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ROLE OF DIGITALIZATION AND BANKING SECTOR IN IMPLEMENTING GOVERNMENT SCHEME FOR FINANCIAL INCLUSION(THROUGH THE JAM TRINITY)

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Abstract

This research show role of digitalization and the banking sector in the effective implementation of government schemes for financial inclusion, particularly through the prism of the JAM Trinity (Jan Dhan Yojana, Aadhaar, and Mobile). It scrutinizes how digitalization, propelled by initiatives such as mobile banking, online platforms, and digital payment systems, synergizes with the banking sector to extend the outreach of financial services to the unbanked and underbanked populace. By leveraging Aadhaar biometric authentication and mobile connectivity, the JAM Trinity facilitates seamless access to banking services, enabling individuals at the grassroots level to participate in formal financial channels. The study examines the multifaceted impacts of digitalization on financial inclusion, encompassing enhanced accessibility, affordability, and efficiency in service delivery. Moreover, it analyzes the challenges and opportunities presented by the integration of digital technologies within the banking sector to advance financial inclusion agendas. Through empirical research and case studies, this study provides insights for policymakers, financial institutions, and stakeholders on optimizing the JAM Trinity for inclusive economic growth and societal development.

Keywords:- Digitalization,, government schemes, digital,JAM

Introduction

Financial inclusion is the excess of financial services available to every section of society and has been at the frontline of international land economic debate in the past few years. Providing access to formal financial services including making payments, saving, and creditor insurance to the services necessary for disadvantaged parts of society without any discrimination. Studies have proven that financial inclusion is directly related to the growth of a country equally and financial exclusion results in slow growth and increases the rate of poverty in any country

(Schuetz and Venkatesh,2019). Despite having potential benefits provided by banking services huge part of the world's adult problem has been left out from even access to the most basic financial service.

As per the global index of finance large proportion of adults without a formal financial account in developed countries is significantly higher. A country like India where a large portion of the Indian population is still identified to be poor requires needed support in the form of financial subsidies from the government (Kumar,2024). As per the economic survey over 10% of the national expenditure of the country has been spent on major studies for the poor section in the past few years but unfortunately still financial inclusion remains one of the biggest challenges in the country. The majority of initiatives taken by the government all over the country to address the issue did not achieve the desired result (Schuetz and Venkatesh,2019). Lack of official proof of identity in a huge population which results from immigration from neighbouring countries and high corruption in manual processing have been some of the main reasons behind the limitation of financial inclusion.

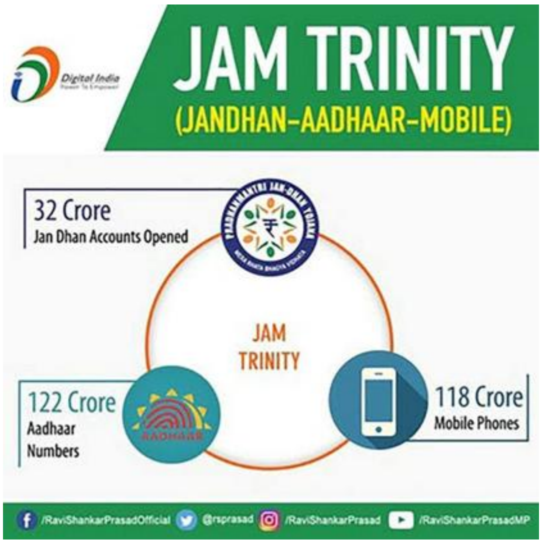
The central government is constantly making an effort to use multiple government schemes to include poor people in the financial benefits. The Jan Dhan aadhaar and mobile yojanaTrinity are the key enablers of the transformation of India into well well-developed digital landscape. Over 50,00,00,000 people have already taken advantage of the scheme and the account holder has deposited over 2,00,000 crore rupees in such accounts. India has already issued over 1.3 billion aadhaar cards and has over 800 active mobile users. Initiatives like Jan Dhan aadhaar and mobile yojana will play a key role for people to get included in financial services being provided in the country which will eventually lead to equal growth for all the sections of the country. (Kulkarni and Ghosh,2021)

