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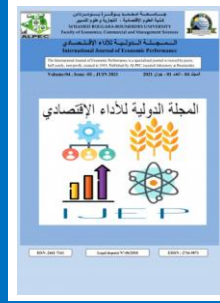
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Financial education programs as a mechanism to achieve financial Inclusion.

The experience of the National Center for Financial Education NCFE (India)

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Abstract:

This paper examines the role of the National Centre for Financial Education in promoting financial literacy and inclusion among low-income families in India. The study is based on a comprehensive review of existing literature and available statistics on Indian NCFE coders. The analysis reveals that these programmes have the potential to significantly improve financial culture and inclusion and that financial technology platforms have a role in promoting responsible financial behaviour.

Keywords: Financial Inclusion, Financial Literacy, Financial Technology (fintech)

JEL Classification Codes: D12; D14 ; O10

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Introduction :

Economic development depends on financial inclusion and literacy because they make it easier for people to acquire financial services and empower them to make wise financial decisions. Even though India's economy has grown significantly in recent years a sizable portion of the populace still faces barriers to financial services and financial literacy, particularly low-income families. financial technology (Fintech), has come to light as a viable way to help underprivileged areas by offering creative and easily accessible financial services.

Even with these advantages, leveraging fintech to advance financial inclusion and financial literacy in India is not without its difficulties. One significant barrier that restricts access to fintech platforms is the requirement for internet connectivity and digital infrastructure in many rural locations. To safeguard customers against fraud and other dangers, the fintech sector also requires more regulation and control. The study suggests a few policy measures to help fintech development in India to overcome these obstacles. These include making investments in digital infrastructure, bolstering financial education and literacy initiatives, and putting in place regulatory frameworks to guarantee fraud prevention and consumer protection.

Through a range of programs, the National Center for Financial Education (NCFE) in India aims to play an important role in promoting financial literacy and inclusion among low-income families in India. However, to fully realize these benefits, policymakers must address the challenges associated with **FinTech** adoption and ensure that FinTech platforms are developed responsibly and sustainably. By doing so, India can significantly promote inclusive economic growth and reduce poverty and inequality.

Problem

- ✓ In the light of the foregoing, the following key question can be asked:
To what extent do the programs of the National Center for Financial Education help Indian community households become more financially literate and inclusive?
- ✓ The following sub-questions arise:
-Who is this organization, and what is its strategy?

- How can the effectiveness of the National Center for Financial Education's programs be evaluated?
- Have the Center's programs contributed to spreading financial technology and financial culture among various segments of Indian society?

1. Research goals

Trying to comprehend the many ideas behind financial inclusion and education.

- Emphasizing the salient features of the National Center for Financial Education's initiatives in India.
- Gain knowledge of the Center's endeavors to attain monetary security and stability for various social segments in India.

2. Importance of the study

This study's discussion of the National Center for Financial Inclusion's role in fostering financial literacy and inclusion among low-income Indian families through access to financial services and empowering people to make responsible financial decisions through a methodical, ongoing process is what makes it so important. Addressing societal and financial issues.

3. Study structure

The intervention's structure was split into two axes to help readers better understand the various research facets. The first provides a theoretical and conceptual foundation for understanding the concepts used in the intervention to teach financial inclusion and education. The National Center for Financial Learning's (NCFE) experience and the Indian Ministry of Finance's programmatic initiatives aimed at promoting inclusiveness, financial literacy, and reference are included in the second axis. Regarding the tactics used in this undertaking.

1. Concept and features of financial inclusion and financial literacy

1-1-Definition of Financial Inclusion

- ✓ According to the Reserve Bank of India (RBI): "Ensuring access to appropriate. financial products and services required by all segments of society in general, such as

vulnerable sections and low-income groups" (Joshi, 2011).

✓ According to the World Bank (WB): Financial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit, and insurance – delivered in a responsible and sustainable way. (World Bank, 2023).

