

A Study on Role of Fintech in Financial Inclusion in Majuli District of Assam

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Abstract: Fintech services helping in overall financial inclusion of the economy in both direct and indirect manner. Fintech is an umbrella term including all technically enabled financial services. This paper has the objective of knowing about the role of Fintech in expanding the real meaning of Financial Inclusion in the district. Further through this paper an attempt has been made to analyse the role of users of Fintech in various aspect along with prevailing reasons for unwillingness to use fintech. Methodology of the paper is both descriptive and analytical in nature. Population of the study is definite in nature and hence sample size was selected as per kerjcie and Morgan table (Krejci & Morgan, 1970). 382 numbers of Responses were collected with a help of self developed questionnaire. Collected data has been analysed with simple arithmetic tools representation of data. Findings of the study came out with some interesting facts. Awareness level regarding Fintech in Majuli district is in a very low level. Along with some other factors associated with it like various types of risk. There is need of promotion of more awareness in the field of Fintech, so government agencies /NGOs in collaboration with banks can organize some programme to spread awareness about fintech emphasizing more on the risk combating measures which is always attached with the concept of safe practice of Fintech.

Key Words: Fintech, Financial Inclusion, Majuli

I. Financial Inclusion:

Financial Inclusion is the delivery of banking services at an affordable cost to the vast section of disadvantaged and low income groups of the country stream lining the people of all category to the formal financial system is a aspect of Financial inclusion. World bank has recognized that amongst the 17 goal of SDG, seven are mainly associated with Financial Inclusion.

Six elements of Financial Inclusion are as follows:

- 1) Education
- 2) Infrastructure.
- 3) Access
- 4) Usages
- 5) Quality

RBI developed financial inclusion index in the year 2021 by providing 35% weightage to access, 45% to usages and 20% to quality

Government is also trying in expansion of Financial Inclusion in India through various schemes and policies. From the innovation of Jan Dhan Yojana Policy in 2014, Govt of India is giving a huge jump in achieving Financial Inclusion. Motto of Financial inclusion is from Jan Dhan to Jan Suraksha. Some of the important schemes and policies are as follows:

Pradhan Mantri Jan Dhan Yojana: This scheme was declared by honourable prime minister on 15th August, 2014 with a aim in ensuring overall financial inclusion in the nation. Financial literacy program and campaign are one of the important factors of this program. Zero balance account and no frill account are one of main features of this program. PMJDY has been extended beyond 14th August, 2018 with the focus on opening of bank account from every household to 'every unbanked adult'. As per govt records, a Total of 54058 Crore Jan Dhan Account have been opened till January, 2025 out of which 55.7% belongs to women.

2. from Jan Dhan to Jan Suraksha: This scheme was introduced for initiating three social security schemes in the Insurance and Pension sector on 9th May, 2015 focusing on generating a universal security system for all over the country.

3. Pradhan Mantri Jeevan Jyoti Yojana: This scheme is available to all individuals who fall under the age bracket of 18-50 years owing a bank Account, who give their permission to join auto debit. Aadhar is the major KYC for bank account. The life cover of Rs. 2 Lakhs is for duration of one year starting from 1st June and ending on 31st May and is renewable. This scheme provides risk coverage of Rs. 2 Lakhs in the scenario of demise of insured.

4. Atal Pension Yojana: on 9th May of 2015, scheme was launched. This scheme is available to all individual falling under the age bracket of 18-40 years owing saving bank account/post office saving account. Subscribers of this scheme would receive the guaranteed minimum monthly pension of Rs. 1000 to Rs. 5000 at the age of 60 years.

5. Pradhan Mantri Mudra Yojana: Through this government scheme, loan is provided to small and micro enterprise. Available amount of Loan is up to Rs. 10 Lakhs, loans are available for manufacturing, trading services and some allied agriculture activities.

Loans can be availed through Banks, MFI, NBFC and other formal financial organization. Loans are available under three categories: Sishu, Kishore and Tarun .

6)**Stand Up India scheme:**The stand up India scheme is a government program that provides loans to women and schedule caste and schedule tribe entrepreneurs ,this scheme was launched on 5th April.2016 .Loan amount ranges from Rs.10 Lakhs to Rs.1 Crore .The entrepreneurs may be in manufacturing, service or the trading sector activities allied to agriculture .

7)**Pradhan Mantri vaya Vandana Yojon:** PMVVY is a insurance policy cum pension scheme that provides security to senior citizen. This pension plan is provided by Life Insurance Corporation . Mode of pension payment under the yojona is on a monthly, half yearly or annual basis depending on the option opted by the subscriber .

8) **Sukanya Samriddhi Yojona:** SSY scheme was launched on 22nd January,2015 with a aim of developing awareness regarding gender equality along with financial inclusion. This scheme was under the campaign of ' Beti Bachao, Beti Padhao' .One account per girl child maximum to 3 account per household can open for savings .Govt is proposing a tempting interest rate upto the age of 21 of the girl child .

