The poor can drive financial inclusion

K J Satyasai

NABARD Chairman in his recent IndiaSpend interview ‘Women are the Best Borrowers and the Best Repayers’ made an observation, while explaining how far financial inclusion reached the masses, that even small pushcart seller or small hawker in rural areas accepts digital payments by flashing his QR code. This is a vivid example of how financial inclusion has reached the masses. As we know, UPI payment transactions in the country reached 28.6 billion accounting for 70% of total financial transactions during 2021-22 till Nov-21. The growth of such transactions has been phenomenal with increase from 24.4 billion in 2018-19 to 44.4 billion in 2021-22. Whoever have been driving such wonderful payment story are the poor.

During demonetisation days, our neighbourhood subjiwala zealously explained to me how to pay him on Paytm. He explained that I should scan the picture on the placard he displayed and press the pay button. But, according to him, having WhatsApp on my phone was mandatory. What he meant was that I should have data enabled on my phone. I listened to him with amusement and pride that my subjiwala is financially empowered to explain an educated person on how to make a payment. Subsequently, the acceptance of digital payments rose and declined and rose now with vengeance during the pandemic.

The field experiences speak out better than the statistics from NCPI or RBI. A couple of experiences of mine should prove this point. Once, in Dadar, I bought a few garments in a shop. I already told the shopkeeper that I did not carry money or wallet. He assured me to go ahead even when he did not have any arrangement. Finally, he called a street vendor and asked me to make payment to the latter’s mobile number. A street vendor was more advanced than a shopkeeper!

A couple of months ago, I visited Nashik where my wife was working. After reaching almost Igatpuri, I realised that I forgot my bag and wallet back in Mumbai. I drove ahead as there was no point in going back. I have my mobile, anyway. To my happiness, I could make all the payments during my stay from petrol to buying a pan. I made payments during my three-day stay for clothes, meals, curd, transport of goods, electric bulbs, paper plates, virtually for everything I needed. All through UPI. Amount of these purchases ranged from Rs.20 to Rs.10,000. Even coconut and flower sellers near a temple in Nashik prominently displayed QR codes. On my way from Triambakeswar to Nashik I found one temple donation box having QR code for easing donations. After a three-day financial inclusion journey which really lifted my confidence in the future of digital India in the hands of ordinary people, I reached Mumbai to get a jolt. Next day morning I went out to fill petrol in my neighbourhood petrol station as the indicator was showing bare minimum fuel level. The sales boy insisted on card or cash as they discontinued accepting UPI payments. From there I went to another station nearby, very conscious, and worried about low fuel level though. The same story there. I was telling the boy about my great experience with mobile payments during previous three days in Nashik and disappointment in Mumbai. The headman there allowed me to pay to his personal number and on verifying the receipt, he filled fuel. Their version is that a lot many people are flashing mobiles and driving past even before payments are completed. Genuine problem. This can create huge trust-deficit that can kill the digital drive. Another issue vendors tell is that customers feel bad when the shopkeepers wish to verify the receipt. Paytm evolved a system where the payment receipt is declared on speaker. A pleasant innovation. For every problem, there can be an innovative solution, if we seriously pursue.

Financial inclusion is our future. Fintech is its breath.

Happy reading......

* With Department of Economic Analysis and Research (DEAR), NABARD, Mumbai. Views expressed are those of author alone. Usual disclaimers apply.

Our previous D-Talks can be found at: https://www.nabard.org/Publication.aspx?cid=50&id=24