✓ According to the Arab Monetary Fund (AMF): To prevent people and businesses from turning to unregulated informal financial services, which put them at risk of fraud or engaging in illegal financial activity, financial inclusion enables people and projects to access financial services through dependable and secure official channels. To maintain financial stability, financial inclusion aims to reduce the amount of savings that leaks outside of authorized financial channels. (حنان الطيب ، 2020)

✓ *The process of guaranteeing timely and sufficient financial services and credit availability at a fair cost to low-income and vulnerable populations may be summed up as financial inclusion. The whole range of financial services include savings, credit, insurance, loans, payments, and so on. The poor and uneducated in finance are frequently those who are financially excluded.*

1-2- Definition of Financial Literacy

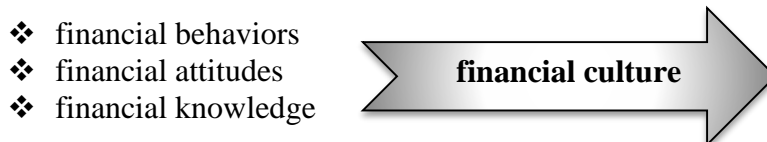
✓ Financial literacy refers to the knowledge and understanding of various financial products. It helps individuals manage their money, personal finances, investment, and tax planning. Its primary purpose is safeguarding individuals from financial frauds and scams. It is crucial for the realization of long-term goals—a child's higher education, buying a house, or establishing a business. It highlights emergency funds, retirement funds, insurance, and estate planning. Educating one individual creates a chain reaction—creating awareness among friends, family, colleagues, neighbors, clients, etc. (Vaidya, 2023).

✓ *The idea of financial culture may be summed up as knowledge of the most basic economic principles that are necessary for making judgments about investing, borrowing, and saving. The cornerstone and first step toward financial inclusion (in terms of results and education) is*

financial literacy. It gives information about the benefits and drawbacks of financial services and products, enabling a person to select the one that best meets his requirements.

✓ **Components of financial culture**

To make wise financial decisions and eventually attain personal financial well-being, one must possess a certain set of financial behaviors, attitudes, and knowledge. This is known as financial culture.



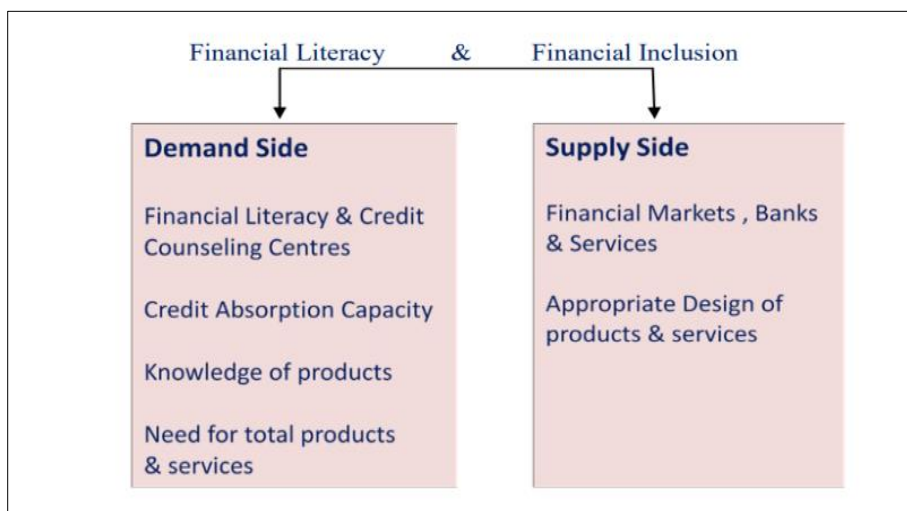
✓ **Digital financial inclusion's future**

The early 2000s saw the start of the digital finance revolution, which has demonstrated that digital financial inclusion is the way of the future. “Adults without bank accounts may now establish an account with their mobile devices without going to a bank branch thanks to digital technology” (Ozili, 2018).