Several special campaigns have been launched from time to time for enrolling individuals under Pradhan Mantri Jeevan Jyoti Bima Yojona .The State Level Bankers Committee plays a crucial role by coordinating efforts among banks, Government agencies , Lead district mangers etc. Along with center for Financial Literacy launched pilot project on Financial Literacy was initiated by the reserve bank of India in 2017 with n objective to adopt community led innovation

Financial Inclusion can no longer be treated as a fringe subject, it has to be recognized as an important part of the mainstream thinking on economic development of the undeveloped part of the people , and for this bank linkage is is one of the major source for capitalizing SHGs . Assam is diversified in terms of geography , ethnic groups and community etc .In Assam Bank Branches networks are unevenly distributed ,so the coverage in availing the financial services through mainstream is limited .Some major challenges in Assam in achieving financial inclusion are as follows :

- Shortage of Man Power at Bank branches .
- Repeated Visits to Branches for completing single activity.
- High cost and more time for availing financial services .
- Documents complexities etc.

Public sectors banks are effectively undertaken the financial inclusion campaign in Assam ,with the active involvement of SLBC, the banking network of the state has widen up over years .Commercial banks has increased its footprints to 2173 branches from 1297 branches as on 2001 .After that Pradhan Mantri Jan Dhan Yojona is helping the state in achieving higher number of bank account .

II. Fintech:

Financial Technology (FinTech) is a contemporary term that represents the integration of advanced technologies into the financial services industry, with the aim of enhancing service delivery, efficiency, and accessibility. The term itself is derived from the fusion of "financial" and "technology." FinTech encompasses a broad array of digital tools and platforms aimed at automating and streamlining the provision of financial services (Arner et al., 2016).

In India, FinTech is one of the most rapidly growing sectors and plays a vital role in achieving **financial inclusion**, particularly in underserved and rural areas. As per the National Investment Promotion and Facilitation Agency (2023), India is the third-largest FinTech ecosystem globally, backed by rising smartphone penetration, digital infrastructure, and proactive regulatory frameworks.

Digital payment systems such as UPI (Unified Payments Interface) and mobile wallets (e.g., Google Pay, PhonePe, Paytm, Amazon Pay) have revolutionized how people transact and manage money, reducing reliance on physical cash and promoting the government's vision of a cashless economy (Reserve Bank of India, 2022.)

FinTech is one of the top five markets in the world by value of capital funding and investments. It is among the fastest growing markets of FinTech in the world with market size estimated to grow from \$50 in 2021 to \$150 by 2025 (InvestIndia, 2021). With the internet and emerging technologies as the enablers, FinTech is redefining the design and delivery of financial products and services through innovative alternative channels with an aim to reach the common masses (Lee & Shin, 2018).

It is one of the underrated reason that due to demonetisation ,Fintech image blossom top the mind of the people of the country and after that , Covid 19 pandemic is also helping in development of Fintech in the country .(Agarwal,2022) . Although India is a highly scattered country, ample number of people are using bank account and other services .

The RBI is adopting various solution to constantly change the regulatory environment and solve challenges that can uplift the sector. In recent years, the Indian Financial landscape has seen a major improvement in its infrastructure with the launch of Unified Payment Interface (UPI) .Bharat Interface for money(BHIM) and many others .

These have been merely developed by the launch of “FinTech is being embraced all around the world, albeit there are significant regional differences in terms of the rate of adoption (Frost, 2020). India’s FinTech adoption rate has seen a rapid rise from being 33% in 2017 to 52% in 2019 giving it the second position, after China which is at 69% (RBI, 2019). Moreover, almost 41% used a finance app whereas 61% used mobile phones for banking needs (Ernst and Young, 2017). COVID-19 pandemic has further propelled the adoption of these contactless FinTech applications and currently India has the highest adoption rate of 87% (RBI, 2021). Digital India’ and “Make in India” Campaign align with RBI aim of achieving Fintech Adoption. India’s population is estimated to be approximately 1.54 billion, and according to RBI report, the number of Bank Account Holders in India is near about 80% of the total population.

Analysis

Fintech and Financial Inclusion: Now a days, cashless transactions is achieving its growth and scope day by day as soon as the market become globalised and the development of financial sector, more and more section of the society is involving. From the last few years, Government is also trying to achieve large step in Financial Inclusion. It is giving a mixed result from the last a few years. Access to bank account has increased, however the usages to those account is not receiving its target. The lack of awareness and financial literacy among the rural population of the country is providing negative impact of the economy, a majority of people doesnot have access to formal credit or other ancillary activities which are related to finance. Some of the main reasons of unbanked population are as follows:

- ❖ Low level of Financial awareness amongst the rural population is one of the main reason of low level of financial inclusion.
- ❖ There is slightly lower bank penetration in some of the state or places of the country, hence it is also creating problem in achieving a higher amount of financial Inclusion index.
- ❖ Lack of confidence in using technology or documentation work is also cited as a reason for unbanked population specially in rural area.
- ❖ Not having proper knowledge of cyber risk is also creating problem in maintain higher level of Financial Inclusion.

