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AN EMPRICAL LITERATURE REVIEW ON FINNACIAL INCLUSION

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ABSTRACT

The review of literature gives an outline of the study's main topics. An examination of the available literature is expected in order to determine the progress achieved in the subject area and the gaps that the researcher must fill. So far, a vast number of researches on financial inclusive growth have yielded useful insights and policy recommendations. Despite the fact that some of the researches are extensive, there are still significant gaps. Many issues concerning unbanked people's access to finance, credit, and resources have not been fully investigated or targeted. While the academics' results, analytical methodology, and policy recommendations are noteworthy, the current study is a diagnostic attempt to determine the state, pattern, and prospects of financial inclusive growth. As a result, the present paper seeks to offer a quick overview of the research on what methodologies are necessary to include the unbanked population at both the international and national levels. Theoretical analyses of economic growth, economic disparities, and the relevance of human capital for inclusive growth policies give a sound foundation for recognising the importance of a new route of economic growth policies to maintain nations. The nature, scope, and effects of financial exclusion/inclusion are presented in the empirical reviews. Financial innovations are also discussed in the context of Financial Inclusion in the empirical reviews.

Keywords: Financial Inclusion, Digital Finance, Poverty Reduction, Financial Stability, Financial Institutions, Economic Cycle, Fintech.

1. Introduction

In recent times the literature of financial inclusion has acknowledged by the policymakers and academics for following reasons. One, financial inclusion is taken into consideration to be a major approach used to gain the United Nation's sustainable improvement goals (Sahay et al, 2015; Demirguc-Kunt et al., 2017); two, financial inclusion allows to enhance the extent of social inclusion in many societies (Bold et al, 2012); thirdly, financial inclusion can assist in

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decreasing poverty degrees to a preferred minimum (Chibba;2009, Neaime and Gaysset, 2018), and lastly, financial inclusion brings other innovative socio-economic benefits (Sarma and Pais, 2011; Kpodar and Andrianaivo, 2011). Policy makers in several nations hold to devote substantial sources to boom the extent of financial inclusion of their nations to reduce financial exclusion. The available literature is expected in order to determine the progress achieved in the subject area and the gaps that the researcher must fill. So far, a vast number of researches on financial inclusive growth have yielded useful insights and policy recommendations. Despite the fact that some of the researches are extensive, there are still significant gaps. Many issues concerning unbanked people's access to finance, credit, and resources have not been fully investigated or targeted. While the academics' results, analytical methodology, and policy recommendations are noteworthy, the current study is a diagnostic attempt to determine the state, pattern, and prospects of financial inclusive growth. This study offers a thorough analysis of the most recent data on financial inclusion from all global regions. It identifies new issues in the literature as well as areas of contention in policy circles. It raises questions about ideal financial inclusion, excessive financial inclusion, whether financial inclusions potentially propagate structural instability to the formal financial sector, and that if financial inclusion and exclusion are counter with changes in the economic cycle. The key takeaways are that financial innovation, poverty levels, financial services sector stability, economic conditions, financial literacy, and regulatory frameworks all have an impact on and are impacted by financial inclusion. Further study on the topics covered in this paper has a number of potential directions.

2. Objectives of the study

The main purpose of the study is to fulfill the following objectives

1. To compare or contrast against findings resulting from existing literature review on financial exclusion and financial inclusion.
2. To identify possible gap(s) in the scholarly literature for further research in the context of financial inclusion growth.

3. Methodology

The methodology used in this review must fulfill following criterias. One, the articles should be recent and the majority of the articles in this reviewed are from after 2005 to till date. Two, the papers ought to be released as an analytical study, policy discussion paper or empirical research paper. Third requirement for inclusion in this review, the chosen paper must either investigate financial inclusion as a central subject in the research or examine the connections between financial inclusion and other pertinent concerns. However older articles may be included only if they address the issue(s) covered in this review.

