



Financial Inclusion In Selected World Economies: An India-Centric Analysis

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Abstract: This study assesses the current status of financial inclusion in the world's most populous countries, including India, using secondary data from the World Bank's Global Findex database on five key areas of financial inclusion namely banking services, sources of credit, social security coverage, avenues for savings and insurance penetration. It examines the current situation across India in this context, and also makes a gender-based comparison of the situation of women and men. In addition, the study also highlights the barriers to financial inclusion in India. The study finds that bank account ownership has increased significantly across the world, including India, for both men and women. However, on parameters of access to credit, social protection, savings behaviour and insurance penetration, significant progress has not been made. Among the Asian countries, Japan was found to be doing very well on all parameters, while Pakistan was found to be performing poorly. Furthermore, in each of the parameters of financial inclusion, the participation of women was lesser than that of men. However, the current ratio of women to men in bank account holding in India is higher, which shows the success of the efforts of the Government of India in this direction.

Index Terms - Financial Inclusion, Dimensions of Financial Inclusion, Financial Inclusion Index

1. INTRODUCTION

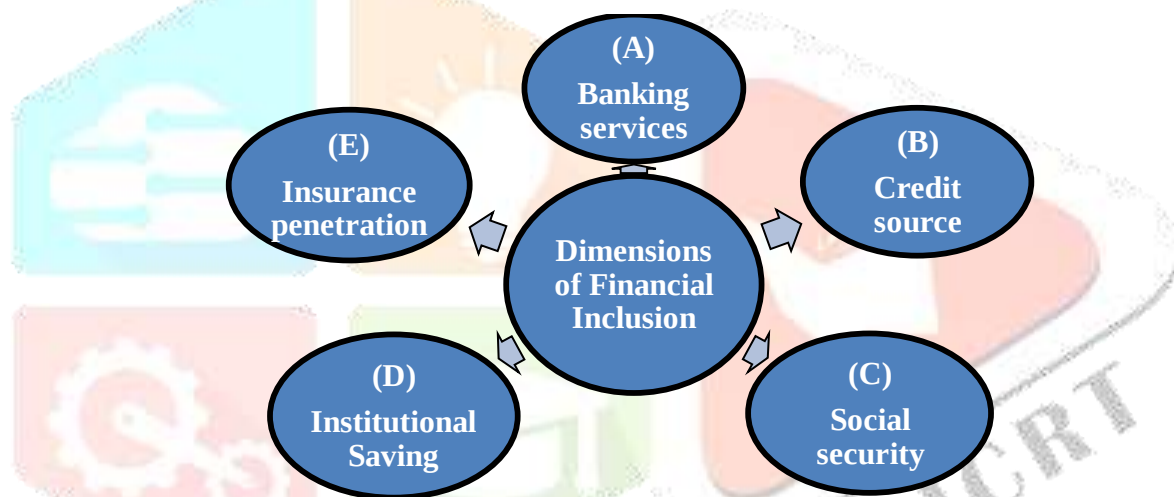
Financial inclusion is a key driver of economic growth and ensures that the benefits of development reach all citizens (Reddy, 2021). Inclusive development cannot be limited to a few regions or people; rather, financial inclusion forms the foundation for sustainable and inclusive national growth (PM Narendra Modi, GoI, PIB, 2025; RBI, 2021). The World Bank highlights that financial inclusion enables access to banking, savings, credit, and insurance, contributing to the achievement of several Sustainable Development Goals, including poverty reduction, gender equality, decent work, innovation, and reduced inequalities (World Bank, 2022).

By providing affordable financial services to economically weaker sections, financial inclusion promotes socio-economic upliftment (Aggarwal, 2014; Sharma & Changkakati)

Financial inclusion refers to ensuring timely, affordable, and non-discriminatory access to formal financial services for all sections of society (Evans & Adeoye, 2016; Arunachalam, 2023), particularly vulnerable and low-income groups (Kalaivani & Malei, 2025). Access to appropriate financial products across life stages helps integrate marginalized populations into the socio-economic framework of the country (Jain, 2016; NABARD, 2025). A well-functioning financial system is therefore essential, as the financial sector serves as the backbone of developing economies and a catalyst for growth, business opportunities, and firm performance (King & Levine, 1993; Sujana & Kiran, 2018; UNSGSA, 2018; Siddiki & Bala-Keffi, 2024).

Efforts towards financial inclusion in India began in the 1950s, again including the nationalization of 6 and 14 major commercial banks in 1969 and 1980 respectively, the establishment of Regional Rural Banks in 1975, and the launch of the Pradhan Mantri Jan Dhan Yojana in 2014 after economic reforms in 1991. The Financial Inclusion Index in India is prepared every year since 2021.