1-3- The two fundamental tenets of financial education and inclusion

The two pillars are financial literacy and inclusion. Financial Literacy stimulates the demand side by educating people about what they can want, whereas Financial Inclusion operates from the supply side by giving the financial market/services what people desire.

Figure number (1): The two pillars are financial literacy and inclusion.



Source: (Agarwal, 2016)

1-5- measures of financial inclusion: Many academics have sought to establish measures of financial inclusion that are consistent with the specificity of financial and banking activities, and they frequently rely on six axes that are thought to be the most relevant.

✓ **Access:** Financial inclusion is gaining global attention, especially in emerging and developing nations. Policymakers worry that financial intermediation and markets aren't distributed evenly, potentially impacting growth, income distribution, and poverty levels. They also worry about the negative effects of financial system assets being concentrated in a few. Financial inclusion benefits individuals and businesses by enabling business opportunities, investing in education, saving for retirement, and insuring against risks. (Beck, Demirgüç-Kunt, & Honohan, 2009)

✓ **Financial Market Infrastructure:** We frequently hear that financial market infrastructures, or FMIs, are key components of the financial system, not just at the national level, but also on a worldwide scale. But what are these indicators, and why are they so crucial to the global economy?

The significance of financial markets lies in their infrastructure, which is the critical network that facilitates financial transactions. This infrastructure is essential for the functioning of financial markets, and many people take it for granted.. (Advisors, 2022).

✓ **Usage :**For financial inclusion to have the desired effects, use is essential. Financial inclusion, or the ability to benefit from financial services by signing up for them or meeting the necessary qualifying standards, is commonly seen as the enabling environment in which the financial industry operates. Application is necessary to get effect. (IPA, 2007).

✓ **Quality:** The Quality and financial inclusion are two words associated with the financial services industry and the economy in general. The link between them illustrates how the availability of high-quality financial services influences the amount of financial

inclusion, while financial inclusion refers to individuals' and businesses' capacity to access available and suitable financial services. Quality in services helps to achieve financial inclusion by:

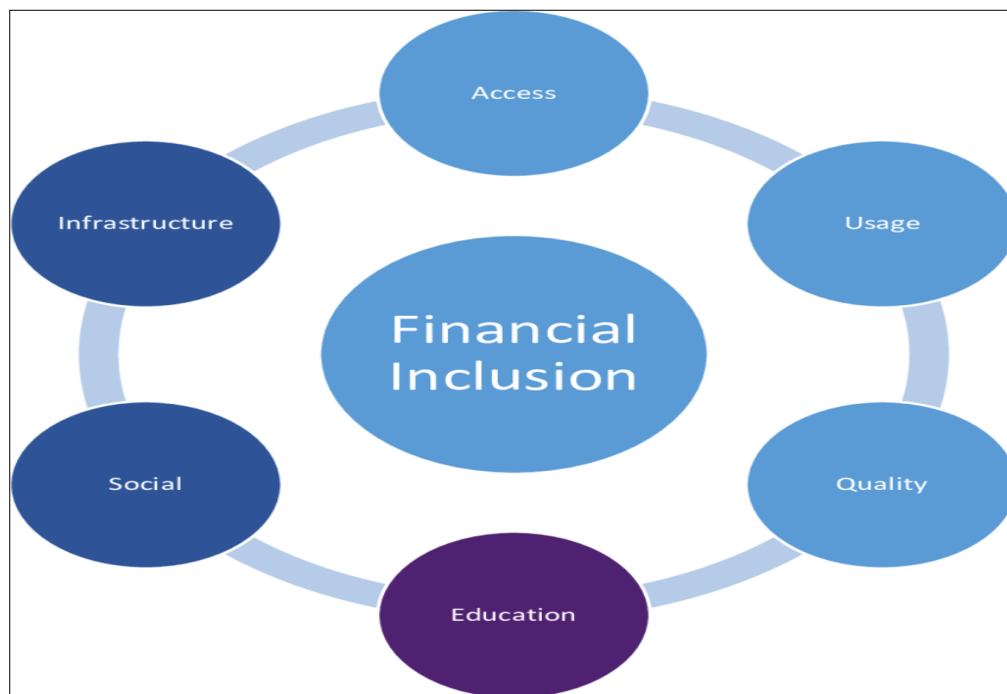


- Increasing quality boosts confidence
- Promoting saving and investment
- Extending the scope of financial services
- Lowering costs and boosting efficiency
- Improving economic sustainability

