



Mobile for Financial Inclusion

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Course Outline

Unit 1 – Mobile for Financial Inclusion – Dr Naveen Kumar

Unit 2 – Strategic Opportunities for Financial Services - Mobile Banking; Mobile Commerce; Mobile Money Transfer – Dr Deepankar Roy

Unit 3– Mobile for Financial Inclusion - Technology solutions for Financial Inclusion – Dr Deepankar Roy

Unit 4 – Regulatory Framework for Mobile Financial Services – Dr Deepankar Roy

Unit 5 – Case Studies - Mobile Banking and Mobile Payments – Mr Pulak Sinha and Mr Devdatta Rokade

Access to Financial Products and Services: The Constraints

- lack of awareness about the financial products
- unaffordable products
- high transaction costs, and
- products which are not convenient, inflexible, not customized and of low quality.



Global Financial Inclusion

Worldwide, only 50 percent of adults population are having an individual or joint account at a formal financial institution.

Globally, more than 2.5 billion adults do not have a formal account, most of them in developing economies.

Financial Inclusion in India

- only 35 percent of adults in the country have an account at a formal financial institution.
- Account penetration in India is just below that in the rest of the developing world.
- Only 26% female adults are having the accounts as against 44% of adult men.
- Only 8% of Indian adults borrowed from a formal financial institution in the past year.

Indian Initiatives for Financial Inclusion

(i) Opening of bank branches

(ii) Expansion of the ATM network

(iii) Using the BC Model to increase the outreach of the banking sector; setting up Ultra Small Branches through Business Correspondent Agents (BCAs)

(iv) Each household to have at least one bank account; Direct Benefit Transfer (DBT) through bank accounts

Rural Population - 833 million: 37,953 branches of scheduled commercial banks

a bank branch in rural India serves about 22,000 persons

Urban Population - 377 million: 64,390 branches of scheduled commercial banks

a bank branch in Urban India serves about 6000 persons

Mobile Financial Services fall into one of three categories

- ❖ mobile payments (P2P, P2M, or M2M),
- ❖ mobile microfinance (loan disbursement and payments)
- ❖ mobile banking (bill pay or account information, e.g. balances or alerts)



Stakeholders in Mobile Banking in India

(i) Reserve Bank of India

(ii) Banks

(iii) Telecom Service Providers (TSPs)

(iv) Customers

Mobile Banking and Value Creation

dissemination of information through calls or text messages

This in turn is expected to increase demand for a bouquet of related value added services

Cost of Banking Service

- ❖ it costs close to Indian Rupees (INR) 50 per transaction if conducted in a branch,
- ❖ an ATM transaction costs about INR 15 and
- ❖ a net based transaction costs the bank only around INR 4
- ❖ Mobile Banking may cost same as internet banking transaction cost.