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Disclaimer

FOREWORD

India is a place that is known for varied culture, a nation with a rising economic growth, rich social legacy, largest democracy and a nation which taught the world the standards of business. India has captured the attention of developed economies for the financial literacy initiatives taken up by the government.

Financial Inclusion refers the process by which financial consumers can improve their understanding of financial products, concepts and risks. Thus beyond horizon therecomes infinite development avenues which should be catered to.

It is with this perspective in view Post Graduate Department Of Commerce And Research (S/F) have organised this one day international seminar on “Financial Literacy – A Supreme Tool in Accelerating Corporate Social Responsibility in Financial Institution”. The seminar would bring forward new ideas, discuss and enlighten areas of immense potential such as Corporate Social Responsibility and Financial Literacy. The seminar intends to document the thoughts and observation of the corporate and academia.

Dr.Sybila Pius Fernandez

Conference Convener

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ABOUT THE INSTITUTION

History

St. Xavier's College for Women, Aluva on the enchanting banks of River Periyar is functioning under the management of the Congregation of Teresian Carmelites (C.T.C.), and is affiliated to Mahatma Gandhi University. St. Xavier's College is a long cherished and hard realized dream of Rt. Rev. Msgr. Augustine Maveli, Rev. Mother Magdelene C.T.C., and Very Rev. Mother Isabel C.T.C. (Superior General of the Congregation of the Teresian Carmelites).

The college started functioning on 6th of July, 1964 with four batches of Pre- Degree classes with the total strength of 238 students and 22 members of the Teaching staff. It was raised to the status of a degree College in 1968. It now offers Degree courses in Mathematics, Physics, Chemistry, Botany, Zoology, Zoology-Vocational, Economics, Malayalam, English Literature, Communicative English and Commerce. Post Graduate courses in Commerce, Physics, English and Microbiology started in 1984, 1998 and 2001 respectively.

Keeping with the grand tradition of providing students access to latest technology, St. Xavier's College has implemented virtual class room in its campus from December 2005. We have the credit of becoming the second college in the state to provide this facility and the first women's college in the state.

Under the able leadership of Rev.Sr. Speciosa, St. Xavier's College was accredited to the four star status by NAAC in 1999. The college was re-accredited at B++ grade, during the tenure of Rev. Sr. Charles in 2006 and in the third cycle the college re-accredited with A grade, during the tenure of Rev. Sr.Percy in 2011.

The Add-On Programmes on E-Banking, E-Marketing and Security Analysis are offered from 2004 and Tally from 2009 by the Department of Commerce. From 2008, the Add-on courses on Computer Application by the Department of Physics and from 2011, Add- On Course on Human Right Education by Dept. of Economics have been introduced.

As a temple of learning, St. Xaviers has 52 years of glorious history. It upholds the noble ideals of education to carry on the mission and vision of our Mother Foundress, Rev. Mother Eliswa and our Patron St. Francis Xavier. St. Xavier's aims at moulding young women to live a richer life fulfil their individual and social responsibilities. Every young woman with a receptive mind finds her life in the campus a rewarding and stimulating experience. Our young scholars, singers, dancers, artists and sports stars have upheld the name and fame of the college by their meritorious achievements all through the years.

Patron:

St. Francis Xavier was a pioneering Roman Catholic missionary who was influential in the spreading of Catholicism in India. In the short span of ten years he visited many countries, traversed many seas and preached the Gospel. The zeal he displayed, the wonderful miracles he performed, and the great number of souls he brought to the light of true Faith, entitle him to be considered as the greatest missionary since the time of the Apostles.

On the footsteps of Mother Eliswa

Rev. Mother Eliswa, a widow of VareedVakayil of Koonammavu started the Congregation of Teresian Carmalites (C.T.C.) in 1866, the first native Congregation of sisters in India.

She strove hard to uplift the educational, social, cultural and vocational status of women and paved the way for starting academic and social institutions to empower the hapless women, contributing her own property and personnel.

ABOUT THE DEPARTMENT

Education is essentially, a process rather than a product as it is mostly taken to be. It teaches us to learn: learn things to develop in a creative manner, learn to be economical in effort. Imparting knowledge along with the wisdom to segregate right and wrong is the basic aim of teaching. Grooming young ladies with this spirit and opening the windows of opportunities in the field of Commerce is the aim of our department. The field of Commerce is the most attractive area for creative brains. There are enormous unexplored areas too. Keeping this in mind, St Xavier's College for Women, Aluva started its Self Financing department of Commerce on 2013 July 15 with Travel and Tourism and Computer Application courses. M.Com Management course was started on October 30, 2014, and this year B Com Taxation is also added to the department's golden feather. On 13 Jan 2016 the Self Financing department of Commerce started its prestigious M.Phil course in Business Studies.

The Department publishes a peer refereed bi-annual journal *XJORC* with the aim of disseminating information in the field of commerce, banking and management. Department also publishes its own newsletter–*Exordium* which is released annually. The newsletter is a record of activities of the department, achievements of our faculties and students.

Various programmes, workshops and lecture series are successfully conducted for accomplishing the interest of students in academics. Social outreach and interaction programme is a part and parcel of the departmental activities.

Courses and Specializations

B.Com Model I	– Computer Application
B.Com Model I	– Finance and Taxation
B.Com Model I	– Travel and Tourism
M.Com	– Management
M.Phil.	– Business Studies

Additional Coaching Classes for Competitive Examinations

UGC NET/JRF/SET Coaching: The Department is conducting coaching classes for the Post Graduate students to appear for UGC NET/JRF/SET Competitive Examinations.

Tax Practitioner Course: The course was introduced to empower the students with practical knowledge in the area of taxation and financial planning.

Club Activities

*Journal Club:*The department initiated the journal club to develop the research aptitude of the students.

*Club Commercia:*The club was introduced to inculcate soft and social skills among students for empowering them with employability potentials.

Activities of the department for the Academic Year 2016-2017

Date and Year	Event	Recourse person
29April 2016	One day Workshop on Research Methodology	Mr.Saji.T.G (Sri.Achuthamenon, Govt. College, Thrisur
18July 2016	International Seminar on Financial Literacy - A supreme tool in accelerating CSR in Financial Institutions	Dr.Md.AbdulHanan Mia (Humber Business School, Canada)
05 August 2016	Inauguration of Commerce Club-Club Commercio	Mr.Vinu Raj (Chief Manager, Indian Overseas Bank)
05August 2016	Career Guidance Class	Mr.Navas Hassan (Chief Consultant, International Financial Careers Academy)
15 August 2016	Donated library at Asok L P School, Asokapuram, Aluva	Mr.AnwarSadath MLA
30 August 2016	Informatory class on Starting Savings Account	Mr.Kannan, Central Bank of India, Aluva

29September 2016	Distribution of food packets as Social Outreach Programme atEvanchalAshramam, Koonammavu run by Br.Amal	
8October 2016	'SE REUNIR' 2K16	Alumini Meet
24October 2016	One day Seminar on the topic Capital Market awareness, Mutual Fund and Financial Planning	Lotus Know Wealth- Investor Education Programme
24October2016	Inauguration of NET coaching class	Maxie Jose (Financial planner, Lotus Knowl wealth)
1 November 2016	Departmental speech competition on the topic "EnteKeralam"	
3November 2016	One day seminar on Soft Skill Development	Joby Thomas
11 November 2016	Awareness class about ACCA	Mr. John&Mr. Manu K Epen
11 November 2016	Marketing and Sale of *Power* Soap Powder as an initiative to support cancer patients in association with Pain and Palliative Care Centre	
14 November 2016	All Kerala Inter School Edufest In Comic Strips On The Topic " Insurance" in collaboration with National Insurance Company Ltd	Mr. Xavier Alexander, Senior Divisional Manager, National Insurance Company Ltd
15 November 2016	Inter Departmental Essay writing Competition in association with SBI, Aluva on the topic 'How to wipe out corruption from public life'	
17 November 2016	Career Guidance class for III B.Com students	Mr. Mathew K Varghese, Indian &Int Professional
21 November 2016	Tax Practitioner Class	Ms.PreethyViswanathan, National institute of tax studies

21 -26 November 2016	B.com III Yrs students Study Tiur to Ooty, Mysore and Coorg	
24 & 25 November 2016	Social Visit to SOS Village , Aluva	
5 December 2016	Career Guidance Programme	
6 January 2017	One day International Faculty Development Programme in Contemporary issues in Commerce & Economics	Mr.Justin Paul
11 & 12 January 2017	Two day National Level Faculy Development Programme	Dr. E. Gupthakumar, Dr.G Alex Rajesh, Dr.S. Franklin John, Nehru Group of Institution Coimbatore
21 January 2017	National level one day workshop on Research Methodology	
30 January & 1 February 2017	Three day Personality Development Class for Students	Mr. Ratheesh Ambatt, Sapients

AKNOWLEDGEMENT

We would like to express our gratitude to Sr.Reethamma.V.A, Principal, St.Xavier's College for Women, Aluva for the conduct of the One Day International Seminar 'Financial Literacy – A Supreme Tool in Accelerating Corporate Social Responsibility in Financial Institutions'. Special thanks is due to the faculty, administrative staff of the college, research scholars and the students of the department for cooperation and help extended in organising the seminar. We would like to express our sincere gratitude to Mr.Vinod Kumar, Saaya Advertising for taking up the responsibility of printing the proceedings on behalf of the department.

Special thanks are due to the Federal Bank Ltd, Aluva and Canara Bank Ltd, Aluva for the financial support extended.

Our gratitude to all the participants who made this seminar a grant success.

Dr Sybila Pius Fernandez

Conference Convener

Ms Mary David   Ms Anjali R   Ms Jomsy Thomas

Joint Conveners

Thanks to Resource Persons and Session Moderators

Mr. Varghese K I- *Chief General Manager, The Federal Bank Ltd.*

Dr. Prof. SomasekharanUnni - *Former Syndicate member,Mahatma Gandhi University, Kottayam& Former HOD, Department of Commerce, St. Xavier's college for Women, Aluva*

Dr. Md. Abdul Hannan Mia- *Professor (Visiting) of Accounting, Humber Business School Canada. Professor Department of MIS, Dhaka University, Bangladesh*

Dr. L P Ramalingam ,*Principal and Research Guide, Sourashtra College, Madurai*

Dr. Elizabeth George*, Associate Professor, AdiSankara Institute of Technology and Management, Kalady*

ABOUT THE SEMINAR

Inviting bottom level of economy into the main stream of development is the epic centre of every economic boom. The lack of financial knowledge and skills was the core reason that leads to the economic and financial crisis in 2008. The financial crisis has highlighted the need for strengthened financial knowledge. As Social Responsibility of business is widely discussed these days the seminar will be a platform for discussing the unexplored areas of CSR practices by financial institutions. Social Responsibility of business refers to what a business does over and above the statutory requirement for the benefit of the society. The word "responsibility" emphasizes that the business has some moral obligations towards the society. CSR, also known as Sustainable Responsible Business (SRB), is a form of corporate self-regulation integrated into a business model.

'Financial literacy' refers to the knowledge and understanding of financial concepts there by resulting in the ability to make informed, confident and effective decisions regarding money. Financial literacy can be interpreted broadly or narrowly. In a broader perspective, financial literacy can be stated as "understanding of economics and how economic conditions and circumstances affect household decisions". A narrow definition of financial literacy focuses on "basic money management tools such as budgeting, saving, investing and insurance". It is the narrow view of financial literacy that is particularly relevant to individual decisions concerning financial matters.

The lack of financial knowledge and skills was the core reason that lead to the economic and financial crisis in 2008. The financial crisis has highlighted the need for strengthened financial knowledge. The epicentre of the crisis must not be forgotten– the subprime mortgage sector in the United States and insufficient levels of financial literacy were among the major aggravating factors.

Financial literacy has assumed greater importance in the recent years, as financial markets have become increasingly complex and as there is information asymmetry between markets and the common person, leading to the latter finding it increasingly difficult to make informed choices. In India, the need for financial literacy is even greater considering the low levels of literacy and the large section of the population, which still remains out of the formal financial set-up. Credit Counselling can be defined as counselling that explores the possibility of repaying debts outside bankruptcy and educates the debtor about credit, budgeting, and financial management. In view of the above two points the RBI has initiated a scheme for setting up of Financial Literacy and Credit Counselling (FLCC) Centres by the banks. Certain banks have not just opened the FLCC centres but have also taken other measures to promote finance education among people.

In India, The ministry of corporate affairs has made the financial literacy initiatives of the banks as a part of their CSR activities in order to boost the financial literacy and thereby to achieve financial inclusion. Today most of the banks are following financial literacy activities as a part of their Corporate Social Responsibility. This was found to be an effective tool as it motivates the financially illiterate to attain literacy with regard to usage of financial products. This results in opening of new bank accounts and even increase in the usage of various financial products. Thereby the financial institutions can expand its operations to the untapped masses of illiterate population. In India, where the financial literacy is poor there is an emerging opportunity for the financial institutions to take up this task as their Corporate Social Responsibility.

Banks do not exist in a vacuum. They make a large contribution to the country's GDP growth, meet the demand of the growing middle class, contribute to infrastructure spending, and reach out to the semi-urban and rural areas. The Reserve Bank of India (RBI) (2011) on stressing the need for CSR, suggested the banks to pay special attention towards integration of social and environmental concerns in their business operations to achieve sustainable development. RBI also pointed out to start non-financial reporting (NFR) by the banks which will cover the work done by the banks towards the social, economic and environmental betterment of society. The CSR in Indian Banking Sector is aimed towards addressing the financial inclusion, providing financial services to the unbanked or untapped areas of the country.

Against this backdrop, CSR is now an integral part of functioning of an organisation. The performance of an organisation should be judged beyond the financial parameters. The authorities need not only focus on the financial performance but to examine into the CSR performance of the organisation. Keeping in view the importance of banking sector in India, there is a need for focused approach on the corporate social responsibility activities carried out by Indian commercial banks.

ORGANISING COMMITTEE

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Registration Committee	:	Ms Rosemol Sebastian
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		Ms Karthika P Devan
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		Ms Siji Mathew

		Ms Jini Antony
Publicity Committee	:	Ms Bindu Vinod
		Ms Deepthi George

PROGRAMME SCHEDULE

9.00 a.m.	:	Registration
10.00 a.m.	:	INAUGURAL SESSION
Presidential Address	:	**Rev Sr. Reethamma V. A** Principal, St. Xavier's college for Women, Aluva
Inauguration & Inaugural Address:		**Mr. Varghese K I** Chief General Manager, The Federal Bank Ltd.
Key note address	**:**	**Dr. Prof. SomasekharanUnni** Syndicate member, Mahatma Gandhi University, Kottayam&Former HOD, Depart ment of Commerce, St. Xavier's college for Women, Aluva
10.45 a.m.	:	Tea Break
11.00 a.m.	:	TECHNICAL SESSION I –**Financial innovations in global banking sector** **Dr. Md. Abdul Hannan Mia**Professor (Visiting) of Accounting, Humber Business School, Canada, Professor, Department of MIS, Dhaka University, Bangladesh
12.30 p.m.	:	Lunch Break
1.30 p.m.	:	TECHNICAL SESSION II-**Financial literacy efforts of Financial institutions.** **Dr. L P Ramalingam**Principal and Research Guide, Sourashtra College, Madurai
2.30 p.m.	:	**Paper Presentation**

		Dr. Elizabeth George Associate Professor, AdiSankara Institute of Technology and Management, Kalady
3.30 p.m.	:	Valedictory Session
4.00 p.m.	:	Tea

FINANCIAL EMPOWERMENT THROUGH FINANCIAL LITERACY: AN OVERVIEW OF GROWING EFFORTS

Anitha Mary Alex
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Abstract

Financial literacy is considered an important adjunct for promoting financial inclusion, financial development and ultimately financial stability. Financial development is widely recognized as an important determinant of economic growth. Corporate responsibility is a responsibility for a firm's direct involvement with the betterment of the society which means that companies must not only fulfill shareholders' needs but also take into consideration other stakeholders' demand. It can be argued that limited financial literacy serves as an important barrier to demand for services: if individuals are not familiar or comfortable with products, they will not demand them. There is need for financial literacy as it empowers the common person and thus reduces the burden of protecting the common person from the elements of market failure from a regulatory perspective. Financial literacy can make a difference not only in the quality of life that individuals can afford, but also the integrity and quality of markets. Unless financial literacy goes hand in hand with financial inclusion, instead of helping the poor, they will be put into more trouble. This paper summarizes the growing efforts made in the field of financial literacy and also identifies the major players in this field who have accepted it as a tool for accelerating corporate social responsibility through various initiatives.

Key words: financial literacy, financial inclusion, corporate social responsibility.

Introduction:

Financial literacy is nothing but the knowledge about management of finance. It gives you the benefit of protecting yourself from financial frauds and at the same time to plan for a financially secure future. It gives the consumers the necessary knowledge and skill to enable them to assess the suitability of various financial products available in the financial market.

The recent developments in financial literacy have made it increasingly important for financial well – being. The growing sophistication of financial markets means consumers are not just choosing between interest rates on two different bank loans or savings plans, but are rather being offered a variety of complex financial instruments for borrowing and saving, with a large range of options. They will not be able to choose the right savings or investments for themselves, and may be at risk of fraud, if they are not financially literate.

India is one among the world's most efficient and regulated financial markets. While people in India prefer to save, the savings are not invested in the wise manner. A majority of the Indian population do not use modern financial products. But if they do become financially educated, they will be more likely to save and to challenge financial service providers to develop products that truly respond to their needs, and that should have positive effects on both investment levels and economic growth.

The three pillars of financial stability are financial literacy, financial inclusion and consumer protection.

Objectives:

- Understanding the meaning, importance and content of financial literacy.
- Identifying the major players in the field of financial literacy.
- Summarizing the efforts made by different organizations in the field of financial literacy.
- Suggesting innovative ways to spread financial literacy.

Review of Literature:

The website, newsletter, monthly bulletin of RBI, SEBI, IRDA has also been reviewed to collect the relevant material and to summarize their growing efforts. Some of the books, reports and articles that were used have been referred below:

- "The What, Why and How of Financial Literacy"(February 2013) by K.C Chakrabarty, Deputy Governor of the Reserve Bank of India, addressed some of the key issues relating to financial literacy in a country like India.
- "National Strategy for Financial Education"(2012), published by the RBI, is an important paper which was reviewed for this study to understand the

importance of developing a national strategy for financial literacy in the country.

- "World Economic Outlook"(2014), a report by the International Monetary Fund (IMF),which reviews the economic developments over the globe and states the possible future projections.
- "India 2020"by A P J Abdul Kalam (1998) which explores how India can be among the top 5 economic powers by the year 2020.

Research Methodology:

An extensive study of previous research and literature has been done to find out the meaning and the need for financial literacy by also identifying the major players in this field.

Meaning of financial literacy:

According to the RBI, Financial Literacy can be defined as
"Providing familiarity with and understanding of financial market products especially rewards and risks, in order making informed choices".

The Organization for Economic Co-operation and Development (OECD)has defined financial education as
"the process by which financial consumers/investors improve their understanding of financial products, concepts and risks and, through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being".
Thus, financial literacy is the knowledge, ability and skill to understand, control and use one's financial resources wisely ultimately leading to the well-being and economic security of oneself, one's family and the economy as a whole.
"Financial inclusion is about (a) the broadening of financial services to those people who do not have access to financial services sector; (b) the deepening of financial services for people who have minimal financial services; and (c) greater financial literacy and consumer protection so that those who are offered the products can make appropriate choices."

Financial inclusion is one of the top most policy priorities of the Government of India. One of the most visible aspects of the governance has been agenda of social inclusion of which financial inclusion is an integral part. *'Financial literacy, and education, plays a crucial role in financial inclusion, inclusive growth and sustainable prosperity'*

Importance of Financial Literacy in India:

The financial system of a country plays a key role in the growth and development of a nation. It has been rightly said that, "Financial Literacy needs to be embedded in our way of life. Everyone who earns an income is a potential saver, every saver is a potential investor and every investor ought to be financially literate". The consumers need to be financially literate to be able to understand the financial world and to make well-informed decisions that will be profitable.

The need for financial literacy in a country like India is due to:

1. Increase in the Life Expectancy, Changes in Pension agreement and Transfer of Risk.
2. Increase in an Individual's responsibility.
3. Financial Product and Service innovation.
4. Multifaceted features of financial products.
5. Technological changes and market innovations.

Content of Financial Literacy:

It is very necessary to discuss some important content of financial literacy which play a major role to develop sound financial stability in the country. Following are the major areas of financial literacy:

Transaction of money – This area includes the awareness of the different forms and purposes of money and handling simple monetary transactions. The following task can come under it:

- Awareness regarding different forms and purposes of money.
- Recognition of bank notes and coins
- Understand the amount of money used to exchange goods and services.
- Identify the different modes of payment.
- Recognize the various means of receiving money and transferring money.
- Use of cash, cards, etc.
- Use of ATM machines.

- Checking transactions listed on a bank statement and note the irregularities.

Risk and Return Analysis – Risk and return is a key area of financial literacy, incorporating the ability to identify ways of managing, balancing and covering risks and an understanding of the potential for financial gains or losses across a range of financial contexts. The following comes under it:

- Recognition of certain financial products and processes used to manage and offset various risks.
- Applying knowledge of the ways to manage risk with benefits of diversification.
- Knowing about and managing risks and rewards associated with life events.

Financial Landscape- this area covers the knowledge regarding the rights and responsibilities of consumers in the financial marketplace and the main implications of financial contracts. It includes the following task:

- Knowledge of rights and responsibilities and the ability to apply it.
- Understanding the buyers and sellers rights and responsibilities.
- Recognizing the importance of legal documentation
- Disclosure of all material facts.

Efforts made by the major players in the field of Financial Literacy:

The policy makers and financial regulators have recognized the need for financial literacy and are working actively towards it. The major players include Reserve Bank of India, Securities exchange board of India, Insurance Regulatory and Development Authority, PFRDA and commercial banks. The efforts made by these are depicted in the table below:

RBI	SEBI	IRDA	PFRDA	Commercial Banks
Outreach visits	Nationwide campaign	Awareness Programs	Spreading social security messages to the public	Awareness through Financial Literacy and Counseling Centers
RBIwebsite, Websites/portals of banks	Resource persons are empanelled who can organize workshops.	Annuall seminar on policy holder protection	FAQ on pension related topics on its web	Rural Self Employment Training Institutes on financial literacy

Association with the World Bank and the OECD	National Financial Literacy Assessment Test.	Pan India Survey	Taking the pension services to the disadvantaged community	Creating awareness among the public about financial management
Financial Literacy Centers (FLC)	Investor education Programs	Policyholder Handbooks		Counseling people who are struggling to meet their repayment obligations
National Strategy on financial education.	Regional Seminars through various stakeholders.	Integrated Grievance Management System		Resolving their problems of indebtedness
Monetary Museum by RBI	SEBI's dedicated website.			Helping in rehabilitation of borrowers in distress
Mobile Financial Literacy	Visit SEBI programme			

Financial Literacy and CSR – a glance.

Financial inclusion programmes have emerged as a favourable theme for CSR projects run by banks and grant making agencies. CSR is analyzed as a source of competitive advantage and not as an end in itself .In effect, the concept of CSR has evolved from being regarded as detrimental to an institution's profitability, to being considered as somehow benefiting it as a whole, at least in the long run.

Nowadays, firms are getting increasingly involved in social activities which are conveniently termed as CSR. Corporate responsibility is a responsibility for a firm's direct involvement with the betterment of the society. CSR means that companies must not only fulfill shareholders' needs but also take into consideration other stakeholders' demand.

The disclosure of the CSR activities is also used as a measurement tool of performance in the sense that the amount of funds invested in CSR activities is an indication of the level of available resources and more especially the value that the organization has ascribed to the beneficiaries of the programmes.

Recent Initiatives introduced towards financial inclusion:

In a country that is largely financially illiterate, the possibility of fraud is much higher and promoting financial literacy is a long term strategy for mitigating this risk. There are many initiatives that have been initiated in India to make it financially empowered. Some of them are as follows:

NavyaDisha works to alleviate poverty, but, given the thrust on financial inclusion, in 2012 it added the mobile school that works on financial education**.** Equipped with training material, the bus serves as a classroom anywhere in a village.

The **Prime Minister's Jan-DhanYojana (PMJDY)**, launched in 2014, has further propelled India's drive toward financial inclusion. According to data available on PMJDY's website until 2 December, 194 million bank accounts had been opened under the financial inclusion scheme. But if financial inclusion is to be achieved, experts argue, financial literacy has to be addressed first.

Buzz India is CitiBank India's corporate social responsibility (CSR) project. The Citi Foundation, the philanthropic arm, as part of its India Innovation Grant programme, gave Buzz India Rs.30 lakh out of a total grant of about Rs.12 crore that went out to seven non-profits in 2014. Through the grant, Citi looks to promote innovative financial education and inclusion programmes that are scalable.

To promote financial literacy in Northeastern state of Nagaland, National Stock Exchange of India Limited (NSE) and the Nagaland Board of Secondary Education (NBSE) started afinancial literacy course for the students of Class IX in 2016. More than 60 schools under NBSE had registered with the Board to make the course compulsory for all students of class IX.NSE has already conducted a teachers training program at Kohima for the schools taking up this course. The curriculum covers income & expenditure, importance of savings, elementary knowledge about banking system, basics of financial planning, money management, setting financial goals etc. Students will have to complete the course within a maximum time of 25 hours. The objective of this initiative is to help students grow the habit of savings from young ages and to develop financial and investment capabilities.

Muppets and other fun-filled activities are now being used to help children acquire healthy financial skills and behaviour under a new multimedia initiative in the city. The "Sapna, Bachat, Udaan: AarthikBal, HarParivarkaHaq" initiative is the Indian adaptation of a global programme - Dream, Save, Do: Financial Empowerment for Families. The initiative is set to provide engaging content featuring 'GalliGalliSimSim Muppets', language for discussion, and effective strategies for spending, saving, sharing and donating. A vegetable car converted into a mobile TV, travels to each street of the selected area calling out for children to watch educational and entertaining videos on financial literacy. All children gather around the TV for the MCV which is followed by workshops. During the workshops, facilitators engage children in activities like making their own piggy bank or activities related to saving and sharing.

Likewise there are many initiatives that have been introduced for financially educating and empowering the common man which would lead our country towards maintaining a strong financial system.

Suggestions to spread Financial Education

- ***School Curriculum:*** Governments have recognized that financial education should start at school and that people should be educated about financial matters as early as possible in their lives. OECD has developed Guidelines aimed at providing high-level international and non-binding guidance to assist policymakers and interested stakeholders in designing, introducing and developing efficient financial education programmes in schools. Such Guidelines can thus be adapted as necessary to national or other jurisdictional circumstances and in particular curriculum and diversity of educational systems.
- ***Social Marketing:*** Various ministries of Government of India have undertaken commendable programs of social marketing such as polio and small pox eradication, prevention of child marriage, preventing female foeticide etc. These campaigns can serve as models for conducting social marketing initiatives in financial education. There is possibility of making use of
- Dedicated Financial Education websites
    - News papers
    - Radio and Television
    - Use of Social Networking Websites like *Facebook* and *Twitter*

  - Books / magazines in 'Cartoon Format' for young people

- ***Resource Persons:*** The model undertaken by SEBI to impart financial education is by engaging Resource Persons across the country for various target groups. This initiative needs to be taken further and scaled up exponentially. Another easily scalable model as mentioned earlier for large sections of poor people could be conducting literacy courses across country through rural branches and LDMs of banks.
- ***Adult Education:*** Financial education should form an integral part of the adult education.
- ***Self Help Groups and others:*** Some of the Self Help Groups have helped in spread of financial education as its discipline requires the groups to maintain accounts and make budgets. The good work needs to be carried forward and put on a firm basis.
- ***Microfinance Institutions:*** Many NGOs have been running successful financial education programs for their borrowers. These programs need to be dovetailed into overall strategy for people in other areas.
- ***Integrated communication channels:*** While the channels like TV, Radio, Print and internet should be exploited fully; there is a need to leverage the existing extension works and projects carried out by various ministries such as efforts of agriculture ministry to spread knowledge through panchayats etc.
- ***Helpline:*** There is a need of multi lingual, toll free helpline where an investor/ customer / client can call and get friendly assistance / support. It should be like a friend who is available to guide you in case of difficulties. All regulators can think of such initiative, if they have not already thought of it. It can play an important role in Financial Education.
- ***Other Channels:*** There is possibility of making use of other established channels - Consumers Associations , Investors Associations, Association of Policy Holders

.Conclusion:

To conclude, financial literacy is the ultimate pillar of a strong financial system. The ability of the consumers to make informed financial decisions is critical to developing sound personal finance, which contributes to efficient allocation of financial resources and financial stability. Financial Literacy appears to be linked to economic and social development. Recently most of the countries have launched various programmes to effective financial education and definitely, it would be helpful for sound financial and economic stability.

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A STUDY ON THE ROLE OF FINANCIAL LITERACY CENTERS AND THE EFFECTIVENESS OF FINANCIAL LITERATY CAMPS TAKE UP BY THE CENTERS IN ERNAKULAM DISTRICT

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Abstract

Financial Inclusion is considered to be the core objective of many developing nations. There have been many formidable challenges in financial inclusion area such as bringing the gap between the sections of society that are financially excluded within the ambit of the formal financial system, providing financial literacy and strengthening credit delivery mechanisms so as to improvised the financial economic growth. The mission of the Financial Literacy Center is to develop and test innovative programs to improve financial literacy and promote informed financial decision making. The present study analyses and evaluates the Financial Literacy Programs initiated by the Financial Literacy Centers in the Ernakulam District by the Banking Sector and the potential of the same in the construction of a Financial Literate Society in the State in order to financially enrich the society in the State. In spreading of these modern technology based banking products and services, the Financial Literacy Centers have to play a pivotal role by creating awareness of systems of operations and nature of these products particularly among the marginalized sections of the society and it should ultimately results in the creation of a Financial Literacy in the State.

Keywords: Financial Literacy, Financial Literacy Centers, Financial Literacy Camps, Effectiveness.

Introduction:

In the Indian Banking Sector, as a result of the paradigm shift in the marketing philosophy, financial literacy to the mass for facilitating financial awareness and financial knowledge deepening became the need of the time for mutual existence, the existence and survival of financial markets and customers. A Financial Literate Society is a society which is enriched by the mass financial social mobility as a result of financial literacy, awareness, education and enlightenment which will uplift the society to the construction of an economically viable nation. The banking system is the epicenter of the economic prosperity of any nation. Therefore, the promotion of banking system is the crucial and essential pre requisite for economic prosperity. The Banking system is the main device to transact the financial awakening. Financial literacy and counseling on a mass scale will gradually help to eradicate the rural and urban demarcation in relation to the accessibility to financial and banking products and services.

Financial Literacy Centers and Camps/Programs are necessary for lifting the marginalized sections of the society to the mainstream of economic development, which will lead to a more inclusive growth. Financial literacy stands for the financial knowledge and the ability to use it for taking sound financial actions and decisions. The developments in financial markets, demographic, economic and policy changes have necessitated the creation of awareness with regard to innovative and diversified banking products, services and systems in order to take prudent financial decisions, and to attract the marginalized mass. The Reserve bank of India, has been actively participating in the field of eradicating financial illiteracy in the country. In this context a project called “Project financial literacy” has already been implemented. The main objective of this project is to disseminate information regarding the Central Bank and general banking concepts to the various target groups including school and college going children, women, rural folk, rural and urban poor, defense personnel and senior citizens. Information is distributed to the target audience through presentations, pamphlets, brochures, films, websites etc. for doing this the Reserve bank has actively engaged other agencies like commercial banks, government machinery, NGO‟s, schools, colleges etc. It has launched a financial education site. Financial literacy in India is on the positive side now. As a result of number of financial inclusion and awareness campaigns, Kerala State was declared as the first total banking State in India. In addition to it, Palakkad District is declared as the first total banking district in our Country.

Financial Literacy Centers are entrusted with the task by which consumers are educated about how to open bank accounts to create a culture of saving and avoid incurring debts that cannot be repaid. It normally involves negotiating with creditors to establish a debt management plan for the consumer. In India due to the recent transformations in the retail banking sector, the need for credit among the ordinary consumers‟ has increased drastically. There has been rapid growth in the areas of consumer loans, housing loans, credit cards, personal loans etc. This had led to the emergence of credit counseling in the country. Only a few banks working in the public and private sector have taken initiative in this regard. The "ABHAY" Counseling Centre in various parts of the state of Maharashtra was started by the Bank of India. The "Disha Trust" another organization initiated by the ICICI bank and "Grameen Paramarsh Kendras" started by the Bank of Baroda are already in operation. These Centers assist people on face to face basis as well as on telephone, email, or through letters. Consumers facing problems related to credit cards, personal loans, housing loans approach these centers to get efficient advice to solve their problems. Major features of such centers is that the services are provided free of cost and the centers are manned by retired bank personnel who are experts in this area. Training and awareness camps are organized by such centers to educate people of the need to save as well as to familiarize them with the concept of credit cards, impact of minimum charges etc.

Background:

In India, people across generations have been in the habit of saving conventionally or un-conventionally; in cash or in kind. However, a conscious effort of financial inclusion, though through informal approaches have started since 1950, real momentum started gathering since 2005 onwards with Reserve Bank of India giving directions and guidelines supported by organizations such as NABARD and commercial banks the financial literacy efforts have started. The present study aims to analyses and evaluates the Financial Literacy Programs initiated by the Financial Literacy Centers in the Ernakulam District by the Banking Sector and the potential of the same in the construction of a Financial Literate Society in the State in order to financially enrich the society in the State, marginalized sections of the society and it should ultimately results in the creation of a Financial Literacy in the State.

Objectives of the study:

- Understanding the various Financial Literacy Centers in Ernakulam Dist.
- Listing out the number of financial literacy camps and its status.
- Analysis of the camp impacts to draw out the best practices in their delivery.

Scope and Methodology:

The methodology consists of the reflective notes from various studies. The financial literacy packages taken into consideration for this project include:

- Journals
- News Editions
- 7.37. Financial Literacy Centre's Status and Progress Report

Analysis and Discussion:

An analysis is made on the Financial Literacy Centers in Ernakulam District of Kerala based on the 7.37 FLC's Status and Progress Report as at March 2015. An attempt is made to understand the number of Financial Literacy Centers in operation and the literacy camps undertaken during the quarter as per RBI guidelines using financial literacy material of RBI and to thus measuring the effectiveness of the camp wherein the participants have opened a bank account after attending the camp by simple percentage methods.