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4. Analysis and Discussion

The analysis in this review article contributes to the financial inclusion literature in the following ways. One, this review contributes to the literature that examines the role of financial inclusion for better development outcomes in developing countries. Secondly, this review contributes to the on-going debate led by the World Bank in support of financial inclusion as an effective solution for poverty reduction in developing and poverty-stricken countries. Thirdly, for academics and researchers, the discussion in this review adds to the emerging financial inclusion literature that attempt to proffer solutions to reduce the current level of financial exclusion in poor economies. The article's following parts are categorized as follows. Section II discusses the emerging themes in the context of Financial Exclusion and Financial Inclusion literature. Section III discuss on initiatives of financial inclusion research. Section IV presents financial innovations for future research in financial inclusion. Section V concludes.

I. Social Exclusion and Financial Exclusion

The geographical factor in financial exclusion was found in their study titled "Geographic's of Financial Exclusion: Financial Abandonment in Britain and the United States." They found that those who reside in rural areas or remote locations are more likely to experience financial hardship (Leyshon and Thrift; 1995). The empirical research, "increased access to finance is not just pro-growth but also pro-poor, lowering income disparity and poverty." International studies claim that the poorest quintile's income rises faster than the average per capita GDP in countries with more established financial intermediaries." Financial intermediaries have an impact on economic growth as measured by GDP per capita and productivity per capita in terms of private lending, according to worldwide studies. As a result, small businesses and the disadvantaged gain disproportionately. Though credit is a top concern for impoverished families, small businesses require financial services, and poor people rely on these intermediaries for decent savings, payment services, and insurance (Aghion and Bolton's; 1997).The primary obstacles that prevent people from using financial services, including pricing exclusion, condition exclusion, and marketing exclusion. It means that certain financial services are too expensive, and the terms and conditions connected to goods make them unsuitable, and no formal institutions are interested in providing financial products to the poor (Kempson and Whyley 1999).

India witnessed as a developing nation in achieving financial inclusion through weeding out financial exclusion. The failure of the second generation reforms, which were largely connected to financial sector changes designed at achieving greater financial inclusion, is one of the causes for exclusive growth. They have noted that financial exclusion is a serious problem in the country, with the state of Jammu and Kashmir facing this socio-economic issue as well. A

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substantial portion of the population, particularly the underprivileged, still lacks access to cheap financial services such as credit, insurance, and saving, which are critical for the country's economic progress (Shafi and Medabesh; 2012).

The empirical literature examined a variety of physical and geographical barriers to financial inclusion in their study, which can contribute to financial exclusion for certain goods and persons under specific conditions. Financial exclusion may be classified into a number of different "dimensions" or "forms." The following are some of the most important aspects of financial exclusion: (i) exclusion from access, (ii) exclusion from conditions, (iii) exclusion from pricing, (iv) exclusion from marketing and (v) exclusion from self-exclusion. The most obvious aspect is that many low-income sectors of the population lack access to even the most basic financial services. Even among individuals who have access to credit, the majority are underserved in terms of product quality and quantity. A large number of low-income families are reliant on unsustainable, subsidy-dependent, and underperforming institutions (Kempson et al; 2000).

The nature and forms of exclusion, as well as the causes that cause them, are diverse, and hence no one factor can fully explain the phenomena. Physical access, excessive costs and penalties, constraints linked to products that make them unsuitable or complex, and views of financial service organisations that are unwelcoming to low-income individuals are all common hurdles to the spread of financial services (Sinclair; 2001). The factors that influence rural families' need for a basic bank account notwithstanding their geographic isolation from banking services. The majority of individuals in Sub-Saharan Africa does not have a basic bank account and are therefore financially disadvantaged. The study found that characteristics such as price, illiteracy, ethnicity, religion, occupation, and wealth status, as well as accessibility to a bank, all influenced family desire for a bank account (Assibey; 2009). More than 250 low-income people's financial diaries from Bangladesh, India, and South Africa. According to the data, each family utilises at least four different forms of informal financial instruments in a year, with an average of slightly under 10. This implies that low-income people require financial services and that there are hurdles preventing them from using formal sector services. There are a slew of complicated reasons impeding quick progress toward financial inclusion (Collins; 2009).