Due to these types of reasons and some other factors full potential of Financial Inclusion is not able to achieve till date Although various government schemes and programmes are helping the youth in achieving the financial Inclusion which may satisfy the 1st criteria of the Financial Inclusion Index i.e access.

But with regards to sustainability of financial inclusion, second criteria of Financial inclusion, i.e ‘Usages of Bank Account’ is a crucial point. But lack of interest of people in using Bank Account is one of the main reason of not achievement of sustainability of Financial Inclusion. Lack of Interest in using Bank account may also affect the country’s economy.

But Financial Technology is helping the people in accessing and usages of Bank accounts and achieving quality of services, technology enabled services are also transforming the picture of today’s economy and Finance.

Scope for growth : Innovation and technological advancements facilitated the growth of financial market. (Saleh, N, & Abd Majid, Martani(2022). Bill Gates once stated that, ‘Banking is necessary, banks are not’ as a result the banking sector has evolved into an industry and it is a most important element that is confronted with force of changes that are impossible to resist (PWC, 2014). It is a very known phenomena that, technology has had a substantial impact on the growth and development of nation’s economic activities, particularly in the sector of finance. Financial services industry has seen significant changes in recent decades mostly due to development in information technology system and financial activity.

The use of Fintech is increasing in both developed and under developed countries with its ability to serve groups and people who are financially marginalised. (AFI, 2016). Fintech industry including mobile money payments, e-wallets, crowd sourcing, remittance are facilitating access to Fintech services has been driven the economy. Ozili (2018) argues that the development of the Fintech phenomenon has substantial consequences for both customer and whole economy.

According to some researcher, fintech services are helping advancement of weaker, disadvantaged portion of the population through cost effective measures for carrying out day to day expenses. The Adoption of Fintech has had a substantial influence on financial conduct, including saving, investment, consumption and borrowing. Demerguc-kunt and Klapper mentioned that fintech has fundamentally transformed and continues to transform the consumption and payment habits of consumers. A few researcher has shown that the usages of payment helps in increasing the habit of saving among the common people.

Financial Inclusivity is the availability of affordable, responsibility and ecologically delivered financial products and services to satisfy the requirements of all individual. It provides individuals, particularly the unbanked population with equitable opportunities to access financial (World bank Report, 2018). The IT industry is much more encouraging in promoting new fintech firms than knowledge produced in the financial services sector. Furthermore, research indicates that the significance of knowledge generated in the financial industry rises or fall in tandem with the expansion of fintech start up and pursuit of funding (Clark, GL (2021). Fintech helps in development the delivery of financial services to a significant number of individuals who do not have access to traditional banking services, Fintech plays a vital role in promoting financial Inclusion but it faces various problems such as digital divide-

the factors including of access, resources and influence .The impact of performance anticipation , conducive circumstance ,habit and behavioral intense on the use of Fintech services. (Odei-Appiah,s.Wiredu(2022).

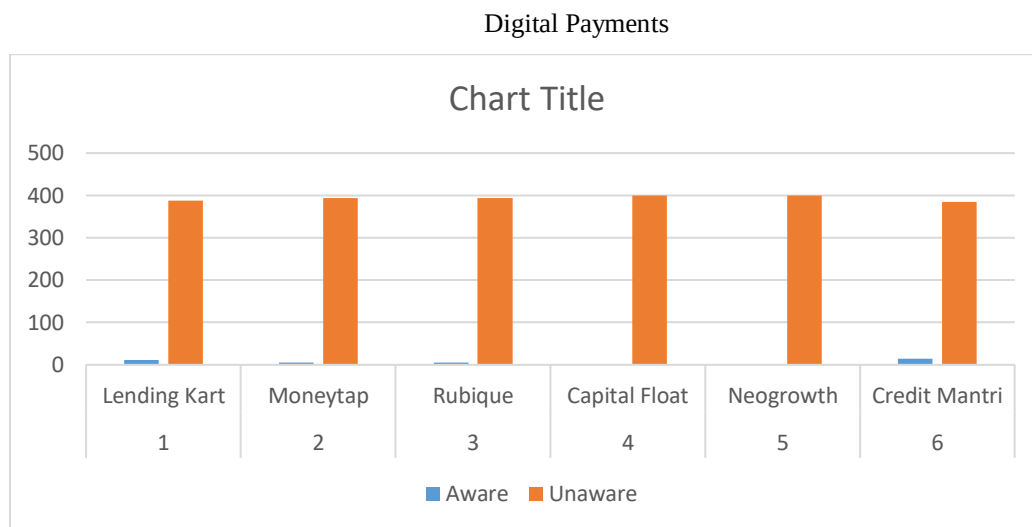
Moreover the role of fintech in expanding financial Inclusion is much more influencing during the time of covid pandemic in the year 2019 . Online payment settlement process and fund transferring process helps people during those time and it helped in developing the habit of using various fintech services mainly digital payments system .