Fig.1: Dimensions of Financial Inclusion



Source: Tyagi, E., & Tyagi, A. (2025) <https://ijrpr.com/uploads/V6ISSUE5/IJRPR45378.pdf>

Figure 1 presents the various dimensions of financial inclusion. The current status in India with respect to these five key dimensions of financial inclusion is presented as follows:

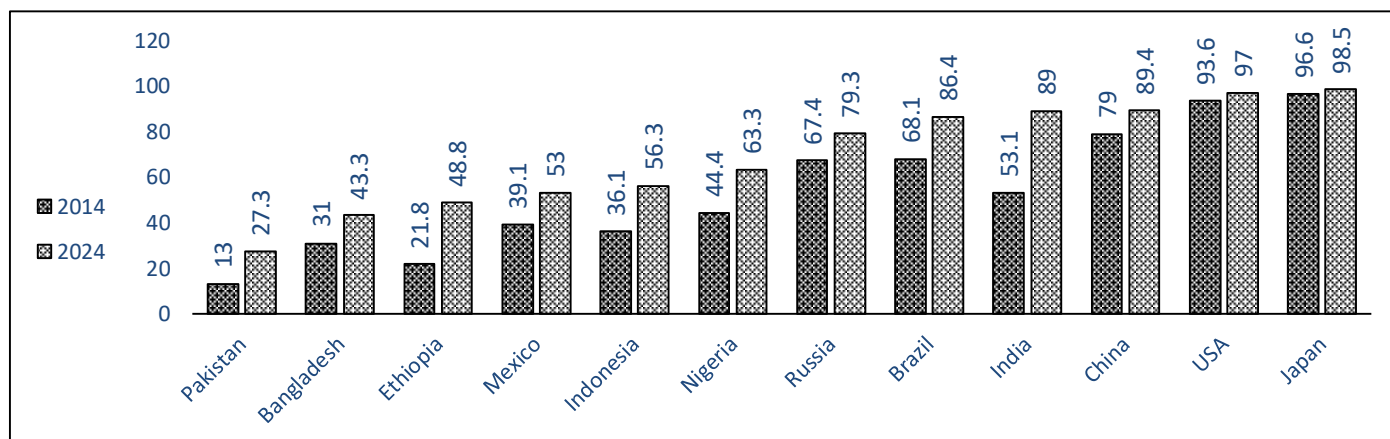
2. Dimensions of Financial Inclusion

A. Banking Services

The spread of banking services amidst the population could be understood by various data presented as follows.

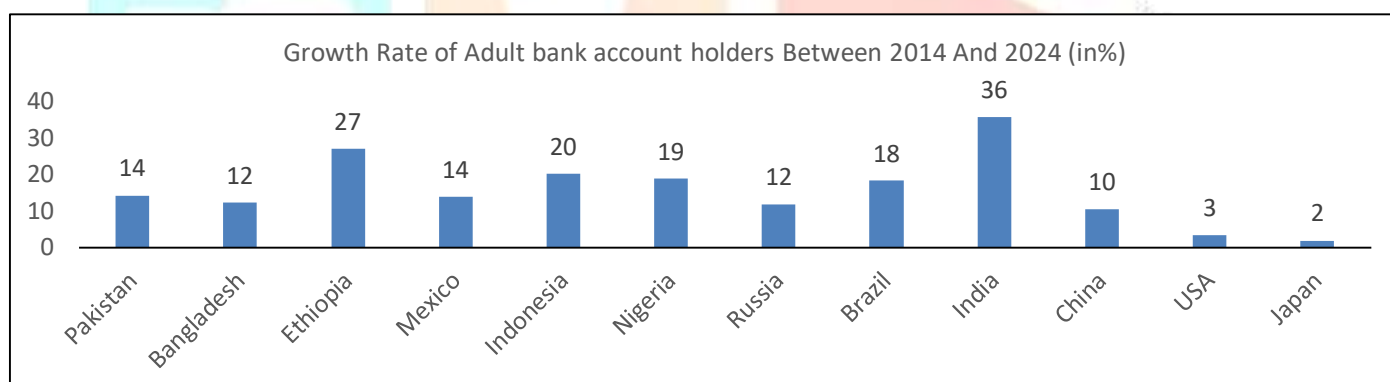
I. The data on the percentage of adults within the population:

This refers to the number of adults who hold bank accounts in their own name. Graph 1 shows the percentage of adult bank holders in India viz-a-viz other most populous countries in the world between the time period of 2014 and 2024.