According to empirical data, South Asia and Sub-Saharan Africa have the highest percentages of unbanked people 12 per cent and 24 per cent banked respectively. Less than half of the population is banked in East Asia, the Middle East and North Africa, Latin America, Eastern Europe, and Central Asia, which are all low-access regions. A substantial percentage of the unbanked population survives on less than $5 per day." Finally, the research stated that all financial services providers, such as the microfinance business, as well as new developments, should be used to offer financial services outside of traditional bank branches. To close the financial services gap, a wide range of bank and non-bank financial organisations, including

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commercial banks, credit unions, savings banks, microfinance institutions, postal banks, and mobile banking operators, would need to make considerable commitments (World Bank; 2010).

Financial exclusion is a significant problem for SC, ST, OBC, and women households, as well as small enterprises, mostly in semi-urban and rural regions. The main consequences of financial exclusion include a lack of savings, low investments, and poor financial planning due to a lack of access to bank accounts and other savings opportunities. It also becomes difficult to obtain credit from informal sources at exorbitant rates, resulting in increased unemployment due to a lack of self-employment opportunities. Financial exclusion, he concluded, not only deepens the 'Rich-Poor split,' but also contributes to 'Social Exclusion' (Reena Agrawal; 2011).

Financial inclusion has two benefits: on the one hand, it empowers individuals financially, and on the other hand, it gives financial market players with good commercial prospects. It is also claimed that financially empowered women will aid in the involvement of all family members. Despite technical improvements, such as online banking, financial exclusion remains a reality. In India, the idea of "mass banking" has been replaced by "super class banking" by the official financial industry. Financial exclusion in India has two dimensions: geographic exclusion and social exclusion. The goal is to provide formal credit distribution mechanisms to rural populations while also leveraging technology to promote large-scale inclusion. Around 5 percent of the country's 600,000 habitations have a commercial bank branch. In addition, only around 57 percent of the population has a bank account (savings), with the percentage being significantly lower in the North-Eastern states. Debit cards are used by 13 percent of the population, whereas credit cards are used by 2 percent. In comparison to other OECD nations, India has a very low level of financial penetration. (Siddaraju and Christabell; 2012).

The market-driven impediments to financial inclusion exist on both the supply and demand sides. The most prominent supply-side obstacles include the following: The costs of providing financial services, the asymmetry in market information, and the absence of convenient access points to financial services are all relatively substantial, as are small deposit and loan maintenance fees. Demand-side barriers to financial inclusion include low income levels, a lack of financial literacy, and a lack of trust in financial institutions (Babych, Grigolia, and Keshelava; 2018).

Future research approaches

As a result of the study on social and financial exclusion, it is identifies there is a huge gap of research in terms of age gap i.e., generation gap with the use of traditional and modern tools of banking system. And this gap exists more in rural areas with special refference to developing countries like India, Pakistan, Bangladesh, Indonesia, Brazil And South Africa. To make fully social inclusion, the policy makers of the nations need to initiate more programmes such aadhaar

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linkage, LPG moblie linkage and Jam Tritiny etc. a strong recommendation suggests to conduct research on primary data/survey on such trending issues on the economy.

- Estimating the appropriate level of financial inclusion: Much of the literature examined whether there is increasing access to finance for individuals, households and businesses but this literature is silent on abnormal levels of financial inclusion and makes no comment on what constitute the optimal level of financial inclusion. A desirable degree of financial inclusion is the optimum level. We are unsure of what the ideal degree of financial inclusion is, thus the current level may be optimum or unsatisfactory for a variety of reasons. Future studies should determine the ideal amount of financial inclusion that takes into consideration the unique characteristics of each nation.
- Financial Inclusion governing regulation: The necessity for developing a regulatory framework to govern financial inclusion activities is being discussed in policy circles in order to oversee the financial inclusion policies and practices that policy makers in many countries have embraced. Analysis of the justifications for and against restricting financial inclusion will require further study.

II. The context of Financial Inclusion

The phrase "financial inclusion" established in the British vocabulary after discovering that over 7.5 million people lacked a bank account (Raju 2006). Financial inclusion is the provision of low-cost financial services to a significant number of disadvantaged and low-income persons. As a result, open and unrestricted access to public goods and services is a must for a free and efficient society. Furthermore, because banking services are a public benefit, it is critical that banking and payment services be available to the whole community without prejudice as the primary goal of public policy (Leeladhar 2006). The process of financial inclusion entails locating each family and providing them access to the banking system (Reddy; 2007). Financial inclusion is defined as "a process characterised by an increase in the number, quality, and efficiency of financial intermediary services," which aids in the development of lives, the creation of opportunities, and the strengthening of economies. Financial inclusion encourages local savings, which leads to more productive investments in local companies (Babajide et al; 2015).