Accessibility and affordability of financial services are of increasing importance which can be achieved by leveraging technology .The question in leveraging mobile phones even before the pandemic and upswing of financial technology during the tough time of Covid 19 accentuated the potential of technology- based solution in accelerating the three pillars of financial inclusion Index, i.e- access, usages and accessibility.

The following part of the chapter analyse the awareness and usages of Fintech services in the area of payment including UPI based apps, mobile banking ,ATM, Lending and insutech based apps etc . Since the survey was conducted after covid pandemic, questions related to before and after pandemic also used for analysing the difference in adoption of fintech .Thus this chapter would provide crucial particulars associated with technology adoption, fintech usages, factors affecting using fintech and which would give input in analysis of comprehending the factors that promote last mile adoption of fintech services .

Awareness and Usages of Fintech

Awareness regarding fintech services among the respondents



Source: primary source.

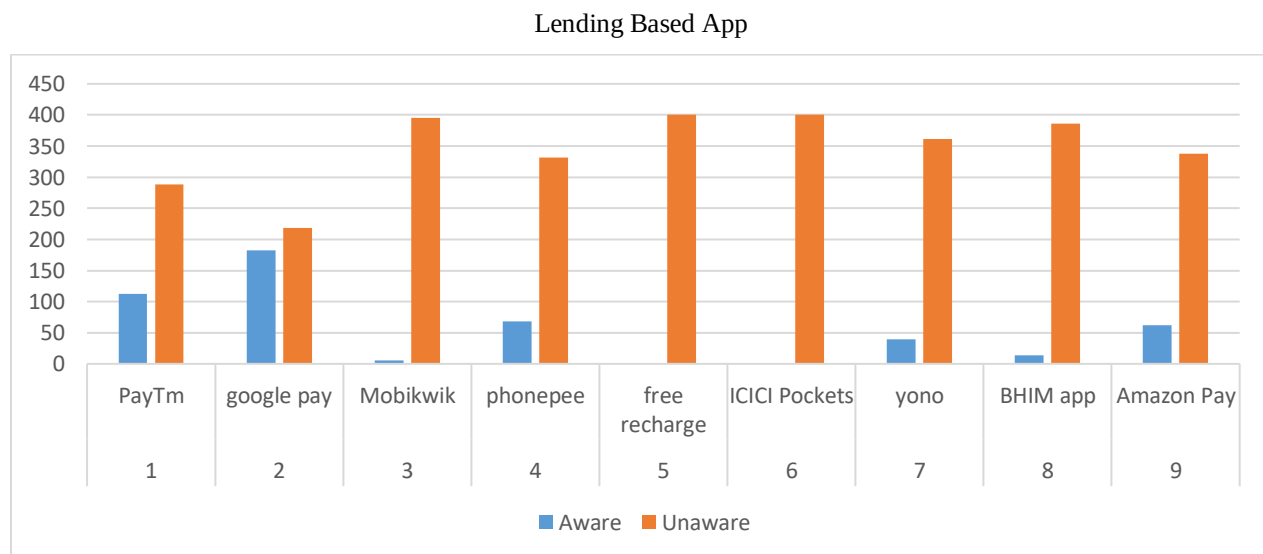


Fig: 1.2: awareness on lending based App

Source: Primary source

Insurtech Apps

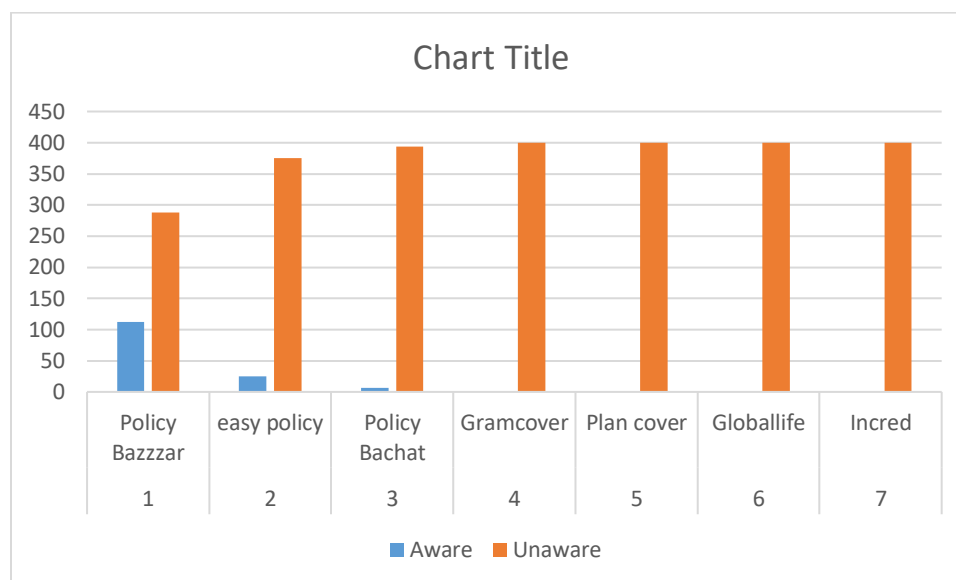


Fig: 1.3; Awareness on Insurtech Source: primary source.