✓ **Education:** The education is critical for financial inclusion. Higher educational attainment has been connected to greater financial inclusion according to studies. Improvements in family education quality have also been proven to have a favorable influence on the likelihood of persons opening bank accounts, particularly among underrepresented populations financial literacy and education have been regarded as critical components of increasing financial inclusion.

✓ **Social:** The concept of social inclusion is also closely linked to the concept of financial inclusion. According to a definition proposed by the United Nations Department of Economic and Social Affairs, “social inclusion is defined as the process of improving the conditions for participation in society for disadvantaged persons on the basis of age, gender, disability, ethnicity, economic status and migration.” (DESA, 2016)

Figure number (2): measures of financial inclusion



Source: (arabymall, 2020)

2-India's experience with financial inclusion

Through this topic, we will present the State of India's most important experiences in achieving financial inclusion and financial literacy, as well as how it was able to adapt to the current era, which is saturated with all forms of technological progress.

2-1- Who is National Center for Financial Education (NCFE)

It is a Section 8 (non-profit) company promoted by the Reserve Bank of India (RBI) Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority of India (IRDAI) and pensions. Fund Regulatory and Development Authority (PFRDA), under the auspices of the Financial Stability and Development Board (FSDC), Ministry of Finance, Government of India.

Figure number (3): The Programs of the NCFE



Source: Directory of National Center for Financial Education India.

<https://pmjdy.gov.in/files/financial-Literacy/literacy/guide.pdf>

Goals: To promote financial education across India for all sectors of the population in line with the Financial Stability and Development Board's National Financial Education Strategy.

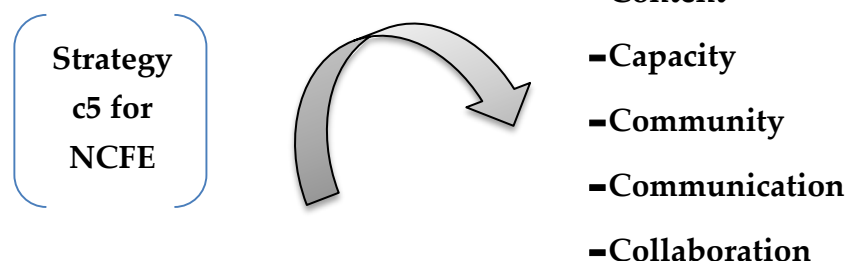
Vision: A financially conscious and empowered India.

Mission: Launch a huge financial education campaign to assist individuals in managing their money more effectively to attain financial well-being by gaining access to appropriate financial goods and services through regulated businesses that have fair and transparent consumer protection systems.

2-2- The "5 C" approach as a strategy for NCFE

achieve the stated strategic objectives, the document suggests a "5 C" approach to financial education dissemination, with a focus on content development (including curriculum in school's colleges, and training institutions) and capacity development

among participating intermediaries. In terms of financial services, profiting from the good impact of the community-led model of financial literacy through an appropriate communication strategy and ultimately, improving collaboration among various stakeholders. (Bomanwar, 2020)



The strategy also proposes the establishment of a “robust monitoring and evaluation framework” to evaluate the progress of the strategy. The strategy will be evaluated in the next section.