The concept of financial inclusion in India began in the years 1904 as a cooperative movement, and gained momentum in 1969 when 14 of the country's major commercial banks were nationalised, and the lead bank scheme was implemented shortly after. Since that year, the bulk of bank branches have been opened in huge numbers around the country, even in previously underserved areas. However, there is a significant financial access gap that has to be addressed.

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Many studies have shown that not being included in the financial system, or rather being excluded from it, leads in a 1percent loss in GDP. As a result, the RBI came to the conclusion that financial inclusion is not just a socio-political but also an economic necessity, and it recognised the seriousness of the situation. Finally the Reserve Bank of India advised banks to make financial inclusion one of their top priorities (Sarma and Jesi; 2008).

Access to capital alleviates the external funding restriction that keeps businesses from expanding. Low access also contributes to rising economic disparities, poverty, and slow growth. Thus, in developing nations, access to money and an inclusive financial system that caters to all categories of people has been recommended as a method of reducing disparities and poverty (World Bank; 2008). “Without inclusive financial institutions, underprivileged individuals and small companies must rely on their personal money or internal resources to engage in their education, become entrepreneurs, or take advantage of appealing growth opportunities” Demirguc-Kunt (2010).

The term "financial inclusion" can be interpreted in two ways. One strategy is to combat exclusion from the payment system, i.e., not having access to a bank account. The second goal is to combat exclusion from traditional financial services. In recent years, India has taken the route of establishing the basic right of every citizen to have access to a bank account. The Reserve Bank of India adopted this strategy based on the 5As philosophy of guaranteeing Adequacy and Availability of financial services to all segments of society through the formal financial system, which includes savings, credit, remittance, and insurance. Increased awareness of such financial services, as well as guaranteeing the affordability and accessibility of relevant financial products, are other essential strategies. All of this is accomplished as a network sequence using a mix of traditional and alternative delivery channels, as well as technology-enabled services and activities (Khan; 2012).

Financial systems that work well serve an important role by providing consumers with a variety of savings, credit, payment, and risk management options. Poor individuals and other disadvantaged groups are more likely to benefit from inclusive financial systems that enable broad access to financial services without price or non-price obstacles to their usage. Poor individuals must rely on their own limited funds to invest in their education or become entrepreneurs without inclusive financial institutions, and small businesses must rely on their limited profits to explore attractive growth prospects. This might lead to continued income disparity and weaker economic development (Demirguc-Kunt; 2012).

The ‘Role of Commercial Banks in the Financial Inclusion Programme' and discovered that commercial banks play a critical role in ensuring the success of financial inclusion. Financial literacy, credit counselling, the BC/BF model, KYC requirements, and other financial inclusion

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programmes are just a few examples. Commercial banks have used no-frills accounts, branch expansion, mobile banking, and other initiatives in order to achieve financial inclusion success (Raihanath and Pavithran; 2014).

Human, institutional, and infrastructural impediments can all be classified as barriers. Limited financial literacy, expensive costs, and a lack of legal identification, as well as people's socioeconomic situation, age, and gender difficulties, are all human obstacles. Lack of cooperation between the RBI and the Government of India, insufficient client protection, a limited understanding of consumer requirements, a lack of quality services, and an insufficient regulatory framework are all examples of institutional obstacles. Location, distance, high cost, time-consuming nature of accessing service are all examples of infrastructure barriers, as are a lack of understanding on how to utilise technology, a lack of ICT-based financial transactions, and a lack of incentives for BC (Gupta; 2015).

The World Bank's Global Findex database to generate probit estimates for 37 African nations. The empirical findings show that being a man, as well as being wealthier, more educated, and older, increases one's chances of being financially involved, with education and income having a greater impact. In general, the determinants of mobile banking and traditional banking are the same. The determinants of informal finance, on the other hand, appear to be distinct from those of formal finance (Zins and Weill; 2016).