While determining the awareness of the respondents regarding different types of Fintech services, it has been observed that, most of the respondents are aware about Google pay followed by paytm and phone pay, whereas only 7 persons are aware about YONO and Bhim pay but nil respondents found with the awareness level of others banking app.

In the time of analysing the awareness level of respondents towards lending apps, very less percentage of respondents found with positive awareness regarding the lending based apps. In time of analysing the awareness level of insurtech services, it has been observed that the majority of the respondents are aware about policy bazar followed by easy bachat and policy bachat.

Moreover some other facts came into limelight that 15% respondents of the sample size are aware about internet banking and 95% respondents are aware about debit/ATM card.

From this above analysis it can say that most respondents are aware about ATM, google pay, Phone pay, Paytm and have some knowledge about poicy bazzar and have very low level of awareness level regarding Lending based apps, which indicates about the scenario that although people of the district are encouraging the acceptance of Fintech but awareness level is still limited to digital wallet section of Fintech.

Usages of fintech Services among the respondents

Table .1. 2..1.: respondents using fintech services

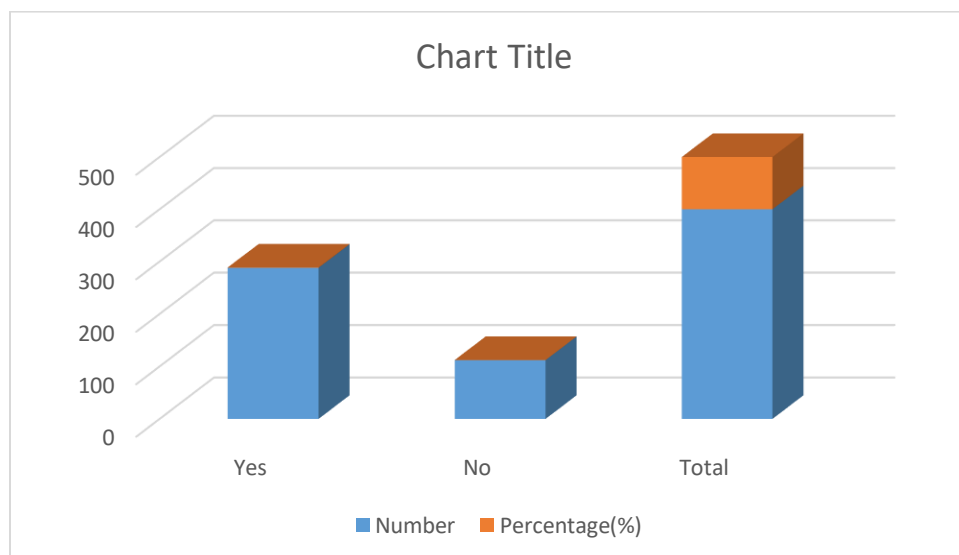
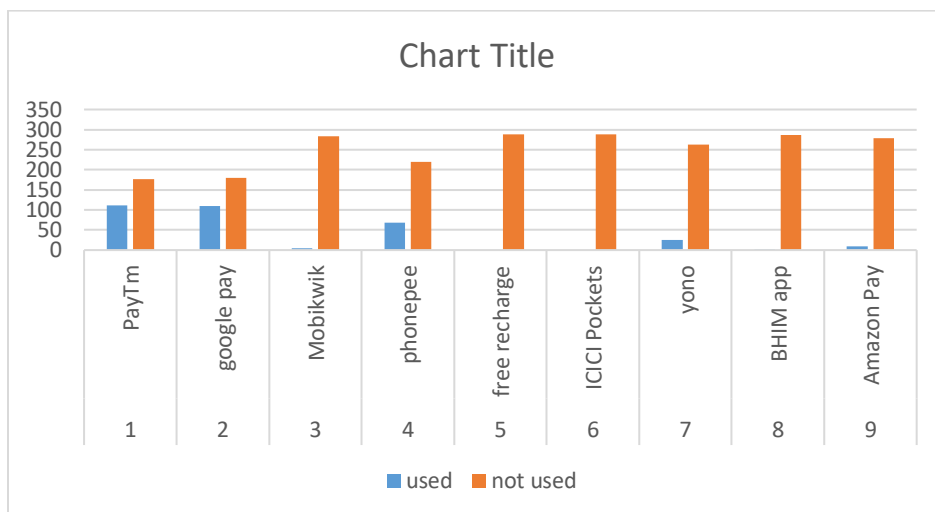