2-3- National Center for Financial Education Programs

2-3-1- Money Smart Scholl Programme (MSSP)

This is an NCFE program to provide unbiased financial education in schools to increase financial literacy, which is a crucial life skill for every student's overall growth. The program is supported by two pillars: Education and Public Awareness It intends to undertake a long-term financial education program that will empower a generation..

✓ Advantages for the school

The first advantage for schools who adopt the Money Smart School program is that their students will be more ready to manage complicated financial goods and services, as well as display prudent conduct and attitude when it comes to managing their own money. Aside from these benefits, there are the following:

- Smart financial schools will be certified for schools that adopt this curriculum.
- NCFE will give a certificate and a badge, which schools can display on their website and social media.
- On occasion, it offers free training and development programs to its instructors.
- Students will be more prepared to take the National Financial Literacy Assessment.

2-3-2 Financial Education Program for Adults (FEPA)

In September 2019, NCFE started the Financial Education Program for Adults (FEPA) FEPA is a financial literacy program that was established and executed to raise financial awareness among adults such as farmers, women groups, Asha workers, Anganwadi workers, self-help groups, organization personnel, skill development trainees, and so on This program is being carried out in accordance with the goals of the National Financial Education Strategy, with an emphasis on Special emphasis Areas (SFDs). This initiative is projected to make a substantial contribution to NCFE's goal of a Financially Empowered and Conscious India. (NCFE, 2019)

✓ **The program's main elements are as follows:**

-Objective: To raise financial knowledge in financially excluded areas of society

-Target Group: Adult population, including workers of various organizations, members of self-help groups, farmers and rural people, women's groups, family members, mgnrega card holders, military personnel, and any other financially excluded parts of society.

-Free: There will be no payment for the session.

-Trainers: NCFE maintains a network of financial education trainers across India who offer FEPA workshops.

-Content: The NCFE has created financial education materials for FEPA that is specifically targeted to adult populations in the community

. <https://www.ncfe.org.in/program/fepa>

✓ **E – Learning Management System of NCFE**

Free for everyone / Topics from banking, insurance, stock markets, insurance and retirement products / 5 hours and 20 units / Certificate after completing the course/Anywhere, anytime learning in a private space /Allowing the use of a mobile ph2-

2-3-3 Financial Awareness and Consumer Training (FACT)

Before explaining the program and its units, we will discuss the concept of consumer awareness as a partial concept that falls within the framework of consumer behavior.

“Consumer education is the process of ensuring that the buyer or consumer is aware of information regarding products, goods, services and consumer rights.” (Consumer Awareness, Consumer Rights and Responsibilities, 2023).

Table number (2): FACT program content

1.prevention of identity theft.	Identity theft can occur to any individual. We have methods for defending ourselves.
2.Responsible use of credit card.	Discover how to responsibly use your credit card, it is advantageous.
3.Principles of borrowing (loan for schooling)	Do you know some borrowing principles in the context of education loans?
4.How to prevent making rash purchases.	Impulsive purchases often result in regret. Learn how to prevent making rash purchases
5.Let's go without cash	The way we used to handle things in our nation has undergone a paradigm change. Discover how to live without cash.

Source: (NCFE Programs Team, 2023)

2-3-4 Financial education training programme (FETP)

FETP is an initiative of the NCFE for providing unbiased personal financial education to people and organizations for improving financial literacy in the country. NCFE has been conducting FETP for school-teachers who are teaching students in classes 6 to 10 across India. The program, based on two pillars; education and awareness, aims to establish a sustainable financial literacy campaign that can empower people’s lives after completion of the training, these teachers would be certified as ‘Money Smart Teachers’ and would facilitate the conduct of financial education classes in schools and encourage students to obtain basic financial skills.

2.4 Evaluation of the programs of the National Center for Education

the "5 C" technique is used to promote financial education to meet the strategic objectives. The goals and strategies for achieving them will be covered in this section.