Financial inclusion is on the rise globally, according to the most current Global Findex database, which was published in 2017. Since 2011, 1.2 billion individuals have allegedly opened a bank account, with 515 million of them doing so in 2014. Between 2014 and 2017, the percentage of adults who have a bank account or use a mobile money service increased from 62 percent to 69 percent throughout the world, and from 54 percent to 63 percent in developing countries. Nonetheless, in emerging nations, the proportion of women with bank accounts is 9 percentage points lower than that of males (Demirguc-Kunt, Klapper, Singer, Ansar and Hess; 2018).

For decades to come, Asia is anticipated to be the fastest-growing area in terms of economy, with GDP expected to expand at an average annual pace of 6.3 percent over the next two years, thanks mostly to the region's rising nations. While Asia is well positioned for strong development, authorities must address the lack of access to financial services if this growth is to be equitable and inclusive. More than one billion individuals in the area are projected to be without formal financial services, such as formal employment, a bank account, or the capacity to participate in paid labour activities online or offline. Furthermore, just 27 per cent of people in emerging Asia have a formal financial institution account, and only 33 per cent of businesses have a loan or line of credit. Despite several attempts to promote financial inclusion in Asia, the region's financial inclusion remains a significant problem. This is due to the fact that Asia is one of the world's

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most varied regions, with considerable differences in per capita GDP and population size among countries, as well as a bewildering variety of cultural, ethnic, linguistic, and religious diversity (Bhardwaj; 2018).

Future research approaches

This section identifies several opportunities for future research. There are many issues which have not been addressed in the financial inclusion literature but the most important issues are discussed in this section.

- Complications of Financial Inclusion: There is lack of literature on the risks associated with greater financial inclusion. The system provides easy access to finance for greater financial inclusion leads to some element of risk. For example, allowing all kinds of people to join the formal financial sector and the possibility that bad people will also join the formal financial sector who have the intention to defraud vulnerable and poor people. Also, the risk of systems collapse can arise from the breakdown of payment systems and internet connectivity problems. These examples highlight the need for future research can investigate the avenues to de-risk the systems and structures that enable financial inclusion.

- Absence of political economy of financial inclusion transparency: Existing studies on financial inclusion have not analysed how governments influence financial inclusion objectives, funding and outcomes. The allocation of public funds to financial inclusion programs usually involves contentious political debate. There is also the question of whether financial inclusion should be made a national policy priority at the expense of other policy goals. If financial inclusion becomes a national priority, politicians can lobby their way to ensure that the national financial inclusion program benefits their own constituency to a greater extent, in order to win the votes of their constituent members in upcoming elections. Further study is required to illustrate how government officials and politicians impact the results of financial inclusion.

III. Policy Initiatives on Financial Inclusion

One of the prominent areas of the Indian economy where technology transformation is at its pinnacle is banking. Since economic liberalisation, Indian banks have begun to use technology into their banking goods and services. There is a significant rural-urban gap, with the rural population lagging far behind in terms of technological use and financial inclusion. This chasm may be bridged by using certain cutting-edge business strategies that improve consumer happiness (Garg; 2014). Inclusive finance helped people move from class banking to mass banking. In India, rural transformation methods aimed to raise the standard of living for the rural

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population. However, a large portion of the rural population continues to be socially and financially excluded, resulting in high rates of poverty, growing unemployment, and other issues. It has been noticed that the Indian banking sector has shifted its focus from class banking to mass banking in order to bring the excluded people into the mainstream of the economy (Satpathy et al; 2014).

The technology-based financial inclusion strategies of Indian commercial banks, in the process of financial inclusion, information technology is critical. Various electronic payment systems have been established by commercial banks. Net banking, mobile banking, telebanking, ATMs, biometric ATMs, mobile ATMs, Common service centres (KIOSKS), and SMART CARDS are some of the services available. Customers are increasingly hesitant to use electronic payment methods, despite the fact that there are numerous options. According to the report, banks should educate consumers to alleviate their worry (Anand and Saxena; 2010).

