



Session Title	Accelerating Innovations and Pathways for Inclusive Digital Finance
Day & Date	Friday, 15 th May 2020
Time	10 am to 12 pm (IST)
Format	Panel Discussion
Panelists	Dhara Vyas (Senior Vice President, Suryoday Small Finance Bank) Richa Pant (CSR Head, L&T Financial Services) Sanjay Jain (Partner at Bharat Innovation Fund, Chief Innovation Officer at CIEE) Osama Manzar (Founder, Digital Empowerment Foundation)
Moderator	Srikrishna Sridhar Murthy (Co-Founder & CEO, Sattva Consulting)

Context

In the last decade in the Indian financial sector, there has been a rapid digitisation of 'back-end' finance including our core banking system. However, we are confronted with a unique Indian conundrum, universal digital access has not directly converted into higher usage of financial services. The COVID reality has pushed the conversation around Digital Financial Inclusion from ambition mode to mandatory mission-oriented approach to enable access to the currently excluded/unbanked. However, until the design of technology and finance reflects users' lived realities, digital finance will not be truly inclusive. This session explored practical, collaborative models to approach inclusive digital finance.

Key Discussion Points

- 1. Prioritising demand side economics for setting up effective infrastructure** - Growth of digital infrastructure in rural areas has been very slow. Need for new solutions where people can access financial Instruments through feature phones, even without the internet is required. Currently, most of the apps are in English which makes it difficult for the last mile. Hence, understanding the demand side economics is important. Accelerated need to explore internet less connectivity, local language customisation and voice-enabled self-service.
- 2. Democratizing access through doorstep delivery services + assets** – Accelerated push to digital requires moving from a transactional to a holistic approach. Until now, most of the programs have focussed on service provision of digitising financial transactions. But if the communities do not have assets to transact and the necessary knowledge, adoption will be minimal. Hence post covid strategy should explore building household financial resilience and providing necessary financial knowledge along with digitising transactions.
- 3. Product innovation in communication of how customers will derive value is required** - Introduction of product innovations among rural customers has been majorly an afterthought rather than being a primary objective. Considering that there are varied socioeconomic backgrounds in the rural areas, customised or tailored financial schemes should be offered to target the different segments of the unbanked population, with regular interactions to generate awareness on the offerings and benefits that will provide them the right insights into leveraging their resources and churning them to better use. Communicating value proposition and building confidence of last mile users in digitally available financial instruments is important.
- 4. Increasing digital trust by promoting status of last-mile from only “user” to “a value chain enabler”** - The financial requirements of rural customers are varied, what is common are the constraints that arise from unstructured cash flows, an inherent lack of trust in digital transactions, digital and financial illiteracy, and a strong preference for a face-to-face, touch-and-feel experience. India's rural customers are not yet ready to go completely digital, as far as finance is concerned. However, if they are empowered to disseminate information and have direct connect with financial institutions, it will build their trust and confidence in the digital system and promote adoption. Thus enabling communities to drive their own journey is potentially the immediate solution to accelerate rural digital inclusion.