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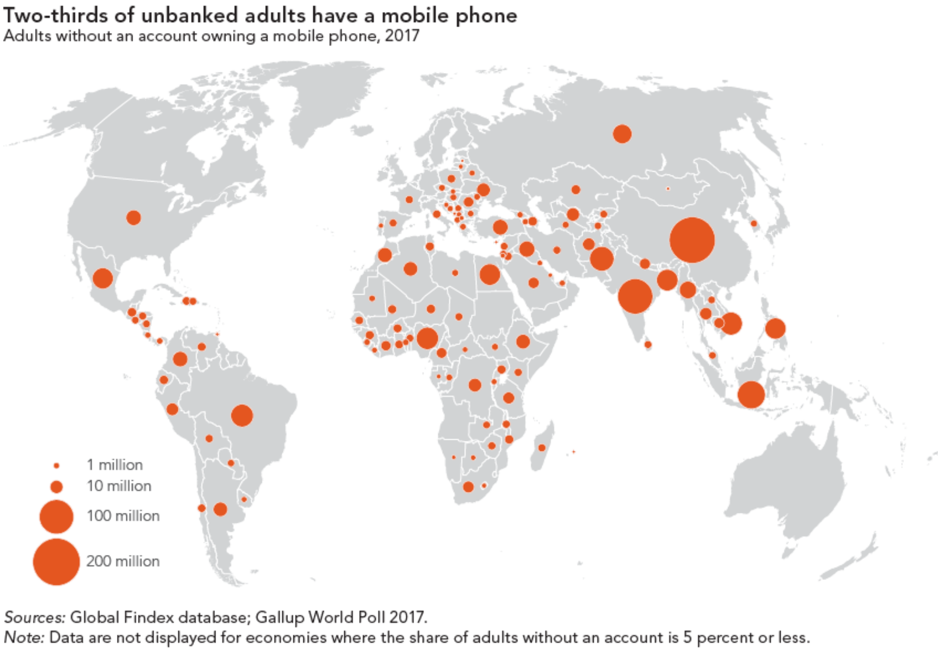
INCREASING FINANCIAL INCLUSION THROUGH THE USE OF DIGITAL TECHNOLOGIES

Financial inclusion means that individuals and legal entities have convenient access to financial products and financial services (transactions, payments, savings, loans and insurance) that match their needs [5]. The object of the research is financial involvement in the use of financial services by businesses and the population in the world. The subject of the work is the availability of financial services for the population. The purpose of the work is a comprehensive study of solutions to increase financial inclusion in the world with the advent of digital technologies.

Innovation and technology in the banking sector have the potential to increase the availability of financial services as they can bypass existing structural and infrastructural barriers to reach the target group. For example, the study by Demirguc-Kunt and Klapper [2, p.25] shows that innovation in mobile phones has increased access to financial services in 49 countries.

If you look at this issue globally, around the world about 1.1 billion, or about two-thirds of the adult population, are not covered by banking services [4]. In India and Mexico, over 50% of unbanked adults have mobile phones; in China – 82% (picture 1).



Picture 1 – Two-thirds of unbanked adults have a mobile phone
Source: [4].

According to IFC data [3, p.1], in rural areas the average time required to access a service point (ATM, bank branch) is 1.5 hours, compared to the national average – 22 minutes and the average in large cities – 7 minutes. For this reason, the project “Improving access to financial resources of the rural population of Belarus” is currently being implemented in the Republic of Belarus [1]. Using mobile phones, people can get rid of the need to travel to a remote financial institution. And also digital technology can improve inclusion by lowering the cost of providing financial services.

Mobile banking is more often viewed by foreign regulators as a priority channel for the provision of financial services, which is reflected in the Financial Inclusion Strategies (in Germany, Great Britain, the Republic of the Philippines, Indonesia) [1]. In Belarus, mobile banking is less popular than Internet banking, but the high growth potential of its use is confirmed by the fact that mobile applications with financial services are among the most demanded among users [1].

In conclusion, it can be noted that the presence of a bank account and full use allows people not only to control cash flows, risks, but also contributes to the development of the state financial market, financial stability, which is reflected in strategic initiatives by regulators around the world. In parallel, ensuring financial inclusion in the market restricts the creation of alternative, uncontrolled financial systems that undermine financial stability, and reduces cash turnover, which provides support to the population and organizations in the country’s economy and increases control over cash flows.

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