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ANALYSING THE KEY FACTORS INFLUENCING IN IMPLEMENTING DIGITAL FINANCIAL INCLUSION IN THE CURRENT FINANCIAL ENVIRONMENT

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ABSTRACT

Nearly every nation, including India, has placed broadening access to financial services at the forefront of their strategies for fostering economic expansion. Therefore, it is essential to differentiate between the factors that make a difference for and against the inclusion of financial services. The purpose of this essay is to do this, and it does so by constructing a solid conceptual framework by carefully examining the information that already exists on the factors that contribute to the occurrence of financial inclusion (with special reference to India). Income is the single most significant social and economic criterion when it comes to determining a person's eligibility for financial inclusion. The phrase "financial inclusion" has recently become something of a cliché, and officials in almost every nation are beginning to understand the significance of the issue. In point of fact, a number of nations have made it one of their top priorities in terms of policy (including India). Both as a straightforward approach to gaining access to financial services and as a more comprehensive strategy with the objective of encouraging a greater number of individuals to make use of formal financial services, the concept has been included into all plans for future growth. People have the misconception that geographers in the United Kingdom coined the phrase "financial exclusion" in the year 1993. They were concerned about the shutdown of banks, which made it more difficult for individuals to get money and access it. This gave rise to their worries. The Rangarajan Committee on Financial Inclusion in India defines it as "the process of making sure that vulnerable groups, like weaker sections and low-income groups, have access to financial services and get the credit they need when they need it." In other words, it is the process of ensuring that vulnerable groups have access to financial services and get the credit they need when they need it.

In the context of economics, the concept of "financial inclusion" refers to the practise of ensuring that members of vulnerable populations, such as those with low incomes or who are ill, have inexpensive access to financial services and credit when they are in need of it. During the course of the last several years, a multitude of scholars have tried to answer the question of how an absence of access to financial resources might result in poverty traps and injustice. The researchers want to employ a descriptive research approach, which allows for a more in-depth look at the topic, in order to achieve both the aims of the study and their personal goals. This will allow for a more in-depth look at the issue. In view of the current state of the economy throughout the globe, the purpose of this study is to determine the significant factors that have a bearing on the progression of digital financial inclusion.

Keywords: Financial Inclusion, Psychological Factors, Regression Analysis, ANOVA

INTRODUCTION

The phrase "financial inclusion" was not used in India until 2005, when the Reserve Bank of India (RBI) issued its annual policy statement for 2005-06, in which it advised banks to reevaluate their existing procedures in order to bring them into alignment with the goal of "financial inclusion." This was the first time the phrase had been used in India. Around 2.9 billion people on our planet do not have access to conventional banking and other financial services. Only in India do 560 million people lack access to legitimate sources of finance, a fact that closely aligns with the 41.6 percent of the population that continues to live below the poverty line ($1.25 per day). These 457 million people make up the majority of India's population. Along the same lines as other emerging economies, the continued success and growth of India as an economic power can only be ensured if concrete steps are taken to ensure that the social and economic development is inclusive. This is the only way to guarantee India's continued rise to the top of the global economic hierarchy. India is a world leader in a variety of industries, including information technology, automotive, medical sciences, telecommunications, and even space exploration. This success may be attributed to the country's rising domestic demand.

For a variety of reasons, it is desirable to have a system that is financially inclusive. To begin, it enables the efficient deployment of productive resources in a variety of settings. Second, having access to reputable financial services may significantly improve one's ability to monitor their day-to-day finances. Thirdly, an all-inclusive financial system may help in preventing the spread of informal sources of credit (such as payday lenders), which are often exploitative. This is an important benefit since these lenders are often able to take advantage of their customers. Since of this, an all-encompassing financial system increases both productivity and well-being because it makes it possible for people to have saving habits that are secure and safe and offers a wide variety of financial services that are efficient. Even in regions that had been neglected in the past, a significant number of new branches were opened all throughout the country.