Banks play a vital role in this area by launching programmes such as no-frills accounts, financial literacy, and ATM growth, among others. To promote financial inclusion, the research recommends establishing a financial literacy centre and credit counselling on a pilot basis, as well as initiating a financial literacy campaign (Mehrotra et al; 2013). An ICT-based platform, especially ICT enabled branchless banking in developing countries, substantially facilitates financial inclusion. This would eventually result in social inclusion, which would reduce poverty and boost the country's economic growth. However, while access to financial services by the poor would lead to economic growth, it should be complemented by other initiatives such as financial education in order to be more successful (Diniz, Birochi, and Pozzebon; 2012).

Financial inclusion entails providing official banking services to the less fortunate and therefore safeguarding them against informal money lenders. It focuses on providing consumers with diverse financial product and service information so that they may make educated financial decisions. According to the findings, access to financial services and financial education must occur concurrently and on a continual basis. In order to achieve financial inclusion, a suitable business delivery model is required (Khan; 2015). The SHG is a feasible instrument for financial inclusion. It has been noticed that a community can only develop economically and socially if the weaker members become financially self-sufficient. As a result, SHGs play an essential role in the women's community's goal of financial inclusion (Sasidharan; 2016). The SHG Bank Linkage programme will contribute to the endeavour by increasing mutual trust and confidence among bankers and the rural poor. It will give them with more credit at a lower transaction cost by integrating informal credit system reactions with formal financial institutions' financial resources. Another significant benefit of SHG, according to him, is the shared responsibility and initiative to engage in income-generating activities (Sadyojathappa; 2012). The metrics used to evaluate women's social empowerment had improved after their SHGs were linked to

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commercial banks for credit extension under the SHG Bank Linkage programme. It was also discovered that the SHG Bank Linkage has a good influence on members' self-confidence and has increased the probability of SHG members finding meaningful employment (Basanta Kalita; 2018)

Financial illiteracy is common in industrialised economies such as Germany, the Netherlands, Sweden, Japan, Italy, New Zealand, and the United States. Women are less financially literate than males, according to the study, and ethnic, racial, and geographical variations have a major impact on financial literacy (Lusardi, Annmaria, Mitchell, and Olivia; 2011). The influence of financial literacy training on financial knowledge and behaviour was investigated. The study found that training improved participants' financial literacy, altered their savings and borrowing habits, and had a favourable impact on new company start-up. However, in the near term, it had no substantial effect on revenue (Sayinzoga, Bulte, and Lensink; 2016). A cross-country data to investigate the impact of financial literacy on financial inclusion and discovered that financial literacy had a clear positive impact on financial inclusion. Financial infrastructure and financial knowledge serve as stand-ins for financial access. Higher financial literacy improves financial depth when it comes to the usage of financial services (Grohmann, Kluhs, and Menhoff; 2018).

The impact of the financial inclusion plan varies considerably depending on the gender of the scheme's members. It was investigated using the difference-in-difference estimator technique using Panel Least Squares methodology to get the results. The data reveal that women's income increase (CAGR) net of inflation was 8.40 percent compared to 3.97 percent for males, showing that the gender of the poor who participate in these programmes has a significant impact on the program's outcomes (Swamy; 2014). The link between individual financial customers' financial self-efficacy (FSE) and financial inclusion (FI) in Uganda. FSE and FI have a strong positive and substantial connection, according to the findings. Other characteristics that were accounted for, such as age and gender, were shown to have a substantial impact on an individual's use of formal financial services (Mindra, Moya, Zuze, and Kodongo; 2017). A household level survey data from El Salvador to examine the influence of remittances on financial inclusion. It found that remittances had a favourable influence on financial inclusion because they encourage the usage of deposit accounts, but they had no substantial impact on the credit dimension of financial inclusion since remittances may lower the demand for formal institutions' external funding (Demirguc-Kunt; 2014).