What is JAM(Jan Dhan Adhaar and Mobile) trinity

JAM Trinity is a scheme introduced by the government which uses the tool to transfer cash benefits directly into the bank account of the intended beneficiary. It is the key enabler of the transformed undeveloped digital landscape of India in terms of finance. The government of India took the initiative to deal with all the leakage of government subsidies by linking the Jan Dhan accounts aadhaar cards and mobile numbers of Indian citizens (Kulkarni and

Ghosh,2021).It is a combination of 3 main modes which are used to deliver direct cash benefits to the beneficiary of a bank account under the scheme of the Government of India. The government has spent over 3,00,000 crore rupees which is over 4% of the total GDP on multiple subsidies And the Jan Dhan aadhaar and mobile Trinity is one of the schemes (Kulkarni and Ghosh,2021)

While the bank accounts have provided millions of Indians easy access to banking services, they have also played the main role in stopping corruption. All the subsidies are directly deposited to the bank account in the form of direct benefit transfer which removes leakages and the scope of any discretionary action (Singh and Singh). Many schemes provided by the government like LPG subsidies are directly reached in the bank account of the beneficiaries and under this scheme, over 14,00,00,000 people are directly receiving cash subsidies (Mahesh et al.,2024). It has also identified and blocked around 3.3 crore duplicate or fraud accounts which has helped the government save thousands of crores. Currently, the government is using direct benefit transfer for over 35 to 40 schemes and approximately 40,000 words directly transferred to the beneficiaries in 2015 only (Neelam and Bhattacharya,2022). Supporting financial inclusion and providing basic banking facilities to the people Government of India has embarked historic move of providing insurance and pension cover to the citizens (Kulkarni and Ghosh,2021).



Source: Ertürk et al.,2021

Significance of financial inclusion in India

Financial inclusion is an essential provision of financial services which focuses on including those who are traditionally excluded or considered underserved by the financial sector. The primary includes individuals who do not earn enough money and once residing in rural populations who do not have much exposure to the financial services being provided by the government and also those who do not have direct access to traditional banking services or financial models to the modern world (Pradhan,2024). The main aim of financial inclusion in India is to provide access to the needy financial services like savings, Credit common insurance and payment to the people who are in need. Financial inclusion in India focuses on putting efforts to provide basic financial services to those who are excluded by the traditional system (Arindam Metia,2024)

The overall budget of India aims at providing benefits to its citizens but even today many unfortunate backward classes remain unaware of the benefits being provided by the government and a chunk of the population is still not receiving the benefits they deserve (Arindam Metia,2024). Financial inclusion in India will focus on ensuring that all the benefits which are being provided by the government are being distributed equally to the unclouded and rural part of the country. The importance of financial inclusion can be seen in the benefits it provides for example increasing financial stability is one of the main goals of financial inclusion (Pradhan,2024). Financial inclusion improves financial stability as the result of successful financial inclusion and as individuals have access to a range of financial products and services which can help them manage finances more efficiently. Greater transparency and accountability in the financial sector are also the direct benefits of financial inclusion against the backdrop of increasing financial literacy. This is on account of people having access to basic financial services and being able to be a part of the financial system (Pradhan,2024).

Financial inclusion enhances the overall economic well-being of the country. Providing access to the financial sector to the backward people and its services can help them save money and efficiency and effectively employ the same (Pinto and Arora,2024). Funds can be effectively used to plan the future. With the help of the scheme of financial inclusion people can use the financial benefits for educational and health purposes and also for assets which can be instrumental in improving the overall well-being of the economy (Singh and Singh,2024).

Giving access to formal financial services helps people make smart decisions and manage risk in terms of finance. Financial inclusion is an essential instrumental tool which increases access to financial markets and provides unlimited opportunities for investment in multiple asset classes with the help of organised segments (Kandpal and Khalaf,2020).