Even after all of these measures were taken, there was still a sizeable portion of the country's population that could not be brought into the banking system. In point of fact, there is a considerable gap in terms of access to financial resources, which calls for focused attention. According to the findings of many studies, non-inclusion in the financial system, or more accurately, exclusion from it, results in a loss of one percent of GDP. As a result, financial inclusion is not only a requirement from a social-political standpoint, but also from an economic one. Access to the formal banking system may be difficult for a variety of reasons, including factors such as culture, level of financial knowledge, gender, income and assets, proof of identity, distance, and location, among others. By increasing awareness, encouraging financial literacy, and using technology, India's banks are taking a variety of efforts over the course of time to enhance access to affordable financial services. Lower sectors of India's society have a more difficult time gaining access to various financial services due to a number of different factors. The rural population often struggles with concerns such as low income, inadequate asset security, illiteracy, social exclusion, and other similar problems. The lack of legal documents required to open bank accounts, banking products that are unappealing to the rural mass of the respective region, high transaction costs, the attitude of bank officials toward the rural area of the respective region, and the language of the rural area of the respective region are all obstacles that banks face when attempting to reach rural residents. Therefore, financial inclusion is necessary to establish uniform economic development, both spatially and temporally, and to encourage improved economic and social justice. This can only be accomplished via the use of a financial system that is accessible to everybody.

The supply of financial services to individuals of society who are the most marginalised and in need of them is what is meant by the term "financial inclusion." According to the United Nations (2006), the provisions of formal financial services as well as the presence of a large number of financial service providers are prerequisites for financial inclusion. People who do not have access to traditional financial institutions suffer a variety of financial disadvantages, including but not limited to higher interest rates on credit, a lack of insurance coverage, an inability to deposit money, and higher utility costs. There are a great number of sociocultural and economic barriers that slow down the advancement of financial inclusion. On the "demand side," for example, it includes things like ignorance and illiteracy. On the "supply side," however, it includes things like commodities, infrastructure, and so on. Official identity, access to the payment system, insurance on deposits, and a host of other financial services are all made available via the process of financial inclusion.

A period of rapidly increasing income is currently being experienced by the economy, for both rural and urban areas. This is the result of the expansion of existing economic activities and the creation of new activities, such as the profitability of corporations, which has demonstrated sustainable trends, and rising consumer incomes, which are riding the growth momentum. This period of rapidly rising income is being experienced by both rural and urban areas. All of these tendencies point to an increased need for financial services, both for reasons related to production and savings; as a result, the market for financial and banking services will likely see the entry of new competitors. In recent years, a global focus has been placed on the topic of financial inclusion as a concern. Financial inclusion is of the utmost importance for our nation, which has around 70 percent of its inhabitants living in rural areas. This is an important need for a country that is home to a substantial number of the most impoverished people in the world.

The following are some of the most important factors that might affect a person's access to financial services:

Obstacles of a cultural and psychological nature many people have self-excluded themselves due to the fact that they feel they are unable to acquire financial services as a result of psychological obstacles. When people of a certain age find it difficult to use automated teller machines, which are now the most convenient means of banking that, is accessible, it reveals a very widespread psychological barrier.

A lack of acceptable forms of identity, such as a voter identification card, driver's licence, birth certificate, employment identification card, or any of the other dozens of types of identification, is another significant factor that influences access to financial services.

People living in poverty often hold the misconception that banks are only available to those

with higher incomes.
Because banks are businesses that want to make a profit, they require customers to maintain a certain minimum amount in their accounts to deter customers who do not generate profits for the bank, namely the impoverished. As a result of the many conditions that need to be met in order to open a bank account or acquire a loan, gaining access to financial services may be very challenging for those who are economically disadvantaged and lack an education.
People have a tough time comprehending terms and conditions and account-filling forms because they lack essential information. This makes it extremely difficult for people.

STATEMENT OF THE PROBLEM

Keeping this background in mind, the objective of this study is to analyse the many different characteristics that are responsible for access to financial inclusion, with a focus on the rural regions of Rourkela. For the purpose of this study, primary data were analysed in order to evaluate the financial inclusion behaviours and characteristics in India. The goal of financial inclusion is to include all aspects of society, the majority of which are unable to interact with traditional financial institutions. We can't possibly research every facet of society, therefore we concentrate mostly on the rural sphere because of its size and significance. This is because the rural population is the largest. Commercial banks will only do business in profitable industries. Financial institutions never locate branches or offices near residential neighbourhoods. Residents in impoverished areas thus have a far harder time consistently conducting bank transactions in other parts of the country.