Graph 1: Percentage of Adult bank account holders in the top twelve most populous countries

Source: source - Data compiled by the authors from the *Global Findex Database, World Bank (WB)*
<https://databank.worldbank.org/source/global-findex-database>

The percentage of adult bank account holders was highest in Japan, United States, India and China, while it was lowest in Asian countries such as Pakistan and Bangladesh. Moreover, between 2014 and 2024, this proportion increased rapidly compared to other emerging economies such as Brazil and China. The growth rate in the number of adult bank account holders is shown in Graph 1.1.

Graph 1.1: Percentage Growth Rate of Adult Bank Account holders in the top twelve most populous countries between 2014 and 2024.

Source - Data compiled by the authors from the *Global Findex Database, World Bank (WB)*
<https://databank.worldbank.org/source/global-findex-database>

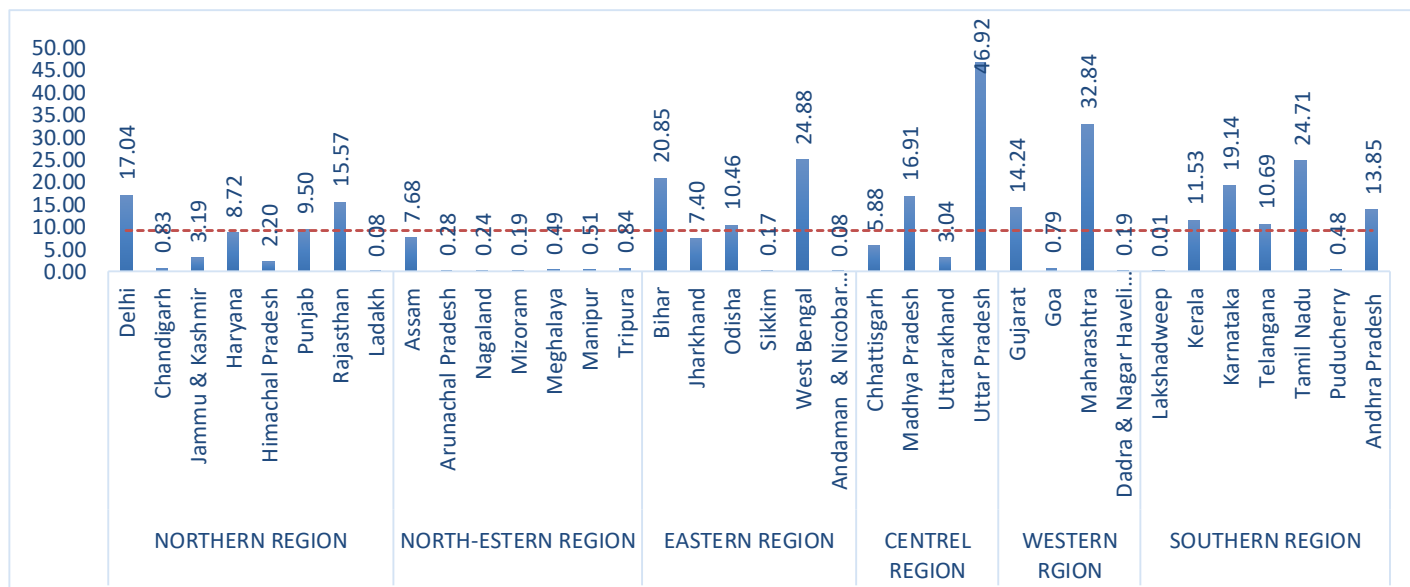
It shows that India has seen the highest percentage growth in adult bank account holders during the decade of 2014 to 2024. This may be attributed to the efforts of the Government of India in this direction in the form of the Pradhan Mantri Jan Dhan Yojana (PMJDY). Compared to emerging economies, developed economies such as Japan and the US have seen the lowest rate of growth in this respect, owing to their high base proportion of adult bank account holders; as a large proportion of their adult population were already having bank accounts way back in 2014 itself.

II. State-wise Number of Bank Account Holders:

The number of adult bank account holders in selected States of India is presented in Graph 2. It shows that the numbers of bank accounts varies widely across Indian states. The All-India average number of bank accounts in India is 9.23 crore. Uttar Pradesh had the highest number of bank accounts in the country and Lakshadweep had the lowest. The States in the Central and Southern regions of India had more number of bank accounts than the national average, while all the States in the North-Eastern region had a ratio below the

national average. Overall, the data highlights that remote mountainous States had very low level of bank account ownership. However, the situation was no better in bigger states in plain regions with most of them showing bank account ownership of less than 10%. Thus, a lot more needs to still be done in this regard.

