3. Set up discussion cohorts at common meeting places to take into account collective challenges, inhibitions, influences, etc.

START :: HALT :: STOP

SHS APPROACH



The Research Journey

Behavioral + Attitudinal

PRIMARY RESEARCH

Phase 1 (i) (ii) + Netnography

LOW STRATA GROUP

1. Rapport Building | Pehchaan
2. Flash of Fin Cards
3. In depth interviews
4. Focus Group: Discussion Cohorts
 - Haan ya Naa tool: Rapid questioning on real time financial services challenges (in the form of situations) to which they reply in simple yes or no

SYNTHESIS, DESIGNING & SIMULATION

SECONDARY RESEARCH

1. Research Papers, Books
2. Documentaries & Case studies
3. Govt. documents & UN guidelines
4. News, blogs, Youtube, Instagram, Twitter, etc

PRIMARY RESEARCH

Phase 2

NGO + Experts + Officials

1. Delphi
2. In-Depth Interviews

DELIVER



Age | Education || Demographics

Netnography

Kids | Adults - Men & Women

Rapport building

Levels of Literacy & Awareness
(financial and general)

Means receiving Income

Modalities of Planning & Expenditure
(Who, What and Why)

Inhibitions/ Impediments

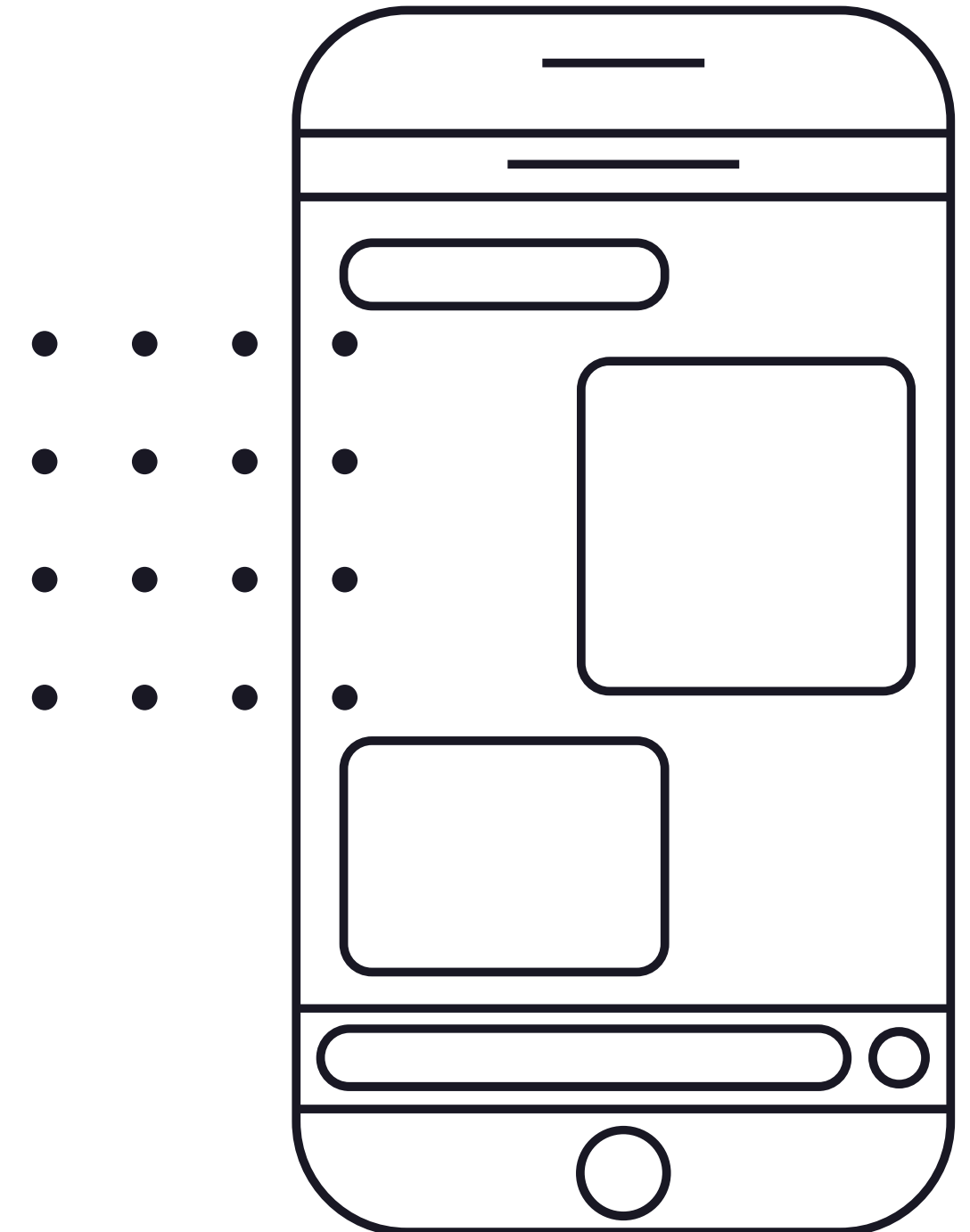
Things they wish to learn/do



FACTORISING THE ENQUIRIES

COLLATED INFORMATION SOURCES

1. Rana, N., Luthra, S. and Rao, H.R., 2018. Developing a framework using interpretive structural modeling for the challenges of digital financial services in India.
2. Malladi, C.M., Soni, R.K. and Srinivasan, S., 2021. Digital financial inclusion: Next frontiers—Challenges and opportunities. *CSI Transactions on ICT*, 9(2), pp.127-134.
3. Ediabonyia, V. and Tioluwani, C., 2023. The role of fintech in driving financial inclusion in developing and emerging markets: issues, challenges and prospects. *Technological Sustainability*, 2(1), pp.100-119.
4. <https://afeias.com/knowledge-centre/magazines/kurukshetra-accelerating-financial-inclusion-in-rural-india-14-03-2020/>
5. https://www.instagram.com/p/Ct_GY-wvVSR/?igshid=MWZjMTM2ODFkZg%3D%3D
6. <https://www.instagram.com/p/Cr2Q5AFtlep/?igshid=MWZjMTM2ODFkZg%3D%3D>
7. <https://www.instagram.com/p/Cs8qPahtQBK/?igshid=MWZjMTM2ODFkZg%3D%3D>
8. https://youtu.be/XO_HpV41ZwI?si=iltRmtq2LGw7h3t0
9. https://youtu.be/99kFeJe-Ce0?si=jha42-C-KXib_WeF



3

Field Study Ready Reckoner

Refer to page 6 for shs approach

At the advent of the project, the focus primarily should be on segmenting the research in three broader phases wherein we establish the plane of enquiries at systemic level, infrastructure level, and amidst the people i.e., vulnerable population of the society in our case. This mindful bifurcation will help navigate the real-time problems with clarity and orchestration.

