



OPINION

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Financial inclusion is a reality for 1.3 billion Indians

With the power of fintech and the reach of digital connectivity, we have started a revolution of unprecedented speed and scale.

To begin with financial inclusion has become a reality for 1.3 billion Indians. We have generated more than 1.2 billion biometric identities — called Aadhaar or foundation — in just a few years. With our Jan DhanYojana, we aimed to give a bank account to every Indian. In three years, we have opened 330 million new bank accounts. These are 330 million sources of identity, dignity and opportunities. Less than 50 per cent of Indians had bank accounts in 2014; now, it is nearly universal.

So today, more than a billion biometric identities, bank accounts and cell phones give India by far the biggest public infrastructure in the world. More than ₹3.6 trillion, or 50 billion dollars of benefits from government have reached the people directly. No longer must a poor citizen in a remote village travel long distances or pay off middle-men to get her rights. No longer can fake and duplicate accounts bleed government finances. We have saved over ₹800 billion or 12 billion dollars in prevented leakages.

Now, millions who lived on the edge of uncertainty receive insurance in their accounts; and, have access to the security of pension in old age. A student can get her scholarship directly into her account. No longer will she be lost in end-less paper chase. Banking has come to doorsteps even in remote villages through 400,000 micro ATMs based on Aadhaar.

And now, this digital infrastructure has helped launch the world's largest healthcare scheme this year. "Ayushman" will provide affordable health insurance to 500 million Indians. It has also helped us extend 145 million loans for small entrepreneurs through Mudra scheme. In four years, they amount to ₹6.5 trillion or 90 billion dollars. Nearly 75 per cent of these loans have gone to women.

Just a few weeks ago, we launched the India Post Payments Bank. Over 150 thousand post offices across India and 300,000 postal service employees are using technology to provide house to house banking.

Of course financial inclusion also needs digital connectivity. More than 120,000 village councils in India have already been connected by nearly 300,000 kilometres of fibre optic cables. Over 300,000 Common Service Centres have brought digital access to villages. They give our farmers better access to land records, credit, insurance, market and the best price. They deliver health services and hygiene products to women.

None of this would have been as effective without the other big change brought about by fintech — the digitisation of payments and transactions in India. India is a nation of diverse circumstances and challenges. Our solutions must also be diverse. Our digitisation is a success because our payment products cater to everyone.

For those with mobile and internet, the BHIM-UPI is the world's most sophisticated, simple and seamless platform for payments between accounts, using a virtual payment address. For those who have a mobile, but no internet, there is U.S.S.D. system in 12 languages. And, for those who have neither mobile nor internet, there is Aadhar Enabled Payment System, which uses biometrics. And, it has already registered a billion transactions and grown six-fold in two years.

RuPay is bringing payment cards within the reach of all. Over 250 million of these are with those who did not have a bank account 4 years ago. From cards to QRs and wallets, digital transactions in India are growing rapidly. Today, 128 banks in India are connected to UPI. Transactions on UPI grew 1500 times in the last 24 months. Every month, the value of transaction is growing by over 30 percent.

But, more than the pace, I am inspired by the opportunities, efficiency, transparency and convenience that digital payment is generating. A shopkeeper can go online to reduce his inventory and speed up collections. For a fruit grower, a farmer or a rural artisan, the markets are direct and closer, earnings are higher, and payments are faster. A worker collects wages or remits money home quickly without giving up a day's work. Every digital payment saves time. It adds to a huge national saving. It is increasing productivity of individuals and our economy. It also helps improve tax collection and inject fairness in the economy.

Even more, digital payments are a gateway to a world of possibilities. Data Analytics and Artificial Intelligence are helping us build a whole range of value added services for people. This includes credit to those with little or no credit history. Financial inclusion also extends to micro, small and medium enterprises. They are all coming on the nation-wide Goods and Services Tax digital network, launched just over a year ago. Banks are reaching out to them with credit. Alternative lending platforms are offering innovative financing models. They no longer have to look at informal markets for credit at high interest rates. And, just this month, we committed to approve loans up to ₹10 million, or one 150,000 dollars for Micro, Small and Medium Enterprises within 59 minutes - without even visiting a bank. This is driven by an algorithm that uses GST returns, Income Tax returns and bank statements to make credit decisions. In just a few days, 150,000 such enterprises have come on board for loans.

This is the power of fintech to drive enterprise, employment and prosperity. Digital technology is introducing transparency and eliminating corruption through innovations such as the Government e-Marketor GEM. There is an explosion of fintech innovation and enterprise in India. It has turned India into a leading fintech and Startup nation in the world. The future of fintech and Industry 4.0 is emerging in India. Our youth are developing apps that are making the dream of paperless, cashless, presence-less, and yet safe and secure, transactions possible for all. They are using Artificial Intelligence, Blockchain and machine learning to create solutions for banks, regulators and consumers.