Graph 2: State -wise numbers of bank accounts in India 2023 (in crores)



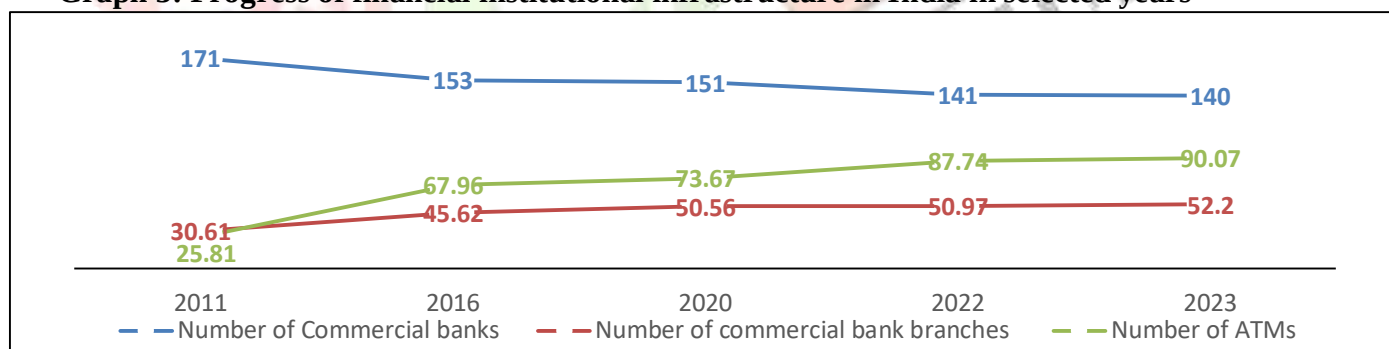
Source–Data compiled by the authors from the MoSPI India. (2025) <https://www.mospi.gov.in/state-wise-and-gender-wise-deposits-scheduled-commercial-banks-broad-ownership-category-march-2023>

Note - ----- shows national average for India and its value is 9.23 crore

III. Spread of Financial Infrastructure in India:

The precursor of financial inclusion is the availability and access to financial institutions and facilities. Graph 3 shows the increase in the number of commercial banks, commercial bank branches and the number of ATMs (Automated Teller Machines) in India.

Graph 3: Progress of financial institutional infrastructure in India in selected years



Source – (IMF, n.d) <https://data.imf.org/en/datasets/IMF.STA:FAS>

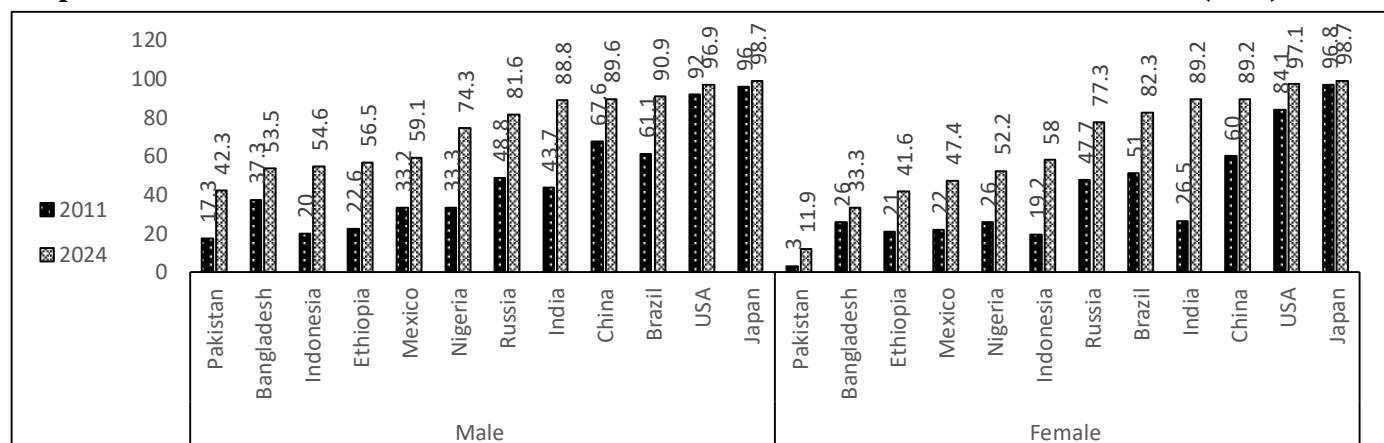
Note: Number of commercial bank branches and ATMs data is shown in per 1,000 square km.

