

## National Strategy for Financial Inclusion (NSFI): 2019-2024

Financial inclusion is increasingly being recognised as a key driver of economic growth and poverty alleviation world over. Access to formal finance can boost job creation, reduce vulnerability to economic shocks and increase investments in human capital. Seven of the United Nations Sustainable Development Goals (SDG) of 2030 view financial inclusion as a key enabler for achieving sustainable development worldwide. To achieve the above objectives in a coordinated and time-bound manner, preparation of a National Strategy for Financial Inclusion (NSFI) is essential.

Globally, the adoption of National Financial Inclusion Strategies (NFIS) have accelerated significantly in the past decade. Keeping in view the global trend, Reserve Bank of India under the aegis of Financial Inclusion Advisory Committee (FIAC) initiated the process of formulation of National Strategy for Financial Inclusion (NSFI) for the period 2019-2024. Wide ranging discussions were held with all stakeholders. Based on the inputs/feedback received, NSFI has been finalised and approved by the Financial Stability Development Council (FSDC). The document was formally released by Shri M K Jain, Hon'ble Deputy Governor, RBI at the High Level Meeting on Financial Inclusion for the North East region convened at Agartala on January 10, 2020.

The NSFI sets forth the vision and key objectives of the Financial Inclusion policies in India to expand the reach and sustain the efforts through a broad convergence of action involving all the stakeholders in the financial sector.

**Key Highlights of the report are as follows:**

- The document highlights the major issues that act as impediments to financial inclusion and comes up with a set of recommendations and action plans to support sustainable financial inclusion over the next 5 years.
- Substantial efforts are needed not only from banks and other financial institutions, but also from an array of other stakeholders including civil society. As a result, the document views universal access to financial services and providing bouquet of basic financial services as the starting point of the strategy. Over the next few years, it is envisaged that ubiquitous physical and digital connectivity coupled with full financial inclusion is possible owing to the focused efforts being undertaken by the respective stakeholders.
- The issues like customer centric approach for product design and delivery, focus on financial literacy and strengthening the customer protection framework as described in the relevant chapters need adequate focus to ensure that the momentum generated by the Government's PMJDY needs to be taken forward to ensure better delivery and choices available to the end customers with active involvement from the service providers including private sector players.
- A discussion on financial inclusion policies would be incomplete if digital financial inclusion and the role of fin-tech is not meaningfully integrated in the policy discourse. While, India has largely benefited from the Jan Dhan-Aadhaar- Mobile trinity over the last few years, adequate measures are needed to strengthen the digital financial services' eco-system including increased awareness on usage of digital modes of transactions, increased access points/ acceptance infrastructure and a safe environment incorporating the principles of consent and privacy.
- It is expected that over the next few years, fin-tech may evolve from its present structure, calling for adequate understanding among regulators, financial service providers and most importantly the customers availing financial services through the digital mode. It is, therefore, important to first address the newly digitally included customers through adequate awareness and literacy.
- The need for an objective and a scientific assessment of the progress made in financial

inclusion cannot be overlooked. While a lot of data collection efforts are underway, there is a need to go beyond data collected from financial service providers alone.

- Surveys and feedback from the customers, leveraging on Big Data sets and importantly collecting and analyzing granular data to gather a holistic perspective on the coverage and also the usage of financial services is essential. Insights on the quality of financial services delivered to various target groups would be very useful to see the impact of financial inclusion policies on overall financial wellbeing.

**The detailed document on National Strategy for Financial Inclusion (NSFI): 2019-2024 has been enclosed for your kind reference.**

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