The availability of banking services is one of the key markers of financial inclusion. The Government of India and the Reserve Bank of India are launching numerous efforts to promote financial inclusion under the SWABHIMAN campaign. Despite these efforts, only around 40 percent of the population has been covered by financial inclusion since its start. It may be assumed that the basic aim of financial inclusion has yet to be achieved (Devi; 2016). The

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efficacy of Pradhan Mantri Jan Dhan Yojana by assessing the target group's knowledge of the programme as well as the effectiveness of financial literacy activities. The research was carried out among the residents of Bandrasindri hamlet in Rajasthan's Ajmer district. Despite the fact that the mission mode project PMJDY scheme aims to provide universal banking access, the realities on the ground indicate that on-going efforts are required to really eliminate financial untouchability. The PradhanMantri Jan Dan Yojana concentrated mainly on the supply side by providing banking facilities in villages with populations higher than 2000, however the programme did not target the whole geography and was not aimed at families. Furthermore, a substantial number of bank accounts have remained dormant. As a result, it is recommended that a comprehensive plan be devised in order to keep the accounts active and to utilise them as a tool for some economic activity that leads to a living (Verma, Garg and Poonam; 2016).

The income level, financial information sources and knowledge of financial inclusion programmes all play a role in the development of financial inclusion. The study discovered a link between demographic factors and rural household knowledge of PMJDY. Rural families are more likely to be financially involved when they are located closer to a bank (Sharma and Goyal; 2017). The role of mobile phone technology in boosting savings mobilisation in Sub-Saharan African nations was investigated in their observation They discovered that the use of mobile phone technology in financial services increases the chance of saving and has a substantial influence on the quantity saved among the poor and low-income groups who have limited access to conventional financial services (Ouma, Odongo, and Were; 2017).

Future research approaches

This section identifies several opportunities for future research. There are many issues which have not been addressed in the financial inclusion literature but the most important issues are discussed in this section.

- Impact on the macro-financial stability: There is a literature that examine the relationship between financial inclusion and financial stability (Hannig and Jansen, 2010; Cull et al, 2012; Neaime and Gaysset, 2018; Ozili, 2018). Much of this literature contain little empirical evidence (see Morgan and Pontines, 2014; Neaime and Gaysset; 2018), and the relationship between financial inclusion and stability is rather mixed, and the channel through which financial inclusion affects financial stability is still unclear in the literature. For instance, does financial inclusion affect financial system stability because there is a large ‘banked’ population (some of whom are risky) participating in the formal sector? Alternatively, can financial inclusion have an impact on financial system stability due to the unpredictable and illogical conduct of the huge 'banked' populace during hard times? Even more study is needed to provide additional insight on this.

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IV. Financial Innovation for Financial Inclusion

The literature proposed that financial institutions open up new perspectives for financial services. According to the findings, the promotion of financial systems through technology should reach people quickly and at a low cost. Banks should broaden their profile-raising efforts to include the no-frills account feature. Technology is a cutting-edge tool for bringing banking goods to people in rural regions. In this situation, banks will need to reengineer the architecture of existing technology for conventional customers in order to provide access to the aforementioned services (Sundaram, and Sriram; 2016). Digitising services lowers consumer transaction costs, such as travel time, associated with traditional financial institutions. According to research, digital technologies offer the potential to solve the transparency difficulties connected with traditional financial services, as well as to increase privacy and autonomy over transactions and payments (Holloway, Niazi, and Rouse; 2017).

The existing literature demonstrates that the mobile payment ecosystem in the United States can assist individuals in gaining access to a broader range of financial services at a lower cost; however, the intense advertising of mobile payments in the United States is more about affluence and advertising than providing financial access to the unbanked population, and such practises necessitate the application of regulations to the delivery of mob payments (Fonté; 2012). Mobile banking systems use mobile phones and agents to offer financial services without the significant expenses of construction and bank employees that are associated with traditional brick-and-mortar banking institutions, making existing clients more accessible and fostering new customer relationships (Kumar, McKay, and Rotman; 2010). Financial inclusion was accomplished in Bangladesh, through banking innovations such as 'Sure-Cash's, which penetrated the oligopolistic financial sector to reach women and impoverished people.Sure Cash's PESP distribution service has assisted them in carving out a place in a crowded field. However, digital disruption is beginning to alter the breadth of marketplaces across regions. With the introduction of smartphones into the MFS industry, customers had access to a plethora of additional service options (Ghosh and Bhattacharya; 2019).

The mobile phone innovation improved financial inclusion in 49 countries. Finding a strategy to increase financial inclusion in the African area will fuel the region's much-anticipated growth. Financial inclusion has not resulted in economic development or bank stability, although it is tied to mobile phone penetration. Due to a lack of data, one key weakness of their study was that it did not assess the quality of financial products (Chinoda and Kwenda; 2019).