It is evident that during the period between 2011 to 2023, there has been a continuous decline in the number of commercial banks in the country, while the number of commercial bank branches as well as ATMs has increased. This indicates a process of consolidation within the commercial banks of India resulting in mergers of more than one bank; and at the same time an expansion in the number and spread of bank branches. Moreover, the number of ATMs has increased at a steady pace, indicating the growing reach of digital facilities in the pursuit of financial inclusion till the last mile in India.

IV. Gender-wise distribution of adult bank account holders:

An important step towards women's empowerment is the participation of women in the formal financial system.

Graph 4: Gender-wise Distribution of Adult Bank Accountholders in selected countries (in%)

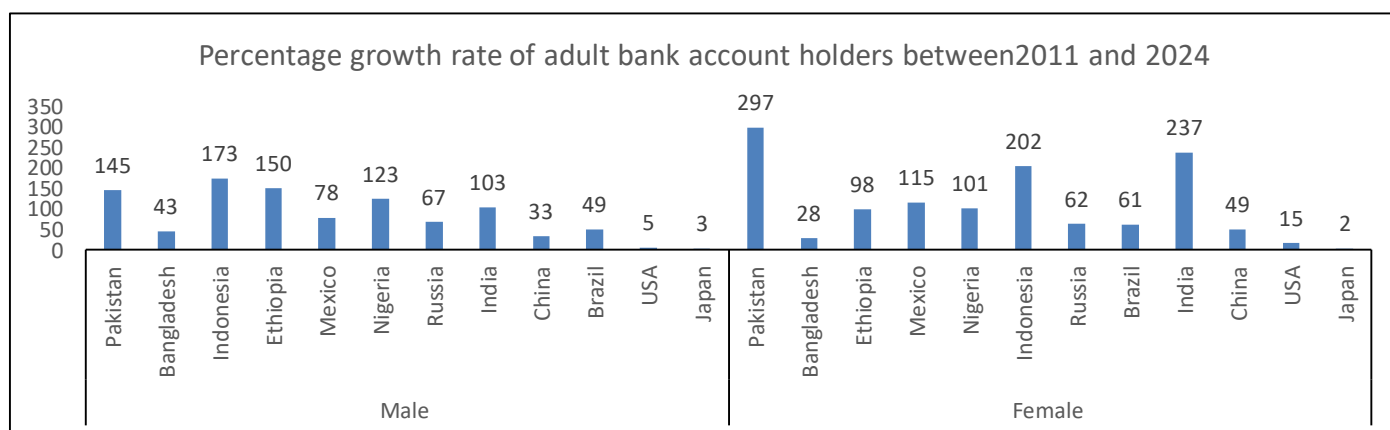


Source - Data compiled by the authors from the *Global Findex Database, World Bank (WB)*
<https://databank.worldbank.org/source/global-findex-database>

Graph 4 shows the distribution of men and women holding bank accounts in selected countries. It could be seen that between the period of 2011 and 2014, the percentage of bank account holders among both men and women has increased in all these countries. The highest percentage of women bank account holders was recorded in Japan, United States and China while the lowest number of women bank account holders were in Indonesia, Ethiopia, and Pakistan. India, too, stands among the countries which had lesser number of women account holders in 2011 (26.5%). However, India's progress between 2011 and 2024 (237%) has been remarkable in the sense that the growth rate in the number of women bank account holders was second only to Pakistan (Graph 4.1). While India has the highest proportion of women and men among South Asian countries. In fact, the data for 2024 shows that India has levelled to China and inched past Brazil in terms of women bank account holders.

Graph 4.1 further that the highest growth rate in the number of adult women bank account holders rate has been observed in case of developing and emerging economies such as Pakistan, India and Indonesia. The sharp growth rate among women compared to men in India has narrowed the gender gap in terms of adult bank account ownership.

Graph 4.1: Gender-wise Growth Rate of Adult Bank Accountholders in selected countries (in%)