Table (1) showing 7.37. Financial Literacy Centers - Status & Progress Report as at March 2015

Sl. No.	Location	Address	Date of Start of functioning	Name of the Bank	No. of literacy camps	No. of participants in the camp	No. of participants already having bank account	No. of participants opened bank account after camp
1	Perumbavoor, Koovapady (Semi Urban)	Union Bank FLC, I Floor, Union Bank Bhavan, A.M.Road, Perumbavoor, Ernakulam – 683 542	23.02.2011	Union Bank of India	8	290	116	174
2	Mookkannoor (Semi Urban)	Federal Ashwas FLC, Pala Junction, Mookkannoor, Ernakulam	27.04.2012	Federal Bank	20	2536	1850	550
3	Kothamangalam (Semi Urban)	Federal Ashwas FLC, Bishop House, Kothamangalam, Ernakulam	04.09.2012	Federal Bank	11	605	570	30
4	Mulanthuruthy (Semi Urban)	Union Bank FLC, Block Panchayath Building, Perumpilly,	09.11.2012	Union Bank of India	14	273	210	63

		P.O. Mulanthuruthy, Ernakulam - 682314						
5	Edappally (Semi Urban)	Union Bank FLC, Block Panchayath Building, Kusumagiri, P.O. Kakkanad, Ernakulam - 682030	14.11.2012	Union Bank of India	11	216	189	38
6	Vypeen (Semi Urban)	C/O State Bank of Travancore,Cherupully Buildings, Nayarambalam, Ernakulam- 682 509.	24.12.2012	State Bank of Travanco re	6	105	93	9
7	Alangad (Semi Urban)	SIB FLC, Akshaya Centre No. EK-314 Co-operative Bank Building,	18.03.2013	South Indian Bank	4	95	33	62
8	Parakkadavu (Semi Urban)	Union Bank FLC No7/111L, Near Telephone Exchange, Moozhikkulam, Ernakulam	15.02.2013	Union Bank of India	10	191	108	42
9	Palluruthy (Semi Urban)	FLC, C/o.Dhanlaxmi Bank, Palluruthy Branch, No.23, 2642C, ASB Estate, Palluruthy, Ernakulam – 682 006	01.08.2013	Dhanlax mi Bank	6	300	140	90
10	Muvattupuzha	FLC, C/o. SBI, Muvattupuzha, Aramana Complex, Muvattupuzha, Ernakulam - 686661	25.03.2013	State Bank of India	1	16	6	8
11	Collectorate, Kakkanad (Urban)	FLC, C/o. Union Bank of India RSETI, Ground Floor, Old Block Collectorate, Kakkanad, Ermakulam	02.09.2013	Union Bank of India	10	209	157	48
12	Vaduvacode (Semi Urban)	PNB-FLC, Akshaya Centre, Mechirappattu Building Opp Fact Main gate, Ambalamedu (PO), Ernakulam - 682303	26.08.2013	Punjab National Bank	0	0	0	0
13	Pampakuda Block (Semi Urban)	FLC, C/o. Canara Bank, Ramamangalam, Ernakulam - 686 663	31.07.2013	Canara Bank	20	687	630	57

14	Parur Block (Semi Urban)	FLC, C/o. Bank of India, Parur Main Branch, Star House, Parur, Ernakulam	20.12.2013	Bank of India	7	278	226	56
15	Vazhakkulam Block (Rural)	FLC, Vazhakkulam Block Panchayat Office Bldg, South Vazhakulam, Ernakulam - 683 105	07.01.2014	Syndicate Bank	47	987	979	8
16	Angamaly (Semi Urban)	FLC, C/o. Canara Bank, Angamaly, Ernakulam	19.01.2015	Canara Bank	24	493	480	13

Table (2) An analysis of the financial literacy camp impacts or its effectiveness to draw out the best practices in their delivery:

Sl. No.	Location	Name of the Bank	No. of literacy camps	No. of participants in the camp	No. of participants opened bank account after camp	Effectiveess Of Financial Literacy Camp (In %)
1	Perumbavoor, Koovapady (Semi Urban)	Union Bank of India	8	290	174	60
2	Mookkannoor (Semi Urban)	Federal Bank	20	2536	550	22
3	Kothamangalam (Semi Urban)	Federal Bank	11	605	30	5
4	Mulanthuruthy (Semi Urban)	Union Bank of India	14	273	63	23
5	Edappally (Semi Urban)	Union Bank of India	11	216	38	18
6	Vypeen (Semi Urban)	State Bank of Travancore	6	105	9	9
7	Alangad (Semi Urban)	South Indian Bank	4	95	62	65

8	Parakkadavu (Semi Urban)	Union Bank of India	10	191	42	22
9	Palluruthy (Semi Urban)	Dhanlaxmi Bank	6	300	90	30
10	Muvattupuzha	State Bank of India	1	16	8	50
11	Collectorate, Kakkanad (Urban)	Union Bank of India	10	209	48	23
12	Vaduvacode (Semi Urban)	Punjab National Bank	0	0	0	0
13	Pampakuda Block (Semi Urban)	Canara Bank	20	687	57	8
14	Parur Block (Semi Urban)	Bank of India	7	278	56	20
15	Vazhakkulam Block (Rural)	Syndicate Bank	47	987	8	1
16	Angamaly (Semi Urban)	Canara Bank	24	493	13	3

Findings:

1. The Financial Literacy Centers are located in Metro, Urban, Semi-Urban and Rural areas of the district of Ernakulam.
2. The banks who set up the FLC’s in Ernakulam to take up Financial Literacy by the conduct of Literacy Camps are: Union Bank of India, Federal Bank, State Bank of Travancore, South Indian Bank, Dhanlaxmi Bank, State Bank of India, Punjab National Bank, Canara Bank, Bank Of India and Syndicate Bank.
3. The Union Bank of India, a lead bank to take up FLC’s in Metro and Semi-Urban area.
4. The actual functioning of most of the FLC’s in Ernakulam geared up in the year 2013.
5. The total number of Literacy Camps undertaken during the quarter as per RBI guidelines using financial literacy material of RBI in Ernakulam district of the period under study is 199.

6. The status report also records as to no Financial Literacy Camps has been organised by Punjab National Bank, showing a surrender of responsibility.
7. The report highlights that Federal Bank, located at Mookkannoor Semi- Urban area had a total of 20 Financial Literacy Camps conducted during the quarter and having the highest number of participation of 2536 persons attending the camp and a total of 550 persons opening a bank account after camps.
8. The study shows that during the quarter under study, the most effective Financial Literacy Camps were conducted by the South Indian Bank located at Alangad a semi-urban region of the district of Ernakulam. Followed by the Union Bank of India, located at Perumbavoor a semi-urban region.
9. The least effective, Financial Literacy Camps were conducted by the Syndicate Bank even though 47 Literacy camps were conducted at a rural area of Vazhakkulam Block during the quarter and 987 participants took part only 8 participants open bank accounts.

Recommendations:

It is observed that some banks are yet to initiate steps for establishing FLCs in the allotted blocks. The State level Bankers Committee (SLBC) should entrust the duty to the block level monitoring committee and facilitate the same and also set targeted framework. **Targeted** – Indicators must measure what is changing (elements of change), who is involved (target group), where the change took place (place), and when the change will/has happened (timeframe). Indicator must be credible, feasible and viable. Although the position of the Private Sector Banks is better, spreading of FLCs should be taken as a policy matter by all Banking Sector thus accelerating corporate social responsibility. The focus should shift from SHG centric financial literacy programs to a mass based approach to include more financially excluded households.

Conclusion:

Improving financial literacy and activating all Financial Literacy Centers should be a first-order concern for policy-makers. A prudent customer should have awareness, education and training etc. for leading rational financial practices and knowledge regarding the modern banking technology and that gains could accrue not only to the affected individuals, but also to their family members and society at large.

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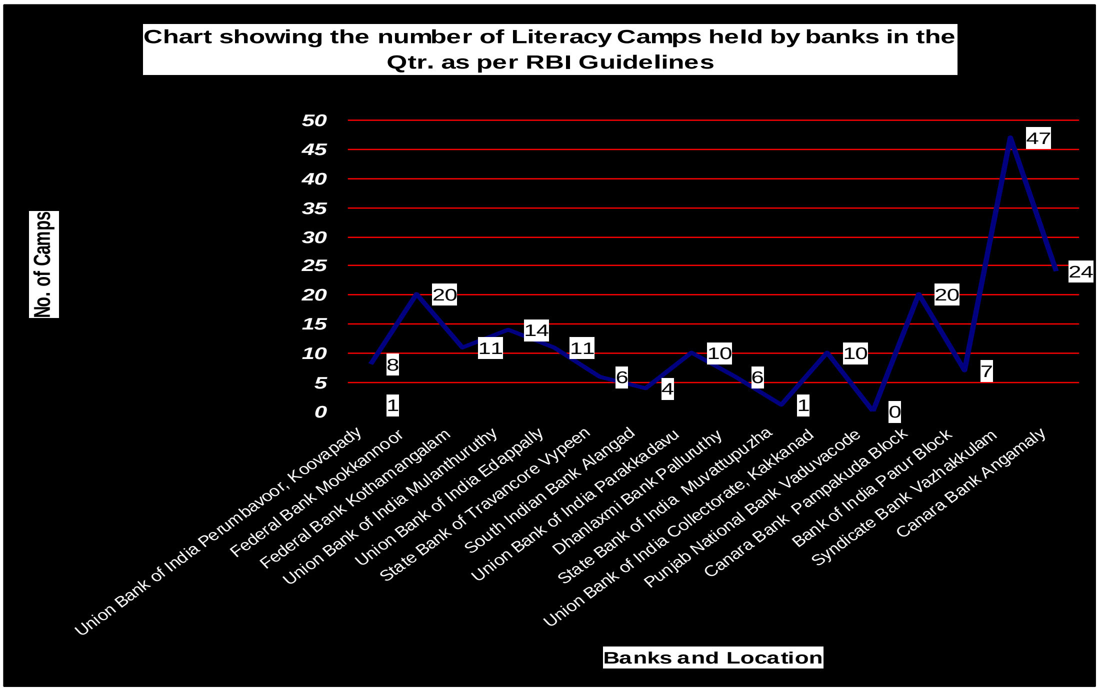
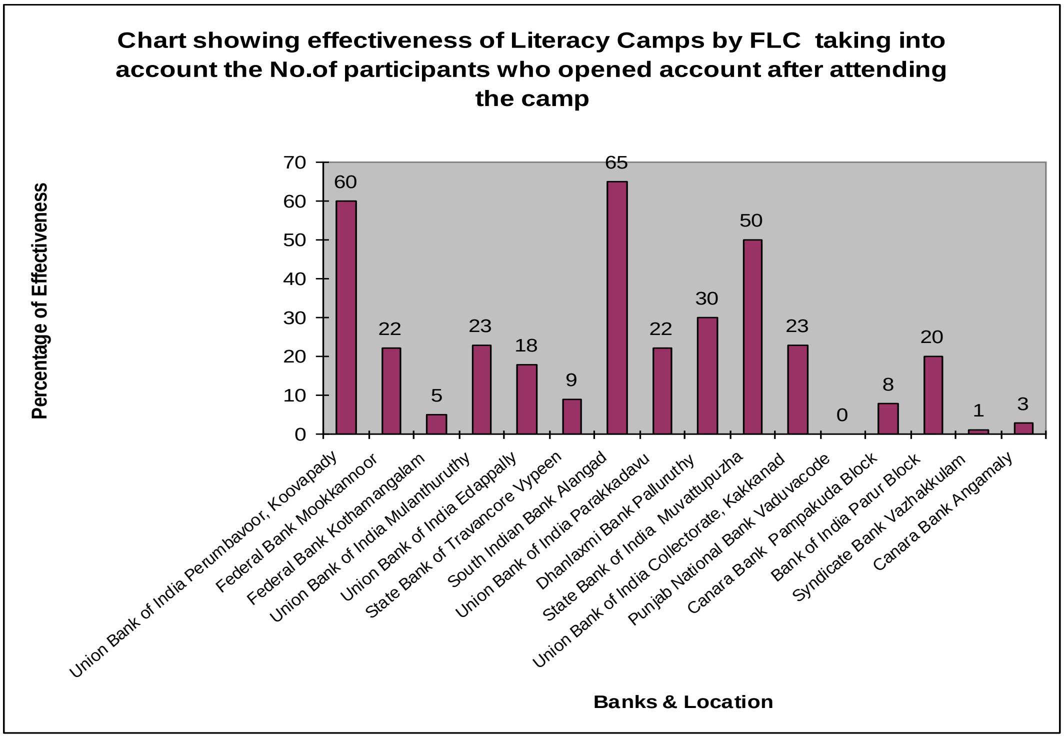
Chart1 : Showing the number of Literacy Camps held by Financial Literacy Centers of various banks of the Quarter under study as per RBI Guidelines and using materials



provided by RBI.

Chart 2: Showing the effectiveness of Literacy Camps held by Financial Literacy Centers of various banks of the Quarter under study taking into to consideration the number of participants who attended the camp opened a Bank Account after attending the camp.



PROPAGANDA OF THE PRIME MINISTER SOCIAL SECURITY SCHEMES BY BANKS: A GOOD ATTEMPT FOR FINANCIAL EDUCATION

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Abstract

Many a development has been launched to stress the growing need for financial education. The need for financial well as economic education is not new. For decades, government and non-profit organizations have been trying to address the problem of insufficient financial knowledge. Financial institutions have joined the effort as well and, in some cases, supplied significant resources to the field. They often provide financial support to existing non-profit financial education programs, and some develop proprietary financial education programs and materials. Prime Minister Narendra Modi launched three befitting social security schemes in 2015 namely, the "Pradhan Mantri Suraksha Bima Yojana" (accident insurance), "Pradhan Mantri Jeevan Jyoti Yojana" (life insurance) and "Atal Pension Yojana" relating to the insurance and pension sector that are aimed at enriching the process of financial inclusion. The schemes target the poor and those in the unorganized sector neither covered by any form of insurance nor pension. All the banks in India have taken up the responsibility of educating the people regarding these social security schemes as part of their financial literacy programmes.

Key words- Financial Inclusion, Pradhan Mantri Suraksha Bima Yojana, Pradhan Mantri Jeevan Jyoti, Atal Pension Yojana, Social Security Schemes

Introduction

Most of the Indians have only nominal financial knowledge, and they are pathetically noted for insufficient savings and high indebtedness. These disconcerting facts are especially salient in the scenario of the current financial crisis, where plummeting home values, high rate of unemployment, and weak economic growth have exacerbated the already weak balance sheet of many people. In the light of this grim background, financial literacy has found itself the need of the time.

Banks already provide their customers and potential customers with a wealth of educational material, information, tools and services to help them make the best financial choices. There are many community organizations imparting financial literacy to vulnerable groups across India; and many of these programs are supported by banks. But a few financial institutions have adopted financial education as a functional unit in their retail banking services. Financial education helps consumers by offering them the knowledge they need to make sound financial decisions. But banks can also benefit from financial education in numerous ways. At a time when competition in retail banking is fierce, targeted financial literacy and education programs can open new avenues into untapped populations, such as the immigrant and under-banked markets. In addition, financial education programs can also create goodwill at the community level and strengthen relationships with local customers and community partners.

Banks are uniquely positioned to provide financial education, as they can bridge theoretical economic concepts, such as scarcity and opportunity costs, with practical "money-in-the-pocket" services, and augment them with the necessary financial products. Access to low-cost financial products is particularly valuable for "unbanked" and "under banked" clients (those who do not have bank accounts, or who have accounts but underutilize them); connecting financial education with financial products enables all individuals to become fully integrated in the traditional financial system and thus guide them on the path to wealth accumulation.

The financial education programmes taken up by banks promote financial knowledge, teach people how to use banking services effectively and generate greater confidence in financial services and institutions.

Statement of Problem

Lack of financial literacy is not a problem affecting only those in the emerging or developing economies, but consumers in developed or advanced economies also fail to demonstrate a strong knowhow of financial principles so as to understand

and negotiate the financial landscape, manage financial risks effectively and avoid financial pitfalls. The level of financial literacy varies depending on education and income levels; but evidence shows that highly educated consumers with high incomes can be just as ignorant about financial issues as less-educated, lower income consumers. In general, lower income individuals tend to be less financially literate.

Financial literacy is crucial to help ensure consumers save enough to procure adequate income in retirement while avoiding huge levels of debt that might result in bankruptcy and foreclosures.

What we have to bear in mind is that any improvement in financial literacy will have a profound impact on consumers and their ability to provide for their future while avoiding the pitfalls of debt. Recent trends are making it all the more imperative that consumers should understand basic finance since they are being asked to shoulder more of the burden of investment decisions in their retirement accounts side by side with deciphering more complex financial products and options. These tasks are not easy but a better understanding and more knowledge can ease out the burden tremendously.

Various financial literacy programmes have thus been implemented by concerned institutions, with a lot of them being unique in their approach and delivery mechanisms. For instance, programmes have been customized to suit the requirements of students, microfinance clients, slum dwellers, bank clients etc. Some programmes have a particular focus such as a specific financial product, developing saving habit among target group, customer protection, business management, and so on, while others are more general and deal with money management skills, advocating healthy financial practices etc. Various practical techniques such as videos, stories, activities, comic books etc. are used, along with traditional methods of classroom training. Certain banks like Punjab National Bank and State Bank of India have also begun setting up ‘financial literacy and credit counseling centres’ that help people gather requisite information.

The Centre launched three social security programmes in 2015 - the Pradhan Mantri Suraksha Bima Yojana (PMSBY), the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and the Atal Pension Yojana (APY) - to bring the excluded under the fold of formal financial services. The drive is billed as 'Jandhan to

Jansuraksha' or people's money to public security. These schemes offer protective cover for life, accidental death and disability for all Indian adults who have a bank account.

Objectives and Methodology

The study is both descriptive cum analytical in nature with data drawn from various secondary sources like official websites, books, e-journals, articles, news related to financial literacy programmes of banks and other related literature. An attempt is made to come out with the need and importance of financial educational programmes by banks in India to disseminate information regarding various financial products to take sound financial decisions and thus to analyze effectiveness of the propaganda of the social security schemes launched by the Prime minister through banks with the help of number of policies taken by the customers from different banks. This paper presentation is also intended to give awareness about the rules, features and benefits of PMJJBY, PMSBY and AYP.

Review of Literature

PRADHAN MANTRI JEEVAN JYOTI BIMA YOJANA

The scheme will be of one year cover, renewable yearly, offering life insurance cover for death due to any reason. The scheme would be offered / administered through LIC and other Life Insurance companies volunteering to offer the product on similar terms with necessary approvals and tie- ups with banks for this purpose. Participating banks will be free to engage any such life insurance company for implementing the scheme for their subscribers.

Scope of coverage: All savings bank account holders in the age 18 to 50 years in participating banks will be eligible to join. In case of multiple saving bank accounts held by an individual in one or different banks, the person would be free to join the scheme through one savings bank account only. Aadhar would be the primary KYC for the bank account.

Enrolment Modality: The cover was for the one year period stretching from 1st June to 31st May for which option to join / pay by auto-debit from the designated savings bank account on the prescribed forms required to be given by 31st May of every year, with the exception as above for the initial year. Delayed enrolment with payment of full annual premium for prospective cover was possible with the submission of a self-certificate of good health.

Iindividuals who exit the scheme at any point could re-join the scheme there after by submitting a declaration of good health in the prescribed Performa.
New entrants into the eligible category or eligible individuals who did not join earlier or discontinued their subscription were able to join while the scheme was under operation provided they submit self-certificate of good health.

Benefits: Rs.2 lakhs is payable on the demise of a member due to any reason.
Premium: Rs.330/- per annum per member. The premium will be deducted from the account holder's savings bank account through 'auto debit' facility in one instalment, as per the option given, on or before 31st May of each annual coverage period under the scheme.
Eligibility Conditions: The savings bank account holders of the participating banks aged between 18 years (completed) and 50 years (age nearer birthday) who give their consent to join / enable auto-debit, as per the above modality, will be enrolled into the scheme.

Master Policy Holder: Participating banks will be the Master policy holders. A simple and subscriber- friendly administration & claim settlement process shall be finalized by LIC / other insurance company in unison with the participating bank.

Termination of assurance: The assurance on the life of the member shall terminate on any of the following events and no benefit will become payable there under:

On attaining age 55 years (age near birth day) subject to annual renewal up to that date (entry, however, will not be possible beyond the age of 50 years).

Closure of account with the Bank or insufficiency of balance to keep the insurance in force.

In case a member is covered under PMJJBY with LIC of India / other company through more than one account and premium is received by LIC / other company inadvertently, insurance cover will be restricted to Rs. 2 Lakh and the premium shall be liable to be forfeited.

If the insurance cover is ceased due to any technical reasons such as insufficient balance on due date or due to any administrative issues, the same can be reinstated on receipt of full annual premium and a satisfactory statement of good health.

Participating Banks shall remit the premium to insurance companies in case of regular enrolment on or before 30th of June every year and in other cases in the same month when received.

Administration: The scheme, subject to the above norms will be administered by the LIC P&GS Units / other insurance company setups and the data flow process and data Performa will be informed separately.

It is the responsibility of the participating bank to recover the appropriate annual premium in one installment, as per the option, from the account holders on or before the due date through 'auto-debit' process. Members may also give one-time mandate for auto-debit every year till the scheme is in force. Enrolment form / Auto-debit authorization / Consent cum Declaration form in the prescribed proforma shall be obtained and retained by the participating bank. In case of claim, LIC / insurance company may seek submission of the same. LIC / Insurance Company reserve the right to call for these documents at any point of time. The acknowledgement slip may be made into an acknowledgement slip-cum-certificate of insurance. The experience of the scheme will be monitored on yearly basis for re-calibration as may be necessary.

Appropriation of Premium: 1) Insurance Premium to LIC / insurance company: Rs.289/- per annum per member 2) Reimbursement of Expenses to BC/Micro/Corporate/Agent: Rs.30/- per annum per member 3) Reimbursement of Administrative expenses to participating Bank: Rs.11/- per annum per member
The proposed date of commencement of the scheme will be 1st June 2015.The next Annual renewal date shall be each successive 1st of June in the following years.
The scheme is liable to be discontinued prior to the commencement of any coming renewal date if it is required.

PRADHAN MANTRI SURAKSHA BIMA YOJANA

The scheme was of one year cover, renewable yearly, offering accidental death and disability cover for death or disability on account of an accident. The scheme would be offered / administered through Public Sector General Insurance Companies (PSGICs) and other General Insurance companies willing to offer the product on similar terms with necessary approvals and tie up with Banks for this purpose. Participating banks will be free to engage any such insurance company for implementing the scheme for their subscribers.

Scope of coverage: All savings bank account holders in the age 18 to 70 years in participating banks were entitled to join. In case of multiple saving bank accounts held by an individual in one or different banks, the person would be eligible to join the scheme through one savings bank account only. Aadhar would be the primary KYC for the bank account.

Enrolment Modality / Period: The cover was for the one year period stretching from 1st June to 31st May for which option to join / pay by auto-debit from the designated savings bank account on the prescribed forms were required to be given by 31st May of every year, extendable up to 31st August 2015 in the initial year. Joining subsequently on payment of full annual premium was possible on specified terms. However, applicants were given an indefinite / longer option for enrolment / auto-debit, subject to continuation of the scheme with terms as per revision on the basis of past experience. Individuals who exit the scheme at any point were free to re-join the scheme if they wished through the above modality. New entrants into the eligible category from year to year or currently eligible individuals who did not join earlier were offered chance to join thereafter until the scheme persists.

Benefits: As per the following table:

	Table of Benefits	Sum Insured
A	Death	Rs. 2 Lakh
B	Total and irrecoverable loss of both eyes or loss of use of both hands or feet or loss of sight of one eye and loss of use of hand or foot	Rs. 2 Lakh
C	Total and irrecoverable loss of sight of one eye or loss of use of one hand or foot	Rs. 1 Lakh

Premium: Rs.12/- per annum per member. The premium will be deducted from the account holder's savings bank account through 'auto debit' facility in one instalment on or before 1st June of each annual coverage period under the scheme. However, in cases where auto debit takes place after 1st June, the cover shall commence from the first day of the month following the auto debit.

The premium would be reviewed on the basis of annual claims experience. However, barring unforeseen adverse outcomes of extreme nature, efforts would be made to guarantee no upward revision of premium in the first three years.

Eligibility Conditions: The savings bank account holders of the participating banks aged between 18 years (completed) and 70 years (age nearer birthday) who give their consent to join / enable auto-debit, as per the above modality, will be enrolled into the scheme.

Master Policy Holder: Participating bank will be the Master policy holder on behalf of the participating subscribers. A simple and subscriber-friendly administration & claim settlement process shall be finalized by the respective general insurance company in consultation with the participating Banks.

Termination of cover: The accident cover for the member shall terminate on any of the following events and no benefit will be payable there under:
On attaining age 70 years (age nearest birth day).
Closure of account with the Bank or insufficiency of balance to keep the insurance in force.
In case a member is covered through more than one account and premium is received by the Insurance Company inadvertently, insurance cover will be restricted to one only and the premium shall be liable to be forfeited.
If the insurance cover is ceased due to any technical reasons such as insufficient balance on due date or due to any administrative issues, the same can be reinstated on receipt of full annual premium, subject to conditions that may be laid down. During this period, the risk cover will be suspended and reinstatement of risk cover will be at the sole discretion of Insurance Company.
Participating banks will deduct the premium amount in the same month when the auto debit option is given, preferably in May of every year, and remit the amount due to the Insurance Company in that month itself.

Administration: The scheme, subject to the above, was administered as per the standard procedure stipulated by the Insurance Company. The data flow process and data proforma were provided separately. It was the responsibility of the participating bank to recover the appropriate annual premium from the account holders within the prescribed period through 'auto-debit' process.

Enrolment form / Auto-debit authorization in the prescribed proforma shall be obtained and retained by the participating bank. In case of claim, the Insurance Company might seek submission of the same. Insurance Company reserves the right to call for these documents at any point of time. The acknowledgement slip may be furnished as an acknowledgement slip-cum-certificate of insurance. The experience of the scheme will be monitored on yearly basis for re-calibration if it is necessary.

Appropriation of Premium: 1) Insurance Premium to Insurance Company: Rs.10/- per annum per member 2) Reimbursement of Expenses to BC/Micro/Corporate/Agent: Rs.1/- per annum per member 3) Reimbursement of Administrative expenses to participating Bank: Rs.1/- per annum per member The proposed date of commencement of the scheme was 1st June 2015 and the next renewal date being the successive 1st of June in subsequent years. The scheme can be discontinued prior to commencement of a new future renewal date if required.

Results and Discussions In light of the fact if majority of the population has no accidental insurance cover, the Pradhan Mantri Suraksha Bima Yojana (PMJJBY) is aimed at covering the uncovered population at a highly affordable premium of just Rs.12 per year. Under the said scheme, risk coverage available was fixed as Rs. 2 lakh for accidental death and permanent total disability and Rs. 1 lakh for permanent partial disability, for a one year period stretching from 1st June to 31st May. It was offered by Public Sector General Insurance Companies or any other General Insurance Company who were willing to offer the product on similar terms with necessary approvals and tie- up with banks with the said purpose. Participating bank will be the Master policy holder on behalf of the participating subscribers. It would be the responsibility of the participating bank to recover the appropriate annual premium in one instalment, as per the option, from the account holders on or before the due date through 'auto-debit' process and transfer the amount due to the insurance company.

To ensure that the benefits of this scheme is brought to every uninsured individual, who holds a bank account, wide publicity was given for this social security measure through electronic media, radio, posters, newspapers advertisements etc. Enrolment forms were widely distributed. Highly publicised Enrolment camps were conducted by banks, and Insurance Companies, mobilizing the entire net work of SLBC co-ordinators, state and district level nodal officers, agents and banking correspondents, thereby fully utilising the reach of these channels, for attracting large scale enrolment in the scheme. Between the date of commencement of enrolment on 01st May till the date of launch of the scheme by the PM on 9th May, 4.42 Crore subscribers were enrolled in the PMJJBY scheme.

The simplified procedures and the documentary requirements and the procedures to be followed in case of a claim under the policy has been widely publicised through posters and advertisements at every location and point of contact which a claimant is likely to get in touch in case of an accident resulting in a claim under the scheme. An IT enabled, web based system is in the process of being established to keep the claimants informed seamlessly about the progress and status of the claim, till it's settlement. Claim settlement will be made to the bank account of the insured or his nominee in case of death of the account holder. Immediately after the close of the first phase of enrolments, banks made efforts to initiate the process of auto debit of premium in the accounts of the enrollees and remittance of premium to the insurers.

A special enrolment drive was launched by participating Banks and Insurance Companies in the months of August-September The drive was conducted to reach out to all the eligible bank account holders yet to be enrolled under these schemes. This "Suraksha Bandhan" drive aims to carry forward the Government's objective of creating a universal social security scheme in the country, targeting especially the poor and the under-privileged. The envisaged social security initiative also includes the Atal Pension Yojana (APY), launched along with the above-mentioned two insurance schemes, which address the issue of old age income security by facilitating regular contributions during the working period of the subscriber for a guaranteed pension at the age of 60.

Participating Banks supported by the participating Insurance Companies tried to work towards local outreach, awareness building and enrolment facilitation during this drive. All eligible citizens were requested to contact their bank branches for enrolment. Public service organizations supported by people's representatives, field functionaries of Govt. departments / Ministries working with the unorganized / informal sector and Banks / Insurance companies participated in these efforts through outreach drives, camps etc. in large number during this period.

The propaganda of these three Jan Suraksha schemes were executed by the various banks through innovative ways such as posters and leaflets drafted in several regional languages, audio as well as video advertisements, press releases, presentations with the help of audio-visual aids in rural areas and Jan suraksha campaigns with SLBC power point presentations.

5.1: No of enrolments in Pradhan Mantri social security schemes captured by various sectors of banks in Kerala as on 31-May-2016

As on 31-May-2016	PMJJBY	PMSBY	APY
CO-OPERATIVE BANKS	81616	280067	3459
KERALA GRAMIN BANK	94092	415787	9594
NATIONALISED BANKS	303130	1302656	22254
PRIVATE SECTOR BANKS	104463	332795	11515
STATE BANK GROUP	161944	1212015	19635
Grand Total	745245	3543320	66457

Source: SLBC Kerala

The table 5.1 depicts the number of enrolments captured by different sectors of banks in Pradhan Mantri Jeevan Jyoti Bima Yojana, Pradhan Mantri Suraksha Bima Yojana and Atal Pension Yojana in Kerala

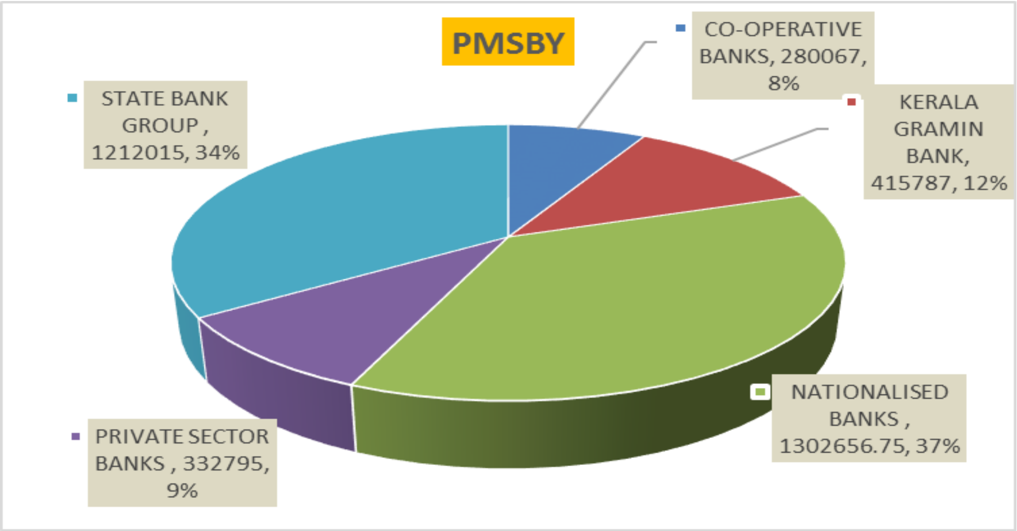

Figure 1: No of enrolments in PMSBY captured by various sectors of banks in Kerala

The figure analyses the number of enrolments in Pradhan Mantri Suraksha Bima Yojana captured by various sectors of banks. It is found on the basis of the analysis that nationalised banks are on the top (37%); followed by State bank group (34%), Regional rural bank (12%), private sector banks (9%) and co-operative banks (8%). It is observed that the performance of nationalised banks is comparatively good.

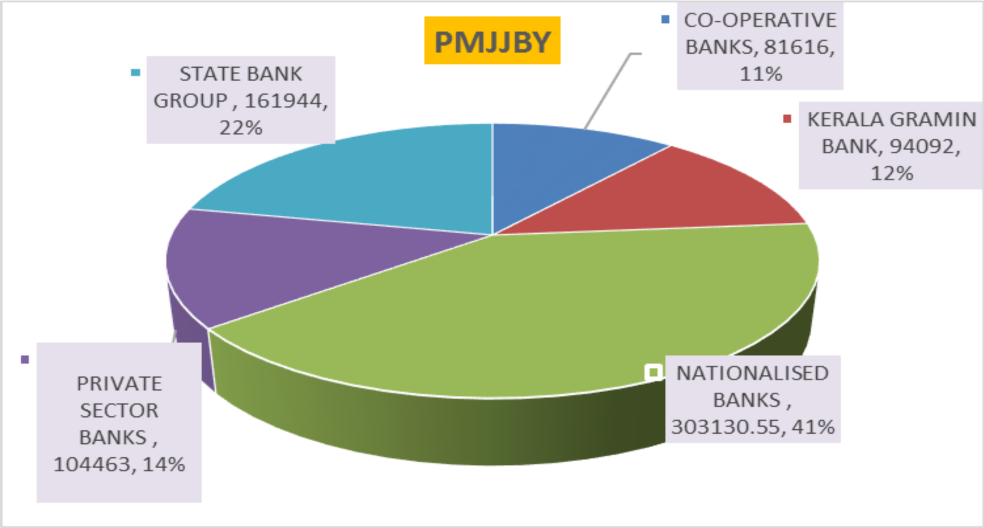

Figure 2: No of enrolments in PMJJBY captured by various sectors of banks in Kerala

The figure portrays the number of enrolments in Pradhan Mantri Jeevan Jyoti Bima Yojana secured by various sectors of banks. It is found that nationalised banks secured the most (41%); second by State bank group (22%) and third by private sector banks (14%)..