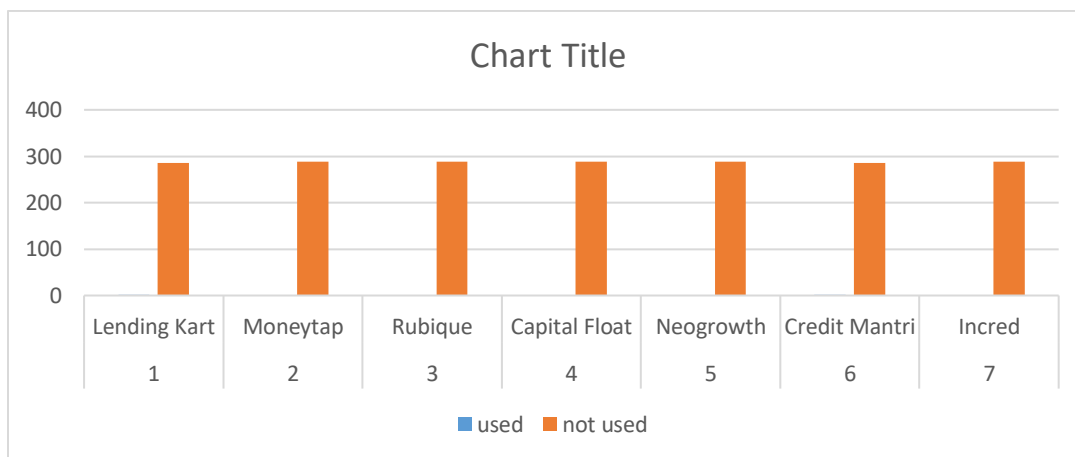
Fig: 1.2.1: respondents using fintech services

Usages of Digital Wallets



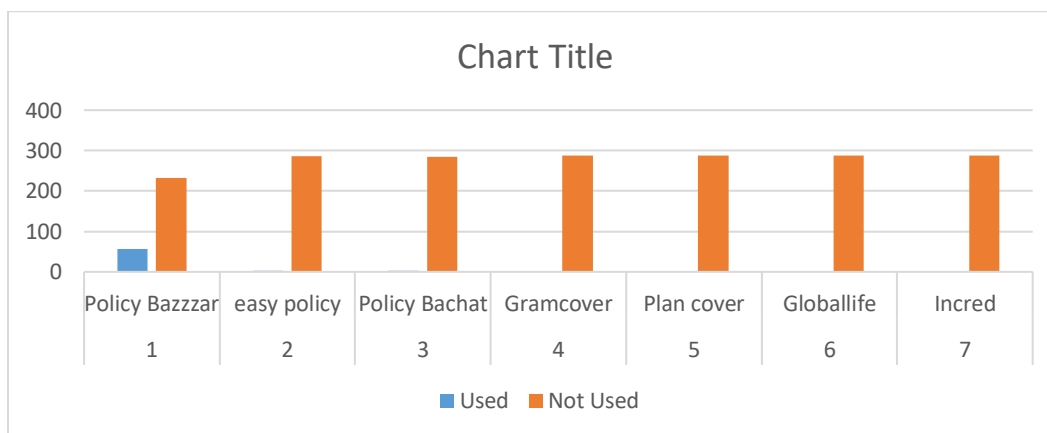
Source: Primary source

Usages of Lending Apps



Source: Primary Data

Usages of Insurtech App



Source: Primary data

72% respondents are using fintech services (Table 1.2.1). Amongst the respondents who use Fintech services, most of the respondents are the user of google pay followed by pay tm and phone pay. Very less number of users of Yono, BHIM App and amazon pay are found.

In case of usages of lending app, very few positive responses received which includes only 2 respondents have the experience of using Lending kart and mantri app.

In analysis of usages of insurtech app, 56 respondents received with the experience of usages of Policy Bazar and only 2 and 3 respondents stands with the usages of easy bazar and policy Bachat .

From this analysis we can say that , lending based and insurtech services are unpopular among the respondents .