Financial inclusion also helps the country in reducing poverty. The efforts made towards financial Inclusion allow people to become part of the organised financial sector which provides battle excess to different types of financial services (Singh and Singh,2024). Financial inclusion is significant for the masses to come out of poverty and create the pathway towards prosperity. Overall financial inclusion easily helps people participate in the economic activities of the country which eventually improves their standardof living and creates a society which is financially stable and inclusive for all the citizens of the country (Singh and Singh,2024).

Financial inclusion and education are some of the key elements to spread financial awareness and increase financial literacy which ultimately results in the progress of the nation. Financial inclusion works from the supply by availing enough timely access to multiple financial services to all sectors of society. Financial education walks towards the demand by generating and promoting awareness among a huge number of people regarding the importance and benefits of financial services offered by the banking and financial sectors. These 2 strategies and combination and the perfect sink arsenal for overall financial stability which is crucial for any nation (Singh and Singh,2024).

Importance of financial inclusion for economic development in any country

Financial inclusion which is considered the main player in reducing income inequality has already become a priority for policymakers all around the globe. there is a huge difference between economic development and economic growth (Neelam and Bhattacharya,2022). The latter term refers to the increase in the total output of a country as well as an increase in the overall productivity that an economy can produce in a specific. Compared to another. In general, economic growth can easily be measured by increasing the overall percentage of gross domestic product after deducting the inflation rate but GDP also has some weaknesses while reflecting the economy of a country since it cannot differentiate between inequality in the distribution of income it only refers to the quantity rather than quality of goods and services

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being produced and consumed in the country (Goel,2024). Economic development is the relationship between depth in finance and economic growth for which financial inclusion is the main pillar. Focusing on easing access to financial development for the poor section reduces the inequalities and increases living standards in the backward section of society (Zameer and Khan,2024).

Economic development refers to sustainable efforts between communities and policymakers to increase the living standard of overall economic well-being (Goel,2024). This involves developing human resources, Vital infrastructure and regional competitiveness. Financial inclusion plays the most crucial role in the overall economic development of a country especially when it comes to GDP growth and in deducting poverty and inequality in the country. If financial inclusion is flexible, it becomes easy to measure the inequality (Kim and Kim,2024). It can be measured by seeing the number of people who are unable to access the financial services being provided by the government and services which result in loss of development opportunities further poverty and cost to access (Goel,2024). Households and firms can also have the opportunities to increase the overall self-reliance and income which positively impact the economic development of a country. Being able to have access to formal financial products and services might result in loss of development opportunities and further cost to have basic access to financial services and development opportunities (Sandhu et al.,2024). when the nation has a developed financial system which is accessible to the majority of people it reduces the cost of information and transactions by a huge number. The government of India is planning to install such a system which impacts the overall savings and long-term growth rate and investment decisions of people belonging to the poor sections (Zameer and Khan,2024).

When a section of society is unable to access financial services, it directly relates to financial exclusion which in the long term converts to poverty and inequality in the country. Van a particular person or section of society is excluded when there is unemployment or lack of skill and low income, unstable city in the surrounding environment or bed health is inevitable. All of the mentioned problems can destroy families and an increase in the crime rate because of financial exclusion and illiteracy. Financial exclusion also leads towards social disparity which focuses on making the rich richer and the poor poorer and the overall distribution of GDP collapses (Khokhar and Dutta,2022). Financial inclusion is extremely important for bridging the gap between a rich section of society and the poorer section of society every country has different financial inclusion policies which suit their population. Policies like jam Trinity introduced by the government in India focus on including the unprivileged section of society to bridge the gap between poor Andres and the educated and uneducated sections of society (Zameer and Khan,2024).