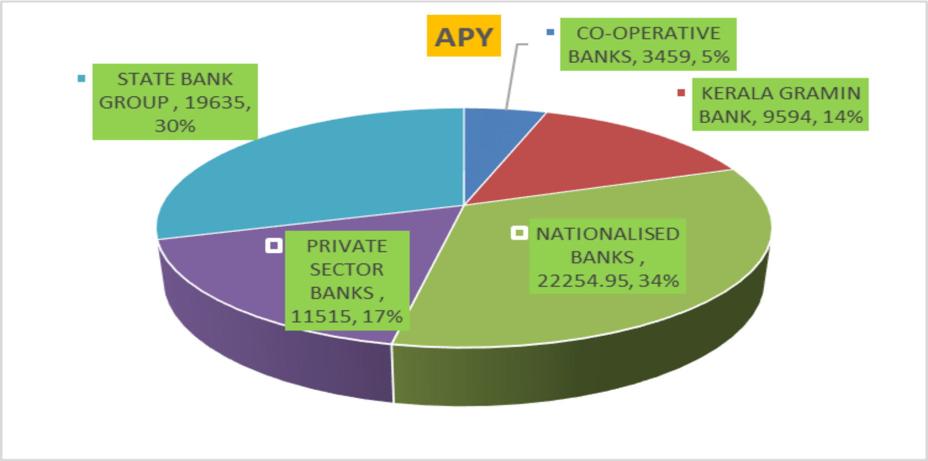

Figure 3: No of enrolments in APY captured by various sectors of banks

The figure shows the number of enrolments in Atal Pension Yojana received by various sectors of banks in Kerala. It is found that nationalised banks captured the most (34%); followed by State bank group (30%), private sector banks (17%), Regional rural bank and private sector banks.

5. 2: No of enrolments in PMSBY, PMJJBY and APY by the various banks in Kerala, as on 31-May-20165. 1: No of enrolments in PMSBY, PMJJBY and APY by the various banks in Kerala, as on 31-May-2016

As on 31-May-2016	PMSBY	PMJJBY	APY
ALLAHABAD BANK	13040	2006	362
ANDHRA BANK	45593	1138	952
AXIS BANK	7514	1758	395
BANK OF BARODA	40693	9358	1973
BANK OF INDIA	52805	8820	1210
BANK OF MAHARASHTRA	1473	640	76
BHARATIYA MAHILA BANK	4404	1907	323
CANARA BANK	305537	98513	3629
CATHOLIC SYRIAN BANK	15760	4217	505
CENTRAL BANK OF INDIA	78241	14477	274
CITY UNION BANK	1308	829	16
CORPORATION BANK	42198	13350	517
DENA BANK	11612	1095	80
DHANLAXMI BANK	19216	6860	277
District co-operative Banks	277142	80925	3459
FEDERAL BANK	108589	34446	2274
HDFC BANK	36978	16718	4268
ICICI BANK	11036	3766	245
IDBI BANK	25221	9948	988
INDIAN BANK	65729	17977	2850
INDIAN OVERSEAS BANK	102618	25662	903
INDUS IND BANK	3935	123	11

J&K BANK	116	53	13
KARNATAKA BANK	2715	1162	126
KARUR VYSYA BANK	1529	1036	96
Kerala State Co-operative Bank Ltd	2925	691	0
KOTAK MAHINDRA BANK	3060	1552	0
LAKSHMI VILAS BANK	174	54	17
ORIENTAL BANK OF COMMERCE	26675	2708	91
PUNJAB & SIND BANK	2287	332	51
PUNJAB NATIONAL BANK	85359	12762	2945
R R B - KERALA GRAMIN BANK	415787	94092	9594
SOUTH INDIAN BANK	119289	31321	2943
STATE BANK OF BIKANER &JAIPUR	141	81	14
STATE BANK OF HYDERABAD	345	1036	60
STATE BANK OF INDIA	869613	71656	7142
STATE BANK OF MYSORE	1787	543	82
STATE BANK OF PATIALA	375	418	45
STATE BANK OF TRAVANCORE	339754	88210	12292
SYNDICATE BANK	156712	23792	3588
T.N.MERCANTILE BANK	1546	542	326
UCO BANK	18601	4527	224
UNION BANK OF INDIA	137455	39762	328
UNITED BANK OF INDIA	2906	701	61
VIJAYA BANK	83498	13656	830
YES BANK	30	26	3
Grand Total	3543321	745246	66458

Source: SLBC Kerala

Table 5.2 shows the number of enrolments by the various banks in Kerala in the three Pradhan Mantri social security schemes launched by the government such as PMSBY, PMJJBY and APY.

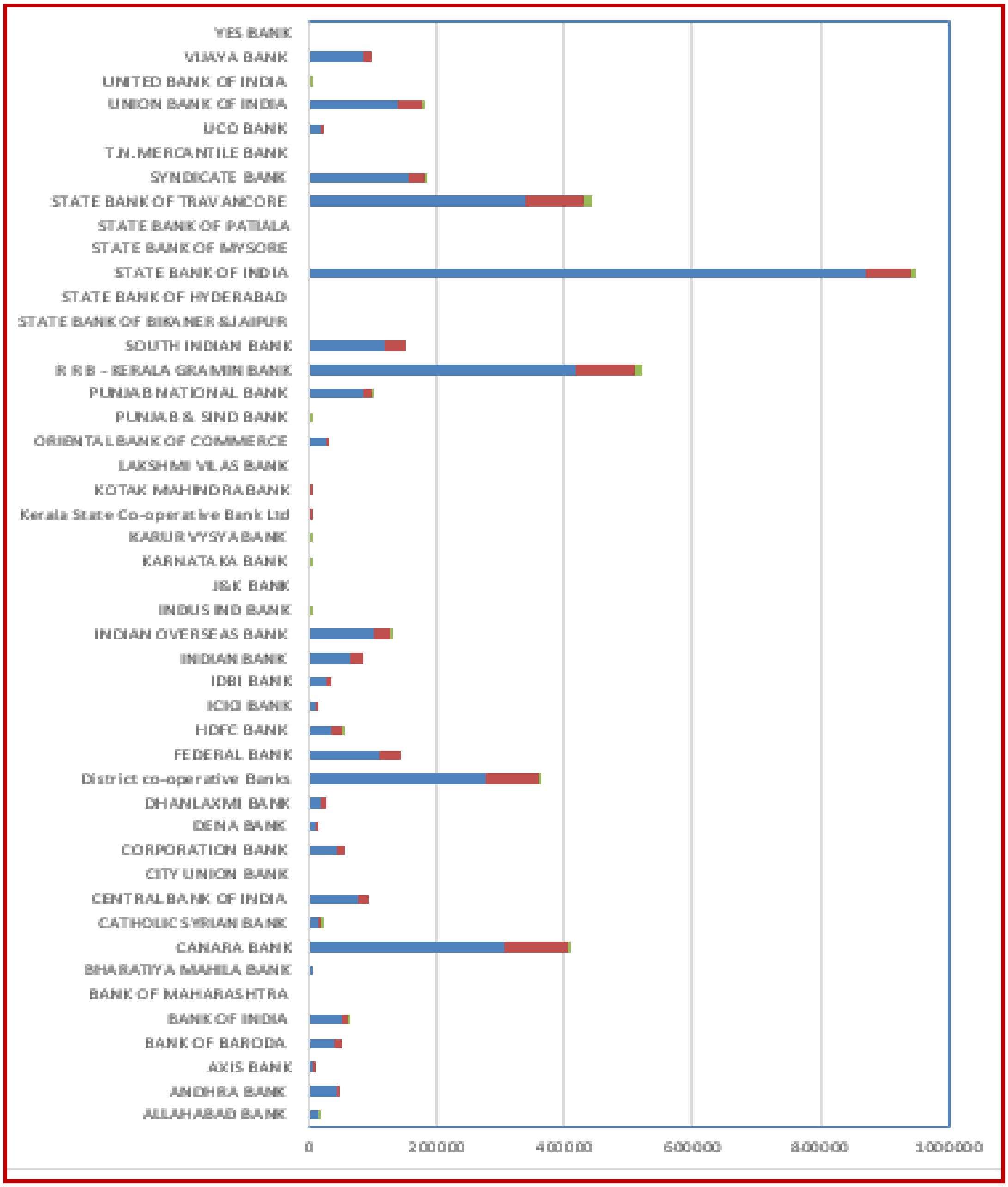

Figure 4: Total No of enrolments in PMSBY, PMJJBY and APY by the various banks in Kerala

From the analysis, it is evident that State bank India was able to penetrate the schemes the most, Kerala Gramin bank stands second and the State bank of Travancore is in the third position.

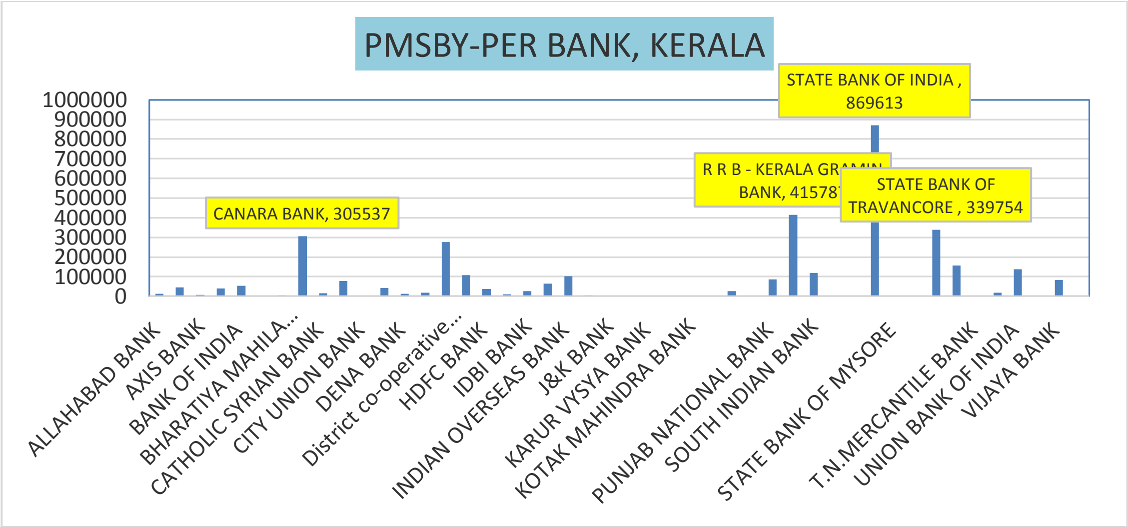

Figure 5: No of PMSBY per bank in Kerala Figure 1: No of PMSBY per bank in Kerala

State Bank of India stands first in case of number of enrolments in PMSBY among the various banks in Kerala, the regional rural bank, Kerala Gramin Bank is in the second position and SBT in the third place followed by Canara bank.

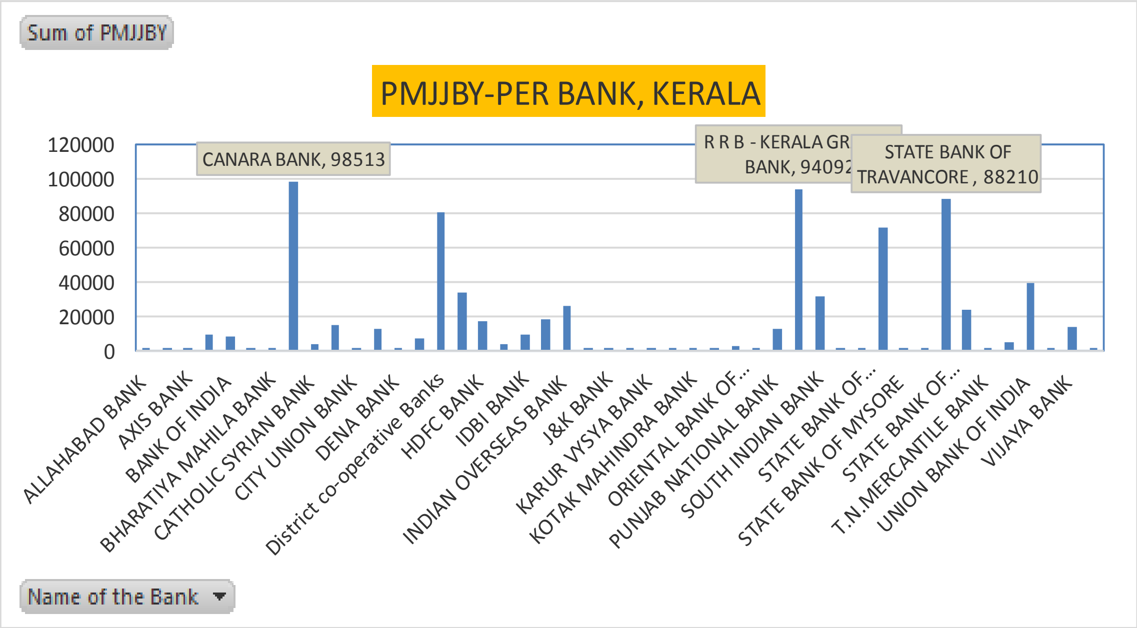

Figure 2: No of PMJJBY per bank in Kerala

In the case of number of enrolments in PMJJBY among the various banks in Kerala, the Canara bank secured the most number followed by the Kerala Gramin Bank which stands in the second position and SBT in the third place.

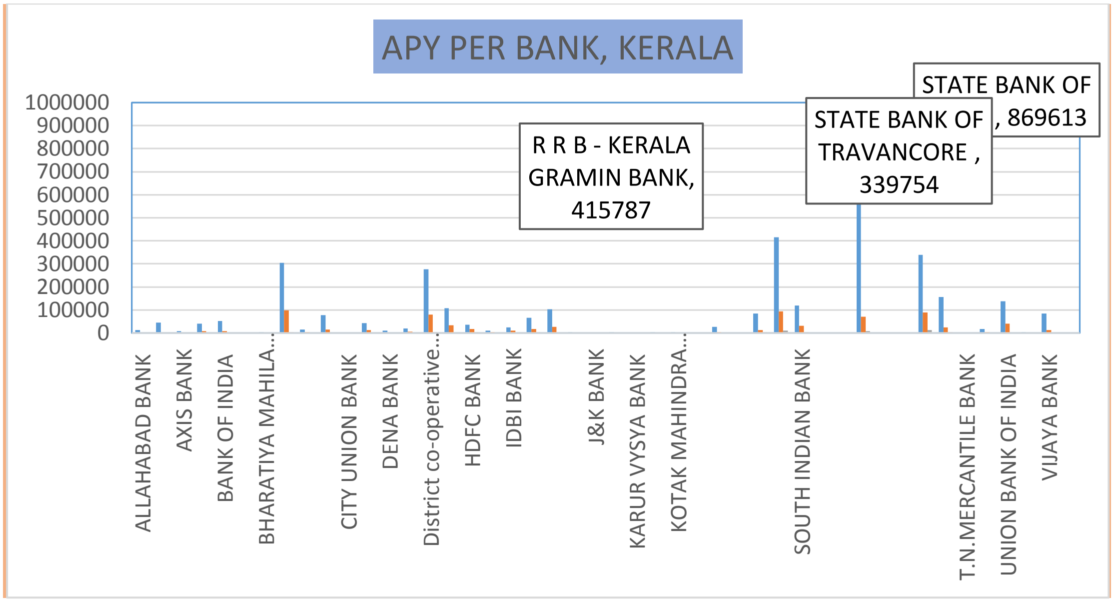

Figure 7: No of APY per bank in Kerala

As far as the Pension plan APY is concerned, SBI captured the most followed by Kerala Gramin bank and SBT.

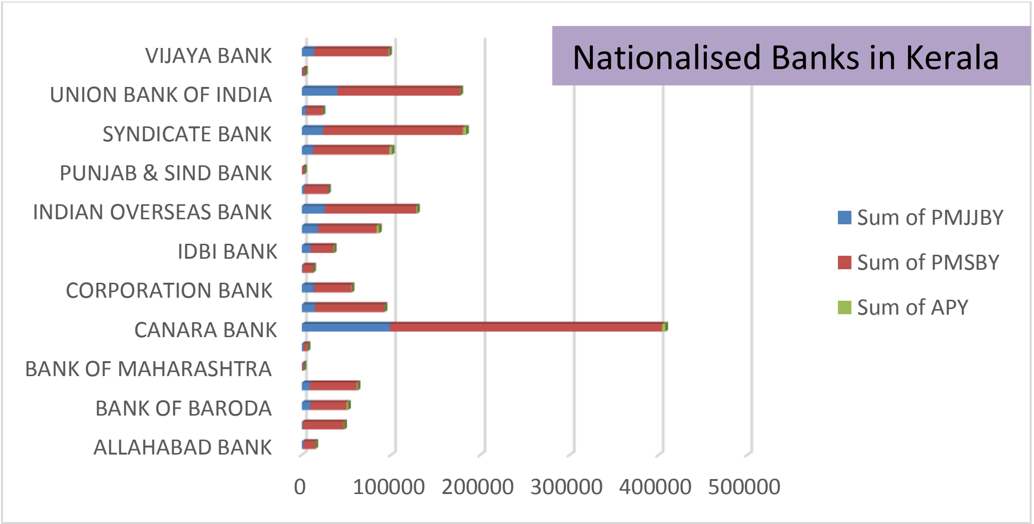

Figure 3: Number of enrolments by nationalised bank in Kerala

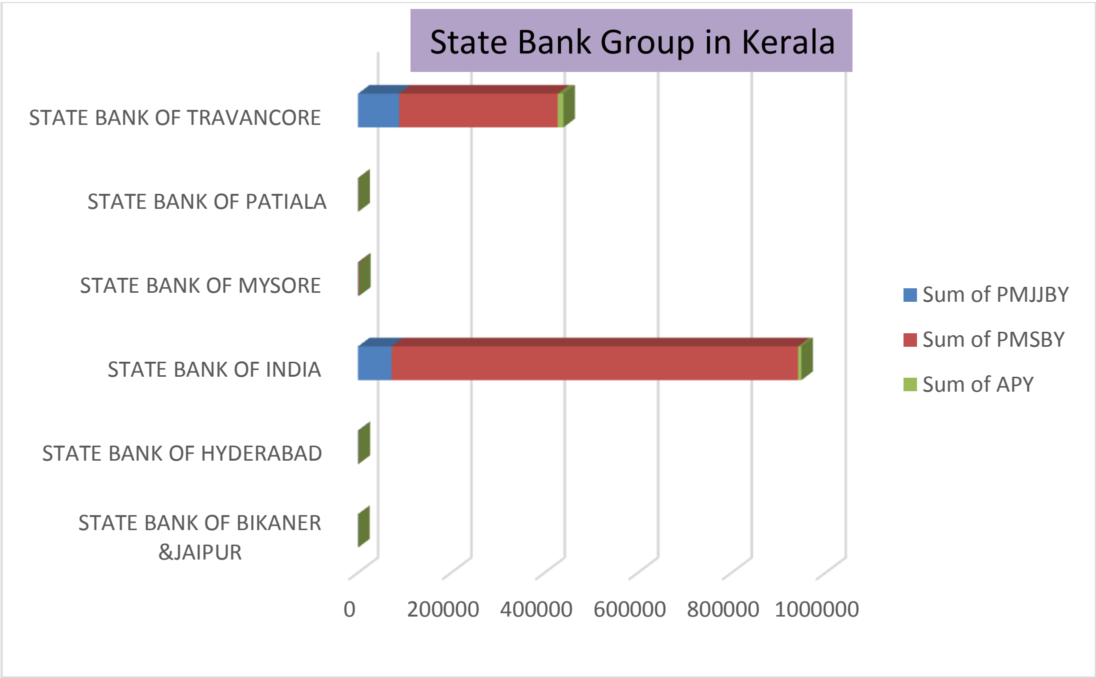

Figure 9: No of enrolments by banks in the State Bank Group in Kerala

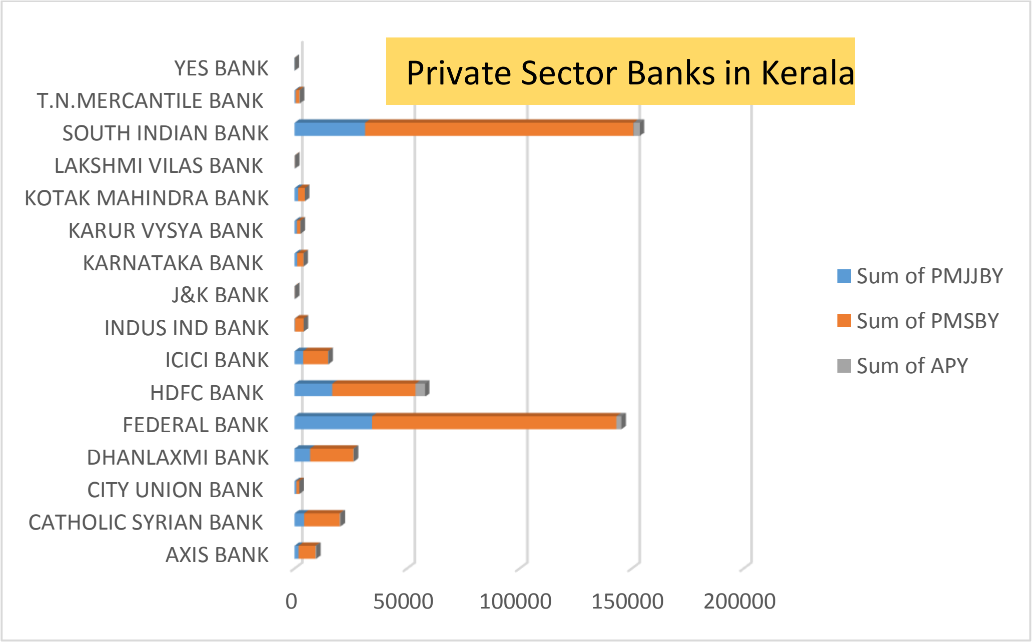

Figure 10: No of enrolments by private sector banks in Kerala

Conclusion

Financial Literacy is the focal platform for financial inclusion and the basis for equitable and sustainable socio-economic development. Considering the low level of literacy of a large section of Indian population, the need for financial education is of greater importance in India. The absence of proper financial counseling, coupled with inadequate financial literacy levels has often resulted in pushing the consumers towards costlier options and eventual debt traps. Hence we must be conscious enough about the dire need for a financial counseling in all the areas.

A few banks have taken up initiatives and measures to start some centres in rural/ semi urban areas, which impart financial education and credit counseling services. The prime objective of these centres is to conscientise people on how to gain access to the financial system including banks, creating awareness among the public about financial management, counseling people who are struggling to meet their repayment obligations and help them resolve their problems of indebtedness, helping in rehabilitation of borrowers in distress, etc.

Social Security Schemes pertaining to the Insurance and Pension Sectors, namely Pradhan Mantri Jeevan Jyoti BimaYojana (PMJJBY), Pradhan Mantri Suraksha BimaYojana (PMSBY) and the Atal Pension Yojana (APY) is a move towards creating a universal social security system, targeted especially for the poor and the under-privileged. The Jan Dhan Yojana and Jan Suraksha Yojana of the government created a revolution in the financial inclusion programme by bringing up the surprising figures of 22.37 crore accounts opened so far, 39938.89 crores deposits, 9.46 crores PMSBY and 2.98 crores PMJJBY.

As part of the financial literacy programs of banks, propaganda of the social security schemes launched by the Prime was done by adopting innovative campaigning ideas.

It proved to be a good attempt in attracting many account holders to be part of the schemes. Bank’s linkage with the insurance companies and government in promoting financial inclusion was successful enough to penetrate insurance down to the weaker sections of the society and to ensure financial security.

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ROLE OF TECHNOLOGY IN FINANCIAL INCLUSION

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Abstract

The Indian banking sector today is focusing towards financial inclusion. Information Technology will play an important role in reducing cost of providing banking services, particularly in the rural and the financially excluded population. Financial Inclusion may be defined as the delivery of financial services to all the people in a fair, transparent and equitable manner at affordable cost. While technological upgradation and mobile banking are catching up so fast, financial inclusion is tardy. the introduction of MICR based cheque processing, implementation of the electronic payment system such as RTGS(Real Time Gross Settlement),Debit cards and Credit cards ,Electronic Clearing Service(ECS), Electronic Fund Transfer (NEFT),Cheque Transaction System(CTS),Internet banking and Mobile banking etc. The various Technology for Pradhan Mantri Jan-Dhan Yojana (PMJDY), 2014 are: Electronically Know Your Customer (e-KYC),Transmission through Mobile Banking, Immediate Payment System (IMPS),Micro ATMs, National Unified USSD Platform (NUUP),RuPay Debit Cards, Aadhar-enabled Payment System(AEPS),Aadhaar Payments Bridge System (APBS).

Introduction

In most developing countries a large segment of society particularly low-income people, has very little access to financial services, both formal and semi-formal. As a consequence, many of them have to necessarily depend either on their own or high cost informal sources such as moneylenders. Benefits of growth, therefore, tend to concentrate in the hands of those already served by the formal financial system.

Despite the rapid spread of banking over the years, a significant segment of the population, predominantly in the rural areas, is excluded from the formal financial system. It is well-known that poor people, potential entrepreneurs, small enterprises and others are excluded from the financial sector, which leads to their marginalization and denial of opportunity for them to grow and prosper. Exclusion of large segments of the society from financial services affects the overall economic growth of a country. It is for this reason that financial inclusion is a global concern. Financial exclusion is the lack of access by certain consumers to appropriate, low cost, fair and safe financial products and services from mainstream providers. This exclusion predominantly covers poor, underprivileged, uneducated section of the society and more prevalent in rural areas, and leads to financial exploitation. Poor therefore perpetually remain at the bottom-end of the economic order. Financial exclusion further aggravates this poverty. The need of the hour therefore is to ensure financial inclusion of these under privileged people, so that there will be better interaction in the society, offering wide choices to all and paving way to a equitable prosperity.

A report of the National Sample Survey Organization (NSSO) mentions that 76 percent of the rural households in the country depend on loans from money lenders as their main source of finance.

Census, 2011 estimated that out of 24.6 crore households in the country, 4.48 crore (58.7percent) households had access to banking services. Of the 16.78 crore rural households, 9.14 crore (54.46 percent) were availing banking services. Of the 7.89 crore, urban households 5.34 crore(67.68 percent) households were availing banking services.

Financial Inclusion: The Concept and Definition:

Financial inclusion is new paradigm of economic growth which plays a major role in driving away the poverty. Financial inclusion is integral to the inclusive growth process and sustainable development of the country.

Financial inclusion or inclusive financing is the delivery of financial services at affordable costs to sections of disadvantaged and low-income segments of society, in contrast to financial exclusion where those services are not available or affordable. Financial Inclusion may be defined as the delivery of financial services to all the people in a fair, transparent and equitable manner at affordable cost.

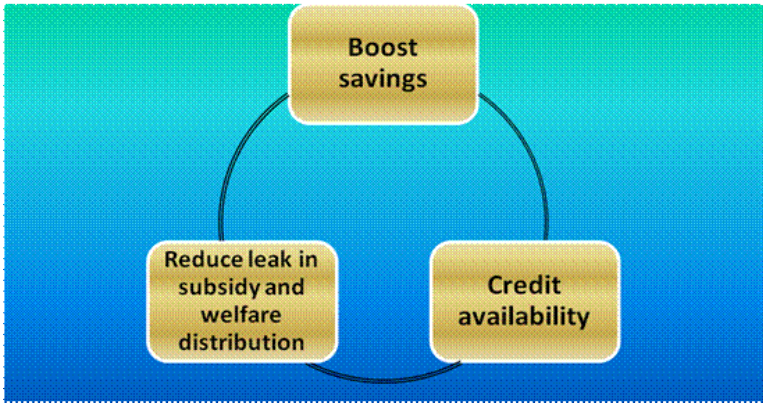
"Financial inclusion may be defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups of an affordablecost."—The Committee on Financial inclusion (Chairman. Dr.C.Rangar ajan, 2008).

Why is financial Inclusion Needed in India

The policy makers of India have been focusing on financial inclusion of Indian rural and semi-rural areas primarily for three most important pressing needs:

1. **Creating a platform for inculcating the habit to save money**- The lower income category has been living under the constant shadow of financial duress mainly because of the absence of savings. Presence of banking services and products aims to provide a critical tool to inculcate the habit to save.
2. **Providing formal credit avenues-** So far the unbanked population has been vulnerably dependent of informal channels of credit like family, friends and moneylenders. Availability of adequate and transparent credit from formal banking channels shall allow the entrepreneurial spirit of the masses to increase outputs and prosperity in the countryside. Plug gaps and leaks in public subsidies and welfare programmes**-** A considerable portion of money that is meant for the poorest of poor does not actually reach them. So government is pushing for direct cash transfers to beneficiaries through their bank accounts.

Figure 1: Why financial Inclusion



Information Technology and Modern banking

Information Technology (IT) provides a great opportunity to innovate at the much faster pace and to create new financial products; along with accessibility of financial services, that are closely linked to the needs of the customer. It has bridged the gaps in terms of the reach and the coverage of systems and enabled better decision-making based on latest and accurate information, reduced costs and overall improvement in efficiency. In the Indian context, the financial sector, especially the banking sector has been a major beneficiary from the inroads made by IT. Technological improvements lower transaction costs and affect financial arrangements.

Banks in India have been able to achieve a substantial level of computerization in their operations. Financial literacy through the use of technology has to be based on three principles: to effectively use the power of mediums like a computer, mobile and internet to enable people to have the skills, knowledge or information about financial instruments. Secondly, we must ensure people then have the ability to critically understand the content they have received through digital means and lastly apply it to the best of their knowledge and capacity.RBI has played the guiding role which helped banks in achieving various objectives such as the introduction of MICR based cheque processing, implementation of the electronic payment system such as RTGS(Real Time Gross Settlement),Debit cards and Credit cards ,Electronic Clearing Service(ECS),Electronic Fund Transfer (NEFT),Cheque Transaction System(CTS),Internet banking and Mobile banking etc. The RBI has also encouraged the setting up of National Payments Corporation of India (NPCI) to act as an umbrella organization for operating Retail Payments System (RPS) in India.

A major technological development in banking sector is the adoption of the Core Banking Solutions (CBS). CBS is networking of branches which enables customers to operate their accounts and avail of banking services from any branch of the bank on CBS network regardless of where the customer maintains his/ her account.

Networking has been receiving focused attention by banks. Most banks have their own corporate networks to facilitate inter-branch controlling office communication in an electronic mode. Inter-bank and inter-city communication takes place through the Indian Financial Network (INFINET).

Another major development witnessed in recent years is the growth in multiple delivery channels to customers such as internet banking and mobile banking. While customers have now a wide variety of options to choose from, banks have been able to reduce costs which have had a positive impact on their profitability.

According to Economic Survey 2011-12, in total 98% of public sector bank branches have been fully computerized and within which almost 90 percent of branches are on core banking platform. Table 3.1 indicates computerization in public sector banks over four years period from 2007-2010.On an average, 93.02 percent of branches are fully computerized ,70.2 percent of branches are under core banking solutions and 6.73 percent of branches are partially computerized. Growth rate in case of fully computerized branches and branches under core banking solutions has increased where as in the case of partially computerized branches it has become declined. On the banking side, the expansion of branches continued. From a total of 1, 17,280 outlets that were reported in March, 2014, the number increased to 125863 by March, 2015 and continued to add another 1480 branches in the next quarter. (Inclusive Finance India Report 2015).

Technology for Financial Inclusion

Technology and financial inclusion are the popular coinage in banking parlance in the country. The only way to bring down the cost to an affordable level and improve the reach to the farthest/remotest corner of the country is by effectively leveraging the technology. In order to make available the banking facilities across the length and breadth of the country, latest technological products like

electronically Know Your Customer (e-KYC), Immediate Payment System (IMPS), Aadhar –enabled Payment System (AEPS) and mobile banking etc.
The various technological channels for the delivery of financial services are:

1. Real Time Gross Settlement (RTGS)

Real Time Gross Settlement (RTGS) is a remittance product. The RBI introduced RTGS in 2004, allow real delivery versus payment which is the international norm recognized by BIS and IOSCO. RTGS has replaced clearing across all centers in India. With the implementation of Core Banking Systems (CBS) in all the banks, many banks used Straight Through Processing (STP) of RTGS transactions by corporate and retail customers with the use of net banking tools. This has greatly reduced operating expenses and consequent operational risks for the banks. RTGS as a funds transfer mechanism has revolutionized the concept of remittances though it is more relevant for big ticket transactions and applicable in a limited route for retail banking.

Table 1:Year-wise RTGS (both interbank and customer) Transactions

Years	Volumes(000s)	Growth Rate (%)	Values (Rs. Crores)	Growth Rate (%)
2005-06	1,767		11,540,836	
2006-07	3,876	119.35	18,481,155	60.14
2007-08	5,840	50.67	27,318,330	47.82
2008-09	13,366	128.87	32,279,881	18.16
2009-10	33,241	148.70	39,453,359	22.22
2010-11	49,300	48.31	48,487,234	22.90
2011-12	55,000	11.56	48,490,000	0.006
2012-13	68,500	24.55	67,684,100	452.04
2013-14	81,100	18.39	73,425,240	8.48
2014-15	92,800	14.43	75,403,240	2.62
AAGR		**63.20**		**70.49**

Source: Compiled from RBI Annual Reports-Various years

2. RTGS volumes shows a continuous increase from 2005-06 to 2014-15with an AAGR of 63.20 percent. However, RTGS transactions in Value terms registered an AAGR of 70.49 percent up to 2014-15. This shows the fast

growing adaptability of RTGS among the banking customers. **National Electronic Fund Transfer (NEFT)**

According to Reserve Bank of India, National Electronic Fund Transfer is a nation-wide payment mechanism to facilitate one-to-one fund transfer. The NEFT was introduced by the RBI in November 2005 as more secure, nationwide retail electronic payment systems to facilitate funds transfer by the bank customers between the networked bank branches in the country.

Table 2: Year-wise NEFT Transactions in Volume and Value

Year	Volume (000s)	Growth Rate (%)	Value (Rs.Crores)	Growth Rate (%)
2005-06	3,067		61,288	
2006-07	4,776	55.72	77,446	26.36
2007-08	13,315	178.79	140,326	81.19
2008-09	32,161	141.54	251,956	79.55
2009-10	66,357	106.33	409,507	62.53
2010-11	132,300	99.34	934,149	128.12
2011-12	226,100	70.90	1790,000	91.62
2012-13	394,100	74.30	2902,240	62.14
2013-14	661,000	67.72	4378,550	50.87
2014-15	927,600	40.33	5980,380	36.58
AAGR		**92.77**		**68.77**

Source: Compiled from RBI Annual Reports-Various years

The NEFT transactions in volumes registered a marvelous increase with an AAGR of 92.77 percent and in value terms with AAGR of 68.77.Being a mode of e-banking, more and more customers choose NEFT to transfer funds from one place to another.

