RBI's Financial Inclusion Index for March up at 56.4

Reflects cumulative effort of all stakeholders over the years

OUR BUREAU

Mumbai, August 2

The Reserve Bank of India Financial Inclusion Index (FI-Index) improved to 56.4 in March *vis-à-vis* 53.9 in March 2021, with growth seen across all sub-indices.

The RBI had constructed a composite FI-Index to capture the extent of financial inclusion across the country, in consultation with stakeholders concerned, including the government.

Comprehensive index

The annual FI-Index for the period ended March 2017 was at 43.4. The index has been constructed without any 'base year', and as such, it reflects the cumulative effort of all stakeholders over the years towards financial inclusion.

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The RBI said the FI-Index has been conceptualised as a comprehensive gauge incorporating details of banking, investments, insurance, postal as well as the pension sector in consultation with the government and respective sectoral regulators.

The index captures information on various aspects of financial inclusion in a single value ranging between 0 and 100, where 0 represents complete financial exclusion and 100 indicates full financial inclusion.

The FI-Index comprises three broad parameters (weights indicated in brackets) — access (35 per cent), usage (45 per cent), and quality (20 per cent) with each of these consisting of various dimensions that are computed based on a number of indicators. The central bank said the index is responsive to ease of access, availability and usage of services, and quality of services, in all 97 indicators.

In a speech last year, RBI Governor Shaktikanta Das had emphasised that it was the responsibility of all stakeholders to ensure that the financial ecosystem (including the digital medium) is inclusive and capable of effectively addressing risks like mis-selling, cyber security, data privacy and promoting trust in the financial system. These efforts also have to be supported by a robust grievance redress mechanism, he added.