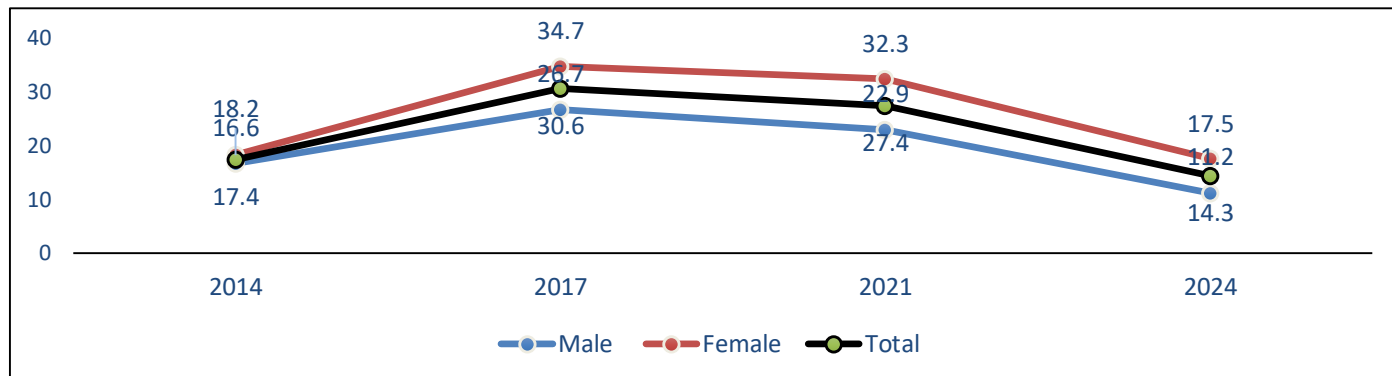


Source - Data compiled by the authors from the *Global Findex Database, World Bank (WB)*
<https://databank.worldbank.org/source/global-findex-database>

V. Inactive Bank Accounts:

Holding a bank account alone is not a sufficient indicator of financial inclusion if it is not operated on a regular basis.

Graph 5: Percentage of inactive bank account in India

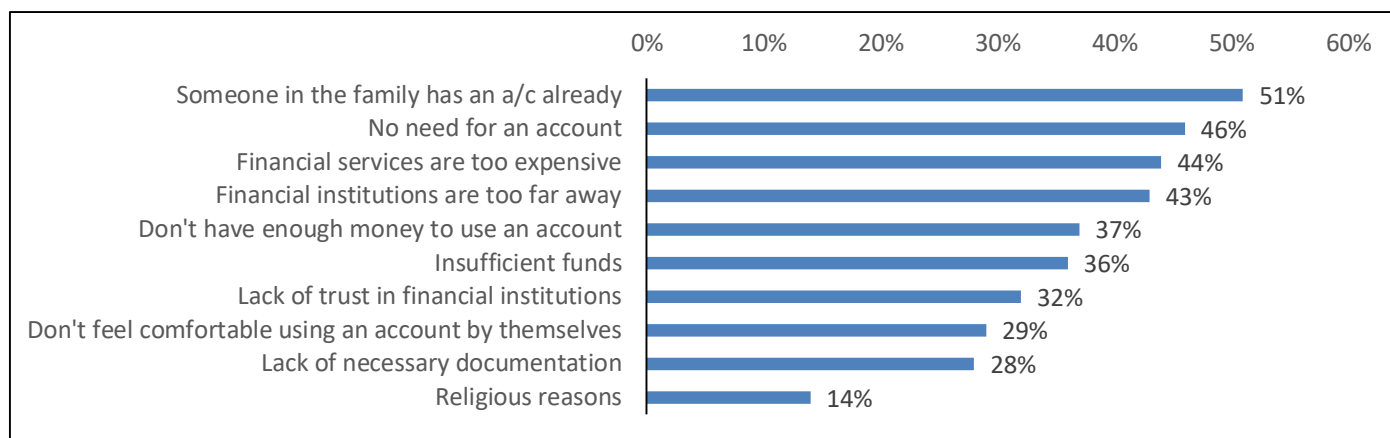


Source - Data compiled by the authors from the *Global Findex Database, World Bank (WB)*
<https://databank.worldbank.org/source/global-findex-database>

Graph 5 shows the distribution of inactive bank accounts in India in selected years. The proportion of inactive accounts was growing and reached more than 30 % in 2017. This situation changed for the better from then onwards, reaching a slightly better figure of 27.4% in 2021, further improving to 14.3% in 2024, which is still quite high. Further, a gender-wise assessment shows that the number of inactive female-held bank accounts has been consistently higher than men-held bank accounts. This indicates a lower participation of women in active use of bank accounts.