3. Electronic Cleaning Services (ECS)

Electronic Cleaning Services (ECS) is a mechanism to make payments to a desired beneficiary on a periodical basis for the monies payable to them. The main advantage of ECS is that there is no need for issuing any cheque to the beneficiary for each payment and debit is made automatically. The payment default is not made automatically. The payment default is not made, if there is sufficient balance in the account. No follow up is needed by the beneficiary as payment will be received automatically based on the mandate obtained. The process is very feasible in case of debit to another account or debit of higher amount etc.

The RBI has introduced Electronic Cleaning Service (Debit) scheme to provide faster, periodic and repetitive payments by 'direct debit' to customers accounts (duly authorized), thereby minimizing paper transactions and increasing customer satisfaction. This scheme stipulates that, 'a large number of debits and one credit' in the case of collection of electricity bills, telephone bills, loan installments, insurance premium, club fees etc. by the utility service providers.

Table 3: Year-wise ECS (Credit) and ECS (Debit) Transactions

Year	ECS (Credit)				ECS(Debit)			
	Volume (000s)	GR (%)	Value (Rs.Crores)	GR (%)	Volume (000s)	GR (%)	Value(Rs. Crores)	GR
2005-06	44,216		32,324		35,958	109.14	12,986	
2006-07	69,019	56.10	83,273	157.62	75,202	109.14	25,441	95.91
2007-08	78,365	13.54	782,222	839.35	127,120	69.04	48,937	92.35
2008-09	88,394	12.80	97,487	-87.54	160,055	25.91	66,976	36.86
2009-10	98,550	11.49	117,643	20.64	150,214	-6.15	69,819	4.24
2010-11	117,300	19.02	181,686	54.48	156,700	4.32	73,646	5.48
2011-12	121,500	3.58	183,780	1.15	164,700	5.11	80,000	8.63
2012-13	122,200	0.57	177,130	-0.36	176,500	7.16	108,310	35.39
2013-14	152,500	24.8	249,220	40.7	192,900	9.3	126,800	17.07
2014-15	115,300	-24.4	201,910	-18.98	226,000	17.16	173,980	37.21
AAGR		**13.06**		**121.62**		**26.78**		**37.02**

Source: Compiled from RBI Annual Reports-Various years

Table 3 shows the volume of electronic transactions of scheduled commercial banks. In average terms, volume of ECS Debit 26.78 is greater than ECS Credit 13.06 .Growth rate in case of ECS Credit has increased where in case of ECS Debit has increased in 2006-07.In value terms, ECS credit shows with an AAGR of 121.62 and ECS debit has the AAGR of 37.02 only.

4. Automatic Teller Machine (ATM)

The Automated Teller Machine (ATM) is primarily used for performing many of the banking functions such as the withdrawal of cash or the deposit of cash/cheque etc by using an ATM Card. The Committee headed by Dr. Rangarajan recommended the setting up of ATMs in India. They are strategically located in busy centres like airports, railway stations, hospitals, important commercial centres as well as bank branches for use by the customers. An automated teller machine is a computerized tele communications tool that provides the customers of a financial institution which access to financial transactions in a public space without the need for a clerk or bank teller. Using ATM customers can access their bank accounts in order to make cash withdrawals and check their account balances. ATMs are invariably known by various names like automatic banking machine, money machine, cash machine, hole-in-the wall, cash point, or Bancomat. An ATM card is an ISO 7810 card issued by a bank, credit union or building society. Stand-alone ATMs made their appearance in India, in the early 1990s. The customer was provided with an ATM Card with a unique personal identification number (PIN). The PIN to be kept secret by the customer, to prevent any misuse of fraudulent transactions.

Indian Bank's Association (IBA) was the first to setup a Shared Payment Network System (SPNS) or SWADHAN network is to provide 24 hours, 7 days, a week electronic banking service to customers to expand the ATM infrastructure in the country especially in Tier III and Tier VI centres, non-banks have been permitted to setup, own and operate while Label ATMs (WLAs) in India.

The penetration of ATM across the country increased in 2012-13 with the total number of ATMs crossing 1, 00,000. This growth was primarily by private sector banks, with their share in total ATMs picking up rapidly to about 38 percent. As a result by 2012-13, offsite ATMs accounted for more than half the total ATMs in the country.

Table 5: ATMs of Scheduled Commercial Banks (As at end –March 2013)

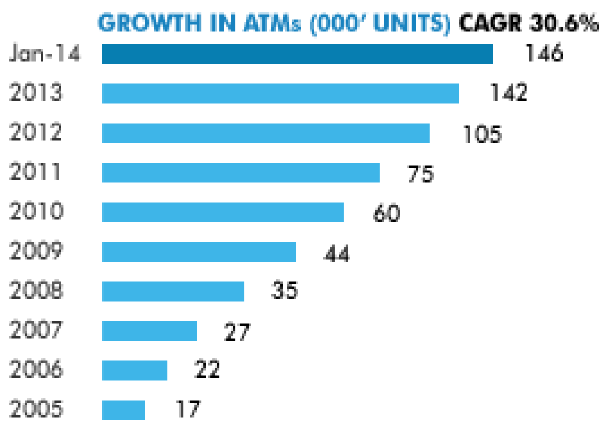
Sl.No	Bank Group	On-site ATMs	Off-site ATMs	Total number of ATMs
I	**Public sector banks**	40241	29,411	69,652
	1.1 Nationalized banks	21,533	15,528	37,061
	1.2 SBI group	18,708	13,883	32,591
II	**Private sector banks**	15,236	27,865	43,101
	2.1 Old private sector	4,054	3,512	7,566
	banks	11,182	24,353	35,535

	2.2 New private sector banks			
III	**Foreign banks**	283	978	1,261
IV	**All SCBs(I+II+III)**	55,760	58,254	1,14,014

Source: www.rbi.org.in

The total number of units of ATMs is increasing tremendously, with a CAGR of 30.6%. This is due to the technological up gradation by various banks. In January 2014 it has reached 1, 46,000 units. (Figure 2)

Figure 2: Growth in ATMs in India



6. Credit Cards and Debit Cards

A credit card is a system of payment named after the small plastic card issued to customers of the system. Most credit cards are of the same shape and size as specified by the ISO 7810 standard. The common credit card size, known as ID-I, is 85.60 x 53.98mm. The credit card holder can make purchased from merchants accepting that credit card up to a pre-specified credit limit. When a purchase is made, the credit card user agrees to remit the card issuer. The card holder indicates their consent to pay by signing a receipt with a record of the card details and indicating the amount to be paid or by entering a pin. Also, many merchants now accept verbal authorizations via telephone and electronic authorization using the internet, known as card not present (CNP) transactions.

The credit card is a form of revolving credit, or it may become a complicated financial instrument with multiple balance segments each at a different interest rates because of intense competition in the credit card industry, credit providers often after incentives such as frequent flyer points, gifts certificates, or cash back to try to attract customers.

Debit-card is a plastic card, an alternative payment mode to cash when making purchases physically the card is an ISO 7810 card like a credit card. However, its functionally is more similar to writing a cheque as the funds are withdrawn directly from either the card holders bank account or from the remaining balance in a gift card. Depending on the store or merchant, the customer may swipe or insert this card into the terminal, or he may hand it over to the merchant who will do so. The transaction is authorized and processed and the customer verifies the transaction either by entering a PIN or, occasionally, by signing a sales receipt. Online debit cards require electronic authorization of every transaction and the debits are reflected in the user's account immediately. Offline debit cards have the logos of major credit card companies (eg.VISA, MasterCard). To the consumers, a debit transaction is perceived as occurring in real-time.

Table 6: Year-wise Credit cards/Debit cards Transactions in Volume and Value

Year	Credit cards				Debit cards			
	Volume (000s)	**GR (%)**	**Value(Rs. Crores)**	**GR (%)**	**Volume (000s)**	**GR (%)**	**Value(Rs. Crores)**	**GR (%)**
2005-06	156,086		33,886		45,686		5,897	
2006-07	169,536	8.62	41,361	22.06	60,177	31.72	8,172	38.58
2007-08	228,208	34.61	57,985	40.19	88,306	46.74	12,521	53.22
2008-09	259,561	13.74	65,356	12.71	127,654	44.56	18,547	48.13
2009-10	234,209	-9.77	62,950	-3.68	170,170	33.31	26,566	43.23
2010-11	265,100	13.19	75,516	19.7	237,100	39.33	40,000	50.57
2011-12	320,000	20.71	100,000	32.42	327,500	38.13	50,000	25
2012-13	396,600	23.94	122,900	22.9	469,100	43.24	74,340	48.68
2013-14	509,100	28.37	153,990	25.3	619,100	31.98	95,450	28.4
2014-15	615,100	20.82	189,920	23.33	808,100	30.53	121,340	27.12
AAGR		**17.14**		**21.66**		**37.73**		**40.33**

Source: Compiled from RBI Annual Reports-Various years

The volume of credit card transactions increases tremendously during the period with an AAGR of 17.14 percent and has increased in value terms with an AAGR of 21.66 percent. On the other hand, volume of debit card transactions has shown with an AAGR of 37.73 percent and has increased with an AAGR of 40.33 percent in value terms.

7. Cheque Truncation System (CTS)

The Reserve Bank of India (RBI) taking steps for further enhancing the efficiency of the cheque collection process. It has constituted a working group of cheque truncation headed by the Bank's Executive Director Dr. R.B. Barman which had recommended a model for cheque truncation in the country. The legal frame work has already created with adequate amendments carried out to the negotiable instruments Act, 1881, the Information Technology Act 2000, and the Bank of Book of Evidence Act 1891 carried out in 2002.The cheque truncation is a system of cheque clearing and settlement between banks based on electronic images.

A cheque truncation is defined by the new section 6 (b) of Negotiable Instruments Act as "a cheque which is truncated during the course of clearing cycle, either by the clearing house or by the bank. Whether paying or receiving payment, immediately on generation of an electronic image for transmission, substituting the further physical movement of the cheque in writing".

Table 7: Year-wise CTS Transactions in Volume and Value

Year	Volume (000s)	Growth Rate (%)	Value (Rs.Crores)	Growth Rate (%)
2012-13	275,000		2177,950	
2013-14	591,400	115.05	4469,140	105.2
2014-15	964,900	63.16	9976,990	123.24
AAGR		**89.11**		**114.22**

Source: Compiled from RBI Annual Reports-Various years

The CTS transactions in volume showed with an AAGR of 89.11 percent during 2012-13 to 2014-15.The CTS in value terms increased tremendously with an AAGR of 114.22 percent. This shows that the growing popularity of CTS transactions in India.

8. **Mobile Banking**

Mobile Banking (M-banking) is the process of performing banking transactions through a mobile device such as a smart phone, Personal Digital Assistant (PDA) or a tablet. It allows customers to access their bank accounts through their mobile devices and conduct normal banking operations, such as balance enquiry, account transfer, bill payments, check payment and others. On registering the mobile number in the bank, the mobile user gets a Personal Identification Number (PIN) from the bank which is used at the time of performing bank transactions on order to make the transaction secure. Reserve Bank issued guidelines on mobile banking in October 2008.The bank-led model was followed and all transactions should originate from one bank account and terminate in another bank account.

As on April 2009, there were about 300 million mobile users in India and the growth in numbers are growing. The mobile banking initiatives in India were started by foreign and private banks followed by public sector banks. RBI has come out with proper guidelines for implementing mobile banking solutions. Banks have to obtain prior permission from RBI for providing mobile banking business service. Mobile banking is attempted by PSBs is skewed more towards senior customers than youth. Presently, 65 banks have been approved for conduct of mobile banking out of which 47 banks have commenced offering these services.

Table 8: Mobile Banking in India

Year	**Volume (Million)**	**Volume (Rs. Billion)**	**Volume per transaction (Rs)**
2010-11	6.9	6.1	884
2011-12	25.6	18.2	712
2012-13	53.3	59.9	1124
2013-14	94.9	224.2	2367
2014-15	172.0	1035.6	6021

Source: RBI: SBI Research

The mobile banking transactions in India showed a remarkable increase during 2010-11 to 2014-15.In volume terms; it has increased from 6.9 million to 172.0 million. This shows the growing acceptability of mobile banking transactions.

Financial Inclusion is an important priority of the Government. The objective of Financial Inclusion is to extend financial services to the large hitherto un-served population of the country to unlock its growth potential. Inclusive growth can be achieved if all available resources, including technology and expertise are geared to including more people under financial inclusion.

Use of Technology for Pradhan Mantri Jan-Dhan Yojana (PMJDY), 2014

Pradhan Mantri Jan-Dhan Yojana (PMJDY) was formally launched on 28th August, 2014. The Yojana envisages universal access to banking facilities with at least one basic banking account for every household, financial literacy, access to credit, insurance and pension. The beneficiaries would get a RuPay Debit Card having inbuilt accident insurance cover of Rs.1.00 lakh. In addition there is a life insurance cover of Rs.30000/- to those people who opened their bank accounts for the first time between 15.08.2014 to 26.01.2015 and meet other eligibility conditions of the Yojana. PMJDY, under National Mission on Financial Inclusion, proposes to use the technology in a big way to achieve the goal in a time -bound manner. Some of the major products are explained below:

1. **Electronically Know Your Customer** (e-KYC): In the year 2013, RBI permitted e-KYC as a valid process for KYC verification under Prevention of Money Laundering (Maintenance of Records) Rules 2005.In order to reduce the risk identity of fraud, documentary forgery and have paperless KYC verification, UIDAI has launched its e-KYC services.
2. **Transmission through Mobile Banking**: The basic financial transactions from the bank accounts can be executed through a mobile based PIN system using “Mobile Banking”. Mobile banking through mobile wallet was also launched in 2012.
3. **Immediate Payment System** (IMPS)**:** IMPS was launched in National Payments Corporation of India **(**NPCI) on November 22, 2010.It offers an instant, 24x7, inter-bank electronic funds transfer service through mobile phones as well as internet banking and ATMs.
4. **Micro ATMs:** Micro ATMs are biometric authentication enabled hand held devices. In order to make the ATMs viable at rural/semi urban areas , micro ATMs can be deployed at each of the *Bank Mitra* (Business Correspondent) .This would enable a person to instantly depositor withdraw funds regardless of the bank associated with a particular *Bank Mitra.*
5. **National Unified USSD Platform** (NUUP): Customers can avail USSD solution through any mobile phone on GSM network, irrespective of make and model of the phone. Banking customers can use this service by dialing *99#, a common number across all telecom service providers (TSPs), on their mobile and transact through an interactive menu displayed on the mobile screen. A

customer will be able to access both financial services (like fund transfer) and non-financial (like balance enquiry and mini statement of Bank account) at his/her convenience.

6. **RuPay Debit Cards**: RuPay is a new card payment scheme launched by the National Payments Corporation of India(NPCI) to offer a domestic, open-loop, multilateral system which will allow all Indian banks and financial institutions in India to participate in electronic payments.
7. **Aadhar**-enabled Payment System (AEPS): AEPS is a banking product which allows online interoperable financial inclusion transation at PoS (micro ATM) or kiosk banking through the Business Correspondent of any bank using the Aadhaar authentication. Presently, four Aadhaar-enabled basic type of banking transactions are available, i.e:(a) balance enquiry, (b) cash withdrawal, (c) cash deposit, and (d) Aadhaar to Aadhar funds transfer.

   Aadhaar Payments Bridge System (APBS): APBS enables the transfer of payments from Government and Government Institutions to Aadhaar-enabled accounts of beneficiaries at banks and post offices. Every Government departments or institution that sends EBT and DBT/DBTL payments to individuals simply needs to prepare a file containing the Aadhaar number and amount and submit it to their accredited bank. The accredited bank then processes the file through an interoperable Aadhaar payments bridge and funds are credited into the accounts of beneficiaries. Upon receiving incoming funds, the beneficiary's bank will notify him or her through an SMS or any other communication channel that is established between the bank and the customer.

Table 9:Pradhan Mantri Jan – Dhan Yojana (As on 06.07.2016)

(All figures in Crores)

Bank Name	Rural	Urban	Total	No. of Rupay Cards	Aadhaar Seeded	Balance in Accounts	% of Zero - Balance Accounts
Public Sector Bank	9.82	7.74	17.56	14.68	8.84	31409.42	25.62
Regional Rural Bank	3.42	0.56	3.98	2.79	1.52	7031.15	21.14
Private Banks	0.51	0.32	0.83	0.77	0.34	1498.31	36.98
Total	**13.75**	**8.62**	**22.37**	**18.24**	**10.70**	**39938.89**	**25.25**

Source: **www.pmjdy.gov.in, Progress Report.**

The table shows the penetration of the various schemes of Pradhan Mantri Jan – Dhan Yojana . The public sector banks are actively participated in the PMJDY than the RRBs and Private Banks.

Conclusion

Financial inclusion in a large scale is possible only if the banks join hands with likeminded partners in their initiative. Financial inclusion is not a onetime effort; it is an ongoing process. It is a huge project which requires concerted and team efforts from all the stake holders – the Government, financial institutions, the regulators, the private sector and the community at large. technology plays a vital role in bringing about integration in society of all social and economic classes. Accessibility, affordability, appropriateness and benefits determine how deep financial inclusion penetrates the social fabric of the village. Financial inclusion can empower even the poorest person and bring about a dramatic change in his fate. As a conclusion it is recommended that shared infrastructure among different banks enabling nationwide financial inclusion would confer large scale benefits and also enable effortless transfer of funds between the card holders of various banks.

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CORPORATE SOCIAL RESPONSIBILITY OF INDIAN COMPANIES- AN ANALYSIS

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Abstract

Corporate Social Responsibility (CSR) is viewed as a comprehensive set of policies, practices and programs that are integrated into business operations, supply chains, and decision-making processes throughout the organization -- wherever the organization does business -- and includes responsibility for current and past actions as well as future impacts1. CSR involves addressing the legal, ethical, commercial and other expectations society has for business, and making decisions that fairly balance the claims of all key stakeholders. The broad rationale for a new set of ethics for corporate decision making, which clearly constructs and upholds a organization's social responsibility, arises from the fact that a business enterprise derives several benefits from society, which must, therefore, require the enterprise to provide returns to society as well. This, therefore, clearly establishes the stake of a business organization in the good health and well being of a society of which it is a part. More importantly, in this age of widespread communication and growing emphasis on transparency, the managers should help their company in development of a CSR management and reporting framework. The more the concepts of CSR are fostered and integrated into the business process, the easier it will be to benefit from alternative thinking and perhaps handle the occasional problems that for certain will occur. The concept of CSR includes the openness or transparency of companies as well as taking into consideration the will and expectations of their stakeholders. This study is mainly for evaluating the CSR of Indian companies.

Key words: Corporate social responsibility, Indicators, Community

INTRODUCTION

The broad rationale for a new set of ethics for corporate decision making, which clearly constructs and upholds a organization's social responsibility, arises from the fact that a business enterprise derives several benefits from society, which must, therefore, require the enterprise to provide returns to society as well. This, therefore, clearly establishes the stake of a business organization in the good health and well being of a society of which it is a part. More importantly, in this age of widespread communication and growing emphasis on transparency, the managers should help their company in development of a CSR management and reporting framework.

The more the concepts of CSR are fostered and integrated into the business process, the easier it will be to benefit from alternative thinking and perhaps handle the occasional problems that for certain will occur. The more integrated the business process within the value chain, the more opportunity there will be for organizations to influence the approaches of others on whom they depend. The concept of CSR includes the openness or transparency of companies as well as taking into consideration the will and expectations of their stakeholders. Social responsibility means a doctrine that claims that an entity whether it is government, Private

Corporation or public organization has a responsibility to society. CSR is a concept that reduces costs and risks, increases the brand value and reputation, effectiveness and the efficiency of employees, improves transparency, and clarity in the working environment of the business house.

CONCEPTUAL FRAMEWORK OF CSR

SR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives which is also known as Triple-Bottom-Line Approach, along with addressing the expectations of shareholders and stakeholders. As per the rule of Companies Act, the CSR new rules have been implemented from April 1, 2013. They are being applied to all those companies, which are earning at least:

• Rs.1,000 crore turnover, or

• Rs.500 crore net worth, or

• Rs 5 crore net profit.

Such companies are required to spend 2 per cent of their three-year average annual net profit on CSR activities in each financial year, beginning from the next fiscal year, 2014-15. According to clause 135 of the Companies Act, 2013 for this purpose, a company will have to constitute a CSR committee which is to be constituted by the board of directors. So, that it can guide the alignment of the company's activities. They will be responsible for preparing a detailed plan of the CSR activities including, decisions regarding the expenditure, the type of activities to be undertaken, roles and responsibilities of the concerned individuals and a monitoring and reporting mechanism.

ROLE OF SMALL AND MEDIUM ENTERPRISES IN CSR ACTIVITIES

Small and medium enterprises (SMEs) significantly contribute towards India's economic growth. They employ nearly 40% of India's workforce and contribute around 45% to India's manufacturing output which is a big contribution. The business activities of SMEs are performed almost into the local area. This enables them to be aware of community needs, to manage their expectations and then to develop CSR programmes appropriately. Since as per the rules of the Companies Act, 2013, those companies that have a net profit of Rs. 5 crore and above, have to spend at least 2% of their net profit on CSR activities. So, it is generally expected that small and medium enterprises will not qualify this condition, while in the actual, many small and medium enterprises (SMEs) can also fulfill this condition (i.e. they are also able to earn more than Rs. 5 crore net profit). Although the quantum of revenue available for CSR with individual SMEs is expected to be small, while all eligible companies working in a specific geographical area, collectively can pool their resources to create a sizeable CSR fund. Thus it is found that

SMEs in India are also playing a great role in CSR activities.

CSR AND CORPORATE SUSTAINABILITY

Sustainability (Corporate sustainability) is derived from the concept of sustainable development which is defined as "development that fulfils the needs of the present without compromising the ability of future generations to meet their own needs". It refers to the role that companies can play in meeting the agenda of sustainable development and maintains a balanced approach for economic, social and environmental progress. CSR in India tends to focus on what is done with profits after they are made. On the other hand, sustainability is about factoring the social and environmental impacts of conducting business, that is, how profits are made. Hence, many of the Indian practices of CSR are important components of sustainability. Since corporate social responsibility and sustainability are so closely related terms, so it can be said that corporate social responsibility and sustainability are the company's commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical.

OBSERVATIONS

It was observed that 46% companies got zero rating (no reporting), around 8% scored 3/5 & 4/5 rating. Around 49% Indian companies were reporting on CSR. Most of the companies report on donations, renovating schools in villages, mid day meals etc. It is expected from a company to at least spend a minimum of 0.2% of income on CSR activities annually. But in most reports there is no mention of the amount spent in any of their balance sheets or annual reports. Well defined expenditure on CSR has been shown by very few companies. Companies reach for CSR activities was also unsatisfactory in the sense only 25% companies CSR activities were for employees & rest were focusing on vicinity & society at large. Many companies are only making token gestures towards CSR in tangential ways such as donations to charitable trusts or NGOs, sponsorship of events, etc. believing that charity and philanthropy equals to CSR. Most companies use CSR as a marketing tool to further spread the word about their business, for instance, donation of a token amount to some cause on purchase of a particular product. The fact that companies are hiring advertising agencies for their CSR further highlights this. Companies hesitate to state the processes followed by them, the damage caused by these processes, and the steps taken to minimize this damage.

Very few companies have a clearly defined CSR philosophy. Most implement their CSR in an adhoc manner, unconnected with their business process. Most companies spread their CSR funds thinly across many activities, thus somewhere losing the purpose of undertaking that activity. Special CSR initiatives were taken by some companies like structured CSR etc. Generally speaking, most companies seem either unaware or don't monitor their company's CSR. However, all companies can be considered to be an upward learning curve with respect to

CSR. The overall approach still seems to be driven by philanthropy rather than integrating it with business as has been happening in the west.

CONCLUSIONS

Business houses all over the world are realizing their stake in the society and engaging in various social and environmental activities. The need of the hour is to formulate effective strategic policies and adopt various instruments according to the company history, its content, peculiarity in relationship with its different stakeholders so that CSR can be best implemented towards its goals – sustained environmental, social and economic growth. This research explores the existing literature available on CSR. The literature review shows trends, definitions starting from the early days of 1950s when CSR was in its budding stage. As of now, the trends have changed and CSR affects not only the company's reputation and goodwill but also govern the financial performance. It was analyzed that the reporting practices range from the very sophisticated and well-established system to "a brief mention of CSR" in the annual report. CSR reporting will continue to improve globally, but the information it contains would need to be standardized. A feature noticed in the development of CSR reporting is the influence of several international and local organizations with different frameworks, indices, directives and initiatives etc. Many of these initiatives are voluntary but are likely to hinder rather than assist the development in the reporting systems. India's markets continue to exhibit a profusion of negative externalities where the costs of resource use, environmental degradation, or community disruption are neither paid by those who incur them nor are reflected in actual prices. Today's economic framework gives little encouragement for companies to consider the long-term – the essence of true sustainable development.

There are several companies in India involved in diverse issues such as healthcare, education, rural development, sanitation, microcredit, and women empowerment. Analysis of several surveys in India suggest that though many companies in India have taken on board the universal language of CSR, CSR seem to be in a confused state. Individual companies define CSR in their own limited ways and contexts. The end result being that all activities undertaken in the name of CSR are mainly philanthropy, or an extension of philanthropy. It seems that CSR in India has been evolving in domain of profit distribution. There is a need to increase the understanding and active participation of business in equitable social development as an integral part of good business practice.

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Handbook on Corporate Social Responsibility in India.

A STUDY ON EFFECTIVENESS OF NSDC AIDED BUSINESS CORRESPONDENT COURSE ON FINANCIAL LITERACY WITH SPECIAL REFERENCE TO KANNUR DIST.

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Abstract

Government of India as well as central bank, over the past decade putting effort consistently to bring the economically weaker sections of the society to formal credit circle. Business correspondence model is one of such effort take by the central bank together with the corporation of commercial banks where by the National Skill Development Corporation (NSDC) provides formal on business correspondent. The objective of this study is to understand the effectiveness of NSDC aided business correspondence course on its participants in the matter of financial literacy. The study was based on the response of forty college students from Kannur District out of which twenty students were participated in NSDCs business correspondents course. The result of the study shows that the students who attended the course have higher level of financial literacy as compared to students who were not attended the course.

Keywords: NSDC, financial literacy, business correspondent Reserve Bank of India (RBI)

INTRODUCTION

In India it is overtime to the need to bring in the lower sections of the society into formal and safer credit circles. The RBI has been pursuing its goal of financial inclusion since the 1950's with the building of cooperative structures, the popularization of social banking, the spread of self –help groups (SHG's) in the 1970's and the rapid expansion of bank branch networks in the most recent decades. These measures helped in building a strong banking network in our country. To tackle the issue of financial exclusion in India, the RBI introduces financial inclusion campaign. Beginning with the launch of no-frills bank accounts in 2005, it also introduced easier Know Your Customer norms and simplified the process of opening bank branches in unbanked and under-banked districts and areas.

In 2006 based on the recommendations of internal group on credit and microfinance the RBI decided to permit banks employ Business Correspondents/Facilitators so that they may serve financial products or services to the low class sections of the society. Financial inclusion also helps in accelerating use of technology in the banking field, introduced GCC helps in easy access to credit, financial advisory services, insurance services, mortgage facilities, etc. Financial inclusion protects the financial wealth and other resources of low income groups. Financial also mitigates the exploitation of money lenders. Financial inclusion provides stable income, creates assets and improves standard of living of poor people. The primary responsibility of ensuring financial inclusion has been taken up by the commercial banks, and they have introduced BC models to help a closer relationship between the organized financial system. In engaging BC's banks should ensure that they are well established, enjoying good reputation and having the confidence of the local people. Banks may give wide publicity in the locality about the business correspondent and take measures to avoid being misrepresented. In India business correspondents have to play a crucial role in financial inclusion. Because still in India there are many places where there is no branch of a bank. In these places banking correspondent can attract people towards the banking system. Several commercial banks in India introduced the business correspondent as an intermediary between the bank and its customers in unbanked areas.

The business correspondent model in India has been primarily led by banks, but the players in this model are different from those in traditional banking models. The business correspondent agents range from unemployed youth, microfinance institutions, on profit organizations, and other non-bank-related agents. Since the business correspondent is the face of the bank for the client, the acts of the business correspondent have a deep impact on the financial activities of the client.

Financial inclusion: Financial inclusion refers to the delivery of financial service at an affordable cost to the weaker section and low income groups. The various financial services include credits, savings, insurance and payment remittance facility.

Definitions

K.C. Chakraborthy defines Financial inclusion as, "the process of ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups such as weaker sections and law income groups in particular, at an affordable cost in a fair and transparent manner by regulated, main stream institutional players

Committee on Financial inclusion (Rangarajan, 2008) "The process of ensuring access to financial services timely and adequate credit where needed by vulnerable groups such as weaker sections and law income groups at affordable cost".

Committee on Financial sector reforms (Dr. Reghuram G Rajan)" Financial inclusion broadly defined refers to universal access to a wide range of financial services such as insurance and equity products".

Scope of financial inclusion can be defined as the access to financial products and services like bank accounts, immediate loans or credits, savings arrangements, remittances or transfer of funds and payment services, micro insurance services (both life and non-life) mortgage, financial advisory services, mutual funds or annuity products, pension products etc.

Objectives

The primary objective of the study is to understand the effectiveness of NSDC aided business correspondence course on financial literacy among participants. The other objectives of the study are as follows.

1. To understand whether the course has given adequate opportunities for career enhancement.
2. To understand the drawbacks of NSDC training on business correspondence.
3. To understand how NSDC training on business correspondence can be made more effective

METHODOLOGY

Research Design

Research design is the specification of methods and procedures for acquiring the information needed to structure or to solve the given problem. It has been explained as a series of advance decisions that is taken together for a specific plan or model for the conduct of investigation. Analytical research technique was adopted in this project. Generally analytical studies are designed to analyze something and it collects data for definite purpose.

Sources of Data

The required data for this study are basically primary in nature. The data has been collected through printed questionnaires supplied to sample unites. A sample size of 40 students, of various age groups and at various income levels is taken from Kannur district for the study. The sample size of 40 has been divided into two groups of 20 each, out of which one group has attended the business correspondent course. Both groups have given separate questionnaires to be filled. Secondary data for the study was collected from journals, magazines and internet were used to get a clear view of the topic. Personal interview with the teaching faculty was conducted to gain familiarity with the problem.

Data analysis

Various statistical tools have been used for the analysis of the data. This study is mainly analytical type so various analysis tools like percentages; mean, median etc., has been used for identifying population characteristics. Data has been classified under relevant heads and various presentation tools like tables, charts, graphs etc., are used to present the analyzed data.

Limitations of the study

1. The findings of the study may not be generalized in all areas as the study is only based on small geographic area and sample size.
2. The study is mostly based on primary data, so the limitations of primary data will also affect the study. i.e., reliable information may not be obtained, sometimes the informants are not serious in furnishing information
3. The concept financial literacy has much wider scope and meaning in the real sense. But in this study the concept of financial literacy is limited to certain factors only.

Analysis and Interpretation

The analysis and interpretation of the data is illustrated in the following section.

Demographic Profile of Respondents

Table 1 - Gender wise Classification of Respondents

	Attended the course		Not attended the course		Total	
	No	%	No	%	No	%
Male	14	70	8	40	22	55
Female	6	30	12	60	18	45
Total	20	100	20	100	40	100

Source: Primary data

Table 1 shows that out of 40 respondents 55 percentage respondents are male and 45 percentage respondents are female.

Income wise Classification of Respondents

Table 2 - Income level of Respondents under study

Income Level	Attended the course		Not attended the course		Total	
	No	%	No	%	No	%
Below 10000	7	35	4	20	11	27.5
10000-50000	5	25	8	40	13	32.5
50000-100000	4	20	2	10	6	15
Above 100000	4	20	6	30	10	25
Total	20	100	20	100	40	100

Source: Primary data

Table 2 shows that 27.5 percent of respondents belongs to annual income below 10,000 and amount of 10,000 to 50,000 belongs to 32.5 percent. Annual income of the 15 percent of the respondents are in the range of 50,000 to 1,00,000. 25 percent of respondents have an annual income above Rs. 1,00,000. The table explains the fact that the annual income of the majority of the respondents are in the range 10,000 to 50,000.

Financial Literacy

Financial literacy of the respondents was measured on the basis of respondent's awareness and knowledge to perform financial and banking activities and functions. Based on the awareness the respondents were asked to rate each variables in a five-point agreement rating scale (strongly agree = 5, agree = 4, neither agree nor disagree = 3, disagree = 2 strongly disagree = 1).

Table 3 - Variables used to measure financial literacy

I know how to process a loan application
I know the procedures for opening a bank accounts
I know what are the documents required for meeting KYC norms.
I know how to use a Debit/Credit card.
I know what is CIBIL score and how can I improve the score.
I know how to choose the best banking product for me based on my requirements.
I have convinced my family and friends to take a bank account.
I can help people in availing various insurance products.
I have given suggestions for productive investment.
I can clarify people regarding the consequences of default in loan repayment.
I have paid my electricity bills through bank.
I think financial literacy will accelerate financial inclusion
I have convinced my friends the uses of card money for paying off transactions.
Financial inclusion creates a culture of savings in rural people
I am satisfied with the institutional support given by RBI for accelerating financial inclusion
I am satisfied with the use of technology in financial inclusion efforts

Table 4 - Impact of Business Correspondence course on Financial Literacy

Criteria	Attended the course	Not attended the course
Mean	4.08	2.01
Median	4	2

Table 4 shows that the business correspondence course has a positive impact on the financial literacy. The responds who have attended the course have a mean score of 4. Whereas in the case of respondents who have not attended the course have a mean score of 2.01. While comparing these we can see that the financial literacy level of students who attended the course is much higher than those students who were not attended the course.Therefore, it can be concluded that business correspondence course has a positive impact on financial literacy and that the business correspondence course is effective.

Course Evaluation The respondents who are attended the course were asked to evaluate the course as a whole based on a three trier criteria. The details of the evaluation are illustrated below.

