

Mobile Payments Driving Financial Inclusion In India

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In a one-on-one with Biztech2.com, Dewang Neralla, director, atom technologies, discusses the relationship between mobile payments and financial inclusion.

Financial inclusion has been talked about for some time now, what is its current situation?

There are around 25 million people, who have to be brought into the banking channel and then the concept of delivery has to be thought about. The RBI has assigned business correspondents, who go to the villages, act as agents and help people open accounts. The entire concept is based on cash deposits and not banking-at-branches per se, as that is an expensive proposition. There is also an element of trust that has to be built so that people are not apprehensive to make transactions. The government is taking the required steps, but education related to the benefits of banking still needs to be imparted.

We at atom technologies feel that pervasive technology is the need of the hour to reach out to the unbanked and under-banked. There are multiple types of technology that can be used such as smartcards and other devices used by business correspondents for banking purposes. As an initiative to provide the unbanked with banking services, atom technologies has developed a technology facilitating banking through mobile payments. This technology is linked to biometric and printing terminals and more applications such as insurance, loans and the like can be added as and when required.

The next level of mobile banking, I believe would be accessing bank accounts on the phone in tandem with the agent/ associate facility.

How can mobile payments and similar technologies help bring more people into the financial system?

There are multiple areas where mobile payments are useful. One big advantage is bringing those who are unbanked into the fold as well. Mobile banking can be used for all remittance and the like, but all this has to start from the agent. Once the stage of mobile payments is passed, mobile banking will move on to the next level.

What are the obstacles faced by banks and micro-finance companies in bringing the rural populace under the aegis of banking?

One of the biggest challenges is the opening of bank accounts and convincing the rural people to conduct transactions. There is also the problem of reaching out and bringing everyone in, in addition to choosing the right technology and managing cash flows.

Micro-finance companies have very specific needs. Such companies need to be on a one-on-one basis with the customers and require technology that can track the flow of the transaction from scratch as well as follow the cycle of repayments.