The beginning i.e. 'Start' is marked by gathering and understanding the larger magnitude problems by questioning, 'What the System is saying?' this covers the National policies and International guidelines for instance, the UNSGSA*. This macro perspective will provide areas to focus on as well as take into account the emerging ones. This stage could also help in identifying the right experts to interview at later stage.

At infrastructural level i.e., the 'Halt' provides an opportunity to glance at the current financial services offered at bank along with the digital ones. There is a need to gauge the misalignments which could be supported by backtracing the evolution of digital system and the incurring problems and challenges faced by the low-income people from semi-urban, urban and rural areas.

An amalgamation of Primary research (phase 1) and Netnography here would help to explore, understand, and analyze data of offline & online conversations and cultures. It will provide unique insights into human behavior, social interactions, and emerging trends, making it a valuable tool for researchers across various disciplines.

The research tools here will follow a human-psychological centric approach where it begins with Pehchaan i.e., to introduce each other for quick rapport building, it is a great exercise to map the socio-emotional aspects as well. The tool can thereafter in the following visits be supported by use of pre-designed cards that comprise of common icons used at banks and digital interfaces. This will help to test their awareness and knowledge. Since, gamification is a great strategy to quickly draw meaningful insights, it will contribute immensely at this level however, the tool would require designing beforehand (similar to flash cards but with use of Zaltman's metaphor elicitation tool). The activity can be conducted by 2-3 people and be played individually/ collectively in groups of 5-6. The role of each member will be different such as of the conductive agent who facilitates the game, a supporting agent to help in conducting it, 1-2 observers for noting observations.

The phase 1(i) could comprise of in-depth interviews as by now we have established trust with few members particularly women and the adolescents of the groups who could be our key stakeholders here. The in-depth interviews shall also be conducted with their husband, father or other male members of their families to understand behavioral and attitudinal aspects. The research would also involve nearby bank officials/employees for conducive inputs.

For phase 1 (ii), a focus group activity could be conducted where in the participants of phase 1(i) are given common situations/ challenges that were derived from their one-on-one interviews to quantify how many of them face it amidst the group. The response shall be recorded in Yes or No (Haa ya Naa).

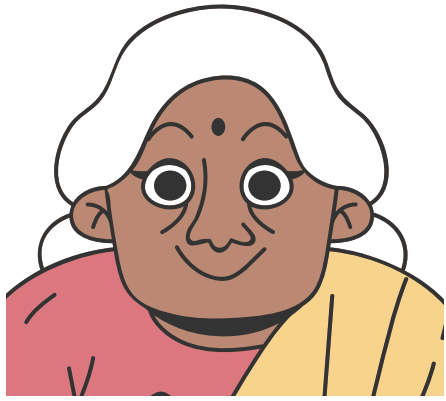
A follow-up round of interviews could be conducted to collect inputs on the parametrised factors which will later help us in quantification of qualitative data.

