

CLICKING FOR MONEY

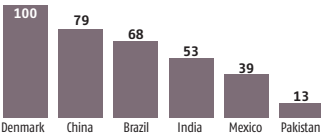
The last couple of years have seen the rise of mobile money and digital payments in the country. Apart from providing ease of transactions, digital money can also play a crucial role in financial inclusion, say experts. In fact, a report by McKinsey points out that by adopting digital finance more actively, countries can significantly boost growth. Nupur Anand gives a snapshot of the digital economy and its potential



FOCUSING ON THE UNBANKED

The report estimates 45% of the developing world's adult population lack an account with a bank or a financial institution and about half of small businesses in emerging economies lack sufficient access to credit

% of adults (+15) with a bank account

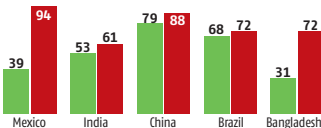


RINGING IN THE MONEY

Penetration of banking services can be increased considering the wide mobile penetration in India. So far, digital banking has largely been an urban phenomenon but banks have a window to tap rural potential

FINANCIAL ACCOUNT PENETRATION VS MOBILE OWNERSHIP

■ Adults with financial accounts ■ Mobile ownership rate (%)



ALL THIS TO LEAD TO

GDP boost of \$700 billion (11.8%) by 2025

(%)

■ Increased productivity ■ Increased physical capital ■ Increased labour



*2014 or latest available data

Source: McKinsey

POTENTIAL ECONOMIC IMPACT GLOBALLY ...

WHAT IS NEEDED?

- Widespread connectivity and robust digital payments infrastructure
- Dynamic financial services market to promote stable financial systems and open markets fostering innovation
- New digital products offering true advantage in cost and utility for people to use these

... ALL THIS WILL LEAD TO ...

- 1.6 billion } newly included individuals
- \$4.2 trillion } in new deposits
- \$110 billion } annual reduction in government leakage
- \$2.1 trillion } in new credit

... IT TRANSLATES INTO

- 95 million } new jobs
- \$3.7 trillion } or 6% growth boost by 2025

INDIA SNAPSHOT: THE POTENTIAL OF DIGITAL FINANCE IN INDIA*

- 344 million individuals can be included into the financial system
- 21 million new jobs can be created
- \$799 billion of deposits can be added
- Bank credit can increase by \$689 billion
- Using digital medium can reduce government leakage by \$24 billion