

# INDIA AMONG TOP NATIONS WITH MOST CONDUCTIVE ENVIRONMENT FOR FINANCIAL INCLUSION: REPORT

Relevant for: Indian Economy | Topic: Issues Related to Poverty, Inclusion, Employment & Sustainable Development

New Delhi: India is placed among the top nations with the most conducive environment for [financial inclusion](#) in terms of allowing non-banks to issue e-money, proportionate customer due diligence and effective consumer protection, a report said on Thursday.

According to The [Economist Intelligence Unit's](#) 2019 Global Microscope on Financial Inclusion report, the overall environment for financial inclusion has improved globally with India, Colombia, Peru, Uruguay and Mexico having the most favourable conditions for inclusive finance.

Within the overall framework for promoting digital financial inclusion, the report identified four basic enablers - allowing non-banks to issue e-money, presence of financial service agents, proportionate customer due diligence and effective financial consumer protection.

Only four countries - Colombia, India, Jamaica and Uruguay - scored perfectly across all four parameters.

In these countries, a range of providers are capable of providing digital financial [services](#) to people on the margins of the formal financial system, regulations control for some of the risks inherent in these services, and clear rules mark out spaces appropriate for innovation to achieve greater financial inclusion, the report said.

South Africa, India, Mexico, Tanzania and Uruguay were among the top countries that safeguard e-money via some sort of deposit insurance or protection.

This type of protection provides security to users of these new technologies, avoids creating regulatory imbalances between different types of institution, and ensures that digital financial inclusion does not place new consumers in the financial system at a disadvantage compared to those transacting with more traditional institutions, the report noted.

Additionally, these countries require financial institutions to maintain liability for the actions of their agents, ensuring that customers whose nearest access point is an agent do not receive less protection than customers who can visit a bank branch, it added.

In India, the Reserve Bank has prepared a draft National Strategy for Financial Inclusion to deepen financial services' coverage in the country.

The long-awaited strategy is expected to be finalised in 2019 and will cover a five-year period.

The RBI has set up a high-level committee to review the existing status of digitisation and devise a medium-term strategy for increasing digital payments, the report said.

In August 2019, the RBI released the Enabling Framework for Regulatory Sandbox (RS), which creates the basis for a regulatory sandbox that will allow fintech start-ups to live-test innovative products and services.

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