Use of Fintech before pandemic

Information regarding usages of Fintech before and after pandemic

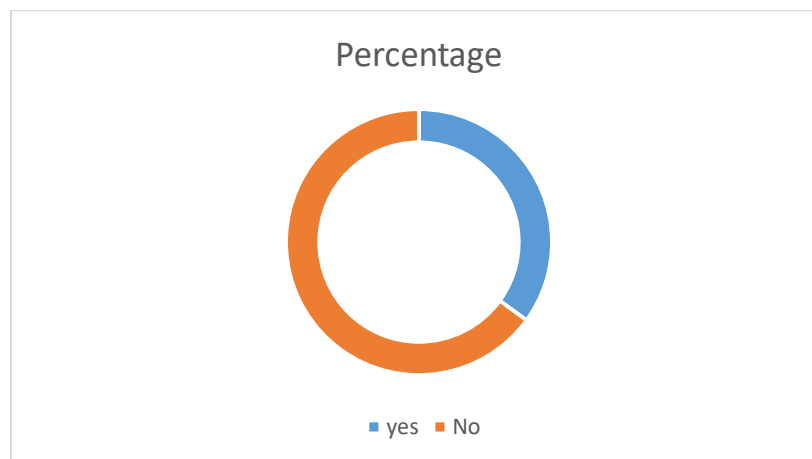
Table 1.3.1

	Fintech usages and pandemic situation	Percentage(%)
1	Fintech used from before pandemic	30%
2	Yes ,started during pandemic situation	42%
3	No I still donot use Fintech	28%

Source: primary source

The analysis of the table states that 30% of the fintech users in the district are familiar with the concept before covid 19, while an interesting fact came out that 42% of the respondents started using fintech services during pandemic.

Information on increasing frequency Fig: 1.3.2



Source: Primary data

From the above diagram it has come that more respondents states that there is no increases of frequency in using Fintech services during pandemic .

Factors affecting usages of Fintech

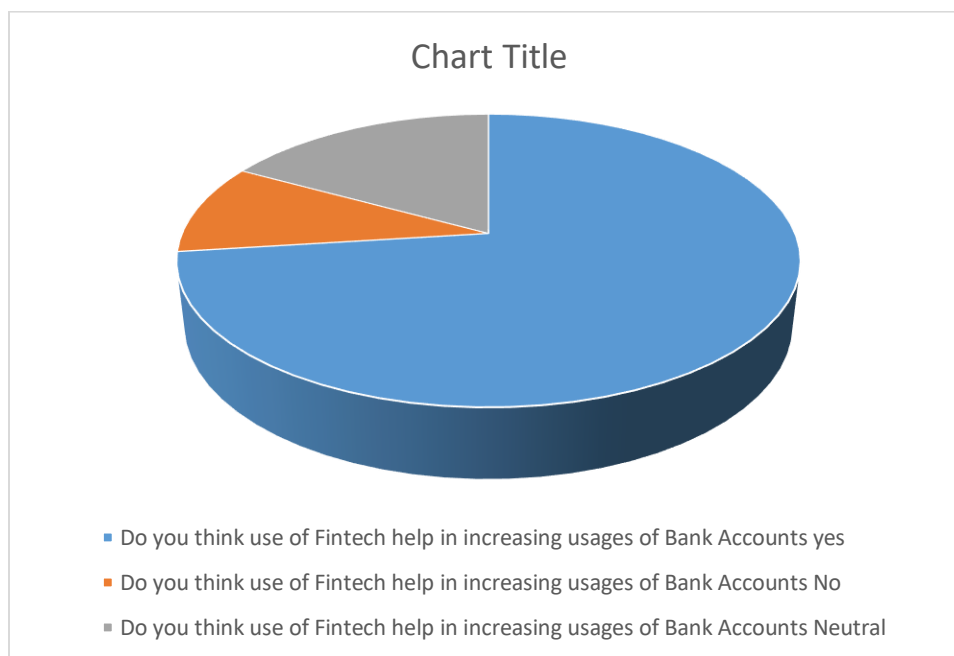
Sl No	Reasons	Positive Respones
1	No need to carry huge cash	82%
2	provide cashback offers	35%
3	Easy and fast way to make payments	87%
4	Easy way to track record of expenses	36%
5	Provide 24*7 Servcice	80%
6	Transportation problem	89%
8	Discount and reward points	36%
9	It is time savings	62%
10	It has become trendy	69%

From the analysis of the above table ,it has been observed that 82% respondents are stating agreement that with the help of using Fintech, there is no need of carrying cash.87% respondents stated that they found it easy and fast way to make payment and highest number of respondents i.e 89% respondents state that there is transportation while 69% respondents stated that they are using Fintech as it is becoming trendy and 36% respondents states that it is easy way to track record of expenses ,this shows low level of knowledge about personal accounting .

Table 1.3.3 revealed that the community score of the items ranges from .413 to .941 ,which is less than the cut off values ,hence no factor is removed from the analysis .The number of factors retained is observed from eigen values more than 1 and as inspection of the scree plot.

