

## **Financial Inclusion: A goal so near, yet so far**

*By Arti Manchanda Grover*

"We work as daily wage laborers. Whatever we earn is just sufficient, or at times even less, to meet our expenses," said Khurseedan, a forty-year-old woman from village Sakras in the Nuh district of Haryana. Her prompt answer came in response to a question posed to her about whether or not she needs a bank account in her name. She added, "There are no savings, so no point in opening a bank account. We need work to support our families."

I tried to convince her to open an account, sharing much of what is being said and written about the value of financial inclusion, but the question about whether it matters to anyone remains. The literacy rate in Nuh is quite low (per the Census 2011, the overall literacy rate stands at 56.1 percent, with female literacy rate at 37 percent); the low number of banks serving the people is not sufficient to the population density.

Khurseedan and a few other women sitting by her said that it is also very difficult to trust service providers. They said that, though they considered opening an account and putting money in it, the apprehension always remained about whether the bank might close down. The women do understand that this is not likely now, but argue that they have hardly been able to save any money anyway. They recalled a woman in their village, who had collected Rs 30 and a copy of the Aadhar (individual identification number) card from interested households in connection to an agency, which they were promised would provide packaging work for women in the village. Women readily contributed in the hope that they would get work, but nothing came their way. In addition, the money they had given was lost. Since a fellow villager had collected the sum, they were not in a position to question the loss, as she said she had submitted the money and, like all others, her money was lost too.

### **Financial literacy is key**

Financial inclusion can only happen with financial literacy, but the question is how to achieve it. In a report of a survey conducted among 28 countries by *The Hindu Business Line* to gauge strengths and weaknesses of financial education worldwide and find solutions to challenges, India stands at 22<sup>nd</sup> place, indicating an immense need for financial literacy.<sup>1</sup>

A recent partnership project between Canara HSBC Oriental Bank of Commerce Life Insurance Company and Alfaz-e-Mewat FM 107.8, a community radio managed by S M Sehgal Foundation on behalf of community, brought many challenges to the forefront. The nine-month pilot project aimed at increasing financial literacy at the grassroots through the medium of community radio. The idea was novel in many ways, ably targeting the huge need for financial literacy. Experts from Canara HSBC Oriental Bank of Commerce Life Insurance Company came to the studio every week and shared information in an easy-to-understand

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<sup>1</sup> See <https://www.thehindubusinessline.com/opinion/obstacles-to-financial-inclusion/article20486337.ece1>.

manner on the importance of savings, financial planning, and other related topics. Community members called in during live shows to ask questions on diverse topics. Some calls addressed how people face problems with bank officials and the services offered. People accepted that their low level of literacy and lack of information are roadblocks to accessing services, but also shared their poor experiences with banks that caused them to avoid thinking about putting their savings in banks or availing other financial products and services. As a further step to ensure financial inclusion, two financial literacy camps were also organized wherein staff of both organizations trained listeners, in-person, on how to fill account opening forms, and even helped in submitting some forms to the local bank. The Canara HSBC Oriental Bank of Commerce Life Insurance Company team is following up with bank officials to ensure that these accounts are opened.

### **The ABCs of savings**

A large part of India's rural populace is still not connected to a formal banking system, even with the advent of Digital India that has enabled the credit of pensions and other welfare schemes to be directly deposited into the bank accounts of beneficiaries. Many eligible beneficiaries shared that the only reason they have a bank account is because of these benefits. Many community members said that they do hardly any other banking transactions.

Information on financial products and services seemed like alien concepts; hence, explaining to villagers about how savings grow, and how government programs enable savings is vital information to convey. According to Pooja O. Murada, director, Communications, "Our experiences from the radio series revealed that the need is immense. Most of the people's financial exposure is limited to having a no-frills account, also known as the basic account, or at most going for traditional saving schemes."

Canara HSBC Oriental Bank of Commerce Life Insurance Company's community radio initiative to increase financial literacy made a beginning to bridge the information gap that keeps people away from accessing banking services. This is a great first step on the journey to financial inclusion.

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