LITERATURE REVIEW

According to V.Leeladhar's (2005) definition, "financial inclusion" most often refers to the provision of banking services to the majority of low-income and disadvantaged communities at an affordable price. According to Dr. K.C. Chakrobarty (2011), the process of guaranteeing access to relevant financial goods and services required by all segments of society in general and disadvantaged groups in particular, at a reasonable price and in a fair and transparent manner, is what is meant by the term "financial inclusion." The term "financial inclusion" comes from the Rangarajan Committee Report (2008), which defines it as "the process of ensuring that vulnerable groups, such as weaker parts and low-income groups, have inexpensive access to financial services and timely, adequate credit when they need it." According to Das Prasun Kumar (2010), the goal of financial inclusion is to expand the scope of activities of the organised financial system to include within its ambit low-income individuals and those who are inaccessible through the formal financial system. This is done in order to make these individuals partners in the economic growth of the country.
Unnikrishnan and Jagannathan (2012) brought attention to the significance of financial inclusion for the purpose of achieving socioeconomic liberation. This article highlights the factors that contribute to financial inclusion, analyses the barriers that prevent successful financial inclusion, and defines the actions that must be done to overcome these barriers and allow for inclusive growth. In the end of the research paper, we spoke about the factors that provide individuals more financial power. We also emphasised social inclusion more than financial inclusion by highlighting how important it is to be self-sufficient at the bottom of the

pyramid. According to V. Ganeshkumar (2013), the potential for financial inclusion in a state may be determined by the branch density of that state.
Literacy is essential to the cultivation of investing knowledge; hence, it makes intuitive sense to see it as a critical component of inclusive financial systems. Pal and Pal (2012) conducted research on income-related inequities in India's financial inclusion by utilising data from representative household surveys and characteristics at the state level. According to the data, the severity of the problem of financial exclusion is extremely widespread across all income brackets. In addition, this study contrasts the rural and urban areas from both a socioeconomic and demographic standpoint, as well as providing estimates of the influence that different household variables have on the chance that a household would utilise formal financial services.
According to the findings of Martnez,C.H., Hidalgo,X.,P, and Tuesta,D. (2013), an individual's socioeconomic factors have a role in determining whether or not they make use of formal saving or credit financial services. Inadequate or unpredictable income as well as self-exclusion is the two primary factors that contribute most to the lack of financial inclusion in Mexico. Inadequate financial literacy, a lack of awareness, and high transaction costs were found to be important barriers to financial inclusion by Rojas- Shabne Mol TP (2014).

OBJECTIVE

The purpose of the study is to understand the major determinants influencing in implementing digital financial inclusion in the current financial environment

HYPOTHESIS

H1: There is no variance among the group means between the psychological factors among the individuals and implementation of digital financial inclusion
H2: There is no variance among the group means between banking systems and conditions and implementation of digital financial inclusion
H3: There is no variance among the group means between socioeconomic environments and implementation of digital financial inclusion

RESEARCH METHODOLOGY

The researchers plan to employ a descriptive research technique, which enables a more in-depth investigation into the subject matter, in order to accomplish the goals of the study and achieve their objectives. In light of the current state of the global economy, the purpose of this research is to investigate the significant factors that have an effect on the introduction of digital financial inclusion.
The authors want to compile information using primary data sources in addition to secondary data sources. The main data will be collected via the administration of questionnaires to respondents in India. These respondents will be questioned using closed-ended formats, and their responses will be assembled. It is estimated that about 180 questionnaires were sent, but only 162 were returned with complete replies. When selecting respondents from secondary data sources like the Scopus online database, EBSCO, and Google scholar, amongst others, convenience sampling is the method that is used.

ANALYSIS AND DISCUSSION

The part of the study focused in performing detailed statistical analysis using the SPSS package, the independent variables considered for the study are:psychological factors ; banking systems and conditions and socioeconomic environments, whereas the dependent variable is implementation of digital financial inclusion. The analysis part is divided into three sections, the first section provides the demographic analysis, second part involves in stating the regression analysis, and lastly, ANOVA analysis is used to test the hypothesis.