In the Primary research Phase 2 i.e., 'Stop', the experts, ngo's and bank officials, etc could come together to express their opinions by conducting Delphi. Their insights would be now better understood and relate with the pre collected data to reinforce the research.

The synthesis would thereby, comprise of meaningful and useful information which could be taken forward.

Since for the poor, access to digital financial services goes beyond convenience, it can be transformational but in order to address the same we would require deeper understanding of their current awareness and knowledge on the financial aspects. Herein, we should take the liberty to design tools that help in enquiring at the same time educate them about the bare minimums of the digital financial interfaces. This would also help in addressing many financial inclusion taboos that have been culturally associated.

The discussion cohorts would open doors to give opinions and share the little inconveniences that cause hindrances in adoption of newer interventions as means of conveniences.



GEETA

Age: 52 years old

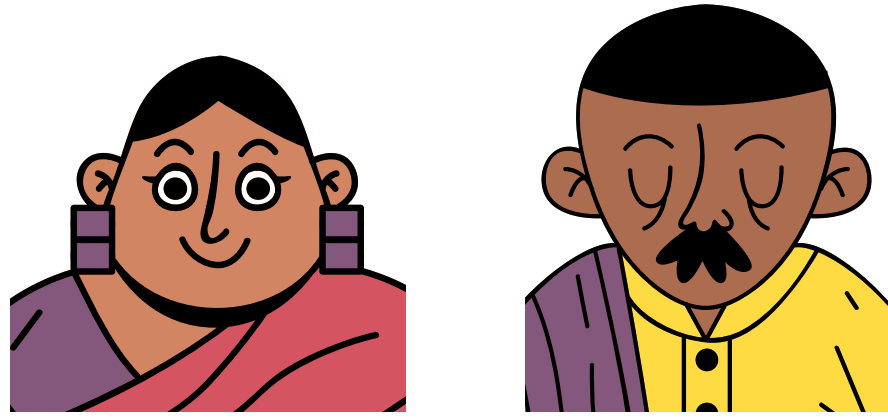
Gender: Female

Place: Ahmedabad, Gujarat

Profession: Cleaning staff at NID

Education: 10th grade

- Receives salary in Bank account
- Has an atm card but never uses it as she fears losing money due to her inability to operate machine.
- Prefers going to bank for money withdrawals, passbook entries as presence of human is reassuring.
- Tried to learn UPI and Net banking from her son many time but lacked confidence
- Finds the procedure difficult and text heavy.
- Previously lost a sum of five thousand on sharing the one-time-password over phone and felt helpless due to lack of awareness of rbi guidelines.
- Wishes to be relevant with time and thereby feels that navigating the digital interfaces should be simpler and digital interfaces if taught by bank authorised people would be more assuring.



JAYANTI & NAGRAJ

Age: 38 years old (Jayanti) & 44 years old (Nagraj)

Place: In Delhi but basically from Tamil Nadu

Profession: Domestic help (Jayanti) & Driver (Nagraj)

Relationship: Husband & Wife

Education: Never attended school

Mode of salary for Jayanti: Cash

Mode of salary for Nagraj: Directly in account

- Jayanti has a bank account in her hometown only because she was denied by the banks in Delhi due to Aadhar ID comprising of her hometown address.
- She saves the cash till her next visit to her hometown due to lack of her bank branches in Delhi which also has the risk of theft as she stays in kaccha home in Delhi;
- Jayanti has an atm card but the services are accessed by her daughter (16 years old) as Jayanti lacks the confidence to operate it independently.
- She has an android phone but does not use digital financial services as she feels in equipped and inefficient to do so.
- Nagraj on the contrary, uses dfs on daily basis as he was timely taught by his friends and he was quick to learn.
- He even has taken loan through Govt. DFS schemes.
- Nagraj handles Jayanti's financial decisions and account himself as he feels that is how it has been happening since generations in his family.

Women particularly from the weaker economic strata depend on their male counterparts for their financial decisions and activities. There are inhibitions regarding usage of digital interfaces (atm machines, passbook entry machines, etc.) despite of being accustomed to use of digital screens such as their mobile phones.

Socio-cultural taboos are withholding their self-confidence to independently make financial decisions which evidently affects their financial inclusivity too. Since, they find difficulty in understanding the financial ecosystem they are unable to enable other women in their groups as well. Often the half-learnt things or their unaddressed failures lead to misinformation making it appear even more strenuous hence, unwillingness to adopt it. Lack of awareness about existing government schemes, policies, services, etc. restricts them from accessing these services (physical & digital).

There is a need for human interaction/ assistance initially that provides them an opportunity to learn and use digital financial services and its offerings without making mistakes or losing their money. Furthermore, this will reduce their dependency on others and help develop a sense of pride through joy of learning financial technology. They innately look for such support from banks/government so that they are not criticised/mockered for making mistakes rather empower them to take financial decisions.