Table 5 - Course Evaluation

Criteria	Mean	Median
Career development	3.85	4
Role clarity	4	4
Financial inclusion	4.08	4
AVG	4.06	4

The course has an overall mean score of 4.06 and median of 4. It means that course was effective in respect. Carrier development, role clarity and financial literacy. Financial literacy has a higher mean score and carrier development have lower mean score. All aspects have a median of 4. All the aspects shoes that there is appositive impact of the course on these factors.

CONCLUSION

The primary responsibility of ensuring financial inclusion has been taken up by the commercial banks, and they have introduced BC models to help a closer relationship between the organized financial system. In engaging BC's banks should ensure that they are well established, enjoying good reputation and having the confidence of the local people. Banks may give wide publicity in the locality about the business correspondent and take measures to avoid being misrepresented. The NSDCs course on business correspondence is able to improve the financial literacy of the participants and were able to create and improve the potential of the financial inclusion effort of the central government and RBI.

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FINANCIAL LITERACY- IMPROVING FUTURE WORK SKILLS THROUGH FINANCIAL EDUCATION

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Abstract

In every stage of life people face challenges to take certain financial decisions. Financial illiteracy is inability to make informed judgments and effective decisions regarding the use and management of money and wealth which affects their family and society at large. It is utmost important for a country to take steps for financial literacy in order to improve the society and economy of the nation. Financial literacy is the set of skills and knowledge that allows an individual to take appropriate financial decisions.

Public Education is a product of the Enlightenment, schools for all were created to allow ordinary people to become architects of their own lives and contributing members of their communities, people who could improve themselves and the world, and in so doing reduce human suffering. So, this paper help us to understand the Global connectivity, smart machines, and new media which are just some of the drivers reshaping how we think about work, what constitutes work, and the skills we will need to be productive contributors in the future.

This paper analyzes key drivers that will reshape the landscape of work and identifies key work skills needed in the future. It does not consider what will be the jobs of the future. Many studies have tried to predict specific job categories and labor requirements. Consistently over the years, however, it has been shown that such predictions are difficult and many of the past predictions have been proven wrong. Rather than focusing on future jobs, this paper looks at future work skills—proficiencies and abilities required across different jobs and work settings.

Key Words: financial education, financial literacy, public education, future work skill

INTRODUCTION

The Evolution of Education provided a brief history outlining the evolution of public education. Historically, children were educated through life experiences; people learned from other humans. The basic notion of schools that all children would attend—a time and place to intentionally structure teaching and learning—came into existence in the 16th and 17th centuries. Public schools are a product of the Age of Enlightenment, one of the institutions to cultivate reason and the capacity of people to improve their lives and build a better social order as a result of individual agency and collective efforts. Beginning in the 1850s in America (and slightly earlier in Europe), the concept of public education for all—including the poor—began to take hold, with the view that communities and governments should establish, fund, and support schools. This led to the development of "public education systems" at relatively low cost. The concept of "universal" education and the idea that its delivery should be highly decentralized and community-based were established. After World War II, as a result of the inclusion of education as one of the Universal Human Rights in the Universal Declaration, much of the world saw governments around the world commit to education and literacy as a key part of economic and social transformation.

In addition to universal education's broad acceptance in India, another important evolution occurred over time: education shifted from "thought" to "doing." No longer just about ideas, education became about the practical application of these ideas through science and technology, and about gaining skills for the purpose of employment. Education's paradigm shift is ongoing. The Global Education Innovation Initiative typified the cognitive, interpersonal and intrapersonal skills that are essential for engaged citizenship, work and life in the 21st century. This paper explained how comparative study of efforts to align schools with the development of 21st century skills can support and accelerate the necessary innovation to help schools become more pertinent. In this paper, questions were raised about the current and future definition of an educated person, what role and form education will take.

In the 1990s, IBM's Deep Blue beat grandmaster Gary Kasparov in chess; today IBM's Watson supercomputer is beating contestants on *Jeopardy*. A decade ago, workers worried about jobs being outsourced overseas; today companies such as O Desk and Live Ops can assemble teams "in the cloud" to do sales, customer support, and many other tasks. Five years ago, it would have taken years for NASA to tag millions of photographs taken by its telescope, but with the power of its collaborative platforms, the task can be accomplished in a few months with the help of thousands of human volunteers. Global connectivity, smart machines, and new media are just some of the drivers reshaping how we think about work, what constitutes work, and the skills we will need to be productive contributors in the future. This paper analyzes key drivers that will reshape the landscape of work and identifies key work skills needed in the future years. It does not consider what will be the jobs of the future. Many studies have tried to predict specific job categories and labor requirements. Consistently over the years, however, it has been shown that such predictions are difficult and many of the past predictions have been proven wrong. Rather than focusing on future jobs, this paper looks at future work skills—proficiencies and abilities required across different jobs and work settings.

Equipping New Generation with Future Skills

In today's knowledge-based, globally-competitive economy, the types of skills need to succeed are very different from in the past. The basics of math, English, and science remain important, but with broad access to information via the Internet, rote memorization of facts is not the skill set that is needed. In discussing 21st century skills in virtually, the types of skills necessary to prepare present generation for the workforce of the future mentioned were(Future Work Skills 2020, a visionary new report by IFTF (The Institute for the Future, sponsored by the University of Phoenix Research Institute)

- **Sense-making**

Sense-Making is the ability to determine the deeper meaning or significance of what is being expressed. As smart machines take over rote, routine manufacturing and services jobs, there will be an increasing demand for the kinds of skills machines are not good at. These are higher level thinking skills that cannot be codified. We call these sense-making skills, skills that help us create unique insights critical to decision making. When IBM's supercomputer, Deep Blue, defeated chess grandmaster Gary Kasparov, many took this of a sign of its superior thinking skills. But Deep Blue had won with brute number-crunching force (its ability to evaluate millions of possible moves per second), not by applying the kind of human intelligence that helps us to live our lives. A computer may be able to beat a human in a game of chess or Jeopardy by sheer force of its computational abilities, but if you ask it whether it wants to play pool, it won't be able to tell whether you are talking about swimming, financial portfolios, or billiards. As computing pioneer Jaron Lanier points out, despite important advances in Artificial Intelligence (AI) research it is still the case that, "if we ask what thinking is, so that we can then ask how to foster it, we encounter an astonishing and terrifying answer: we don't know."1 As we renegotiate the human/machine division of labor in the next decade, critical thinking or sense-making will emerge as a skill workers increasingly need to capitalize on.

- **Social intelligence**

Social Intelligence is the ability to connect to others in a deep and direct way, to sense and stimulate reactions and desired interactions while we are seeing early prototypes of "social" and "emotional" robots in various research labs today, the range of social skills and emotions that they can display is very limited. Feeling is just as complicated as sense-making, if not more so and just as the machines we are building are not sense-making machines, the emotional and social robots we are building are not feeling machines. Socially intelligent employees are able to quickly assess the emotions of those around them and adapt their words, tone and gestures accordingly. This has always been a key skill for workers who need to collaborate and build relationships of trust, but it is even more important as we are called on to collaborate with larger groups of people in different settings. Our emotionality and social IQ developed over millennia of living in groups will continue be one of the vital assets that give human workers a comparative advantage over machines.

- **Novel and Adaptive thinking**

The ability to come up with solutions in unique and unexpected circumstances that lie beyond the rote or rule-based. In many countries the job opportunities are declining in middle-skill white-collar and blue-collar jobs, largely due to a combination of the automation of routine work, and global off shoring. Conversely, job opportunities are increasingly concentrated in high skill, high-wage professional, and technical and management occupations and in low-skill, low-wage occupations such as food service and personal care. Jobs at the high-skill end involve abstract tasks, and at the low-skill end, manual tasks. What both of these categories of tasks have in common is that they requires "situational adaptability"—the ability to respond to unique unexpected circumstances of the moment. Tasks as different as writing a convincing legal argument, or creating a new dish out of set ingredients both require novel thinking and adapt ability. These skills will be at a premium in the future, particularly as automation and off shoring continue.

- **Cross-Cultural competency**

It is the ability to operate in different cultural settings. In a truly globally connected world, a worker's skill set could see them posted in any number of locations—they need to be able to operate in whatever environment they find themselves. This demands specific content, such as linguistic skills, but also adaptability to changing circumstances and an ability to sense and respond to new contexts. Cross-cultural competency will become an important skill for all, not just those who have to operate in diverse geographical environments. Organizations increasingly see diversity as a driver of innovation. Research now tells us that what makes a group truly intelligent and innovative is the combination of different ages, skills, disciplines, and working and thinking styles that members bring to the table. If the groups displaying a range of perspectives and skill levels outperform like-minded experts. It concludes that "progress depends as much on our collective differences as it does on our individual IQ scores."Diversity will therefore become a core competency for organizations for the future. Successful people within these diverse teams need to be able to identify and communicate points of connection (shared goals, priorities, values) that transcend their differences and enable them to build relationships and to work together effectively.

- **Computational Thinking**

It is the ability to translate vast amounts of data into abstract concepts and to understand data-based reasoning. As the amount of data that we have at our disposal increases exponentially, many more roles will require computational thinking skills in order to make sense of this information. Novice-friendly programming languages and technologies that teach the fundamentals of programming virtual and physical worlds will enable us to manipulate our environments and enhance our interactions. The use of simulations will become a core expertise as they begin to feature regularly in discourse and decision-making. HR departments that currently value applicants who are familiar with basic applications, such as the Microsoft Office suite, will shift their expectations, seeking out resumes that include statistical analysis and quantitative reasoning skills. In addition to developing computational thinking skills, they will need to be aware of its limitations. This requires an understanding that models are only as good as the data feeding them—even the best models are approximations of reality and not reality itself. And second, they must remain able to act in the absence of data and not become paralyzed when lacking an algorithm for every system to guide decision making.

- **New media literacy**

It is the ability to critically assess and develop content that uses new media forms, and to leverage these media for persuasive communication. The explosion in user-generated media including the videos, blogs, and podcasts that now dominate our social lives will be fully felt in workplaces in the future. Communication tools that break away from the static slide approach of programs such as PowerPoint will become commonplace, and with them expectations of their ability to produce content using these new forms will rise dramatically. The next generation of will need to become fluent in forms such as video, able to critically "read" and assess them in the same way that they currently assess a paper or presentation. They will also need to be comfortable creating and presenting their own visual information. Knowledge of fonts and layouts was once restricted to a small set of print designers and typesetters, until word processing programs brought this within the reach of everyday office workers. Similarly, user-friendly production editing tools will make video language—concepts such as frame, depth of field etc—part of the common vernacular. As immersive and visually stimulating presentation of information becomes the norm, workers will need more sophisticated skills to use these tools to engage and persuade their audiences.

- **Cognitive load management**

Ability to discriminate and filter information for importance and to understand how to maximize cognitive functioning using a variety of tools and techniques. A world rich in information streams in multiple formats and from multiple devices brings the issue of cognitive overload to the fore. Organizations and workers will only be able to turn the massive influx of data into an advantage if they can learn to effectively filter and focus on what is important. The next generation of workers will have to develop their own techniques for tackling the problem of cognitive overload. For example, the practice of social filtering—

ranking, tagging, or adding other metadata to content helps higher-quality or more relevant information to rise above the "noise." Workers will also need to become adept at utilizing new tools to help them deal with the information onslaught. Researchers at Tufts University have wired stockbrokers— who are constantly monitoring streams of financial data, and need to recognize major changes without being overwhelmed by detail. The stockbrokers were asked to watch a stream of financial data and write an involved email message to a colleague. As they got more involved in composing the email, the FNIRS (functional near-infrared spectroscopy, which measures blood oxygen levels in the brain) system detected this, and simplified the presentation of data accordingly.

- **Virtual collaboration**

Ability to work productively, drives engagement, and demonstrates presence as a member of a virtual team. Connective technologies make it easier than ever to work, share ideas and be productive despite physical separation. But the virtual work environment also demands a new set of competencies. As a leader of a virtual team, individuals need to develop strategies for engaging and motivating a dispersed group. We are learning that techniques borrowed from gaming are extremely effective in engaging large virtual communities. Ensuring that collaborative platforms include typical gaming features such as immediate feedback, clear objectives and a staged series of challenges can significantly drive participation and motivation. Members of virtual teams also need to become adept at finding environments that promote productivity and wellbeing. A community that offers "ambient sociability" can help overcome isolation that comes from lack of access to a central, social workplace. This could be a physical co working space, but it could also be virtual. Researchers at Stanford's Virtual Human Interaction Lab exploring the real-world social benefits of inhabiting virtual worlds such as *Second Life* report that the collective experience of a virtual environment, especially one with 3D avatars, provides significant social-emotional benefits. Players experience the others as co-present and available, but they are able to concentrate on their own in-world work. Online streams created by micro blogging and social networking sites can serve as virtual water coolers, providing a sense of camaraderie and enabling employees to demonstrate presence. For example, Yammer is a Twitter-like micro blogging service, focused on business—only individuals with the same corporate domain in their email address can access the company network.

- **Transdisciplinarity**

Literacy in and ability to understand concepts across multiple disciplines many of today's global problems are just too complex to be solved by one specialized discipline (think global warming or Over population). These multifaceted problems require transdisciplinary solutions. While throughout the 20th century, ever-greater specialization was encouraged, the next century will see transdisciplinary approaches take center stage. We are already seeing this in the emergence of new areas of study, such as nanotechnology, which blends molecular biology, Biochemistry, protein chemistry, and other specialties. This shift has major implications for the skill set that knowledge workers will need to bring to organizations. According to Howard Rheingold, a prominent forecaster and author, "transdisciplinarity goes beyond bringing together researchers from different disciplines to work in multidisciplinary teams. It means educating researchers who can speak languages of multiple disciplines—biologists who have understanding of mathematics, mathematicians who understand Biology." The ideal worker of the next decade is "T-shaped"—they bring deep understanding of at least one field, but have the capacity to converse in the language of a broader range of disciplines. This requires a sense of curiosity and a willingness to go on learning far beyond the years of formal education. As extended lifespan promote multiple careers and exposure to more industries and disciplines, it will be particularly important for workers to develop this T-shaped quality.

- **Design mindset**

Ability to represent and develop task and work processes for desired outcomes. The sensors, communication tools and processing power of the computational world will bring with them new opportunities to take a design approach to our work. We will be able to plan our environments so that they are conducive to the outcomes that we are most interested in. Discoveries from neuroscience are highlighting how profoundly our physical environments shape cognition. As Fred Gage, a neurobiologist who studies and designs environments for neurogenesis (the creation of new neurons), argues, "Change the environment, change the brain, change the behavior." One recent study found that ceiling height has a consistent impact on the nature of participants' thinking. Participants in the study were asked to rate their current body state or feeling. Those who were in the room with higher ceilings responded more favorably to words associated with freedom, such as “unrestricted” or “open”. Those in the lower-ceiling room tended to describe themselves with words associated with confinement. This impact on mood was directly transferred to mental processes; those in the high-ceiling group were more effective at relational thinking, creating connections and the free recall of facts. New generation of the future will need to become adept at recognizing the kind of thinking that different tasks require, and making adjustments to their work environments that enhance their ability to accomplish these tasks.

There is certain other desirable skill which is also needed for future work force such as entrepreneurial skills, financial literacy, life skills, people skills, self-direction, personal and social responsibility, and character and citizenship. When combined with the basic academic skills of the past, these newer skills create a complete student who is ready to enter and thrive in the workforce of the future. “Does the curriculum focus on skills that matter? Are schools teaching what is appropriate and preparing students for what is needed at work? . . . Schools need to step up their efforts to help students gain the cognitive, interpersonal and intra personal skills they will need to become architects of their own lives.”

Changing the Educational Paradigm to Develop Future Skills

In this fast changing and ever evolving education world, the moot question remains: Is our education system future ready? This is all the more so against the backdrop of a fast changing eco system spurred by a constant generation of technology. The question was put across to a cross section of seasoned academicians and teachers and most of them concurred that we can be future read provided some serious flaws in the current system are expressly fixed. The following are the important points to be discussed:

• Embracing the need for big, bold changes.

Several Experts emphasized that now is not the time for tinkering or for small, incremental changes. We need fundamental, systemic changes.

• Creating an inspiring sense of purpose.

Making big, bold changes requires a sense of mission and purpose, and a clear vision.

• Preparing leaders who can drive the changes that are needed.

The development and instillation of a sense of purpose and driving systemic changes don't just happen by accident. Leaders with vision, courage, and the ability to attract others must lead these changes. Leaders are needed throughout the educational system, as teachers, principals, and administrators, and as policymakers who have the will that is required to prioritize future skills.

• Give much greater attention to teachers in efforts to reform education.

They should be protagonists of education transformation, and need to receive the respect and preparation necessary to become empowered professionals and leaders of the process of change.

• Learning from other countries about teacher selection and development.

There is much to learn from other countries in how they select top candidates for teaching, screen them rigorously, assess on the front end, invest heavily in professional development, and provide mentors, tools, and resources for support. Teachers are treated as professionals and are not narrowly measured based on test results. This is a very different paradigm and is one factor producing better educational outcomes. We should learn more about and consider adopting aspects of these paradigms.

• Involving communities in broader educational efforts.

Since fewer than 20% of students' waking hours are spent in school, improving educational achievement requires thinking beyond and outside of schools. This includes forming partnerships between schools and communities that result in broad community involvement, and that create an overall culture and climate of achievement. Students' voices should be included as part of this process. The creations of educational standards have morphed into the belief that the real purpose of high school is to prepare all kids for four-year colleges. This belief was fueled by economists who foresaw a future with only two types of jobs: high-wage, high-skill jobs and low-wage, low-skill jobs. That forecast doesn't appear right. One result from this Three years college paradigm is that 40% of recent college graduates are working at jobs that historically have not required a Three-year degree. 25–30% of all jobs are "middle skill" jobs, requiring some form of post-secondary education .In fact, about half of all STECM (science, technology, engineering, Commerce and math) jobs are middle-skill jobs, which currently pay slightly more than $50,000 per year. But the educational system has not produced enough workers with middle skills, resulting in a labour shortage. Other countries, such as Switzerland, combine classroom and workplace learning to produce far more middle-skilled workers. The economy in Switzerland is strong and the youth unemployment rate is under 5%. This is an important area where the we must change its paradigm. Several states are now working to strengthen vocational education programs to meet the demands in this high growth area.

Conclusion

The results of this paper have implications for individuals, educational institutions, business, and government. To be successful in the future, **individuals** will need to demonstrate foresight in navigating a rapidly shifting landscape of organizational forms and skill requirements. They will increasingly be called upon to continually reassess the skills they need, and quickly put together the right resources to develop and update these. Workers in the future will need to be adaptable lifelong learners.

Educational institutions at the primary, secondary, and post-secondary levels, are largely the products of technology infrastructure and social circumstances of the past. The landscape has changed and educational institutions should consider how to adapt quickly in response. Some directions of change might include:

- Placing additional emphasis on developing skills such as critical thinking, insight, and analysis capabilities
- Integrating new-media literacy into education programs
- Including experiential learning that gives prominence to soft skills—such as the ability to collaborate, work in groups, read social cues, and respond adaptively
- Broadening the learning constituency beyond teens and young adults through to adulthood
- Integrating interdisciplinary training that allows students to develop skills and knowledge in a range of subjects
- Creating a vision for drastic changes in education.
- Focusing on closing the achievement gap by working to improve the bottom half or quarter of all schools
- Investing in professional development for teachers.

- Finding the best programs in the country and helping to connect and scale them. Invention is not necessary, but rather the sharing of best practices and scaling.
- Building networks for connecting people and sharing information.

Businesses must also be alert to the changing environment and adapt their workforce planning and development strategies to ensure alignment with future skill requirements. Strategic human resource professionals might reconsider traditional methods for identifying critical skills, as well as selecting and developing talent. Considering the disruptions likely to reshape the future will enhance businesses' ability to ensure organizational
talent has and continuously renews the skills necessary for the sustainability of business goals. A workforce strategy for sustaining business goals should be one of the most critical outcomes of human resource professionals and should involve collaborating with universities to address lifelong learning and skill requirements.

Governmental policymakers will need to respond to the changing landscape by taking a leadership role and making education a national priority. If education is not prioritized, the risk compromising our ability to prepare our people for a healthy and sustainable future. For Indians to be prepared and for our businesses to be competitive, policy makers should consider the full range of skills citizens will require, as well as the importance of lifelong learning and constant skill renewal.

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CONTRIBUTION OF FINANCIAL LITERACY TO CORPORATE SOCIAL RESPONSIBILITY IN FINANCIAL INSTITUTIONS TO THE ECONOMIC GROWTH AND SOCIAL WELFARE.

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Abstract

This paper explores the interlinking factors that flows through the financial literacy background contributing to the corporate social responsibility in financial institutions. The papers takes a journey through the conceptual factors of financial literacy and conceptual factors contributing to corporate social responsibility .It analyses the changing financial concept of earnings, savings and investment. It also analyses the varied dimensions of corporate social responsibility in financial institutions. The paper also tries to arrive at corporate social responsibility as an effective humane tool to contributing to economic growth and social welfare.

Key words: financial literacy, CSR, social, ethical, legal, environment and economic factors

INTRODUCTION

FINANCIAL LITERACY

Money is better than poverty, if only for financial reasons - Woody Allen

The only way you will ever permanently take control of your financial life is to dig deep and fix the root problem.- Suze Orman

Financial literacy is usually understood as a combination of awareness, knowledge, skill, attitude and behaviour, necessary to sound financial decision-making and ultimately achieving individual financial well-being (OECD/INFE, 2011). It is conceptualized from the perspective of two dimensions. The first dimension is understanding (the personal finance knowledge) and use (the personal finance application) (Huston, 2010). The second one is the financial knowledge and informed judgments decisions (Samy et al., 2008). The definitions of the financial literacy maybe divided into conceptual definitions and operational ones. The conceptual definitions try to explain abstract concepts in concrete terms. They include the

following categories: knowledge of financial concepts, ability to communicate about financial concepts, aptitude in managing personal finances, and skill in making appropriate financial decisions and confidence in planning effectively for future financial needs. The operational definitions convert conceptual definitions (in the form of concrete terms) into measurable criteria, as the potential results of the financial literacy concept's operational analysis (Remund, 2010). There are many ways and strategies of measuring financial literacy (Hung et al., 2009). Despite that, there is still a lacking of the satisfactory operational definitions, which help to find the standardized way towards its measurement. The standardized measurement of Journal of Innovation Management Fraczek, Klimontowicz

Being financially literate is common being an individual, member of the family and of the society. Not all individuals appear to possess the basic financial knowledge necessary to plan for a comfortable lifestyle (Mandell, 2008). Some individuals possess financial knowledge but other psychosocial factors interfere with the ability of that knowledge to influence their actual consumer financial behaviour (Dodaro, 2011; Estelami, 2008; Huston, 2010). Personal construct theory (Kelly, 1955) posits that behaviour reflects self-constructed meaning and reality derived from a combination of experience and anticipation of future events that frame an individual's worldview. Meaning is self-constructed yet influenced by society's complex interrelationships. Thus, behaviour reflects social aspects and psychological aspects in addition to factual knowledge.

Financial Education

Consumers require:

Information via disclosures and labels

Process the information to their situations, tastes and preferences

Use the output to make decisions about what financial products to purchase

Need for Financial Education

Financial education and the optimal provision of information are also key factors in Bone's model of Consumer Financial Well-Being presented in this issue. Bone presents a framework and testable propositions for further investigation into the antecedents of consumer financial empowerment in a neglected area of the mortgage market: mortgage servicing and transfer.

It may include activating, instilling, or fostering several individual factors including marketplace, met cognition and persuasion knowledge (Brown and Krishna 2004;

Friestad and Wright 1994) and the motivation to act in one's self-interest. Operationalizing these factors as goals within an education initiative could the form of screening criteria (e.g., ''Why does a vendor want to sell me this and what do I get out of it at the end of the day?'').

Another core competency for financial education is an awareness and understanding of the macro impacts of a society's collective micro decisions.

Many financial education programs define successful outcomes as obtaining a bank account, buying a home, or building and maintaining savings habit. However, measuring financial security is more elusive. Certainly, some level of money is involved, but attitudes also play a role. So success needs to be measured not only in dollar terms—such as increased net worth—but also in units of satisfaction, happiness, and a sense of financial security. In addition to a range of outcome measures of ''success,'' there needs to be a range of measures of causal factors: information, education, advice, and the policy environment. Other inputs, such as absolute level of income, human and social capital, and other environmental variables are also critical to measuring success. Examining the moderating role of environmental factors on financial education program effectiveness and other outcomes is an important extension of a more nuanced approach to program assessment. Consumers must be motivated to engage in financial education efforts. Firms should champion financial education efforts both to mitigate risk and to increase positive brand associations.

Psychosocial Factors and Financial Literacy: This Psychosocial Factors and Financial Literacy study's results indicate financial satisfaction and religiosity are both significant independent predictors of financial literacy. Using these findings to target financial education may improve its efficacy and in turn improve long-term retirement security. This article focuses on three psychosocial elements that can be examined in the HRS: financial satisfaction, hopelessness, and religiosity. Financial satisfaction was positively correlated with financial literacy. It does suggest financial literacy has some association with religiosity and financial satisfaction. (John L. Murphy)

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility is a commitment to improve community well-being through discretionary business practices and contributions of corporate resources.(Philip Kotler and Nancy Lee)

A key element of this definition is the word *discretionary*. We are not referring here to business activities that are mandated by law or that are moral or ethical in nature and perhaps therefore expected. Rather, we are referring to a *voluntary* commitment a business makes in choosing and implementing these practices and making these contributions. Such a commitment must be demonstrated in order for a company to be described as socially responsible and will be fulfilled through the adoption of new business practices and/or contributions, either monetary or nonmonetary. The term *community well-being* in this definition includes human conditions as well as environmental issues.

Some measures of Corporate Social Responsibility

Increased giving

Increased reporting

Example: • American Express: "Good Works = Good Business. …. Not only is it appr opriate for the company to give back to the communities in which it operates, it is also smart business. Healthy communities are important to the well-being of society and the overall economy. They also provide an environment that helps companies such as

American Express grow, innovate, and attract outstanding talent."

(Harvey Golub, Chairman and CEO, and Kenneth Chenault, President and Chief Operating Officer, 2000)

• Ford Motor Company: "There is a difference between a good company and a great company. A good company offers excellent products and services. A great company also offers excellent products and services but also strives to make the world a better place."

(William Clay Ford, Jr., Chairman of the Board and CEO)

A shift from obligation to strategy

In a seminal article in the *Harvard Business Review* in 1994, Craig Smith identified "The New Corporate Philanthropy," describing it as a shift to making long-term commitments to specific social issues and initiatives; providing more than cash contributions; sourcing funds from business units as well as philanthropic budgets; forming strategic alliances; and doing all of this in a way that also advances business goals.

Improved Corporate Image and Clout

Fortune publishes an annual list of "America's Most Admired Companies," based on a survey of 10,000 executives and securities analysts conducted by Hay Group, a global consultancy firm. Respondents are asked to rate companies, using a scale from 0 to 10,
on eight attributes: innovation, financial soundness, employee talent, use of corporate assets, long-term investment value, quality of management, quality of products/services, and social responsibility. These eight attributes were determined more than 20 years ago through research that uncovered strong opinions that social responsibility—defined simply as "responsibility to the community and/or the environment"—should be one of the eight attributes.

The Case for doing at least something good

Business Ethics publishes a list of "100 Best Corporate Citizens," recognizing
companies' corporate social responsibility toward stakeholders, including the environment and the community. In 2002, the top five Best Corporate Citizens

were IBM, Hewlett-Packard, Fannie Mae, St. Paul Companies, and Procter & Gamble.

Increased Ability to Attract, Motivate, and Retain Employees

At Timberland, for example, full-time U.S. employees are given 40 hours of paid time off to perform community service; part-time employees get 16 hours per year. This program, called Path of Service, began in 1992, and by the year 2000, nearly 95 percent of Timberland's U.S. employees were participating in the program.

Decreased Operating Costs

Several business functions can cite decreased operating costs and increased revenue from grants and incentives as a result of the implementation of corporate social initiatives. One arena easy to point to includes companies who adopt environmental initiatives to reduce waste, reuse materials, recycle, and conserve water and electricity.

Increased Appeal to Investors and Financial Analysts

Some argue that involvement in corporate social initiatives can even increase stock value. They point to the ability to attract new investors and reduce exposure to risk in the event of corporate or management crises:

• In an article appearing in the *Financial Times* in July 2003, Jane Fuller wrote: "It pains me to say this, but I am becoming less cynical about Corporate Social Responsibility. This is not because of the weight of words expended on this subject by companies, lobbyists,
and politicians. It is because companies that are less exposed to social, environmental, and ethical risks are more highly valued by the market . . . In other words, investors are already pricing in social, environmental, and ethical factors.

Choosing a Social Issue

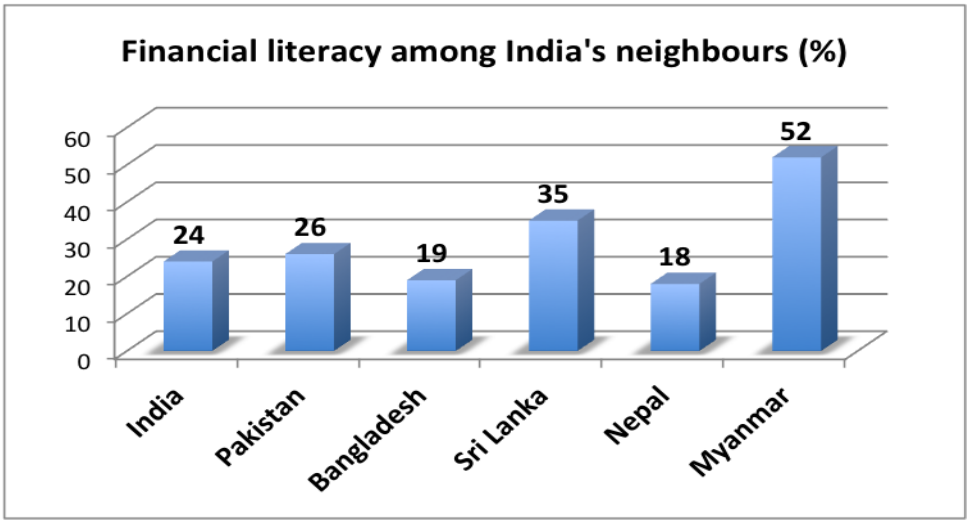
Challenges are perhaps the greatest in this very first step, as experience has shown that some social issues are a better fit than others, and this first decision has the greatest impact on subsequent programs and outcomes.

In February 2003, a feature article in *Business2.0* entitled "The Selling of Breast Cancer" described one of the pitfalls in this decision making in real terms.

FINANCIAL INSTITUTIONS

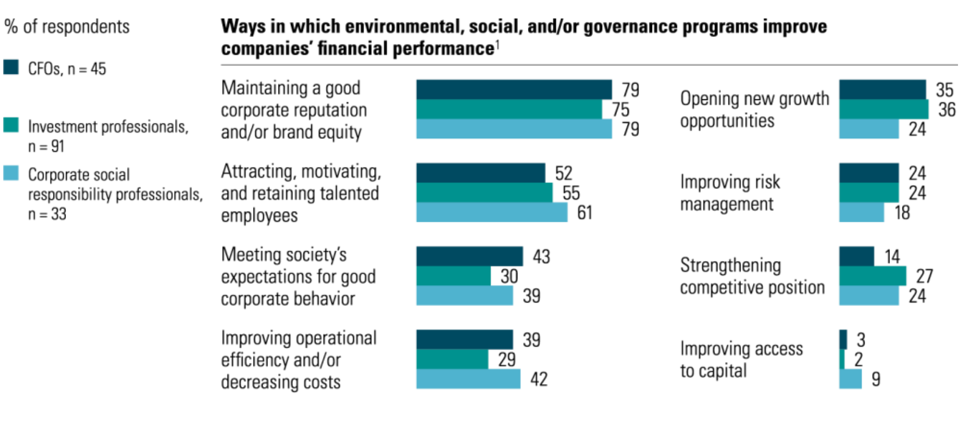
In India the banking sector plays a major role in the financial institution lending, buying and regulations. It forms the bulk of the regulated financial transactions in the country. The banks also a major role in financial literacy awareness programmes of the government.

FINANCIAL LITERACY POSITION OF INDIA



Source : google

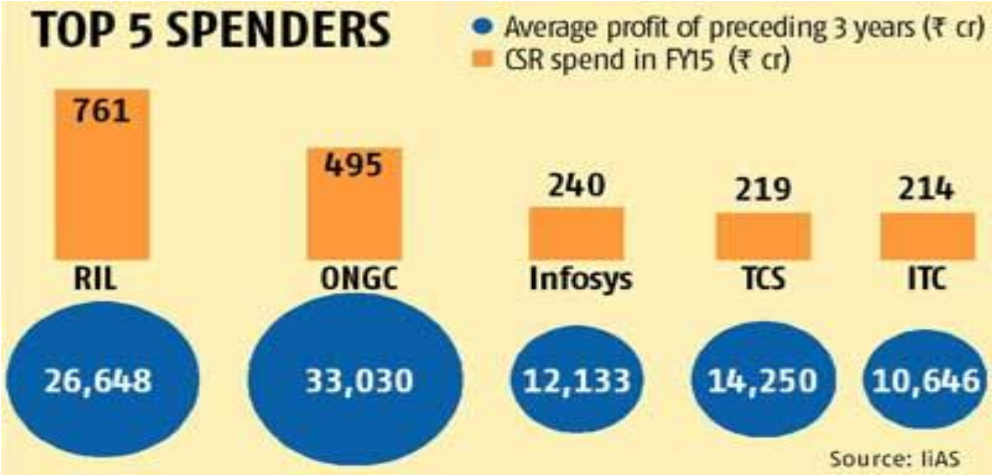
ROLE OF SOCIO, LEGAL, ECONOMIC AND ENVIORMENT FACTORS IN CORPORATE SOCIAL PERFORMANCE IN FINANCIAL INSTITUTIONS



[1]Excludes any changes stemming from current economic crisis.

Source : google

TOP FIVE SPENDERS IN CSR IN INDIA



Source : google

RESULTS AND DISCUSSIONS AND CONCLUSION

The above analysis points out the following outcomes.

Banking sector is the vital institution in the financial institutional framework in India.

Financial education is a must to analyse and prioritize the financial needs to promote savings and consumption in the consumer.

Corporate Social Responsibility is an inevitable medium of reaching out to the welfare needs of the society.

