

Financial inclusion is a policy priority: Das

'Inclusivity bolsters financial stability'

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To make the post-pandemic recovery more inclusive and sustainable, financial inclusion would continue to be a policy priority for the RBI, Governor Shaktikanta Das said at The Economic Times Financial Inclusion Summit on Thursday.

Considering the role played by microfinance in bridging gaps in the last mile, a consultative document for harmonising regulatory frameworks for various regulated lenders in microfinance had been issued recently, he said.

"The primary objective is to address the concerns relating to over-indebtedness of microfinance borrowers; enable market mechanism to rationalise the interest rates; and empower the borrowers to make an informed decision by enhancing transparency of loan pricing," Mr. Das said.

Stating that financial inclusion promoted inclusive growth by making financial services, including credit and other safety nets, available to the bottom of the pyramid, he said lessons from the past and experiences gained during the COVID-19 pandemic clearly indicated that financial inclusion and inclusive growth reinforce financial stability.

Greater financial literacy would enable banks, NBFCs, and MFIs to enhance their customer base and products and diversify their balance sheets, he added.

Mr. Das said payment systems were seen as the life-line of an economy. They were increasingly being recognised as a means of achieving financial inclusion and ensuring that economic benefits reach the

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bottom of the pyramid, the RBI Governor added.

Digital adoption

Highlighting the rapid adoption of digital payments in the country, he said the number of Prepaid Payment Instruments (PPI) had increased at a compounded annual growth rate of 53% from 41 crore in May 2017, to 226 crore in May 2021.

"The trends indicate that such instruments have become immensely popular for making small-value payments," he said.

The extent of digital penetration, he said, could be gauged from the fact that, each day on an average during June 2021, payment systems in India had processed more than 15 crore transactions amounting to almost ₹4.5 lakh crore per day.

The UPI platform facilitating payment transactions through smartphones had revolutionised the payments landscape in India, he said. "UPI has witnessed over 280 crore transactions in June 2021. Globally, there has been a lot of interest in UPI," Mr. Das added.