Table 1: Demographicanalysis

Gender	**Frequency**	**Percent**
Male	110	67.9
Female	52	32.1
Respondents Age	**Frequency**	**Percent**
21 - 25 Years	20	12.3
25 - 30 Years	87	53.7
30 - 35 Years	39	24.1
35 - 40 Years	16	9.9
Education	**Frequency**	**Percent**
Completed UG course	49	30.2
Completed PG course	90	55.6
Completed Professional course	23	14.2
Organisation working	**Frequency**	**Percent**
Top 500 companies	106	65.4
Not top 500 companies	56	34.6
Designation	**Frequency**	**Percent**
Junior Executive	48	29.6
Assistant Manager	75	46.3
Manager and Above	39	24.1
Experience	**Frequency**	**Percent**
1 - 4 years	45	27.8
4 - 8 years	49	30.2
8 - 12 years	27	16.7
12 -16 years	9	5.6
More than 16 years	32	19.8

The table states that 67.9% were male respondents, 53.7% were in the age group between 25 - 30 Years, 55.6% have completed PG course, 65.4% were working in top 500 companies listed in stock exchange, 46.3% were working as Assistant manager, 30.2% possess experience between 4 - 8 years

Regression analysis

The next aspect is to understand the nature of relationship between variables for this purpose regression analysis is used

Table 2: Regression Analysis

Regression	B	S.E	Beta	t val	Sig.
(Constant)	0.227	0.185		1.227	0.222
Psychological Factors	0.429	0.098	0.42	4.362	0
Banking Systems and Conditions	0.385	0.098	0.403	3.943	0.000
Socioeconomic Environments	0.063	0.084	0.062	0.745	0.457
F Value	143.506	R Sqd	0.732		
Sig.	0.00				

From table 2, the value of R squared is 0.732, hence it can be stated that the model is best fit. Also, the F value is 143.506 and p value is 0.00, hence there is significant difference between the variables. Furthermore, the regression equation can be stated using the weights,

Digital Financial Inclusion = 0.227 + 0.429 x Psychological Factors + 0.385 x Banking Systems and Conditions + 0.063 x Socioeconomic Environments.

Hypothesis Testing

This section intends to test the hypothesis as set by the authors; hence analysis of variance (ANOVA) test is applied for the same.

H1: There is no variance among the group means between the psychological factors among the individuals and implementation of digital financial inclusion

Table 3: ANOVA between Psychological Factors and Digital Financial Inclusion

Psychological Factors	SS	dof	Mean Sq.	F	P value
Between Groups	165.462	4	41.365	138.23	0.00
Within Groups	46.982	157	0.299		
Total	212.444	161			

Based on ANOVA analysis, it is identified that F value is 138.23 and p value is 0.00. Hence it can be concluded that there is a variance among the group means between the psychological factors among the individuals and implementation of digital financial inclusion

H2: There is no variance among the group means between banking systems and conditions and implementation of digital financial inclusion

Table 4: ANOVA between Banking Systems and Conditions and Digital Financial Inclusion

Banking Systems and Conditions	SS	dof	Mean Sq.	F	P value
Between Groups	196.222	4	49.056	162.521	0.00
Within Groups	47.389	157	0.302		
Total	243.611	161			

Based on ANOVA analysis, it is identified that F value is 162.52 and p value is 0.00. Hence it can be concluded that there is a variance among the group means between banking systems and conditions and implementation of digital financial inclusion

H3: There is no variance among the group means between socioeconomic environments and implementation of digital financial inclusion

Table 5: ANOVA between Banking Systems and Conditions and Digital Financial Inclusion

Socioeconomic Environments	SS	dof	Mean Sq.	F	P val
Between Groups	146.848	4	36.712	81.12	0.00
Within Groups	71.053	157	0.453		
Total	217.901	161			

Based on ANOVA analysis, it is identified that F value is 81.12 and p value is 0.00. Hence it can be concluded that there is a variance among the group means between socioeconomic environments and implementation of digital financial inclusion.

CONCLUSION

The recent financial crisis exposed how vital the banking sector is to the expansion and maintenance of economic stability in the country. FI concerns are one of the most serious socioeconomic problems that international organisations, politicians, central banks, financial institutions, and governments are working to find a solution for, and they are gaining an increasing amount of attention as a result. Since the provision of financial services is a task that is more effectively carried out by the private sector, the majority of the work is carried out by financial institutions. However, given that the majority of individuals do not utilise financial services due to issues with the market, governments should work toward resolving these issues by establishing the appropriate regulations and laws. It would be beneficial to make certain that all individuals who have a need for financial services may get them by using the appropriate products and access points. In developing nations, a much smaller percentage of the population uses banks compared to the global average. This includes persons who are unable to drive themselves to work. Even though FI has emerged as a significant concern, there is still a significant amount of work to be done in terms of collecting evidence and developing innovative theories to address these issues.

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