VI. Reasons for Not Owning a Bank Account:

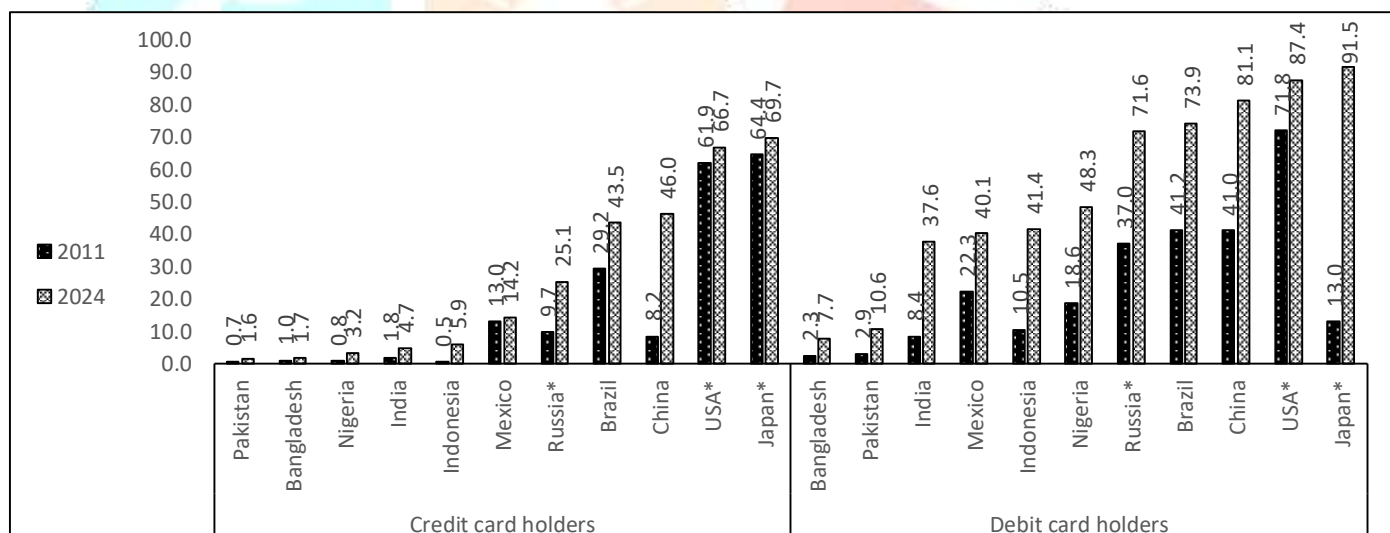
Graph 8 shows the reasons behind not having a bank account in India. The most common reasons were that someone in the family had an account, an absence of need for a bank account and that financial services were found to be too expensive. About 32% respondents expressed a lack of trust in financial institutions; and 29% said they were not comfortable in navigating the practices involved in banking. As many as 37% respondents also stated that they did not have substantial funds that would warrant the use of a bank account. These expressions show that people's awareness about various banking services, methods of account operation and availability of reliable information are the barriers that hinder the spread of bank account holders and banking habits among people. Hence, measures need to be taken in this direction.

Graph 6: Reasons for not Having an Account in India (in 2023) (in%)

Source - *Inclusive Finance India Report 2023* <https://www.accessdev.org/wp-content/uploads/2024/06/IFI-Report-2023.pdf>

VII. Ownership of Plastic Money:

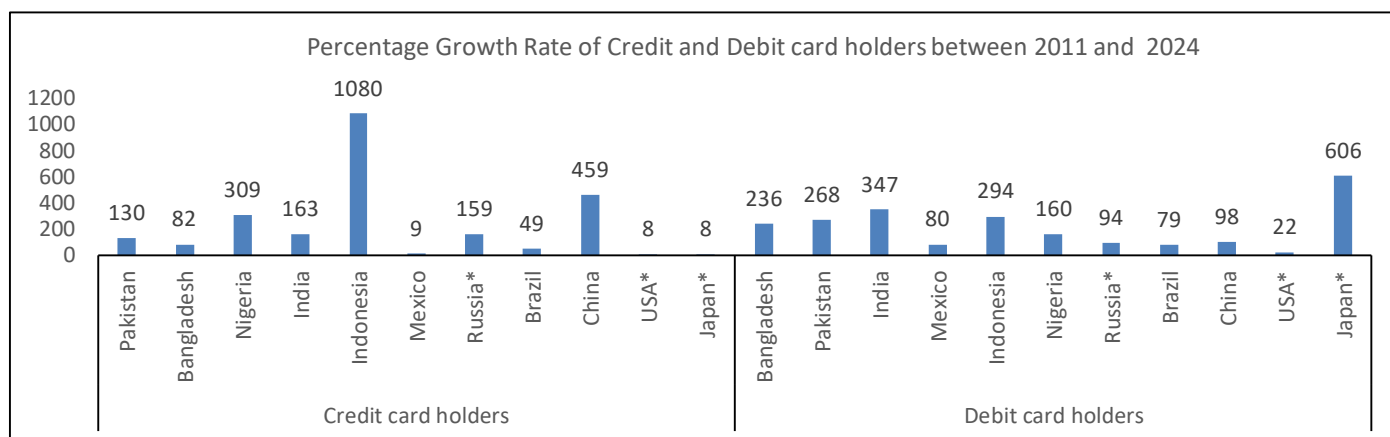
Use of credit or debit cards increases convenience in day-to-day transactions and increases access to the formal financial system. Graph 7 shows the proportion of credit and debit card holders in selected countries during 2011 as well as 2024.