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www. Google.co.in

A STUDY ON OVERVIEW OF FINANCIAL INCLUSION IN INDIA

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Abstract

Financial inclusion refers to the delivery of financial services in a convenient manner and at an affordable cost to vast sections of disadvantaged and low income group population. The paper attempts to study the overview of financial inclusion in India. A comparison has been made between India and some other selected countries regarding number of bank branches, ATMs, bank credit etc to identify India's position regarding financial inclusion as compared to other selected countries. It also attempts to know the various strategies adopted by RBI for strengthening the inclusion. The paper also highlights challenges faced by India for strengthening financial inclusion.

INTRODUCTION

Financial inclusion refers to the delivery of financial services in a convenient manner and at an affordable cost to vast sections of disadvantaged and low income group population. It refers to a customer having access to a range of formal financial services. A committee on financial inclusion was formed under the chairmanship of C.Rangarajan and the committee defined the term financial inclusion as, "The process of access to financial services, and timely and adequate credit needed by vulnerable groups such as weaker sections and low income groups at an affordable cost." India is a country where a sizeable amount of population lives in rural areas who are engaged into agriculture and allied activities. Most of these people are poor and they do not have access to any formal financial services. The prime objective of financial inclusion is to extend the financial services to such areas.

LITERATURE REVIEW

(Massey, 2010) said that, role of financial institutions in a developing country is crucial in promoting financial inclusion. The efforts of the government to promote financial inclusion and deepening can be further improved by the pro-activeness on the part of capital market players including financial institutions. Financial institutions have a very crucial and a wider role to play in development of financial inclusion.

(Roy, 2012) studied the overview of financial inclusion in India. The study concluded that banks have set up their branches in the remote corner of the country. Rules and regulations have been simplified. The study also said that banking industry has shown tremendous growth in volume during last few decades.

(V.Ganeshkumar, 2013) noted that branch density in a state measures the opportunity for financial inclusion in India. Literacy is a prerequisite for creating investment awareness, and hence intuitively it seems to be a key tool for financial inclusion. But the above observations imply that literacy alone cannot guarantee high level financial inclusion in a state. Branch density has significant impact on financial inclusion. It is not possible to achieve financial inclusion only by creating investment awareness, without significantly improving the investment opportunities in an India.

OBJECTIVES

To identify India's position regarding financial inclusion compared with some other selected countries.

To know the strategies adopted by RBI for strengthening financial inclusion

To identify the challenges to be faced by the country for strengthening financial inclusion

FINANCIAL INCLUSION - INDIA'S POSITION COMPARED WITH OTHER COUNTRIES

Table 1

	Per 0.1 million adults		Per 0.1 million adults		Per 0.1 million adults		Per 0.1 million adults	
Country	No. of Branches	Rank	No. of ATMs	Rank	Bank Credit	Rank	Bank Deposits	Rank
India	10.91	7	5.44	9	43.62	5	60.11	3
Austria	11.81	6	48.16	6	35.26	6	32.57	8
Brazil	13.76	5	120.62	3	29.04	7	47.51	6
France	43.11	1	110.07	4	56.03	3	39.15	7
Mexico	15.22	5	47.28	7	16.19	9	20.91	9
UK	25.51	3	64.58	5	467.97	1	427.49	1
US	35.74	2	173.75	2	46.04	4	53.14	4
Korea	18.63	4	250.29	1	84.17	2	74.51	2
Philippines	7.69	8	14.88	8	27.57	8	53.02	5

Source: World Bank, Financial Access Survey (2015)

Table 1 shows the coverage of banks and number of ATMs per 0.1 million adults as well as percentage of bank credit and bank deposits as a percent of GDP of the country. It can be seen from the table that on the basis of number of branches, France is on rank 1 whereas India scored 7th rank. Korea scored 1st rank on the basis of number of ATMs whereas India is on 9th rank.UK is on 1st rank for providing bank credit as percent of GDP and India scored 5th rank. According to bank deposit, UK is on 1st rank whereas India is on 3rd rank for the same. It can be concluded that the growth of financial inclusion in India is at moderate level as compared to other countries.

STRATEGIES ADOPTED BY RBI FOR STRENGTHENING FINANCIAL INCLUSION

In India, RBI has initiated several measures to achieve greater financial inclusion. Some of these steps are as follows:

No-Frill accounts: RBI asked banks to offer no-frills savings account which enables excluded people to open a savings account. No-frills account requires no or negligible balance leading to lower costs both for the bank and individual.

Usage of Regional language: RBI asked banks to provide all the material related to opening accounts, disclosures etc in the regional language.

Simple KYC norms: In order to ensure that persons belonging to low income group do not face difficulty in opening the bank account due to procedural hassles, the KYC procedure have been simplified.

Easy credit facilities: RBI asked banks to consider introducing General purpose Credit Card (GCC) facility up to Rs.25,000/- at their rural and semi urban branches. GCC is in the nature of rotating credit entitling the holder to withdraw up to the limit sanctioned. The interest rate on the facility is entirely deregulated.

Other rural intermediaries: Banks were permitted in January 2006, to use other rural organizations like Non-governmental organizations, self help groups, microfinance institutions etc for furthering the cause of financial inclusion.

Simplified branch authorization: To address the issue of uneven spread of bank branches, in December 2009, domestic scheduled commercial banks were permitted to freely open branches in tier III to tier VI centres with a population of less than 50,000 under general permission, subject to reporting.

CHALLENGES TO SPREAD FINANCIAL INCLUSION:

It is quite clear that the task of covering a population of 1.27 billion with banking services is extremely large. Both demand side factors (customers) and supply side factors (banks and other financial institutions) are responsible for financial inclusion. Banks and other financial institutions are largely expected to reduce the supply side constraints.

Demand side challenges are: Low literacy levels, lack of awareness about financial products, irregular income, lack of trust in formal banking institutions etc.

Supply side challenges are: Non-availability of branches in rural area, High rules and regulations and high bank charges. Limited number and types of financial service providers

CONCLUSION

From the above study, it can be concluded that India is at moderate level regarding financial inclusion as compared to other countries regarding number of branches, ATMs, bank credit and bank deposits. RBI have adopted various strategies such as no-frill account, use of regional languages, simple KYC norms etc to strengthen financial inclusion. To cope up with the challenges to spread financial inclusion, there is a need of viable and sustainable business models with focus on accessible and affordable products and processes, synergistic partnerships with technology service providers for efficient handling of low value, large volume transactions and appropriate regulatory and risk management policies that ensure financial inclusion.

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"FINANCIAL LITERACY: INFLUENCE OF SAVING AND INVESTMENT HABIT"

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Abstract

Financial Literacy refers to the set of skill and knowledge that allows an individual to make informed and effective decisions with their entire financial resources. Saving is sacrificing the current consumption in order to increase the living standard and fulfilling the daily requirement in future. It provides the financial protection to the individual at the time of emergency. It is necessary to have saving plan because it will help to meet financial goals like secure future; children education etc. savings play a very important role of financial income. Through savings, national income increases and that lead to the development of the economy. Investment is the employment of funds with the aim of getting return on it. It is the commitment of funds which have been saved from current consumption with the hope that some benefits will accrue in future. The investigator made an attempt to study influence of Savings and investment Habits to create financial literacy among rural workers. To conduct the study, primary data are used. The study concluded that there is significant influence of savings and investment habits to create financial literacy among rural working population.

Keywords

The main key words in the study are given below,

- Financial Literacy: It refers to the set of skill and knowledge that allows an individual to make informed and effective decisions with all of their financial resources.
- Saving **:** Saving is sacrificing the current consumption in order to increase the living standard and fulfilling the daily requirement in future

- Investment: Investment is the employment of funds with the aim of getting return on it. It is the commitment of funds which have been saved from current consumption with the hope that some benefits will accrue in future.
- Return**:** A major purpose of investment is to get a return or income on the funds invested. Investors buy or sell financial instruments in order to earn return on them. It includes both current yield and capital gain.
- Risk**:** Risk is the chance of loss due to variability of returns on an investment In case of every investment, there is a chance of loss. It may be loss of investment; however risk and return are inspirable.

Introduction

"Most poor people in the world including India still lack access to sustainable financial services, whether it is savings, credit or insurance (Kofi Annan, former United Nations Secretary General). While poverty persists, there is no true freedom (Nelson Mandela). Poverty is the worst form of violence (Mahatma Gandhi).

"Financial stability Report: 2014" revealed that growth in bank credit and deposits has been relatively low in the recent past. Slow down growth of credit affected agricultural and allied activities, the gross domestic saving rate declined to 30.1%.

"Asia Pacific Journal of Research, June 2013, Volume No: 02, issue: 4, Concluded that approximately 245 million adults in rural India didn't have a bank account today. 60 million out of 245 million may not need banking services because they are below the poverty line and 185 million "potentially bankable" people did not use formal banking services because of reasons like poor access or usage."

"World Bank 'Financial Access Survey' Results showed the financial inclusion level of India is on an average as compared with most of developing countries in the world."

Jacob Thomas (2015) in his study, "a study on personal finance of the coir workers at cherthala with special reference to their savings and investments" had point out that The coir-workers at Cherthala are still perceive the Local Chit Funds and village co-operative banks as the avenues for savings and the coir workers are not well aware of the modern methods of investment and other related avenues.

The ultimate aim of an individual is to spend his income in such away so as to secure maximum profit. While investment is an economy activity in which every person is engaged in one or another. Even though the basic objective making investment is earning profit, not everybody who makes investment benefit from it. For a person who has lent money to another, it may be an investment for a return. Financial investment is employment of funds in the form of asset with the objects of additional income or appreciation in the value of investment in future. Certain investment like bank deposit, post office certificates, company deposit ,life insurance , chit fund and so on yield only income.

Savings and investment among the coir worker plays a vital role in the economic development. The study can be assess and evaluate savings and investment pattern made by the coir workers. Most of the banks, financial institution offer various investment opportunities to the workers and they become aware about other investment avenues. They should be chances to increase savings and investment and preferring normal living standard.

Conceptual Frame work review

Investment is the employment of funds with the aim of achieving additional income or growth in value. It is the commitment of funds which have been saved from current consumption with the hope that some benefits will accrue in future. Thus, it is a reward for waiting for money. The investment involves a long-term commitment. Savings means sacrificing the current consumption in order to increase the living standard and fulfilling the daily requirements in future. As circulation of blood is necessary for the survival of the individual in the same way savings are also necessary for unpredictable future in order to meet the emergencies in life, While Investment is an economic activity of employment of funds with the expectation of receiving a stream of benefits in future. Financial literacy is the possession of knowledge and understanding of financial matters. Financial literacy is mainly used in connection with personal finance matters. The researcher made an attempt there are some significant influence of saving and investment habits to create financial literacy among rural working population by considering a sample study from cherthala, Alapuzha.

Statement of the problem

"Financial literacy refers to the knowledge of different financial services and it included the abilities and skills to use the available financial services effectively.

To use the financial services effectively and there by achieve financial literacy, there must be proper savings and investment habits. If savings and investment habits are not proper, it will negatively affect the level of Financial Literacy in the country"

Objectives of the study

Following are the main objectives of the study

- To study the trend of overall financial Literacy in India.
- To study the influence of saving and Investment habit on the level of financial literacy.
- To study the problems on account of the saving and Investment habits in Rural Area.
- To suggest measures for the overall achievement of financial Literacy in India.

Need of the study:

The study about the progress of financial inclusion in India has much significance because of the following reasons:

- Level of financial inclusion indicates the development of the nation.
- There is high influence of savings and investment habits on creating financial literacy in the country.
- There is direct relationship between financial inclusion and Financial Literacy.
- Rural development in a country is highly influenced by its financial inclusion process and the level of Financial Literacy.
- Direct influence of financial literacy centers on financial inclusion process.

Limitations of the study:

Utmost care has been taken with regard to collection, classification and analysis of data. However, the study is subject to the following limitations

- Size of samples to collect primary data limited to 100.
- The study concentrated only on the influence of savings and investment habit but some other factors that influenced to financial literacy.
- Accuracy of result depends upon the accuracy of the primary data.
- Some respondents were reluctant to provide information regarding income and investment.
- The time taken for data collection is very short.

Method of the study:

The study on the problem conducted by collecting, analyzing and interpretation of primary data. Primary data collected by questionnaire and schedule method. To collect primary data, sample of 100 respondents selected from the rural area cherthala, cherthala municipality, Alapuzha district, Kerala, India. The study mainly based on the analysis and interpretation of primary data. The primary data are mainly dealt with the saving and investment habits and its pattern, investment period preferences, tastes and preferences in investment, levels of using schemes of different savings and investments ,excess and shortage of income levels, availability of banking facilities etc. Financial literacy refers to the knowledge and abilities to utilize the available financial services effectively. By analyzing the collected primary data, we can easily analyze the influence of savings and investment habits on the level of financial literacy.

Results:

The main results from the collection, analysis and interpretation of primary data are given below;

Primary Data:

AGE WISE CLASSIFICATION OF RESPONDENTS

AGE CATEGORY	NO.OF PERSONS	PERCENTAGE
Below 20	0	0
21-30	5	5
31-40	16	16
41-50	53	53
Above 51	26	26
Total	100	100

Out of 100 respondents no one shows the age group of below 20, 5% of the respondents are in the age between 21-30, 16% of the respondent are in the age between 31-40,53% of the respondent are in the age between 41- 50 and 26% of the respondent are in the age between above 51.

EDUCATIONAL QUALIFICATION WISE CLASSIFICATION OF RESPONDENTS

QUALIFICATION	NO. OF PERSONS	PERCENTAGE
Below SSLC	41	41
SSLC	45	45
Pre-degree	13	13
Above pre-degree	1	1
Total	100	100

Analysis is made on educational qualification, the data shows that 41 workers have below SSLC and 45 workers have SSLC; then 13 with pre-degree and only 1 has above pre-degree.

COIR WORKERS HAVING SAVING HABIT

SAVING HABIT	NO. OF RESPONDENTS	PERCENTAGE
Yes	100	100
No	0	0
Total	100	100

The table and graph shows that all workers have saved excess income

INVESTMENT HABIT LEVELS OF COIR WORKERS

INVESTMENT HABIT	NO. OF PERSONS	PERCENTAGE
Yes	100	100
No	0	0
Total	100	100

The analysis shows that all workers have the investment habit**.**

TENDENCY OF COIR WORKERS IS KEEPING SIMPLE TRACK RECORD OF INCOME AND EXPENDITURE

KEEP RECORD OF INCOME &EXPENDITURE	NO OF PERSONS	PERCENTAGE
Yes	0	0
No	100	100
Total	100	100

The analysis reveals that all workers do not regularly keep a track record of income and expenditure.

LEVELS OF COIR WORKERS HAVING OUTSTANDING DEBT

OUT STANDING DEBT	NO. OF PERSONS	PERCENTAGE
Yes	88	88
No	12	12
Total	100	100

The analysis reveals that 88 workers have outstanding debt and 12 workers don't have outstanding debt**.**

AVAILABILITY OF BANKING FACILITIES TO COIR WORKERS

GET BANKING FECILITIES	NO. OF PERSONS	PERCENTAGE
Yes	100	100
No	0	0
Total	100	100

The analysis reveals that all workers have get banking facilities

AWARENESS LEVEL OF COIR WORKES ABOUT DIFFERENT INVESTMENT SCHEMES

AWARE ABOUT INVESTMENT SCHEME	NO. OF PERSONS	PERCENTAGE
Yes	95	95
No	5	5
Total	100	100

The table shows that 95 workers are aware about different investment scheme and 5workers doesn't aware about different investment scheme.

MONTHLY SAVING LEVELSOF COIR WORKERS

MONTHLY SAVING	NO. OF PERSONS	PERCENTAGE
Below 500	20	20
501-1000	53	53
1001-2000	22	22

Above 2000	5	5
Total	100	100

Table shows monthly saving of respondents.20 workers have monthly saving below 500.53 workers have monthly saving in between 501-1000 and 22 workers have monthly saving in between 1001-2000 and 5 have monthly saving above 2000.

PREFERENCES OF INVESTMENT PERIOD BY COIR WORKERS

INVESTMENT PERIOD	NO. OF PERSONS	PERCENTAGE
Below 1 year	11	11
1-2 year	26	26
2-5 year	31	31
Above 5year	32	32
Total	100	100

The analysis reveals that 11 workers are invested in below 1year, 26 workers are invested in between 1-2 year, 31 workers are invested in between 2-5 year and 32 workers are invested in above 5year

FACTORS INFLUENCING INVESTMENT LEVELS OF COIR WORKERS

FACTORS	NO. OF PERSONS	PERCENTAGE
Safety	71	71
High interest	18	18
Others	11	11
Total	100	100

The above table and graph shows that safety is influenced most to 71 respondents for investment, high interest is influenced to 18 respondents and others are influenced to 11 respondents.

INVESTMENT PORTFOLIO OF COIR WORKERS

INVESTMENT PORTFOLIO	NO OF PERSONS	PERCENTAGE
Bank	12	12
Chitty	21	21

SHG	51	51
Post office	10	10
Insurance	5	5
Cooperative society	1	1
Total	100	100

PERCENTAGE LEVELSOF SAVING BY COIR WORKES

PERCENTAGE OF SAVING	NO. OF PERSONS	PERCENTAGE
Below10%	16	16
10-20%	54	54
20-30%	20	20
Above30%	10	10
Total	100	100

MAIN REASON FOR THE INVESTMENT BY COIRWORKERS

MAIN REASON FOR THE INVESTMENT	NO. OF PERSONS	PERCENTAGE
High interest	21	21
Security	33	33
Child education	33	33
Child marriage	13	13
Others	0	0
Total	100	100

The analysis reveals that 33% of workers, the main reason for investment are their children’s education and security. Main reason for investment of 21% of workers is high interest and reason for investment of 13% workers is child marriage.

FREQUENCY OF INVESTMENT BY COIR WORKERS

FREQUENCY OF INVESTMENT	NO. OF PERSONS	PERCENTAGE
Monthly	82	82
Quarterly	8	8
Half yearly	1	1
Yearly	9	9
Total	100	100

The table and graph shows that majority of workers invest their money that is 82%. 9% of the workers invest their money yearly.8% invest quarterly and 1% half yearly.

RANKING LEVELS OF SAVING ALTERNATIVES BY COIR WORKERS

RANKS	BANKS	CHIT FUND	SHG	POST OFFICE	INSURANCE	CO-OPERATIVE SOCIETY
1	14	20	44	16	6	1
2	7	46	32	7	3	1
3	39	25	15	20	10	2
4	27	4	5	32	14	5
5	11	5	3	18	59	10
6	2	0	1	7	8	81
Total	100	100	100	100	100	100

The above table reveals that most of the respondents prefer SHG .The order of preference is as follows; SHG, chit fund, banks, post office, insurance and co-operative society.

RANKING LEVELS OF SOURCES OF INFORMATION FOR INVESTMENT

RANKS	TV	MAGAZINE	FRIENDS &RELATIVES	OTHERS
1	6	18	74	2
2	28	31	17	11
3	11	44	8	6
4	55	7	1	81
Total	100	100	100	100

The above table shows that the respondents getting most of information for investment from friends and relatives. The order of preference is as follows; Friends and relatives, Magazine, TV, others

Discussion

From the overall analysis and interpretation of the data, main findings, suggestions and final conclusion are given below.

Findings

The enquiry is made out of 100 coir workers in different areas of the Cherthala. The major findings of the study are;

- It is found that most of the respondents are in the age group of 41-50 that is 53%.
- majority of the respondents have educational qualification SSLC that is 45%
- 62% of coir workers have excess income from coir work.
- The result of the study shows that all coir workers have saved excess income.
- The study revealed that all workers have investment habits.
- All workers do not regularly keep a track record of income and expenditure.
- 88% of respondents have outstanding debt.
- All workers have got banking facilities.
- Majority of workers are aware about different investment schemes.
- 53% of respondent saves monthly in between 501-1000.
- Majority of respondent prefers to invest for above 5 year.

- Safety is the main factor considered by coir workers while making investment (that is 71%).
- Majority of workers saved in SHG that is 51%.
- 54% of respondent saves 10-20% of income.
- Majority of workers invest their money monthly.
- Most of the respondents prefer SHG
- Majority of workers getting most of information for investment from friends and relatives.
- Most of the workers take their investment decision themselves.
- 74% of coir workers are strongly agreed they have knowledge about different investment scheme..
- Most of the coir workers prefer monthly saving and investment schemes.

Suggestions

Following are the suggestions to attain over all financial inclusion in India.

- Relax KYC requirements for opening bank account, credit sanctions and other banking services without affecting security of banking services.
- Latest Technology Should be used to address the issue of outreach and credit deliveringin rural and remote areas in a viable manner and make effective use of ICT to provide door step banking service by business correspondents model where the accounts can be operated by even illiterate customers by using biometrics, thus ensuring the security of transactions and enhancing confidence the banking system.
- All the banks should be involved in the promotion of *Pradhan Mantri Jan Dhan Yojana scheme* all over India.
- Promote Vernacular language during banking services and communication and vernacularisation of all forms including legal forms connected with financial operations.
- Promote *"Participatory Financial Literacy Campaign*" whereby number of banks co coordinately conducting FL program.
- FLCS should provide training demonstration on account of proper usage of ATM debit and credit cards etc to avoid complaints on account of them.
- Since post offices are closest to the rural people compared to bank branches and therefore promote *"postal banking system''*

- Promote *'payment banks'* to spread payment services to small business.
- Every quarter, lead bank may organize awareness and feedback public meeting at various locations in the lead district wide publicly may be given to such meeting.
- While licensing banks, RBI and Govt. Should compelled to open more branches in rural areas.
- RBI should consider the performance level of FLCS, FL camps, persons educated by FL centers as basic criteria while ranking banks.
- Banks should maintain separate window to collect complaints from the custom and should immediately solve such problems. There should be a separate staff to record and entry for smooth operations of the window.
- Central and state government should promote and implement more award of certificate to such banks which have performed well in rural India.
- Introduce "*composite Risk sharing credit (CRSC) schemes*" where credit granted to rural area by two or more banks.
- Address and phone number of FLCS should be printed on the face of the passbook and on the notice board by the bank having FLCS.
- Financial Literacy Services must be provided in regional language of concerned area
- Promote *"Mutual Deposit Scheme''* Under this Scheme, Collect small amount from different rural customers and get together as a bulk amount and invest it for high interest and distribute it among the Contributors.

Conclusion

Financial Literacy as a combination of financial awareness, knowledge, skills, attitude and behaviors necessary to make sound financial decisions and ultimately achieve individual financial wellbeing. Financial literacy is expected to impart the knowledge to make ordinary individuals into informed and questioning users of financial services. It is not just about markets and investing, but also about saving, budgeting, financial planning, basics of banking and most importantly, about being Financially Smart. Financial literacy enhances household's ability to make informed judgments and to take effective decisions regarding the use and management of money. Thus, financial literacy place emphasis on the skills and area of knowledge that is likely to be necessary for informed judgments. The study concluded that the level of financial literacy highly influenced by the degree of savings and investment habits.

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FINANCIAL LITERACY – EFFORTS OF FINANCIAL INSTITUTIONS

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Abstract

Ever since India's independence in 1947 the biggest priority for the nation has been its economic growth, education for all and financial inclusion for the vast population of the country. While India has made some noteworthy progress in the past six decades and more, but on the aspect of financial inclusion, progress has not been satisfactory. Along with the regulation of the banking sector in the country, the Reserve Bank of India (RBI) has been also continued with its efforts to ensure extension of banking facilities to all unbanked villages. The Government of India launched Pradhan Mantri Jan Dhan Yojana (PMJDY) on August 28, 2014, for extending formal financial services to the excluded population. Since the inception of the scheme, 165.7 million accounts had been opened by June 30, 2015. The Government of India has initiated routing of subsidy payments and also introduced insurance and pension products for Basic Saving Bank Deposit (BSBD) account holders including for those accounts opened under PMJDY.

INTRODUCTION

Banking as a sector traditionally assessed on financial indicators. Banks and other institutions are inundating (overwhelm) consumers with credit opportunities – the ability to apply for credit cards or use credit checks to pay other credit balances – and without the proper knowledge, it is easy to get into financial trouble. In past generations, cash was used for virtually every purchase. Today, cash is rarely used. The way we shop has changed as well. Online shopping has become the top choice for many younger shoppers, creating ample opportunities to use and over extend credit, an all too easy way to accumulate debt, fast. Many of these consumers have very little understanding of finances, how credit works and the potential impact on their financial well-being for many, many years. In fact, the lack of financial understanding has been signaled as one of the main reasons behind savings and investing problems faced by many people.

In today's fast-paced consumer society, financial literacy is an essential everyday life skill. It means being able to understand and negotiate the financial landscape, manage money and financial risks effectively and avoid financial pitfalls. Improved financial literacy can benefit anyone, regardless of age or income, geographical location and have a positive impact on the financial wellbeing of individuals, families and communities.

WHAT IS FINANCIAL LITERACY?

Financial literacy is the possession of knowledge and understanding of financial matters. Financial literacy is mainly used in connection with personal finance matters. Financial literacy often entails the knowledge of properly making decisions pertaining to certain personal finance areas like real estate, insurance, investing, tax planning, and retirement. It also involves intimate knowledge of financial concepts like compound interest, financial planning, the mechanics of a credit card, advantageous savings methods, consumer rights, time value of money, etc.

Financial literacy is the confluence of financial, credit and debt management and the knowledge that is necessary to make financially responsible decisions – decisions that are integral to our everyday lives. Financial literacy includes understanding how a checking account works, what using a credit card really means, and how to avoid debt. In sum, financial literacy impacts the daily decisions an average family makes when trying to balance a budget, buy a home, fund their children’s education and ensure an income at retirement.

Financial literacy is the ability to understand how money works in the world: how someone manages to earn or make it, how that person manages it, how he/she invests it (turn it into more) and how that person donates it to help others (Giesler, Markus and Veresiu, Ela (2014).

While many organizations have supported the financial literacy movement, they may differ on their definitions of financial literacy. In a report by the President’s

Advisory Council on Financial Literacy, the authors called for a consistent definition of financial literacy by which financial literacy education programs can be judged. They defined financial literacy as "the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being".

SIGNIFICANCEOF FINANCIAL LITERACY

Financial literacy creates demand for financial products and services, thereby accelerating the pace of financial inclusion as it enables the common man to understand the needs and benefits of the products and services offered by the banks. All segments of the society need financial literacy in one form or the other. However, considering that a large segment of our society is financially excluded, financial literacy programs, at present, should primarily focus on the individuals who are vulnerable to persistent downward financial pressures due to lack of understanding in the matters relating to personal finance.
During the past years, financial literacy plays significant role in financial infrastructure development, as well as countries' economy growth. Financial literacy helps borrowers correctly assess their financial opportunities to prevent potential over indebtedness, and it also helps financial institutions mitigate risks. Financial literacy lays in – a) skills to accurately maintain records of incomes and expenses, b) smart planning of financial future, particularly, savings, c) effective business planning, and d) awareness about banking and insurance services.

SURVEY FINDINGS ON FINANCIAL LITERACY

A lack of financial literacy is not a problem only in emerging or developing economies. Consumers in developed or advanced economies also fail to demonstrate a strong grasp of financial principles in order to understand and negotiate the financial landscape, manage financial risks effectively and avoid financial pitfalls. Nations globally, from Korea to Australia, or from Germany to the U.S., are faced with populations who do not understand financial basics.

The level of financial literacy varies according to education and income levels, but evidence shows that highly educated consumers with high incomes can be just as ignorant about financial issues as less educated, lower income consumers.

Although in general, lower income individuals tend to be less financially literate. And it seems consumers are hesitant to learn.

An international OECD study was published in late 2005 analyzing financial literacy surveys in OECD countries. Major findings included are –

- In Australia**,** 67 per cent of respondents indicated that they understood the concept of compound interest, yet when they were asked to solve a problem using the concept only 28 per cent had a good level of understanding.
- A British survey found that consumers do not actively seek out financial information. The information they do receive is acquired by chance, for example, by picking up a pamphlet at a bank or having a chance talk with a bank employee.
- A Canadian survey found that respondents considered choosing the right investments for a retirement savings plan was more stressful than a visit to the dentist.
- A survey of Korean high-school students showed that they had failing scores – that is, they answered fewer than 60 percent of the questions correctly – on tests designed to measure their ability to choose and manage a credit card, their knowledge about saving and investing for retirement, and their awareness of risk and the importance of insuring against it.
- A survey in the **U.S.** found that four out of ten American workers are not saving for retirement.

According to 2014 Asian Development Bank Survey, more Mongolians have expanded their financial options, and for instance now compare the interest rates of loans and savings services through the successful launch of the TV drama with focus on the fiscal literacy of poor and non-poor vulnerable households. Given 80% of Mongolians cite TV as their main source of information, TV serial dramas were identified as the most effective vehicle for messages on financial literacy.

Asia Pacific Middle East Africa

A survey of women consumers across Asia Pacific Middle East Africa (APMEA) comprises basic money management, financial planning and investment. The top ten of APMEA Women MasterCard's Financial Literacy Index is: Thai 73.9, New Zealand 71.3, Australia 70.2, Vietnam 70.1, Singapore 69.4, Taiwan 68.7, Philippines 68.2, Hong Kong 68.0, Indonesia 66.5 and Malaysia 66.0 per cent.

Saudi Arabia

A nationwide survey was conducted by SEDCO Holding in Saudi Arabia to understand the level of financial literacy in the youth. The survey involved a thousand young Saudi nationals and the results showed that only 11 per cent keep track of their spending; although 75 per cent thought they understood the basics of money management. An in-depth analysis of SEDCO's survey revealed that 45 percent of youngsters do not save any money at all, while only 20 percent save 10 percent of their monthly income. In terms of spending habits, the study indicated that items such as mobile phones and travel account for nearly 80 per cent of purchases. Regarding financing their lifestyle, 46 per cent of youth rely on their parents to fund big ticket items. Fortunately, 90 per cent of the respondents stated that they are interested in increasing their financial knowledge.

United Kingdom

A baseline survey conducted 5,300 interviews across the UK in 2005. The report identified four themes:

- Many people are failing to plan ahead,
- Many people are taking on financial risks without realizing it,
- Problems of debt are severe for a small proportion of the population, and many more people may be affected in an economic downturn,
- The under-40s are, on average, less financially capable than their elders.

In short, unless steps are taken to improve levels of financial capability, we are storing up trouble for the future.

North America

Canada

In 2005, the British Columbia Securities Commission (BCSC) funded the Eron Mortgage Study. It was the first systematic study of a single investment fraud, focusing on more than 2,200 Eron Mortgage investors. Among other things, the report identified that investors approaching retirement without adequate resources and affluent middle-aged men were vulnerable to investment fraud. The report suggests investor education will become even more important as the baby boomer generation enters retirement.

In 2006, Canadian securities regulators commissioned two national investor surveys to gauge people's knowledge and experience with investments and fraud. The results from both studies demonstrated there is a need better to educate and inform investors about capital markets and investment fraud. Education in this area is particularly important as investors take on more risk and responsibility of managing their retirement savings, and a large baby boomer population enters the retirement years across North America.

America

The Council for Economic Education (CEE) conducted a 2009 Survey of the States and found that 44 states currently have K-12 personal finance education or guidelines in place. Due to differing criteria, the JumpStart Coalition only considers 24 states to have a component of personal financial education required. Results from the JumpStart Survey of Personal Financial Literacy indicate low levels of financial literacy among American youth.

India

A financial inclusion conference was organized by the Reserve Bank in Mumbai on April 2, 2015 on the 80th Anniversary Celebrations (1935-2015). The Prime Minister of India was the chief guest on the occasion. The Prime Minister encouraged the Reserve Bank to prepare a roadmap for achieving financial inclusion objectives by setting targets in a phased manner till the centenary year of the establishment of the Reserve Bank. Panel discussions were held on the following topics as part of the conference: (i) ‘Financial Inclusion - Let All Efforts Bloom’; (ii) ‘Building the Business Case for Financial Inclusion - Whether BC Model is the Way to Go?’(iii) ‘Financial Inclusion - the Way Forward’; and (iv) ‘The linkage between Financial Inclusion, Financial Literacy and Consumer Protection’.

EFFORTS OF FINANCIAL INSTITUTIONS

Organization for Economic Co-operation and Development (OECD)

The Organization for Economic Co-operation and Development (OECD) started an inter-governmental project in 2003 with the objective of providing ways to improve financial education and literacy standards through the development of common financial literacy principles. In March 2008, the OECD launched the International Gateway for Financial Education, which aims to serve as a clearinghouse for financial education programs, information and research worldwide.

Australia

The Australian Government established a National Consumer and Financial Literacy Taskforce in 2004, which recommended the establishment of the Financial Literacy Foundation in 2005. In 2008 the functions of the Foundation were transferred to the Australian Securities and Investments Commission (ASIC). The Australian Government also runs a range of programs (such as Money Management) to improve the financial literacy of its Indigenous population, particularly those living in remote communities.

In 2011 Australian Securities and Investments Commission (ASIC) released a National Financial Literacy Strategy (www.financialliteracy.gov.au) – informed by an earlier ASIC research report 'Financial Literacy and Behavioural Change' – to enhance the financial wellbeing of all Australians by improving financial literacy levels. The strategy has four pillars, viz. a) Education, b) Trusted and independent information, tools and support, c) Additional solutions to drive improved financial wellbeing and behavioural change, and d) Partnerships with the sectors involved with financial literacy, measuring its impact and promoting best practice.

ASIC's Money Smart website was one of the key initiatives in the government's strategy. ASIC also has a Money Smart Teaching website for teachers and educators. It provides professional learning and other resources to help educators integrate consumer and financial literacy into teaching and learning programs.

The Know Risk Network of web and phone apps, newsletters, videos and website was developed by insurance membership body ANZIIF to educate consumers on insurance and risk management.

A number of Australian universities offer financial literacy subjects, such as Monash University (BEX2001: You, Money & Life), Macquarie University (AFAS300: Principles of Financial Literacy), The University of Western Australia (FINA1109: Managing Your Personal Finance) and The University of Melbourne (FNCE30008: Street Finance).

Singapore

The National Institute of Education, Singapore, established the inaugural Financial Literacy Hub for Teachers in 2007 to empower school teachers to infuse financial literacy into core curriculum subjects to engage students in learning. Such day-today relevant and authentic illustrations enhance the experiential learning to build financial capability in youth. Integral to evidence-based practices in schools, research on financial literacy is spearheaded by the Hub which has published numerous impact studies on the effectiveness of financial literacy programs and on the perceptions and attitudes of teachers and students. The baseline study on financial literacy in Singapore Schools 2008/09 involved more than 6000 students and a thousand school teachers. It is the vision of the Hub to empower educators to equip their students to be financially savvy so as to make informed decisions and exercise discipline in managing their personal finance. The Hub is committed to spearheading high quality education programmes with research embedded for continual improvement so as to provide evidence-based practices.