Research Problem

This study aims to investigate how digitalization within the banking sector facilitates the effective implementation of government schemes aimed at achieving financial inclusion. It seeks to explore the impact of digital technologies, such as mobile banking, online platforms, and digital payment systems, in reaching unbanked and underbanked populations. Additionally, the research will examine the challenges and opportunities associated with digitalization in enhancing access to financial services, promoting economic empowerment, and addressing socio-economic disparities. Through empirical analysis and case studies, the study aims to provide insights for policymakers, financial institutions, and stakeholders involved in promoting financial inclusion agendas.

Results and Discussion

Particular	ANOVA
Internet Banking is very convenient	2.35
Internet Banking is easy to adapt	2.70
Internet Banking is highly secure	2.10
Internet Banking is user friendly	2.60
Internet Banking have low service charge	2.17
Internet Banking have accurate timing	2.35

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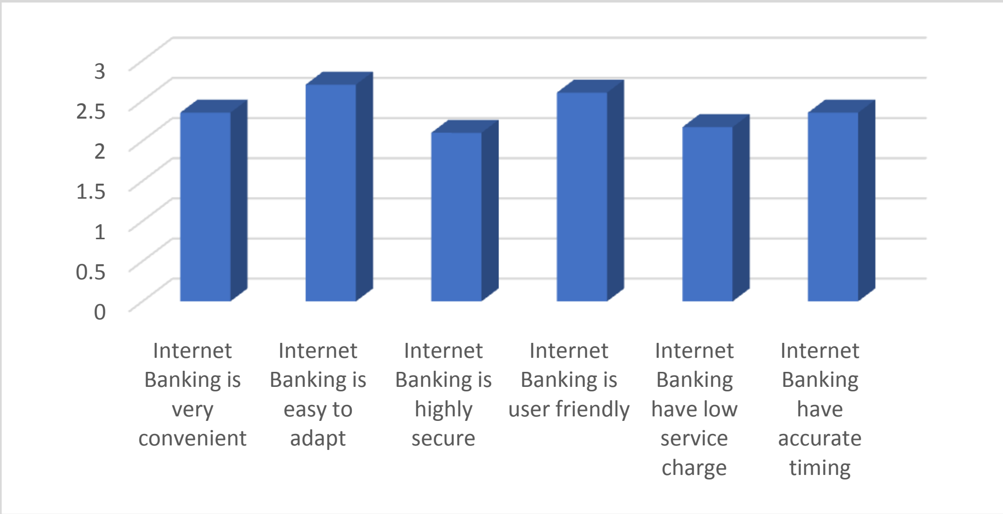

Particular	ANOVA
Internet Banking is very convenient	2.36
Internet Banking is easy to adapt	2.58
Internet Banking is highly secure	2.34
Internet Banking is user friendly	2.42
Internet Banking have low service charge	2.19
Internet Banking have accurate timing	2.45

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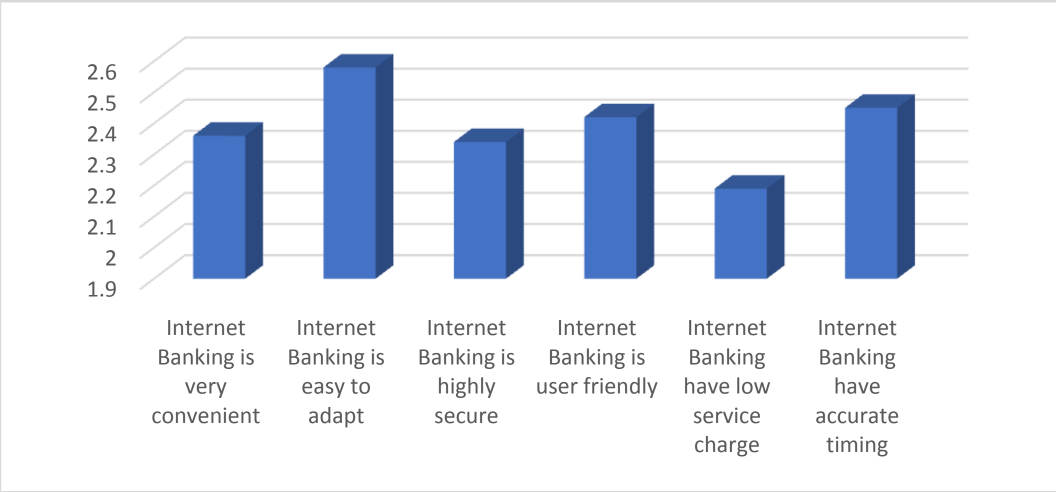