Analysis on habits of using banking accounts

Fig: 1.3.4.1 Analysis on habits of using banking accounts

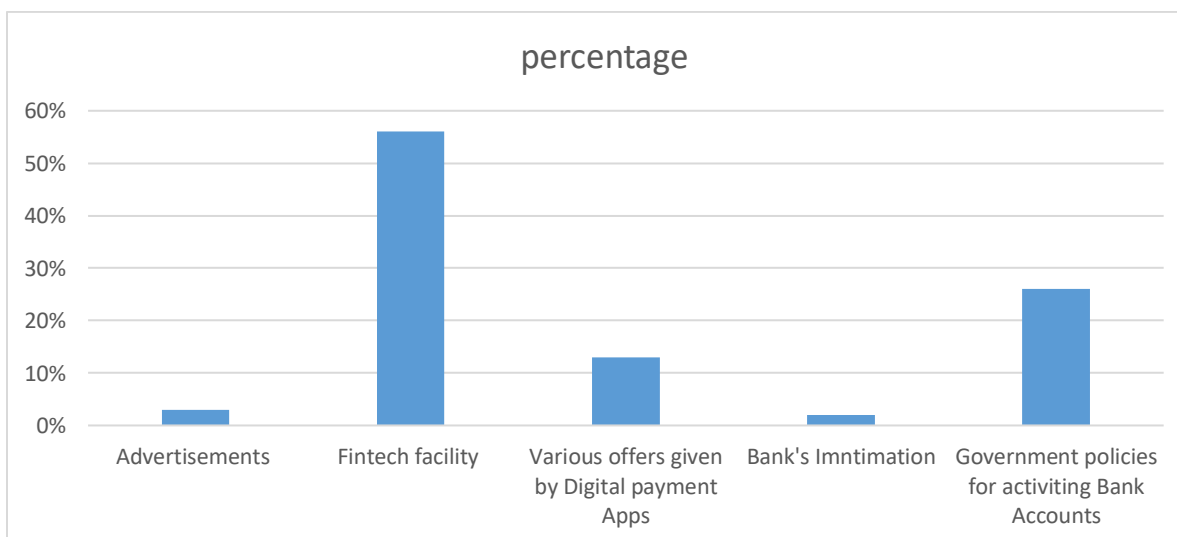


Source: Field Survey

From the analysis of the above diagram it came into light that 73% of the respondents thinks that with the advancement of Fintech, rate of financial inclusion may increase with the increase of usages of bank account .

Analysis on what encourages you to use Bank Accounts

Fig: 1.4.1



Source: Primary source

Analysis from the above table it has been mentioned that among the various factors of increasing usages of Bank Accounts ,highest respondents stands with Fintech facility as the motivating factor of increasing usages followed by government policies for activating Bank Accounts which included various DBT schemes which encourages the beneficiaries to use their Bank accounts.

In the third position respondents stand with various offers given by Digital Payments Apps as a motivating factor for using their Bank Accounts.

III. Recommendations

Usages of user friendly mobile apps and digital wallet tailored for low literacy users leveraging voice based interface to enable banking access may help the local rural people in increasing Financial Inclusion .

Partnership with local shops or community members to act as banking agent equipped with Fintech instrument may help the rural people in getting access to financial Instrument or Infrastructure .

Use of Fintech facility to offer microloans and other services to SHGs and rural people may encourage the use of Fintech which will ultimately increase the use of Financial Inclusion .

More awareness programme regarding use of Fintech and Financial Inclusion may organised with the involvement of school /college going students in villages in the District.

IV. Conclusion:

For alleviation of poverty and promotion of balanced economic growth, financial inclusion is a very much necessary step for the economy , but the act of opening bank account only will not going to help the country in the better result in under developed countries. Now a days also people are not interested in opening or using basic financial services in rural or isolated areas of India. .It is necessary to use technology which enable people in use of banking technologies .

This work is a contribution in the body of research that deals with the factors associated with using fintech for financial inclusion, particularly for rural people. Findings from structural questionnaire led the researcher to the conclusion that fintech is helping the customers who are meant to participate in financial activities . people should also gave efforts to conduct transactions through Fintech services ,people also like the user friendly nature of the services of the Fintech .People in the study area believe that Fintech facility has mainly facilitate in the form of transferring fund from one to another easily and in a fastest way .But most of the people believe that using of Fintech not as easy and it required same technological knowledges .People living in rural area feel that Fintech can be used to increase rural income and can also be utilised to make financial services more accessible to rural resident, found in earlier study,(Demir,et al,2022) .

Most of the respondents are seems to be familiar with payment apps of fintech while lowest percentage of people stands with lending based app of fintech, which proves that although the people of rural area are familiar with the application of Fintech, but deep knowledge is not in the roots of the people, but which will eventually increase with time .

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