

RBI unveils 5-yr financial inclusion strategy: Here're key recommendations

Under the national strategy, the committee has recommended new entrants to the financial system - eligible and willing to undergo any livelihood/skill development programme

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The Reserve Bank of India (RBI) has come up with a National Strategy for Financial Inclusion 2019-24, aimed at providing access to formal financial services in an affordable manner. It aims to promote financial literacy among customers.

The Financial Inclusion Advisory Committee of the RBI — in consultation with the Centre, Securities Exchange Board of India (Sebi), Insurance Regulatory and Development Authority of India (Irdai), and Pension Fund Regulatory and Development Authority of India (PFRDA) — has recommended various ways in which the objective can be fulfilled.

The committee has recommended universal access to financial services wherein every village should have access to a formal financial services provider within a 5-km radius. Customers may be on-boarded through an easy and hassle-free digital process. This includes increasing banking outlets of commercial banks. Further, digital financial services have to be strengthened in all tier-II to tier-VI centres to facilitate a less-cash society by



March 2022.

The plan aims to provide basic financial services — savings account, credit, micro-life and non-life insurance products, pension product, and a suitable investment product — to every eligible adult. To achieve this, every adult enrolled under the Pradhan Mantri Jan Dhan Yojna should be enrolled under an insurance scheme and pension scheme by March. Further, the public credit registry has to be made fully operational by March 2022 so that authorised financial entities can leverage the same for assessing credit proposals.

Under the national strategy, the committee has recommended new entrants to the financial system — eligible and willing to undergo any livelihood/skill development programme — may be given the relevant information regarding government livelihood programmes to help them augment their skills.

The committee has said customers have to be made aware of the recourses available for grievance resolution. Adequate safeguards also need to be ensured to store and share customers' biometric and demographic data, so that their Right to

Privacy is protected.

Therefore, it has been recommended to devise a customer grievance portal or mobile application that will act as a common interface for lodging, tracking, and redressal of grievances pertaining to the financial sector, collectively by all stakeholders, by March 2021. It has also been advised that there should be co-ordination between all stakeholders.

KEY RECOMMENDATIONS

- Access to financial service providers in every village within a range of 5 km
- Every adult registered under PMJDY should be enrolled in insurance, pension scheme
- Public credit registry to be made fully operational by March 2022
- Strengthening of digital financial services to facilitate less cash society
- Every new entrant should be given information on govt livelihood programme