2.4 .1 Evaluation of 5C strategic objectives for FY 2022-23

✓ Content

- An FE guide for Self-Help Groups (SHG's) has been developed.
- CISCE has developed a “Guide for Teachers and Integration of Financial Education into School Curricula.”
- 15 graphic novels on various topics were developed for school students

✓ Capacity

- A series of 5 capacity building programs were implemented in coordination with RBI, SEBI, IRDAI, PFRDA.
- Conducted capacity building program at Atal Pension Yojana in collaboration with PFERDA.
- Conducting a capacity building program at NSFE 2020:25 in collaboration with CAB..

✓ Community

- 4536 FEPA programs implemented, 90% in rural areas, 70% women-centred, and more than 3900 programs in areas of special focus.
- Over 29,000 community leaders including SHGs, Asha and Anganwadi workers trained under FEPA and over 6,500 teachers trained under FETP.
- FE workshop for postmen was held in Pratapgarh district of Rajasthan

✓ Communication

- More than 11 million people are reached via social media.
- Under the direction of financial sector regulatory agencies, "Financial

Education Week" finished with the theme "Good Financial Behavior - Your Savior" on February 13–17, 2023.

-In collaboration with MeitY and NPCI, commemorating Digital Financial Services Day on February 17, 2023, with the theme "Wise Use of Digital Financial Services".

- 100,000users have visited NCFE's chatbot.

✓ **Collaboration**

- A one-day stakeholder meeting was held on 29 December 2022 under the theme "Nationale for Financial Education: Partnering to Scale Up" in collaboration with IIBF, Mumbai

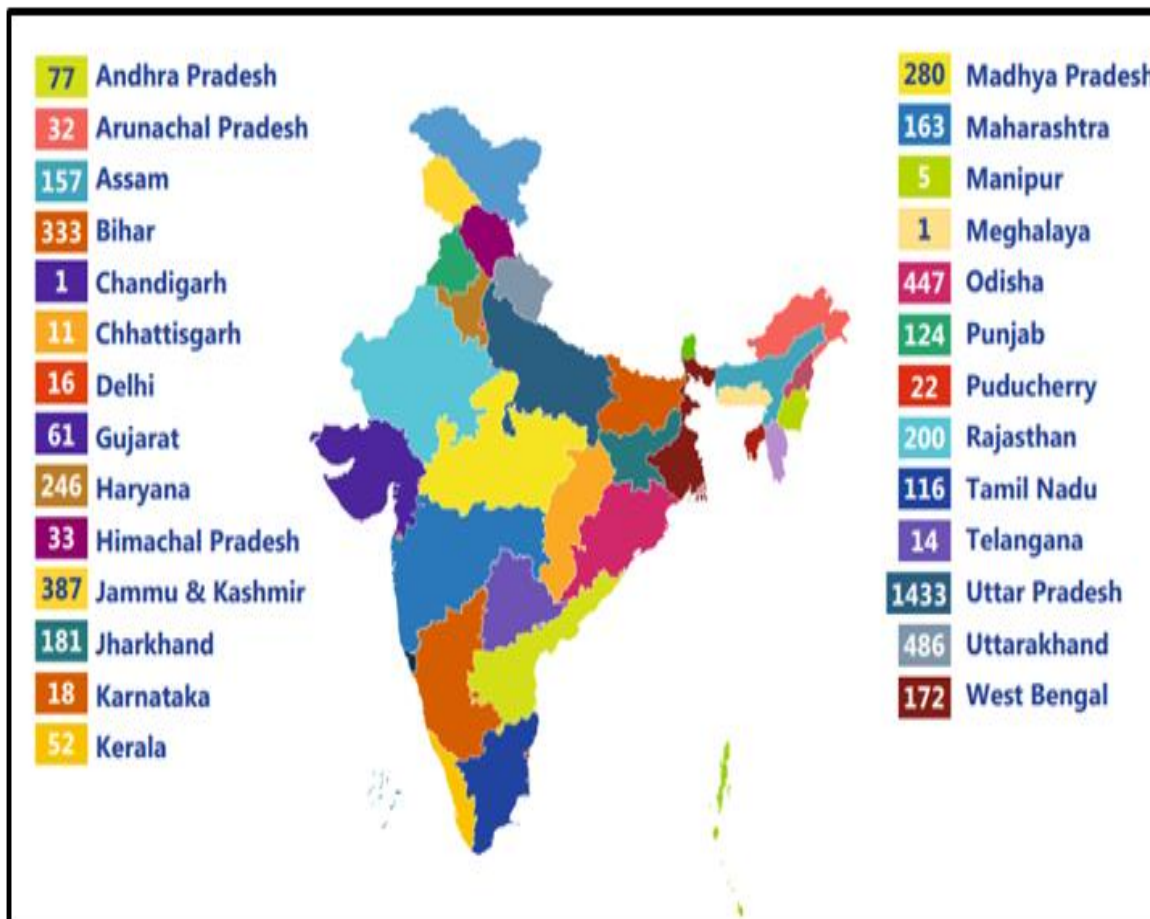
- Coordination with MeitY, MSDE, MoE, NCERT, NABARD, SIDBI, NPCI, CAB & BIRD to implement NCFE plan

