

FINANCIAL INCLUSION

Academic Foundation, New Delhi.

Review by: Dr.R.Amudha

Associate Professor, Karunya University Business School
Coimbatore- 641114

The 'World Bank' research shows that an estimated 2.5 billion working-age adults globally—more than half of the total adult population—have no access to the types of formal financial services delivered by regulated financial institutions that wealthier people rely on. Instead, they depend on informal mechanisms for saving and protecting themselves against risk. They pawn jewelry for their immediate needs, they save with their employer by not withdrawing their salary - partially or fully- without the knowledge of compounding on their income, and they turn to the moneylender for credit at higher costs which they could get at much cheaper cost from banks. These mechanisms are risky and often expensive. The global financial inclusion nurtures the importance of financial literacy, helps building consumer financial capabilities, and consumer protection regimes that take the conditions and constraints of poor families in the informal economy into account. Sameer Kochar, Gursharan Dhanjal and the editors have succeeded admirably in their goal of making the concept clear and understandable. For example, they illustrate on C.B.Bhave's (Chairman, SEBI) remark on whether technology is only for the rich, Bhamashah Financial Empowerment scheme by the government of Rajasthan, the role played by NREGS (National Rural Employment Guarantee Scheme), PMGSY (Pradhan Mantri Gram Sadak Yojana), Skoch model of inclusive growth etc.,

M.Ramachandran proceeds to explain on the catalytic role played by the Urban local bodies in creating a way ahead in financial inclusion. C.B.Bhave, contributor to the article 'Is Technology Inclusive?', has given examples easy to follow, highlighting on how technology has facilitated the ordinary investor which has freed from the burden of paying higher costs in his transactions that has potential to benefit the poor more than the rich.

M. Ramadoss, Bhimalendu Chakrabarti and Pranav Prasad have extensively discussed on the "Inclusive Insurance" with informative examples and statistical data, that has enabled in bringing down the cost of the insurance policies concerned. R.Chandrasekar, Shankar Agarwal, Narasa Reddy, Anurag Gupta, N.S.Sundar Rajan and Pramod Saxena have thrown light on "Scaling Inclusion", where the more 'unbanked' the banks are able to tap, the more they will prosper, insisting that it is time to scale up for economic growth.

'Smooth Interoperability', of banks and financial institutions is discussed by Karan Bajwa, Sambamurthy, Pathak, and Naresh Chandra Saxena and on 'e-security' by Rajesh Narang, Vijayaditya, Krishnamurthy, Nath and Kumar N.Sivarajan. Other chapters discuss on the topic 'Enhancing Revenues', with regard to the problems and solutions for secure banking by using better CRM by P.P.Mallya, creating mindshare by Samik Roy, adding value to the customer by Tarafdar and moving

to the core by Alok Bharadwaj benefitted from customer retention which ultimately translates to growth. The book also contains useful Annexures on effective application of Financial Inclusion by a few banks as illustrations

On every topic the authors have spelled out the benefits, problems and the ways and means of overcoming the constraints and problems faced in the implementation of Financial Inclusion, where we need to reorient the entire approach of financial inclusion and not by only in terms of no-frills account as it is misunderstood. The book has provided a bird's eye view on the pertinent topics covering financial inclusion, prudently edited and converging to understand as an important global development priority.