The effect of agency banking in improving access to financial services was investigated in a research. Using a sample size of 35 agency banking outlet operators in Kilindini District, Mombasa, Kenya, the study concluded that banks have significantly reduced the costs associated

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with accessing financial services, both in terms of structural barriers to opening bank accounts, transactional costs, and costs associated with long distances travelled to access mainstream financial services. Second, the study discovered that bill payments and access to financial services had a favourable association (Isaac Munyao Muasya1 and Francis Kerongo; 2015). The link between internet, mobile phones, and financial inclusion in Africa from 2000 to 2016 finds that the internet and mobile phones enhanced people's capacity to access basic financial services, resulting in increased financial inclusion (Evans; 2018).

The financial innovations such as the availability and use of mobile phones were leveraged to provide financial services that encouraged household savings and increased the amount saved. China has seen a rapid development in Fintech goods and services due to increased demand for web-based services, and the government's 2016-2020 strategy was created to support digital technologies in order to improve financial inclusion and social stability (Ouma et and Tsai; 2017). The Argentina's government exploited financial inclusion to raise substantial amounts of tax revenue. Argentina's government utilised financial inclusion to get more individuals into the official banking system; customers began to use less cash and more credit and debit cards, resulting in more consumption occurring in formal marketplaces, which the government could easily tax (Mitchell and Scott; 2019). The region has a big number of internet users and Fintech businesses, which have contributed to increase financial inclusion, particularly for the unbanked people.These studies mainly focus on the definition and the importance of FinTech to the financial ecosystem especially in the Southeast Asia region. It also shows how FinTech helped to provide solutions for financial inclusion, especially unbanked population. The research found out how the huge percentage of internet users in the region was the cause of the development of new FinTech companies (Al-Mudimigh and Anshari; 2020).

Future research approaches

This section identifies several opportunities for future research. There are many issues which have not been addressed in the financial inclusion literature but the most important issues are discussed in this section.

- Further measures to support financial inclusion: Future studies should examine other interventions that promote financial inclusion. However apart from the popular strategies such as financial innovations, digital technology, financial literacy, and low-cost loan programs, alternative concepts should be studied so that policymakers looking to implement new financial inclusion initiatives have a diverse range of possibilities. Future research should provide new ideas, tactics, and actions to improve financial inclusion in nations when all other choices have been exhausted.

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5. Conclusion

The growing recognition of the incidence of the financial inclusion of the sizeable population in developed and developing countries, the subject matter of financial inclusion has not attracted attention of the researchers to the extent it deserves, particularly in Andhra Pradesh. The majority of the Indian literature on financial inclusion is a detailed outline of the proactive steps taken by the RBI to promote financial inclusion, which is supplemented by a number of writings on policies relating to rural finances and credit performance, including the nature of farmer indebtedness within the social banking framework. A few studies attempt to measure the FI at the macro level using country specific Financial Inclusion Index, resulting in a dearth of studies at micro level. Most of the studies on FI are based on secondary data, which give only a macro picture. The appropriation of financial products and services at micro level, for a proper assessment and understanding of financial inclusion or financial exclusion among the poor. Relevant observations can only be obtained by a primary survey that takes into account state distinctions. The literature study provided a summary of empirical investigations in many areas, ranging from financial inclusion to a new growth route for poverty reduction. The review research clarified the terms "inclusive growth," "pillars of inclusive growth," "exclusionary growth," "types of" and "financial development." The key findings in this review indicate that financial inclusion affects, and is influenced by, the level of financial innovation, poverty levels, the stability of the financial sector, the state of the economy, financial literacy, and regulatory frameworks which differ across countries. The findings have implications for policymaking. Financial inclusion and poverty levels, financial innovation, financial stability, the status of the economy, financial literacy, and regulatory systems should all be considered by policymakers. Governments should strike a balance between increasing financial inclusion and financial system stability, which is a concern for regulators, and discover new methods to supply financial services to consumers through non-bank channels. Lastly, the analysis suggested a number of potential research possibilities in financial inclusion.

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