- Coordination with various insurance companies to support their government insurance plan

2.4.2 Distribution of financial education programs in Indian states:

India, with over 1.21 billion people, is the second most populous nation with 29 states and seven union territories. The banking sector has grown significantly over the past 20 years, with progress towards financial inclusion achieved through a plan overseen by the National Center for Financial Education (INDIA NCFE). However, concerns remain about the unreached portion of the public, particularly low-income groups, in rural, semi-urban, and urban regions. The State of India's public policy aims to ensure banking services are accessible to all citizens without discrimination.

Figure number (4): A map showing the number of programs conducted in each state, with a total of 5067



Source: (RBI, 2022)

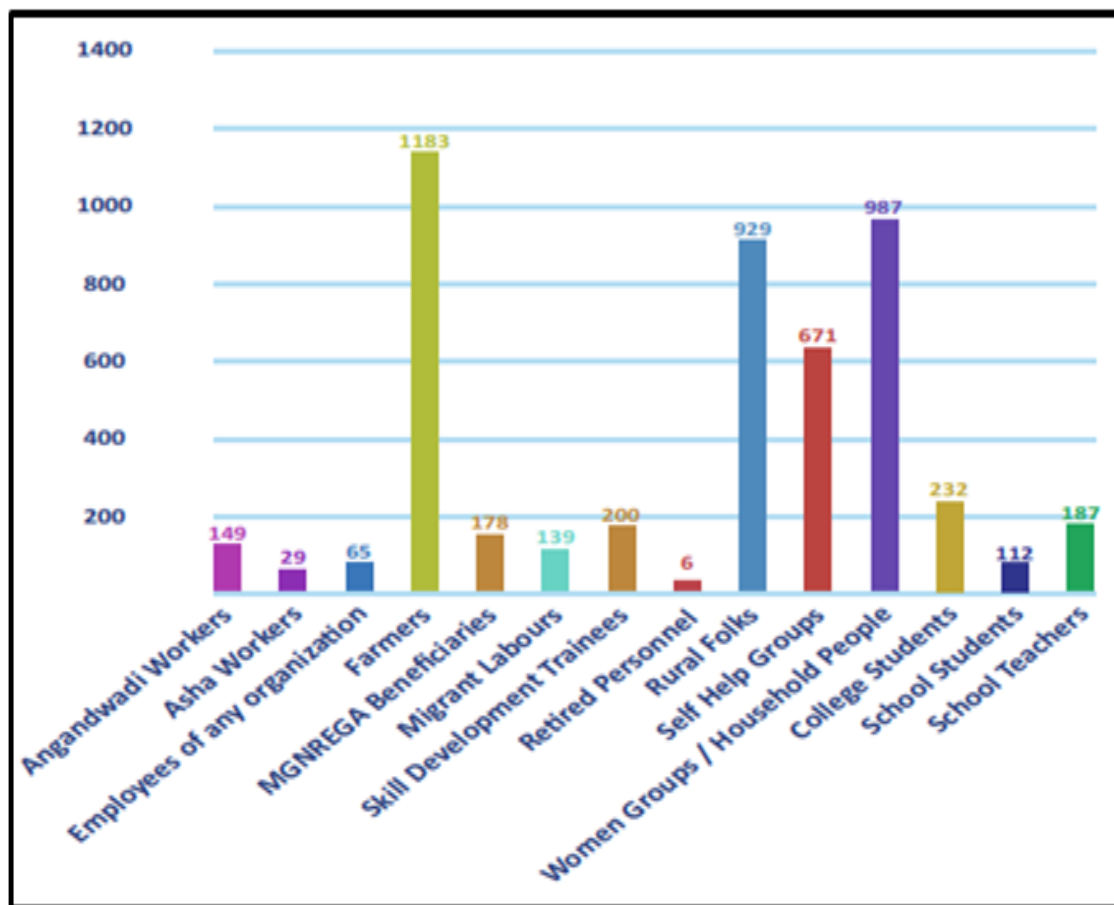
2.4.3 The impact of financial education programs for various segments of society

