

A Transition from Financial Inclusion to Digital Inclusion

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Abstract

The purpose of this study is to investigate the impact of changes in policy and other factors on financial and digital inclusion in India. This sheds light on whether the Government's effort has actually impacted the financial inclusion or not and how subsequent changes such as demonetisation and outbreak of pandemic influenced the use of various digital payment platforms. The monthly data on POS, NEFT, RTGS and Mobile banking was collected from January 2013 till November 2021. The three different occurrences were considered namely, PMJDY (2014), Demonetization (2016) and Covid (2020). One-way ANOVA analysis has been employed to understand the impact each of the occurrences on variables. The findings show that each of these events has significantly influenced the observed variable, but the extent of their influence varies. The maximum influence on Mobile transactions (volume and Value) is from PMJDY, while the maximum influence on POS, NEFT volume and RTGS volume is observed post Demonetization. The value of NEFT and RTGS has been influenced by outbreak of Covid-19. This study helps the policy makers to understand the impact of their policy on financial inclusion and digital inclusion. It also acts as a guide post on deciding future financial policies.

Keywords: Financial Inclusion, Digital Inclusion, Policy Initiatives, PMJDY, Demonetization, Covid.

