



# Digital Advancement For Financial Inclusion And Investment Behavior: A Roadmap To Attain Effectiveness In Achievement Pre-Set Indian Economic Goals.

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**Abstract:** This paper underlines the impact and importance of digitalization in financial literacy for the acquisition of the pre-set goals to achieve financial inclusion in the country. Digitalization helps to create bridge to realize the financial inclusion among all the sectors. Since India is a developing economy, digitalization would signify the technological advancement within the economy. It will make the society inclusive to the financial services offered by the state. The concepts of financial inclusion can be achieved through digitalization, which will in return help in accelerating the development of the economy. Developing countries like India shows relatively low level of financial literacy because of the capital generation often gets hampered. Recent trends of digitalization in India ensures that there is a possibility in the achievement of economic goals. Analysis of the works done in the financial field directs to observe economic development as a product of capital generation and thereby stating that the importance financial inclusion in the acceleration of economic development of the country.

**Index Terms** - Digital advancement, Economic development, investment behavior, and financial inclusion.

## I. INTRODUCTION

Digital advancement in recent years has led to the growth of financial industry. Era of digitalization marks the onset of technological advancement in an economy (Chen, Kumara, & Sivakumar). India witnessed the technological advancement since late 1990s after the popularity of Internet services (Chatterjee & Pal, 2020). Paperwork started to transferred into the files of computer for the faster circulation among employees/clients/consumers. Digital advancement led to the operation of works online and thereby attracting the prospective consumers and investment option. Financial products are available on different websites for people to inspect or purchase. Financial literacy signifies the rate of awareness about financial products available in the economy (Lusardi & Mitchell, 2007). Developing economy like India possess the larger population who are unaware of the financial options available to them. The development and growth of the Indian economy and the expansion of financial markets post- industrial policy as a result of liberalization, privatization and globalization have resulted into tremendous growth of financial products as an investment alternative (Singh & A. Weisse, 1998). The increasing complexity and available choices of financial products, shift of providing social security from government to individuals, growing importance of planning for retirement have made it compulsory to provide financial literacy at all levels for the countries as the low level of financial literacy prevents people making a judicious choice regarding financial decisions and consequently become incompetent to select most appropriate investment alternatives to beat the prevalent inflation rate of economy. In the developing countries provision of financial literacy could be treated as first step towards alleviation of poverty and development. In India it is although more important because of large section of the population especially in the rural areas which are deprived of formal financial set up. India has now become

the leading investment hub in the world as an efficient financial market (Hers, Witteman, Rougoor, & Buiren, 2018). The policymakers and academicians throughout the world have highlighted the importance of financial literacy as a core skill necessary for participants operating in a complex financial landscape. A higher level of financial literacy of market participants plays a complimentary role helping financial market to mobilize the funds and allocating the savings more effectively (Beck, 2006). The existence of larger number of financially literate participants, investors and borrowers, enhances efficiency of financial intermediation by letting them to understand risk pooling and risk sharing opportunities in a better way. A look at the level of financial literacy in a particular economy provides a good indicator of its economic growth and development prospects. A step towards financial literacy is also a step towards reducing poverty, alleviating standard of living and increasing financial stability of an economy.

Financial Inclusion is the phenomenon to include the population of the economy to the financial services provided to them (Sarma & Pais, 2011). Financial literacy is one of the tools to financial inclusion as it helps in understanding the financial services offered to the general population and also helps in the elimination of the doubts regarding the financial decisions. An economy with a certain degree of financial literacy is the enhanced economy when it comes to the economic development. Investment behavior on the other depends on the biases pertaining to different classes of the economy. These biases are related to gender, occupation, age and class. Financial literacy can help in a certain degree to eliminate these biases.

## II. ECONOMIC DEVELOPMENT

The goal of economic development has been set up since the independence of the economy, time to time the development process was guided by researchers, academicians and other concerned departments (HenryEtkowitz, b, c, Regina, & CantisanoTerraad, 2000). Developing economy like India possess the infinite number of opportunities to grow and process and reach to the stage of development. India's recent goal to achieve \$ 5 trillion economies by 2024 is also one of the many attempts of the leaders of nation (Dr.R.N.Sontakke & Bhargav, 2019). This goal has one year left and there are many significant developments in researches that has happened since the goal came into existence. There has been exploration of the ideas for achieving the aforesaid goals. Digital inclusion is one of the emerging concepts to reach to the goal faster. Technology eases the burden to educate the population about the financial products and services. Digitalization makes it easier for the researchers as well as population to educate themselves about the financial prospects.

Role of digital advancement in attaining economic development has a two-fold path. First path leads to the attainment of technological advancement and other leads to financial inclusion. According to (XinweiTang, 2022), in a study to monitor the digital inclusion for financial services and the impact of this on the economic growth of China, by increasing the use of financial services such as loans by the people of China. In one of the studies covering digital India by (Dhaliwal, 2021), quantified that digital initiative for rural sector needs to be improvised for better results and that it also leads to the gap that the policy makers and other researchers need to work. (Gore, Lobo, & Doke, 2012) stated that technical and social challenges in digitalization should be met to lead to the growth of the economy. Asian economies have their studies on the digital inclusion to enhance the growth of the economy. Developing economies like India have infinite possibilities of capital investments, it is like the platform for new ideas waiting to be realized. Digital inclusion and financial literacy are the tools for the economic development of the economy. (Lal, 2021) studies 382 responses of consumers of Jammu district of J and K, result expressed that there is direct impact of financial inclusion on the economic development of the marginalized communities. (Alnabulsi, 2021) pointed out that financial inclusion plays great role in economic development. Their study also recommended the importance of increased financial awareness, it also pointed out that small enterprises can acquire banking services to be a part of national economy by making a significant contribution..

## III. ANALYSIS AND INTERPRETATION

Analysis is done on the account of five researches in this area. The results of the researches done in the area of digital inclusion, financial intentions and economic development points out the importance of financial literacy to achieve the goal for economic development. Digital inclusion is another term used for the idea to make the population digitally involved. The idea helps in smooth transfer of financial services. Although there are some hurdles like social and technical aspect which hinder the digitalization and above all the financial decision taken by the public. Financial literacy as discussed opens the scope for investments by individuals and micro- enterprises which will result in the capital formation that will make the strong base for the economic development. It is through the understanding of the concept of financial literacy that the financial inclusion can

be studied. Financial literacy helps in the improvement of the financial decisions taken by individuals and organizations in a country.

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