The financial education programs have had a significant impact on various segments of society, with 13,098 workshops held in total. Approximately 37% of these programs took place in regions designated for particular attention, such as Aspirational, LWE, Hilly, and North-East districts. 28 states have been served by Union Territories and Financial Education (FE) programs for aspiring entrepreneurs and skill development. Over 14,050 workers in various states have received training under FEPA, with over 56,000 community leaders, including Anganwadi Workers, Self-Help Groups, and Asha Workers, receiving training under FEPA. Over 2500 Anganwadi workers in Himachal

Pradesh received online training, while over 1500 senior persons participated in over 45 seminars. The Railway Protection Force Training Academy in Gujarat hosted three programs, and 65 men received training in Indore. A five-day financial education program was held for workers of **Bharatiya Reserve Bank Mudran Private Limited** and **Security Printing & Minting Corporation of India Ltd** in the banking area. Over 3,85,500 beneficiaries have been reached through FEPA since its inception. Additionally, over 600 students and youth attended a nationwide webinar conducted in collaboration with the National Institute of Bank Management.

Figure number (5): FE programs conducted by NCFE for various target groups for the financial year 2022-23

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Source: National Center for Financial Education 2023 report

https://ncfe.org.in/images/pdfs/annual_reports/Annual_Report_2022-23.pdf

Conclusion: Financial inclusion in India is both a challenge and an opportunity. By promoting financial awareness and providing safe and reliable financial services, India can achieve the Sustainable Development Goals and strengthen social solidarity. Several measures have been taken to promote financial inclusion in India, including launching programs such as the National Center for Financial Education to enable individuals to access financial services. Geographical and social factors present challenges, but the Indian government is seriously pursuing inclusive financial development.

Results: Financial technology and banking services significantly impact financial inclusion in Indian society. Financial literacy plays a role in facilitating access to FinTech/banking. The National Center for Financial Education's programs have positively impacted India's financial culture. Improved financial literacy leads to effective use of financial technology and banking services, enhancing financial inclusion. This is crucial for poverty eradication and economic development.

Recommendations:

- Building a clear strategy that allows for the provision of financial infrastructure in the next few years.
- Adopting the Indian experience in achieving financial inclusion by enhancing ways and capabilities towards eradicating financial illiteracy in our country.
- The Ministry of Finance accredits financial education centers under its supervision and encourages banking and financial institutions to support them.
- Accelerating the pace of introducing financial technology into Algerian banks.
- Publishing and distributing guides and publications that encourage the adoption of a financial culture in our country.
- Motivating and motivating emerging institutions to create institutions in the field of financial services.
- Establishing partnerships with leading countries and building experiences through a benchmarking strategy.

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