The Singapore government through the Monetary Authority of Singapore funded the setting up of the Institute for Financial Literacy in July 2012. The Institute is managed jointly by MoneySENSE (a national financial education programme) and the Singapore Polytechnic. This Institute aims to build core financial capabilities across a broad spectrum of the Singapore population by providing free and unbiased financial education programmes to working adults and their families. From July 2012 to May 2014, the Institute has reached out to more than 24,000 people in Singapore via workshops and talks. Some of the topics covered in these workshops and talks include:

- ✓ Making Sense of Your Money
- ✓ Financial Planning Begins Now
- ✓ Do I Need Every Type of Insurance?
- ✓ Are You Borrowing Too Much?
- ✓ Building Your Nest Egg
- ✓ Managing CPF Money for Your Retirement
- ✓ Introduction to Personal Investing
- ✓ Buying A Home Within Your Means
- ✓ Introduction to Estate Planning
- ✓ Understanding Basic Health Insurance Schemes

The United Kingdom

In the UK, the alternative term "financial capability" is used by the state and its agencies: the Financial Services Authority (FSA) in the UK started a national strategy on financial capability in 2003. The UK has a dedicated body to promote financial capability – the Money Advice Service. The Financial Services Act 2010 included a provision for the FSA to establish the Consumer Financial Education Body (CFEB). From April 26, 2010, CFEB continued the work of the FSA's Financial Capability Division independently of the FSA, and on April 4, 2011, was rebranded as the Money Advice Service.

The strategy previously involved the FSA spending about £10 million a year across a seven-point plan. The priority areas were – New parents, Schools (a programme being delivered by pfeg)**,** Young Adults, Workplace, Consumer communications, online tools, and Money advice.

There are also numerous charities in the United Kingdom working to improve financial literacy such as My Bank, Credit Action, the Talking Economics Project, Citizens Advice Bureau, and the Personal Finance Education Group.

Money Force programme**,** run by the Royal British Legion in association with the Ministry of Defense and the Money Advice Service.

United States

In America, much of the nation's financial education resources are run through a national non-profit organization called JumpStart Coalition. Each state, in turn, has its own chapter organization that holds events and helps members promote financial education to youth.

The US Treasury established its Office of Financial Education in 2002; and the US Congress established the Financial Literacy and Education Commission under the Financial Literacy and Education Improvement Act in 2003. The Commission published its National Strategy on Financial Literacy in 2006. The Jump Start Coalition has championed personal financial literacy in the United States since as early as 1995.

In 2007, the Institute for Financial Literacy established an annual awards program to promote the effective delivery of financial products, services and education by acknowledging the accomplishments of individuals and organizations that advance financial literacy education. In 2013, winners included Allstate Insurance Company in the category of for-profit organization of the year, and the iGrad

Financial Literacy Platform **i**n the category of best educational product in debt management.

Success coach and entrepreneur Elisabeth Donati has developed an educational game called The Money Game in an attempt to teach children and teenagers skills for obtaining financial literacy. Additionally, automobile finance companies and retailers provide consumer education through Americans Well-informed on Automobile Retailing Economics.

Also, Northern Illinois University started a campus-wide Financial Literacy Initiative in 2009 with a program called Financial Cents. Financial Cents provides college students at Northern Illinois University with the tools and knowledge needed to make sound financial decisions during their college careers as well as after they graduate. Other public and private universities across the United States have implemented similar financial literacy programs.

In July 2010, the United States Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), which created the Consumer Financial Protection Bureau (CFPB). The CFPB has been tasked, among other mandates, with promoting financial education through its Consumer Engagement & Education group.

The National Financial Educators Council (NFEC) a financial literacy resource company that provides financial education resources, training and promotions. The NFEC provides financial education services -- the Certified Financial Education Instructor program, financial literacy curriculum, financial education events, turnkey financial literacy programs and consultation services—to people from all walks of life, via events held globally.

India

The Reserve Bank continued with its efforts to ensure extension of banking facilities to all unbanked villages. For this, about 490,000 unbanked villages with population less than 2,000 were identified and allotted to banks for coverage under the ongoing Phase-II of the roadmap. At end-March 2015, as reported by State Level Bankers Committees (SLBCs), 390,387 villages were covered by 14,207 branches, 357,856 business correspondents (BCs) and 18,324 other modes, such as automated teller machines (ATMs) and mobile vans.

The Government of India launched Pradhan Mantri Jan Dhan Yojana (PMJDY) on August 28, 2014, for extending formal financial services to the excluded population. The major features of the scheme include: (i) the facility to open a Basic Saving Bank Deposit (BSBD) account in any bank branch or Business Correspondent (BC) outlet; (ii) accidental insurance cover (Rs.0.1 million) and life insurance cover (`Rs.30,000); and (iii) an overdraft (OD) facility after satisfactory operation of the account for six months.

Since the inception of the scheme, 165.7 million accounts had been opened by June 30, 2015. The Government of India has initiated routing of subsidy payments and also introduced insurance and pension products for Basic Saving Bank Deposit (BSBD) account holders including for those accounts opened under PMJDY. To ensure increased activity in these accounts, the efforts have taken to include: (i) rolling out Direct Benefit Transfer (DBT) for all Central and State Government payments; (ii) offering appropriate credit products (farm and non-farm sector) after due diligence; (iii) strengthening the BC network; and (iv) increasing awareness through financial literacy initiatives.

Apart from direct initiatives, the Reserve Bank's efforts to expand financial literacy are channeled through banks. In terms of current instructions, financial literacy centres (FLCs) and rural branches of banks are required to conduct financial literacy camps at least once a month with focus on financially excluded people. Additionally, banks are encouraged to conduct such camps in unbanked locations. As at end March 2015, 1,181 FLCs were operational in the country, up from 942 as at end March 2014. Around, 28,904 activities were conducted by the FLCs. During the period April 2014 to March 2015, financial literacy camps were conducted by 32,509 rural branches of banks and 1,48,26,647 numbers were participated and 56,57,092 number of accounts were opened by the participants after attending the camps. Around, 66,86,518 accounts holders were also participated in the FLC.

Under the Financial Inclusion Plan (FIP), 2,230 branches were opened in unbanked rural centres during 2014-15 and around 155 million Basic Savings Bank Deposit Accounts (BSBDAs) were added taking the total BSBDAs to 398 million. This includes 147 million accounts opened under PMJDY. With the addition of 2.6 million small farm sector credits (Kisan Credit Cards-KCCs) and 1.8 million small non-farms sector credits (general credit cards- GCCs), the total number of such accounts went up to nearly 42.5 million and 9.2 million respectively.

In India, the Canara Bank has been the leader in implementation of Financial Inclusion Plan. The following innovative steps were introduced and implemented effectively by the Bank:

1. Formed ‘Canara Financial Advisory Trust’ to take care of the affairs of the Financial Literacy Centers (FLCs) of the Bank as well as by RRBs sponsored by the Bank. The Bank has 63 FLCs which are managed by the counselors who are retired Bankers.
2. Involved FLCs during the Pradhan Mantri Jan Dhan Yojana (PMJDY) Saturday camps and Mega Camps for providing financial literacy to the unbanked people.
3. Financial Literacy Centers have educated 15.32 Lac persons and counseled 1.92 Lac persons till January 2015.
4. Brought out a comics book on “Money and Savings” in 9 languages and distributed to 2 lakh people through the rural and semi urban branches to reach the rural students and the farming community.
5. Organized 35 Financial Literacy programmes for 1057 leaders of NGO/SHG in Tamil Nadu, Karnataka Kerala.
6. Financial literacy programmes on ‘Banking and Finance were organized in 30 rural schools each in Agra and Aligarh districts in Uttar Pradesh by distributing the comic’s books. About 30,000 students would be benefitted.
7. Financial Literacy programmes were also organized for 46 teachers in five rural schools in Chitradurga district, Karnataka who in turn will impart financial literacy to the students and upgrade their financial awareness.
8. Printed “Financial Diary” in Hindi brought out by RBI and distributed to the public through our rural and semi urban branches reaching 70000 people.
9. 100 Street Plays as a part of Financial Literacy were conducted in the states of Bihar, Orissa Uttar Pradesh and West Bengal.
10. Financial literacy programme on banking and finance was conducted for the rural Govt. Schools in Karnataka state through the use of tablet PC. Organized in 26 schools and about 5000 students were benefited.
11. Translated the CD on Financial Literacy brought out by College of Agriculture Banking (CAB), Pune in Tamil, Malayalam and Kannada and sent to the Staff Training Colleges, RUDSETIs, and RSETIs for use in their training programmes.

12. An interview based programme on Financial Literacy programme on DBTL and Aadhaar seeding was telecast thrice through DD, Trivandrum to educate the people on the need and importance of DBTL and Aadhaar Seeding.
13. Financial Literacy programmes on banking and finance broadcast through Community Radio station (90.4 FM) to cover 8 lakh population in remote rural areas in Karnataka state.
14. Educated the people of West Bengal and Orissa on safe parking of their funds through the paper advertisements.
15. Brought out 6 TV channels on Financial Literacy educating the public on micro insurance, safe investment, GCC, KCCS , BSDA and MSME and telecast during all the episodes of RBI quiz telecast through DD National and DD Sahyadri.
16. Thirteen Financial Literacy Camps conducted in association with 3 voluntary agencies, wherein 720 participants were trained during the month of January 2015.
17. A Ratio talk and interaction programmed on FM radio ‘Kali Purse, kaitumba Hana’ giving all the benefits and details of PMJDY and motivating the people to do transactions.
18. Twenty Yakshagana plays were organized to spread financial literacy to the villagers in the districts of Shimoga and Uttara Kannada. About 4500 villagers were benefitted.

To spread financial literacy in India, leading bourse National Stock Exchange (NSE) has organized about 1,550 investor awareness programmes (IAP) in 2015, benefiting more than one lakh people. In comparison, 1,138 such programmes were organized in 2014. According to an estimate, more than one lakh people participated in investor awareness programmes (IAPs) held in 2015, a jump of 25 per cent from the 80,000 participation in 2014.

To spread financial literacy among the students, Multi Commodity Exchange of India (MCX) along with Globsyn Business School organized an educational seminar on commodity futures market and its benefits in Kolkata, during January 2016. During the seminar, there were extensive sessions on Introduction to Commodity Derivatives, Benefits of Hedging, History of Commodity Derivatives Markets, Regulation, and Economic Benefits of Commodity Derivatives, among others.

In a move to promote financial literacy in Northeastern state of Nagaland, National Stock Exchange of India Limited (NSE) and the Nagaland Board of Secondary Education (NBSE) will start financial literacy course for the students of Class IX. More than 60 schools under NBSE have registered with the Board to make the course compulsory for all students of class IX. Already 5150 students have registered for the course already.

TOP 10 FINANCIALLY LITERATE COUNTRIES

The U.S. is home to more millionaires and billionaires than any other country in the world, but the average American falls behind when it comes to financial literacy. According to Financial Literacy around the World, a new Standard and Poor's Rating Services Survey, the U.S. doesn't even make the list of the top ten most financially literate countries.

When asked five questions about risk, diversification, inflation, interest, and compound interest, only 57% of Americans received a passing score. Denmark, Norway, and Sweden each received a score of 71% (first three ranks), followed by Israel and Canada, which each received a score of 68% (fourth and fifth ranks). Other countries that earned high grades for financial literacy include the U.K, the Netherlands, Germany, Australia, and Finland (6^{th} to 10^{th} ranks). The other three countries ahead of the U.S. were New Zealand, Singapore, and the Czech Republic (11^{th} to 13^{th} ranks). The U.S. was tied with Switzerland and ranked 14^{th} in Financial Literacy.

CONCLUSION

Financial literacy has proven to be consistently valuable throughout history for the people who possess it. Today's generation is no different in this respect; however global markets are changing rapidly and demand technical skill if one is to prosper financially in this environment. Cost of higher education is one of the most prevalent factors affecting the finances of today's youth.

Without proper guidance or education regarding financial matters, children could make ill-informed decisions that could potentially affect them negatively throughout their professional earning years. For the betterment of today's generation and generations to come, financial literacy education must be held to a higher standard. This change not only needs to come from institutions, but also from parents, care takers, guardians and society as a whole.

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DEVELOPMENTAL ECOSYSTEM OF DIGITAL FINANCIAL INCLUSION : INDIA PERSPECTIVE

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Abstract

Financial inclusion can play a crucial role in the overall inclusive economic and social growth of India. Now financial inclusion has become a global movement, promoted by the World Bank to make available any banking and financial service to the poor at an affordable cost. In India, financial inclusion has become a priority sector of the Government and it will help an equitable and inclusive growth of the country. Channelization of resources from top to bottom is a good sign of a growing economy. It can achieve the capitalization of resources from rich to poor and from urban to rural sector through a good financial inclusion plan. Financial inclusion means the delivery of banking and financial services at an affordable cost and a fair rate to the vast sections of all disadvantaged and low income people in rural areas in a transparent and equitable manner. Developments in the field of information and communication technology sector can redefine the traditional financial inclusion paradigm of Indian banking and financial service sector. The development of internet in India paved the way for tremendous opportunities for economic and social development in the country. Internet enabled communication technology has boosted the process of financial inclusion in India. This paper highlights the study of the developmental ecosystem of digital financial inclusion in India.

KEYWORDS

Financial Inclusion, Digital Financial Inclusion, e-banking, Digital Finance.

INTRODUCTION

The cornerstone of the development of the financial and economic sector of a country is not banks but banking. The Reserve Bank of India broadly defines financial inclusion as 'providing access to a wide range of financial services at a reasonable cost'[1]. But 47 per cent[2] of unbanked Indian population has no access to these financial services. Here financial service players can unfold huge opportunities in financial and banking service sectors.

In this condition digital platforms can deliver banking and financial services in rural and remote area which can cover both unbanked and under-banked population at an affordable low cost. Digital financial access will substantially help to provide affordable high quality financial services in these demographics. Transaction cost is a challenging fact of all the players in the financial service area, which will cause a huge impact in break-even costs. By implementing digital channels it can bring down 90 per cent[3] of transaction cost in comparison to traditional channels. As banks move to adopt more digital channels, it will help to introduce more digital products and services at a low cost, which results in a high volume of business and lower operating cost. Digital aid will help the banks to uncover the unbanked rural segments to tap the volume and to spread the cost of investment in technology.

In India Internet and Internet enabled services technology have made a paradigm shift in the design and delivery of financial services and that has initiated innovation in the field of financial services and banking. The development and progress of information technology along with the expansion of the global economy, has changed the role of Indian financial and banking sector, from traditional financing trade to catalyzing and funneling the financial resources more efficiently in all areas of society.

Extremely competitive environment, shifting business environment, coupled with globalized economy and the advancement of information technology have compelled the banking and financial services to move towards the digital. In this digital world, consumers demand more convenience and accessibility and more choice in delivery mechanisms. As banks are the main impetus for the economic progress, it is necessary to move from traditional banking to digital banking with new strategies, thus attracting new segments of the economy.

LITERATURE REVIEW

Technology Acceptance Model (TAM) has detailed the acceptance of information technology and information technology enabled services (ITES), which was developed by Davis (1989). TAM is considered as a perfect model which can be used to test the acceptance of technology. TAM determines the user adoption of a technology basically on the basis of user intention.

In 2005, RBI proposed to enable banking services to unbanked rural area through credit facilities. This is based on the business correspondent model, which was an adaption of a very successful Brazilian model of financial inclusion. This report deeply studies the lack of penetration of banking in rural area from a viewpoint of supply and demand. The main focus of the report were the spurring of effective and efficient delivery of credits to rural farm and non-farm sectors. This report was based on three models viz. business facilitator model, business correspondent model and microfinance model.

The CGPA report (2008) on “Banking on mobile” discussed the importance of mobile banking. It states that the mobile banking presents a delicate balance between a conceptually powerful opportunity (being able to transact anytime, anywhere) and practical challenges (finicky menu sequences on a small screen and tiny buttons).

Hugh Thomas (2011) has discussed about the journey from a traditional cash oriented society to a cashless society, with the help of digital banking. How innovative digital technology will drive a banking process towards a cashless society is the key discussion in his literature.

Kevin Donovan (2011) explains mobile money as an effective way of implementing digital finance process in a cost effective manner and a wide reachability. The most promising mobile application area should always be in mobile financial services relating to banking and financial services in coming years around the world.

The World Bank report on “The opportunities of digitizing payments” (2014) explains how the digital financial service can promote economic empowerment by enabling asset accumulation, for women in particular, increasing their economic participation.

METHEODOLOGY

The primary source of information in this research is secondary data and literature reviews. The first phase of this research mainly depends on a comprehensive survey of the published literature based on the keywords “Digital Finance” and “Financial Inclusion”. The main objective is to construct the current state of the art knowledge on financial inclusion and digital finance and its impact on the socio economic aspect of population. Available information on the internet pertaining to financial inclusion and digital finance has been extensively used to complete the research report. Journals, articles, newspapers, reports have helped to finalize the research study.

DIGITAL FINANCIAL INCLUSION

The history of the Indian financial inclusion process can be traced back to the nationalization of banks as it now progresses through Pradhan Mantri Jan-Dhan Yojana (PMJDY), Pradhan Mantri Suraksha Bima Yojana (PMSBY), and payment banks. “Digital financial inclusion” refers to the use of digital devices for the purpose of providing digital financial services to advance financial inclusion. Digital financial inclusion involves the stationing of digital communication channels and digital devices in financially excluded and unbanked populations with the aim of providing formal financial services for their needs at an affordable cost. Financial inclusion is mainly executed through effective access to financial products, services at an affordable cost, responsible delivery of financial services by an effectively controlled market and efficient providers/intermediaries.

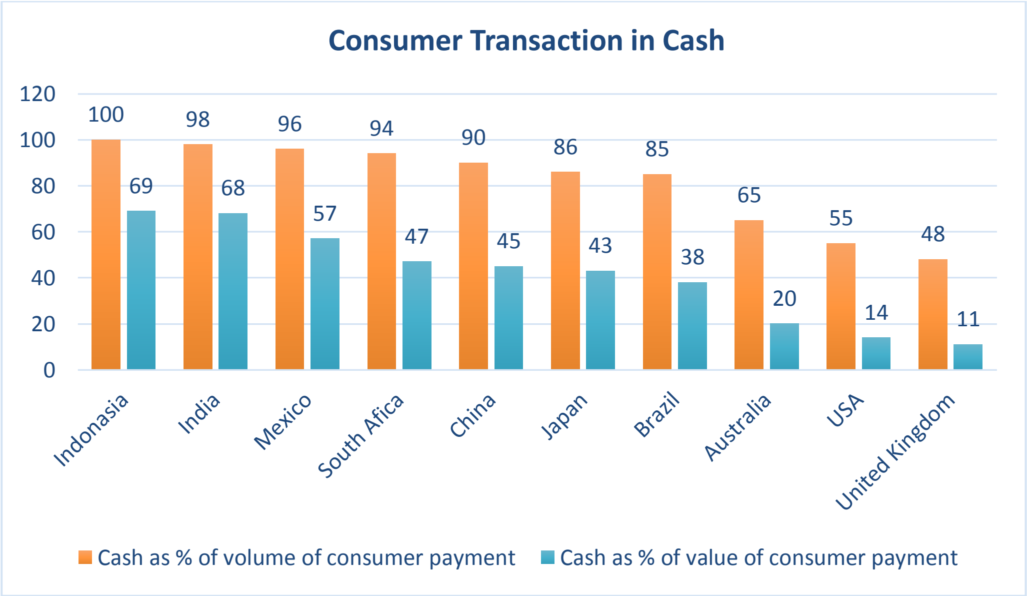
For the last few decades banks and financial institutions were engaged in delivering digital financial services in the forms of automated teller machines (ATM), debit cards, credit cards, and point of sale (POS) terminals. Now the customers can reach their banks through their mobile phones and video chat with the bank officials at a reasonable cost. Digital financial inclusion is now gradually becoming a reality. The development of mobile payment platform revolutionizes the access to financial services in developing countries like India. Mobile payment platforms are now used to pay and transfer funds in digital format. It is possible to offer other financial products services to the poor through a mobile payment platform. Development of the cross-fertilized structure of the Internet and mobile technology can make a big leap in the digital financial inclusion process.

INFRASTRUCTURE FOR DIGITAL FIANCIAL INCLUSION: INDIA

Traditional physical cash is the main barrier to digital financial inclusion and digital banking in India. India is still a developing economy and Indians highly prefer cash as their main payment medium for varying reasons (See Figure 1)[5]. It is too expensive for banks and financial institutions to serve as long as the population bet on physical cash. The annual spending for currency operations by Reserve Bank of India (RBI) and commercial banks together in India is Rs. 21,000 Crore[4].

Digital inclusion is the prime step towards digital financial inclusion. Internet and mobile technology are the key driving factors for the development of digital financial services in India. Expansion of accessibility of internet through broadband, 3G, 4G etc., installation of more ATMs, rapid adoption of technology by banks and financial institutions, increased use of digital devices like smartphones and tablets are the fueling factors for digital financial services. Without a strong online consumer base it is very difficult to achieve the delivery of digital financial products and services in a reasonable cost. The overall opportunity of Indian digital financial inclusion is substantial and ambitious, backed by the rising internet penetration and increased use of digital devises like smartphones and tablets.

FIGURE 1



Internet as a fueling-upfactor

The backbone of digital banking is connectivity. Fast growing internet population of 354 million[6] of India, even though it is significantly low (28% of population[7]), is a good indicator for the overall development of digital banking and financial inclusion (Figures 2 and 3).

Only 28% of the Indian population uses the internet. India has a good potential for Internet penetration and as Internet users increase, it will fuel up the development of digital inclusion process and thus it will become the backbone of the digital financial product and services delivery mechanism.

FIGURE 2

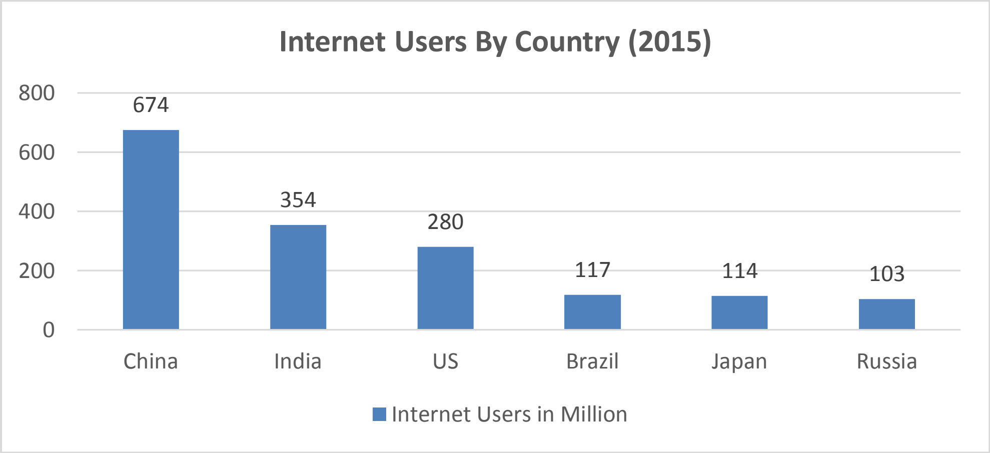
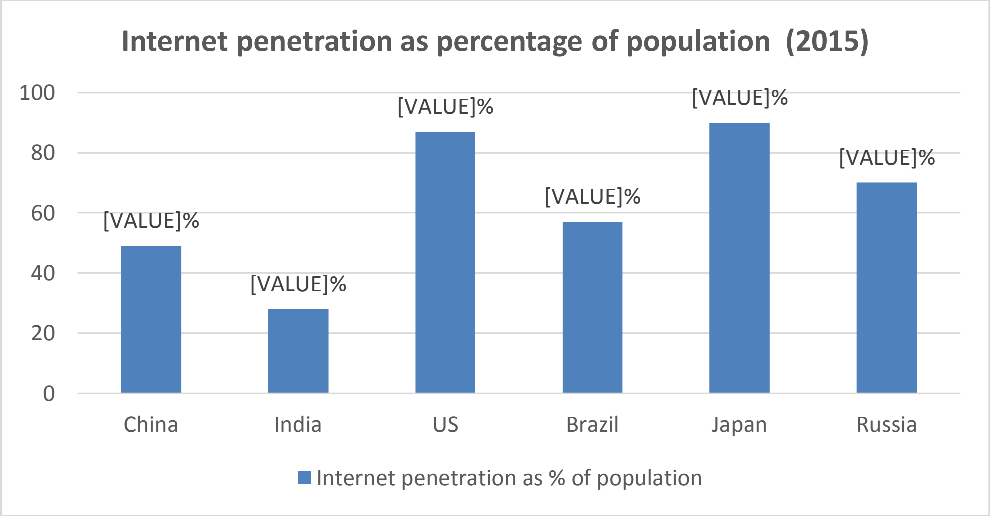
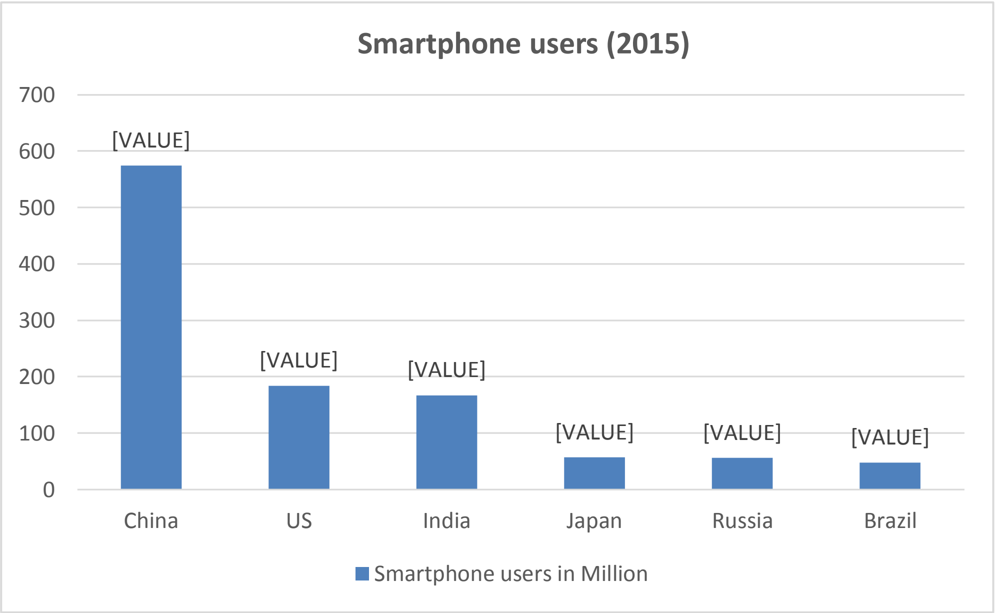


FIGURE 3



Another driving fact of digital financial inclusion is mobile phone penetration. India has a very strong smartphone consumer base. There are 167 million smartphone users in India, and this is expected to reach 204 million in 2016[8](Figure 4). Mobile payments volume is rapidly increasing because 79%[9] of the Indian population have mobile phones.

FIGURE 4



Digital Banking

In recent years banking through electronic media has gained rich popularity. The concept of digital banking has been defined in different ways. Daniel (1999) defines electronic banking as "the delivery of banks' information and services by banks to customers via different delivery platforms that can be used with different terminal devices such as a personal computer and a mobile phone with browser or desktop software, telephone or digital television."

Accessibility, convenience, privacy, security, design, content, speed, fees and charges are the factors which influence the effective implementation of digital banking[10]. Through the implementation of efficient and effective digital banking, delay, complexity of transaction, costly propositions, physical presence of customers, cash betting, unnecessary documentation, inaccessibility and other hassles can be avoided. It will help to reduce fraud, geographical barriers, and disaggregation. Perfect digital banking can increase transparency, reachability, and convenience. Today's state of the art communication and connectivity technology will help digital banking to create efficient acceptance of infrastructure, ultimate utilization of rich data insights, increased interoperability and help to raise interconnected services, and achieve a real-time system.

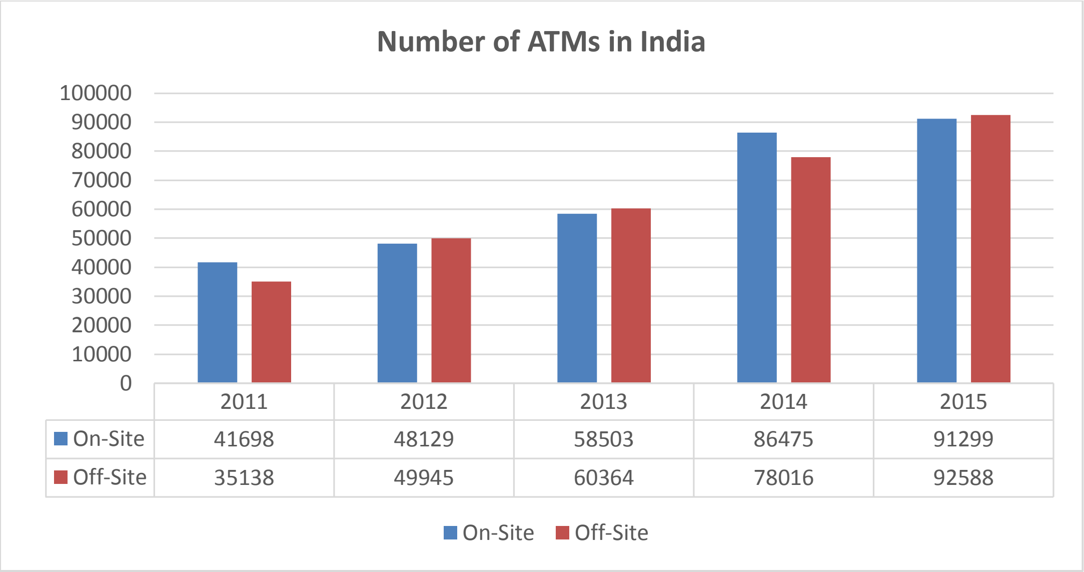
PATH TO DIGITAL FINANCIAL INCLUSION

Technology is used in digital banking services through different means. They are ATM, Mobile Banking, Electronic Payment Wallets, SWIFT, Electronic Fund Transfer (NEFT and RTGS), Bank Cards (DEBIT and CREDIT Cards) and Point of Sales (POS).

Automatic Teller Machine (ATM)

Using ATM technology, it can reduce the transaction cost and offer trouble free service to customers. ATMs are considered as the basic steps towards digital financial inclusion. In India ATMs were introduced in early 1990s. Growing income and economic development in Indian rural and urban area leads the deployment of more ATMs by banks and financial institutions. A sheer shift from class banking to mass banking is another reason for the implementation of ATMs. Figure 5 shows the growth trend of ATMs of commercial banks in India[11].

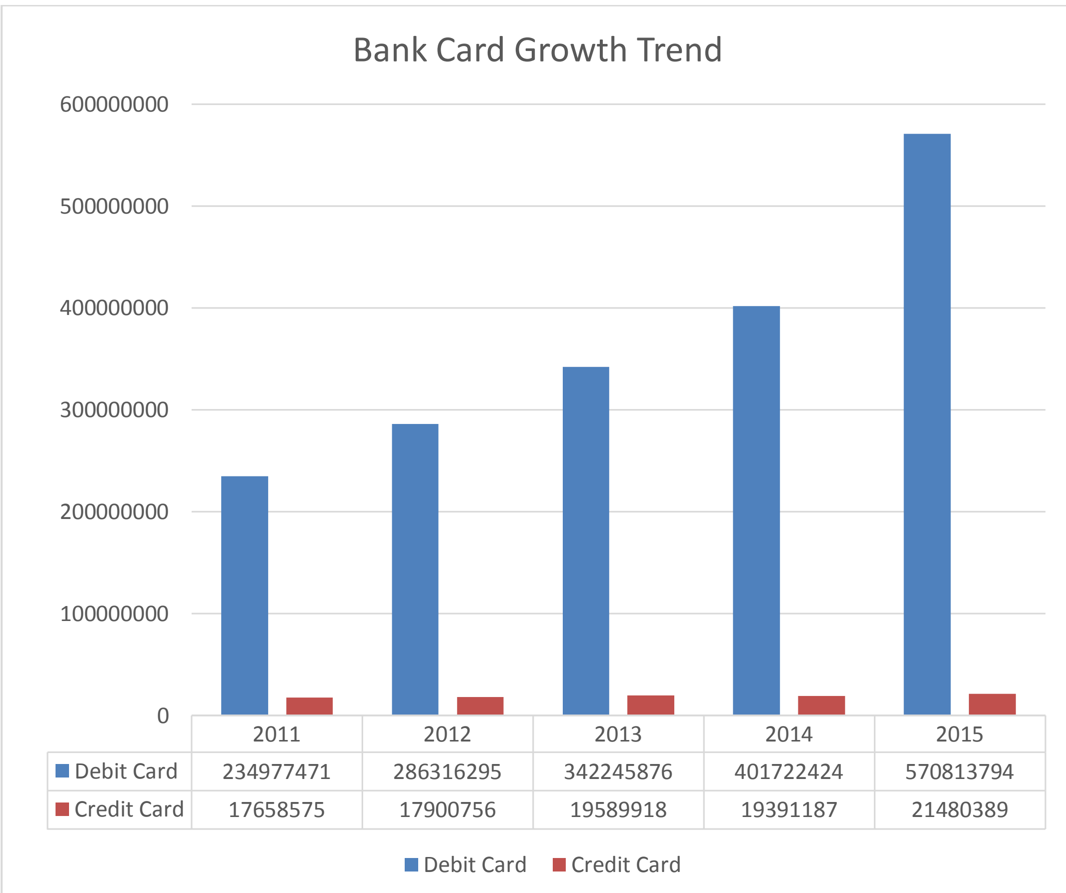
FIGURE 5



Bank Cards

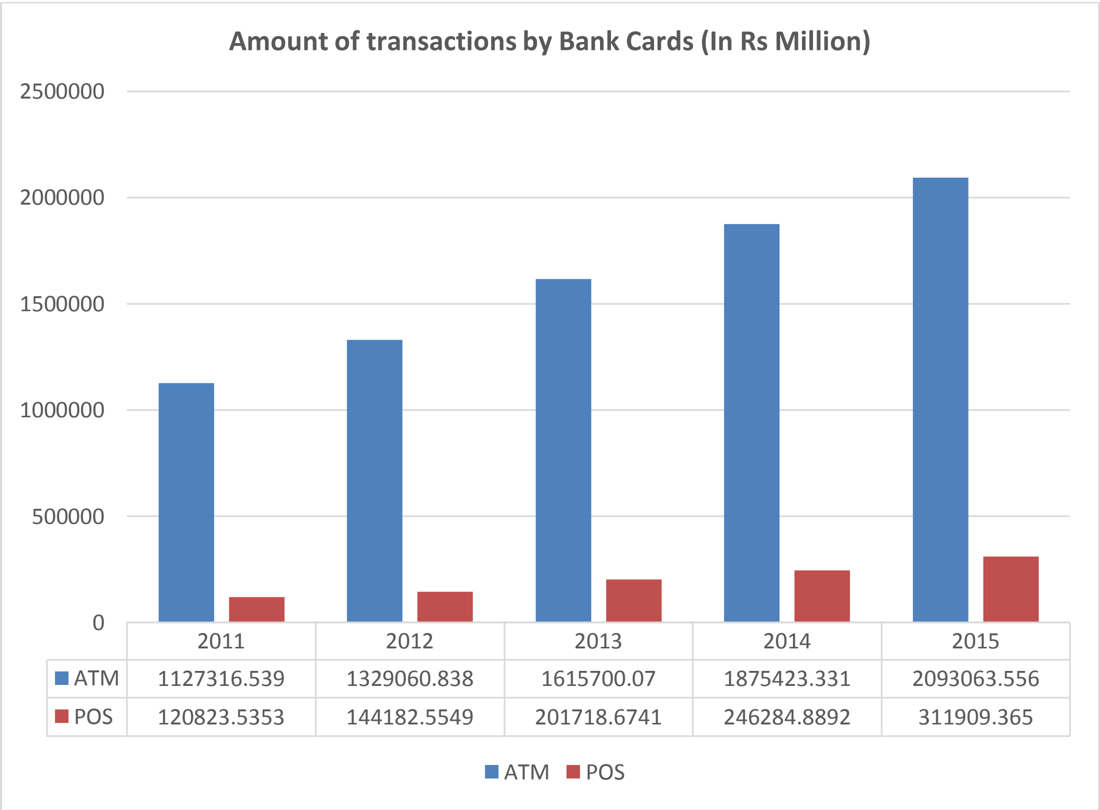
With the implementation of telecommunication and Internet technology, banks are implementing electronic payment systems, which bring down the cost of transaction and save transaction time and provide more conveniences. Today bank cards are becoming a crucial component of consumer spending pattern. There are many reasons for the big surge in bank card transactions. Increased acceptance of bank cards in e-tailing and e-commerce, and by traditional merchants are the main reasons for the popularity (Figure 6)[11].