One way ANOVA – F Value and P value

Particular	F Value	P Value
Internet Banking is very convenient	1.645	.034
Internet Banking is easy to adapt	1.342	.034
Internet Banking is highly secure	1.321	.145
Internet Banking is user friendly	1.257	.032
Internet Banking have low service charge	1.432	.021*
Internet Banking have accurate timing	0.257	0.143

In table presents findings from a statistical analysis, likely derived from a survey or study aimed at understanding attitudes towards internet banking. Each row in the table corresponds to a specific aspect or statement related to internet banking, while the columns display the F-value and p-value associated with each aspect.The F-value, a metric utilized in analysis of variance (ANOVA) tests, measures the variation between groups relative to the variation within groups. On the other hand, the p-value indicates the statistical significance of the F-value. A p-value less than 0.05 is typically considered statistically significant, suggesting evidence to reject the null hypothesis in favor of the alternative hypothesis.

Interpreting the results, aspects such as "Internet Banking is very convenient," "Internet Banking is easy to adapt," "Internet Banking is user-friendly," and "Internet Banking has low service charges" demonstrate statistically significant findings with p-values below 0.05. These results imply that these particular aspects significantly influence perceptions of internet banking.

Conclusion

It can be concluded that in developing countries like India, there is a strict need for the promotion of financial inclusion especially in providing ease of access through different bank branches especially dedicated to the unprivileged section of society and providing ATMs and domestic credit cards. The government of countries like India where the economy is still developing should expand the branches of banks and ATMs to the rural section so that financial services can be provided to the rural people to enhance financial inclusion and allow them to access financial services same as urban people enjoy without spending much time or money. Financial education strategies are crucial to providing education by inviting retired people in the finance and banking sector to come to schools and villages to teach people about the basics of financial services which they are missing out on. By educating people regarding available financial services, it becomes easier for them to take advantage of schemes being provided by the government (Chakravarty,2024).

The government is also recommended to generate opportunities for startups especially those belonging to the e-commerce field by promoting the use of online transactions instead of cash. Promoting online transactions not only makes it easier for rural people who struggle to visit financial institutions which are mainly situated in urban areas it makes it cost-effective for them as they can do transactions from their devices in their homes (Sarkar and Thapa,2021). The developing countries' governments need to consider the establishment of correct management of ATMs which are outside the branches of commercial banks as well as organising entities in the form of the joints of the company that share the responsibility in governing and monitoring such ATMs. Apart from expanding banks another impactful method to increase financial inclusion and easy access towards financial services is to promote mobile banking as it is one of the fastest-developing methods of financial inclusion by introducing unprivileged people to mobile technology which creates huge opportunities.

The government should issue regulatory policies which enhance the collaboration between mobile networks and financial access to the unprivileged section of society. Financial inclusion is a subject which if not focused on at the right time, especially in a developing country, will easily result in a huge gap between a rich and poor section of society. Financial inclusion not only includes providing services to the excluded section of society but also focuses on educating them regarding all types of financial services available in the country and how they can be accessed to save their money and time. In many cases even when people in rural areas have money to invest unfortunately, they do not know about financial services which can be used to invest their money which keeps them away from the benefits being enjoyed by the educated and which section of society. This makes financial inclusion one of the main sectors that developing countries should be focusing on to avoid the huge GDP gap in the country. Financial inclusion is the key to equal development in developing countries and the main source of bridging the gap between rich and poor people of countries like India

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