FIGURE 6



It is evident that bank cards are play a leading role in digital banking in the form of online payment system. The growth rate of volume and number of transactions using bank cards are a positive signaling towards an effective digital financial inclusion in India (Figure 7)[11].

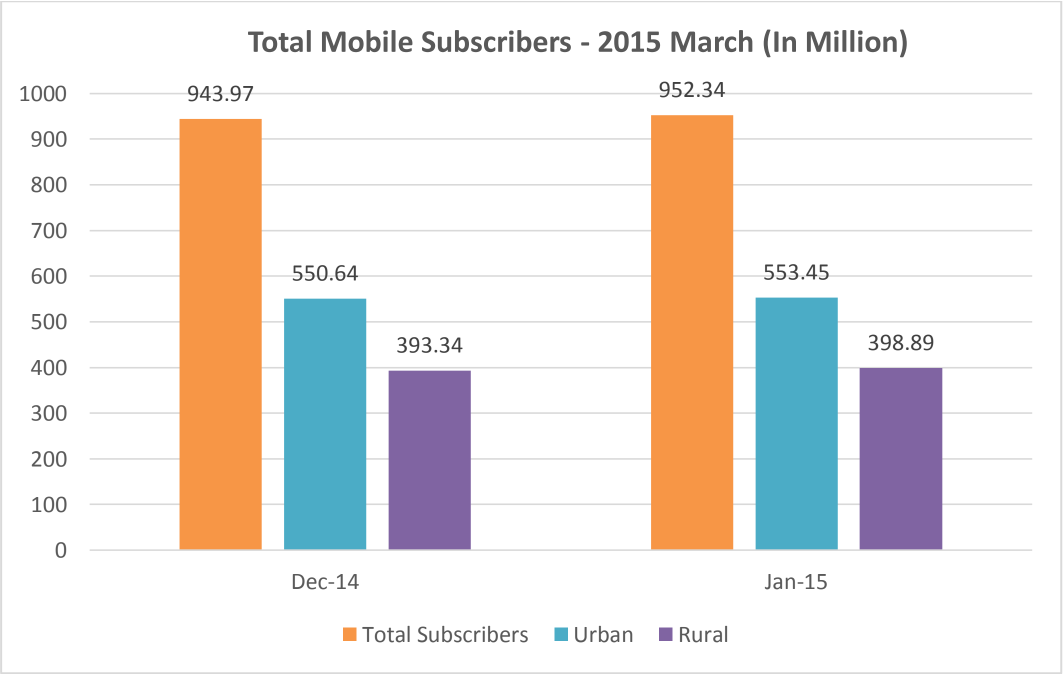
FIGURE 7



Mobile Banking

Mobile banking is one of the fastest growing digital banking tools in India. The dispersion of mobile banking and mobile payment is an effective way to the diffusion of financial products and services to unbanked rural population in India. The growth of mobile technology along with the wireless internet technology, should supplement the growth of digital financing. Among 983 million mobile subscribers in India, 415 million are from Indian rural population[12](Figure 8). At present there are 159 million mobile Internet users are there in India, and there is an expected projection to the 300 million mark by 2017[13]. 159 million people access Internet from mobile phones of the 350 million Internet users in India[14]. The declaiming trend of 2G user base and increasing shift of consumers to 3G and 4G technology led the growth of mobile internet penetration in India. A blended cross fertilized technology of wireless internet and mobile phone will help Indian financial service sector to grow to the digital.

FIGURE 8



Mobile banking and NEFT & RTGS

National Electronic Fund Transfer (NEFT) and Real Time Gross Settlement (RTGS) are the two interbank mobile fund transfer channels, which settle transfer process in batch and real-time. In 2010 National Payment Corporation of India (NPCI) conducted a study on mobile payment system with the consortium of leading banks. As a result Immediate Payment Service (IMPS) launched on 22nd November 2010 was gradually made available to the Indian public. Now round-the- clock interbank electronic fund transfer is possible through mobile phones. IMPS is an efficient system to transfer funds among banks across India instantly and economically through mobile, Internet and ATM. With the help of Mobile Money Identifier (MMID) and Mobile PIN (MPIN), anyone can use their mobile phone fund transfer and mobile banking. In India at present there are 806.73 lakhs of MMIDs are issued by Indian Banks[15].

Pradhan Mantri Jan-Dhan Yojana (PMJDY), is the most ambitious financial inclusion program in the history of India. National Payments Corporation of India (NPCI) provides two services, which will help PMJDY account holders to transfer money through mobile phones. First among them is National United USSD (Unstructured Supplementary Service Data) Platform (NUUP). This will enable the customers to know bank balance and transfer money by entering a USSD short code (*99#) by using any mobile phone. Second one is the Immediate Payment Service (IMPS). Using this facility, account holders can transfer fund from one account to another instantly using mobile phones. Today 73 banks are using this facility, which was launched in 2010[15].

Digital Wallets

A digital wallet provides access to different types of financial services. A digital wallet can hold different payment credentials like credit card, debit card discount coupons etc, and can be used for different payment requirements. Now digital wallets have increasingly become more than a payment credential holder. It is a money manager and shopping advisor. As mobile internet capabilities continue to improve, now it is a big opportunity that mobile phones can turn into wallets. So now consumers can pay for purchase through their mobile phones. Some hopeful statistics of digital wallet payments in India are as follows[16]. (As on April 2015)
About 6.7 crore transactions are through digital wallets.
Rs. 1196 crore is the total amount of transactions using digital wallets.
Total number of digital wallets - 101.86 million
Average value of each payment is Rs. 178.

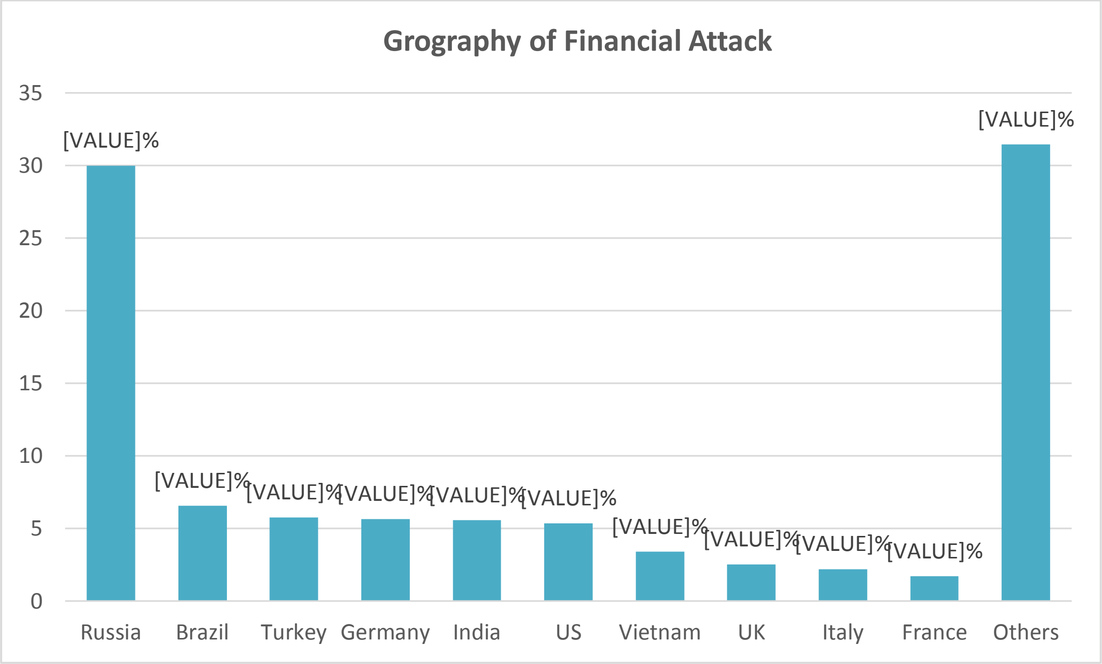
Digital wallets have the ability to make a shift in the consumer payment system in India, which will lead to a big leap in the digital financial inclusion.

DIGITAL FINANCIAL INCLUSION: CHALLENGES

The rapidly changing technological landscape brings new challenges in the digital banking sector in India. As the internet and telecommunication channels now become a part of financial services, cyber security is not only a technical risk, but a business risk also[17]. In the digital word, data and transaction security is very crucial, as we work beyond the traditional framework of banking system, and this will amplify the data and transaction security in all realms of business. Today banking and financial service businesses face a wide range of threats.

During the last two years, a multinational group of cybercriminals have looted about $ 1 billion by infiltrating more than 100 banks across 30 countries[18]. According to Joris Luyendijk "Cyber-attacks could be a bigger threat to our banking system than bad debts"[19.] This is a clear indication to the depth of the potential risk of cyber-attacks towards the digital banking sector. The number of countries attacked by banking Trojans is 70 in 2014 August as per Kaspersky Lab[20]. The financial malware attacks against banking and financial services are increasing dramatically around the world. (Figure 9)[21]

FIGURE 9



Cyber security can destroy the reputation and trust of an organization. Today the data management by financial institutions is not only for regulatory purposes, but for the analytical purpose of improvement of the performance of their business.

CONCLUSION

Digital banking in India is still in a stage of infancy. The amazing development in the field of e-retailing is the result of the development in the field of digital financing. The digital financial inclusion will fundamentally redefine the banking process, and will usher in new opportunities to scale business borders. Even though the digital banking aggravate banking risk compared to traditional banking, it will boost the overall efficiency and pace of development and customer satisfaction of banking industry in India. Embedded digital banking processes have now gradually got attention in India which is a good sign of a cross financial collaboration of digital banking with other services. Banks should become more innovative in the area of digital banking sector, and build a holistic approach on transformation of traditional banking to the digital. In the coming years, the Indian digital financial inclusion process will be fueled with the Government initiatives like Digital India.

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PROMOTING FINANCIAL LITERACY IN DIGIRAL ECONOMY: A STUDY WITH REFERENCE TO KERALA BASED COMMERCIAL BANKS

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Abstract

Corporate Social Responsibility (CSR) initiatives by commercial banks could very well be restructured to ensure enhanced thrust on customer education particularly one which imparts training on the use of services based on Information and Communication Technology (ICT). Thus, CSR can be leveraged through the effective use of ICT-based applications, particularly those relating to Customer Relationship Management (CRM). As banks use CRM for acquiring and retaining customers, greater ICT-adoption makes CRM more meaningful and powerful, and the traditional concept of CRM has already given way to E-CRM. On the one hand CSR is fast becoming an imperative for banks while on the other hand CSR throws open an avenue for more effective E-CRM by way of earmarking a significant share of CSR investment for the purpose of educating customers on the efficient use of banking services based on E-CRM. As competitiveness in commercial banking is growingly becoming dependent on ICT adoption, dovetailing E-CRM with the CSR policy of commercial banks appears to be of strategic significance, particularly for imparting financial literacy to the bank customers.

Key Words: CSR, ICT, Competitiveness, Customer Service, CRM, E-CRM.

1. Introduction

Corporate Social Responsibility (CSR) is a business strategy which though emerged in the US has gained rapid popularity all around the world. CSR argues that organizations have a responsibility to multiple stakeholders in the conduct of their business, and not just to the shareholders. It is about businesses assuming responsibilities that go well beyond the scope of simple commercial relationships. Adoption of CSR brings with it many benefits and these include increased profits, enhancing customer loyalty, trust, enhancing the brand attitude and skirmishing negative publicity (Brown and Dacin, 1997; Drumwright,1996; Maignan and Ferrell, 2001; Murray and Vogel, 1997; Sen and Bhattacharya, 2001; Senet al., 2006). In view of the above well documented merits of CSR, many companies including commercial banks have been growingly adopting CSR over the years, and banks in India are no exception. In today's era when 'Customer is the King' the need for ensuring the highest level of customer satisfaction has given another dimension to CSR policies of banks worldwide.

Today's customers have received the right of demanding the right kind of service, product they need and also the delivery model to be tailor made or highly customized to customer perspective. Besides their expectations have gone up and as such banks are forced to quickly adapt to their growing demands to remain competitive. Concept of Customer Relationship Management (CRM) has assumed all the more significance today. In fact, CRM has given way to E-CRM. Fundamentally, E-CRM is CRM with the use of technology but with a greater emphasis on personalization, technology, direct marketing and sales services for distinct market segments. Typically CRM (or its latest incarnation E-CRM) is concerned with major problems such as acquiring, retaining, maintaining and growing customers. New customers and increase their loyalty and satisfaction became prime concern. The transition from traditional paper-based mode to online mode in the modern days has replaced the conventional CRM with E-CRM systems that address the concerns of customers and banks, both. In the present context, there is the need to dovetail the CSR policies of commercial banks with their E-CRM in order that they withstand the pressures of competition, and at the same time discharge their responsibility to the public. The case of financial literacy is of utmost significance in this regard.

2. Literature Review

Codatte (1987) argues that customers develop norms for product performance based on general product experience and these, rather than expectation from a brand's performance, determine the confirmation/ disconfirmation process. Westbrook (1991) argues that in addition to the cognitive components satisfaction judgments are also dependent upon effective components as both coexist and make independent contribution to the satisfactory judgments. Levesque (1996) conducted a study to confirm and reinforced the idea that unsatisfactory customer service leads to a drop in customer's satisfaction and willingness to recommend the service to a friend. This would, in turn, lead to an increase in the rate of switching by customers. East (1997) suggested that customer's satisfaction is a major outcome of marketing activities whereby it serves as a link between the various stages of customer's buying behavior, if customers are satisfied with a particular service offering after its use, then they are likely to engage in repeat purchase and try time extensions. CRM is a management approach that enables organizations to identify, attract, and increase retention of profitable customers through improved relationship management (Hobby, 1999). CRM is the utilization of customer related information or knowledge to deliver relevant products or services to customers (Levine, 2000). The customer is at the heart as the approach aims at putting customer first by shifting the role of marketing from manipulating the customer to genuine customer involvement communicating and sharing the knowledge (Parvatiyar and Jagdish, 2001).

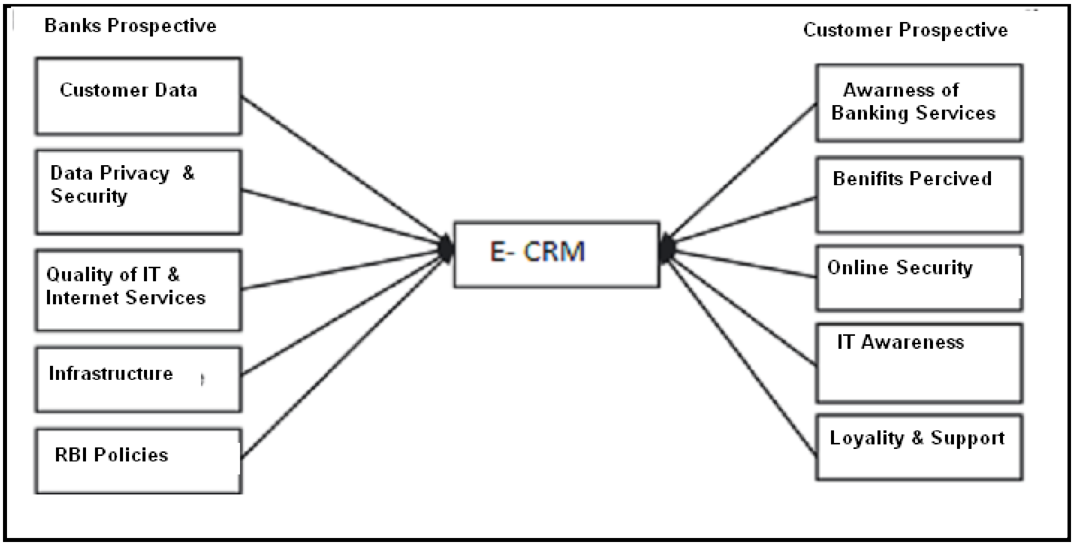
William George & Manoj P K (2013) [7] in their recent study have observed that private sector banks are more sincere in CRM initiatives than their public sector peers. Another study by Senthikumar et. al (2011) [8] has analyzed the impact of CSR on the customer satisfaction using Structural Equation Modeling (SEM). It is found that customer satisfaction is the mediating factor for banking service quality and the CSR is the most influential factor for the customer satisfaction. Yet another very recent study by Jacob Joju and Manoj P K (2014) [6] have noted that new generation private sector banks are way ahead of old private sector banks in their CRM initiatives. In view of the above, though there are many studies on CRM and some on CSR, studies focusing on the relation between CSR and E-CRM in the Kerala context are nil. This study focuses on CSR and its relation with E-CRM, as a tool for promotion of financial literacy.

3. Process of E-CRM and its Basic Functions

Electronic Customer Relationship Management (or, E-CRM in short) use of Various data ,like Demography, Personal information, CIBIL (Credit Information Bureau India Limited), Product Owner Ship, Consistency, Purchase Pattern, Consumption Pattern, Time of Purchase ,Communication Pattern, Usage of Product ,Risk and Profitability data from Data Warehouse for analysis and is updated for strategic decision making. Result obtained from E-CRM Process designs action plan for group/individual Plans, Campaigns marketing initiatives etc and is used several channels to reach its customers. Figure (I) shows the CRM process in a typical bank.

E-CRM can be looked into from the perspectives of both customers and banks. As shown in Figure (I), from the banks' perspective E-CRM is manifested in customer data and its use with due care on maintaining its privacy and security, ensuring adequate ICT and other infrastructure and adherence to RBI policies. From the customers' perspective E-CRM encompasses awareness on various banking services and benefits accrued from these, awareness regarding the use of such services, ensuring online security in using such services etc. (Figure I).

Figure I: Attributes of E-CRM from the Perspectives of Banks and Customers



E-CRM is a well-defined series of functions, skills, processes and technologies which together allow banks to more profitably manage retain and customers as tangible assets. It values on defining the customer as valuable in the long-term and on viewing customer relationships and so attracting new customers. Implementation process of E-CRM typically include the following steps: (i) Developing E-CRM vision, (ii) Defining E-CRM strategy plan, (iii) Develop E-CRM operational plan, (iv) Market assessment / Competition mapping, (v) Training the customer, (vi) Implement E-CRM programme, and (vii) Analysis of E-CRM performance.

It may be noted that IT awareness (ICT awareness) is one of the vital requirements for an effective E-CRM system (Figure I). As CSR involves substantial investment, how such funds could be channeled to enhance the IT awareness of customers so that it would in turn reinforce the E-CRM and also promote financial literacy needs to be studied. Because, adequately skilled customers alone can confidently use the ICT-based banking services like E-CRM. If CSR can address the issue of ICT-awareness, then E-CRM can be effectively dovetailed with the broader framework for CSR policy of banks. Imparting financial literacy becomes vital in this context.

4. Objective of the Paper.

(i) To study the significance of CSR and its relationship with E-CRM in the banking business;

(ii) To make an empirical study of the responses of customers and bank officials on ICT-based services with a focus on CSR and E-CRM, with reference to private banks in Kerala;

(iii) To suggest suitable strategies for effective formulation of CSR in such a way that it reinforces the E-CRM in banks and also promote financial literacy, with reference to the private banks in Kerala.

5. Methodology of Study

The nature of the study is primarily descriptive-analytical in nature, as it seeks to assess the linkage between CSR and E-CRM based on feedback from customers and bank officials. For this study, data from 80 bank-customers and 20 bank-officials are collected. The banks chosen are Kerala-based Old Private Banks (KOPBs) viz. (i) Catholic Syrian Bank (ii) South Indian Bank (iii) Dhanalakshmi Bank Ltd. (iv) Federal Bank. Five officials each of these four KOPBs were selected at random, that is totally 20 officials from the branches in Ernakulam city. So, 20 such officials were contacted and data collected using an Interview Schedule. Out of the 20 branches so selected, four customers each with diverse social status are selected. From these 80 customers data are collected using a Questionnaire. Popular statistical tools are used for data analysis.

6. Results and Discussion

As ICT adoption has made CRM to E-CRM, the significance of studying the E-CRM service awareness among the customers of private banks would help to develop a clear understanding on the success of E-CRM implementation. Customer opinion regarding their awareness of E-CRM services and products is shown in Table I. It clearly shows that ATM services and SMS updates on customer accounts have greater acceptance and awareness among its customers. Utility bill, Mobile Banking, E–Banking and service request lack in the awareness. In interview with bank staff its clearly defined that coming to online/E–banking customers express a lack of confidence in online security and is having lesser confidence when compared to traditional banking mode. The major reason observed on interview method is lack of knowledge in cyber Security and IT infrastructure among customers. While SMS update and ATM services contributed a lot on retaining the customers and increasing the satisfaction, the non-awareness and lack of confidence in e–banking etc is increasing process complex and inconvenience among staff and customers of private banks. Sample is tested with SERVQUAL model which given picture that the service quality perceived by the bank customers are below customer expectations in private banks.

Table I: Opinions of Customers of Private banks

Services offered	Yes , I Use	Yes ,I don't Use	Am not aware	Total
ATMs	62	10	8	80
E-Banking	9	27	44	80
Mobile Banking	7	24	49	80
Utility Bill Pay	14	29	37	80
Service Request	7	23	50	80
SMS Update	57	11	12	80

(Source: Field Survey)

Table II: Opinions of the Bank Staff and Bank Customers

Opinions	*Staff*		*Customers*		*Total*	
	No.	*Percent*	*No.*	*Percent*	*No.*	*Percent*
Aggressive marketing alone	1	*05*	2	2.50	03	03
Need more E- CRM Services alone	2	*10*	3	3.75	05	05
Marketing and E- CRM Services together	4	*20*	7	8.75	11	11
E- CRM Services and Personalized Services	4	*20*	16	20	20	20
Marketing, ICT-based and Personalized services	9	*45*	52	65	61	61
Total	20	*100*	80	100	100	100

(Source: Survey Data)

On the part of retaining and attracting new customers .The personalized service or human factor in services is the best available option towards customer – centricity from Table .2 it says what customer needs is not just E- CRM or ICT based services but a perfect blend of marketing mix and E-CRM customized for Individual customers i.e rather than aggressive marketing efforts alone or high tech E- CRM based customer Services , along with customized tailor made services for the customer is required or a human factor in in service delivery. E-CRM to be effective from the banking prospective and Customer Prospective awareness of the service offering should be implemented to customer end.

Table III: Computer Literacy among Bank Customers

Yes, I am Well Versed on Computers	15
I Use Computers Rarely	22
I Don’t Know to Use Computers at all	33
I Use Computers with the Help of Others	20
None of the Above	10

(Source: Field Survey)

The E-CRM enabled banking though ATM and SMS update from the offering is common, to the core the core the other major offerings like E- Banking, Mobile Banking and Utility Payment are at the phase of capturing market in the curve of learning by customers .The customer is looking for quality services. It is noted that 75 to 85 percent of the customers of banks are not at all confident in using computers in their dealings with banks. Or, their technological readiness (TR) is poor. Thus, this is an area where the CSR policy of banks could focus. If CSR policy of banks gives thrust on enhancing the TR of customers then that itself will ensure that their CSR spending is recouped by way of increased business and better operational efficiency in the days to come. ICT-based services enhance the operational efficiency through reduced cost. Besides, it improves the corporate image and brand equity too.

Table IV: Delivery Gap Score

Customer Perception		**Customer Expectation**		**P-E**
Perceived - Tangibility	**PT**	**Expected - Tangibility**	**ET**	**Gap Score**
My banks service aid such as catalogues and leaflets attractive	3.54	Best banks service aid such as catalogues and leaflets are always attractive	4.63	-1.09
My banks employees are visually Appealing	3.54	Best banks employees are visually appealing always	4.61	-1.07
My bank equipments are visually attractive	3.50	Best banks provide visually attractive equipments	4.55	-1.05
My bank is having Modern Equipments	3.65	Best Banks have modern equipments	4.82	-1.17
Tangibility - Average Score -1.09				
Perceived -Assurance	**PA**	**Expected-Assurance**	**EA**	**Gap Score**
My banks staff are well trained to answer my queries	3.63	Best banks staff are well trained enough to answer my queries	4.81	-1.18
My banks staff are well	3.50	Best banks staff are well	4.82	-1.32

mannered in behavior		mannered in behavior towards its customers		
My Banks staff gives me confidence to Use banking services	3.55	Best Banks staff gives its customers confidence to Use its banking services	4.62	-1.07
I feel secure in my transactions	3.59	Best banks customers feel secure in all transactions it make	4.69	-1.10
Assurance - Average Score -1.17				
Perceived -Reliability	**PR**	**Expected-Reliability**	**ER**	**Gap Score**
My bank Provides error free documents	3.54	Best bank Provides error free documents	4.85	-1.31
My bank Perform service as they promise when a service encounter happens	3.49	Best banks perform service as they promise when a service encounter happens	4.75	-1.26
My banks keeps time commitment	3.34	Best banks always keep Time commitment	4.63	-1.29
My bank provides the service without delay	3.26	Best banks Provides service without delay	4.66	-1.40
My banks always honors' my emotional status whenever there is a problem	3.36	Best banks always honors' my emotional status whenever there is a problem	4.59	-1.23
Reliability - Average Score -1.30				
Perceived -Responsiveness	**PR**	**Expected- Responsiveness**	**ER**	**Gap Score**
My banks staff are always available for my banking service	3.25	Best banks staff are always available for customers banking service	4.67	-1.42
My banks staff will inform me when the service will be delivered	3.50	Best banks staff will inform me when the service will be delivered	4.59	-1.09

My banks staff is helping me on repeat service request	3.64	Best banks staff will help customers on repeat service request	4.69	-1.05
My banks staff are prompt in service delivery	3.59	Best banks staff are prompt in service delivery	4.70	-1.11
Responsiveness - Average Score -1.17				
Perceived - Empathy	**EP**	**Expected- Empathy**	**EE**	**Gap Score**
My banks working hours are helpful for my banking	3.80	Best banks working hours are flexible enough for its customers banking	4.25	-.45
My bank can understand my personal banking needs	3.47	Best banks can understand its customers personal banking needs	4.59	-1.12
My banks consider my banking needs with great enthusiasm	3.30	Best banks consider its customers banking needs with great enthusiasm	4.70	-1.40
My banks staff gives me personal banking service	3.32	Best banks staff gives its customers personal service	4.59	-1.27
My bank have customer support staff to take care of my banking needs	3.26	Best banks have customer support staff to take care of customers banking needs	4.66	-1.40
Responsiveness - Average Score -1.12				
Average Sum of Servequal Dimensions -5.85				
Average Sum / Five -1.17				

(Source: Field Survey)

Table V: **Sum Average of Servequal Dimensions**

Dimensions of Servequal - Average	**Average *of* P-E**
Gap Score Average-Tangibility	-1.09
Gap Score Average-Assurance	-1.17

Gap Score Average-Reliability	-1.30
Gap Score Average-Responsiveness	-1.17
Gap Score Average -Empathy	-1.12
Average Sum	**-5.85**
Average Sum/Five	**-1.17**

(Source: Field Survey)

Servequal analysis indicates that in all the dimensions customers are having dissatisfaction since the table shows 5 shows –ve ,factors like 1) delivery of services on time ,2)Prompt services ,3)Staff availability for customer service ,4) personal attention and from table 4 refers to a point that customers of all banks under study is having same opinion on different servequal dimensions. The table 5its understood that wide gap is existing in reliability dimension i.e -1.30 and there after responsiveness, assurance with a gap score of -1.17

7. Major Findings of the Study

7.1 Reliability, Responsiveness and Assurance

Analysis clearly points out that a wide gap is there in responsiveness, reliability and assurance .the bank should put its effort to minimize the service delivery gap found in these dimensions Study clearly says that the highest gap was found in the dimension of reliability and empathy. These dimensions play important role in Since ICT can only contribute to reliability and responsiveness thus enhancing empathy the human factor cannot be avoided .ECRM initiatives should also focus a generation that lacks computer skills too.

7.2 Poor Computer Awareness and ICT Skills of Customers

As already noted the ICT awareness of the bank customers is very poor. As high as 75 to 85 percent of the customers are not confident in using ICT-based banking services confidently. Thus, there is utmost need for imparting ICT education to the customers. For this the CSR investment of banks could be conveniently used. As they acquire such skills, they becomeconfident in using various high-tech banking services. E-CRM becomes more meaningful.Since ICT can only contribute to reliability and enhancing empathy

7.3 *Adaptability of E-CRM*

In view of the above discussions, it is noted that even though the ICT-based banking has developed greatly in Kerala, for better growth prospects of banks the state, the ICT-based CRM initiatives should also pick up fast. This is essential for retaining the customers. The adaptability E-CRM at present era cannot avoid human factor in CRM initiatives. As the Table 2shows still the need of manual (human) personalized service is of demand. At the same time it is noted that technology readiness (TR) is very important for the banks for retention of their customers. This is because customers are very discerning these days and their levels of expectations are higher than ever before.

7.4 *Systematic Customer Segmentation*

Special need for the Hertogeneous society E–CRM initiatives are considered as technology readiness of the bank to capture future customers, from the Table 3it is noted that only a particular segment of customers can understand and use E-CRM facilities at ease. Majority of the customers use traditional methods of banking due to poor computer literacy. But, the present scenario requires E-CRM. Thus, technologically ready (TR) banks need to attract new customers, segment the customers so that 'tailor-made' banking services could be provided to each segment, depending on the specific tastes and preferences of each such segment.

7.5 *Product Development and Process Innovation*

Rather than a common marketing strategy to attract customers the process innovation should be the main part and its extension to existing customers will increase value addition and loyalty . Table No. 2 shows the popularity of ATM Services and SMS Update, these innovations help customers ease of process and increase loyalty and confidence among customers. The above mentioned process gained popularity since the computer literacy requirement to operate the same is not required. It clearly mentions the requirement of blend of human factor and E-CRM for process innovation.

8. Suggestions

(i) Significant share of the CSR outlays of banks needs to be earmarked for imparting the requisite Computer education, development of skills for doing

ICT-based banking services. Accordingly, adequate confidence of the bank customers in effectively using various E-CRM services could be ensured by banks.

(ii) Provide training and Support E-Literacy Mission in state as banks CSR (Corporate Social Responsibility)initiative. Such training should be imparted right from the school level in respect of the formal system of education. In respect of the informal system too, steps be taken to provide such training with the help of NGOs, social organizations etc.

(iii) Create campaigns on E-CRM initiatives for better awareness regarding such services.

(iv) Organize Customer Induction camps to create confidence in the customers on the safe use of E-Banking services.

(v) Provide extra benefits for the use of E-CRM based services to the customers to prompt them to switch over to online platforms from the traditional modes.

(vi) Segment customers and focus on such customers who can be brought under the E-CRM umbrella and adopt the E-CRM process in a phased manner.

(vii) Last, but not the least, imparting financial literacy to the customers particularly those from rural settings or those with lower socio-economic status is of cardinal significance. Only through such education and training they can effectively use ICT-based services.

9. Concluding Remarks.

In view of the foregoing discussions, it may be stated that though the technology readiness (TR) and its implementation is done in private banks in Kerala and the consumers of these banks are still in the learning curve of E-CRM and its applications. So banks have to consciously adapt their E-CRM strategies with a “human touch” to retain existing customers, attract new customers and to convince the existing customers as to technology-readiness of the banks they are dealing with. Process innovation should be brought about to the extent possible through research so as to simplify for the E-CRM initiatives that fit into customers of all segments. Technology adoption coupled with the human factor, and marketing strategies with segmentation might work better in the emerging scenario, than a full-fledged and high-tech E-CRM without a “human touch”.

In order to enhance the computer awareness and ICT skills of the customers, there is a vital need to set aside higher outlay for the above purpose. As this in turn can discharge the social responsibility of banks, the best option appears to be that of setting aside a higher share of CSR investment of every bank for customer education and imparting ICT skills. Such initiatives can be started right from the school level, as today's students are tomorrow's customers.so can leverage E-CRM for future

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