Graph 7: Percentage of Debit cards and Credit cards holders in selected countries

Source - Data compiled by the authors from the *Global Findex Database, World Bank (WB)* <https://databank.worldbank.org/source/global-findex-database>

Note - - Data for USA, Russia and Japan is from 2021.

The proportion of debit card holders is higher in every country compared to credit card holders, and is highest in developed and emerging economies such as Japan, America, and China, while the proportion is very low in South-Asian countries such as Pakistan, Bangladesh, and India. Moreover, the proportion in India is lower compared to even China and Brazil.

Graph 7.1: Growth Rate of Debit and Credit card holders in selected countries (in%)

Source - Data compiled by the authors from the *Global Findex Database, World Bank (WB)*
<https://databank.worldbank.org/source/global-findex-database>

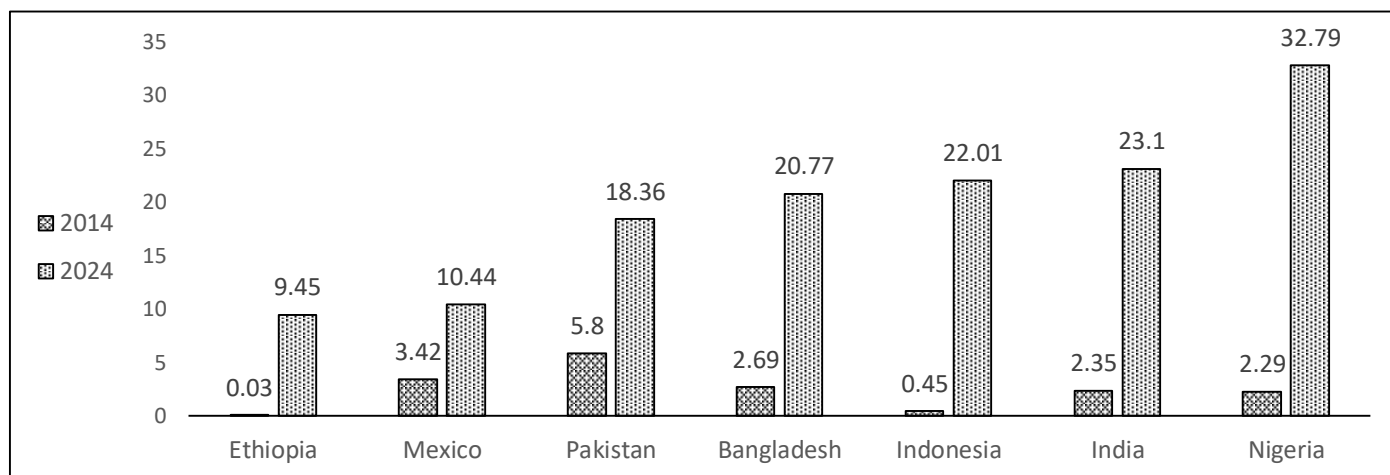
Note - Data for USA, Russia and Japan is from 2021.

Graph 7.1 shows the percentage growth rate of debit card and credit card holders in selected countries between the interval of 2011 and 2024. The countries with hitherto low coverage in this aspect have shown remarkable progress during the intervening period of 2011 and 2024, with Indonesia showing the fastest growth rate in the number of credit card holders, followed by China and Nigeria. The countries with hitherto high coverage of credit card ownership have shown expectedly lower growth rate in this aspect. In the case of debit card holders, the highest growth rate between the interval of 2011 and 2024 was recorded surprisingly in the case of Japan, which showed low levels of debit-card ownership in 2011. It was followed by India and Indonesia. Other South-Asian countries such as Pakistan and Bangladesh were also just a step behind. Thus, compared to other nations, India fared moderately well in terms of expanding the ownership of credit cards, but did remarkably well with respect to ownership of debit cards.

VIII. Use of Mobile Money Accounts (Wallets):

Online money wallets that could be operated via a smart-phone with the help of internet connectivity. It improves the convenience and record-keeping of monetary transactions and reduces the demand and usage of liquid money. It is also an indicator of digital and financial literacy.

Graph 8: Mobile Money Accounts (Wallets) users in Selected Countries (in %)

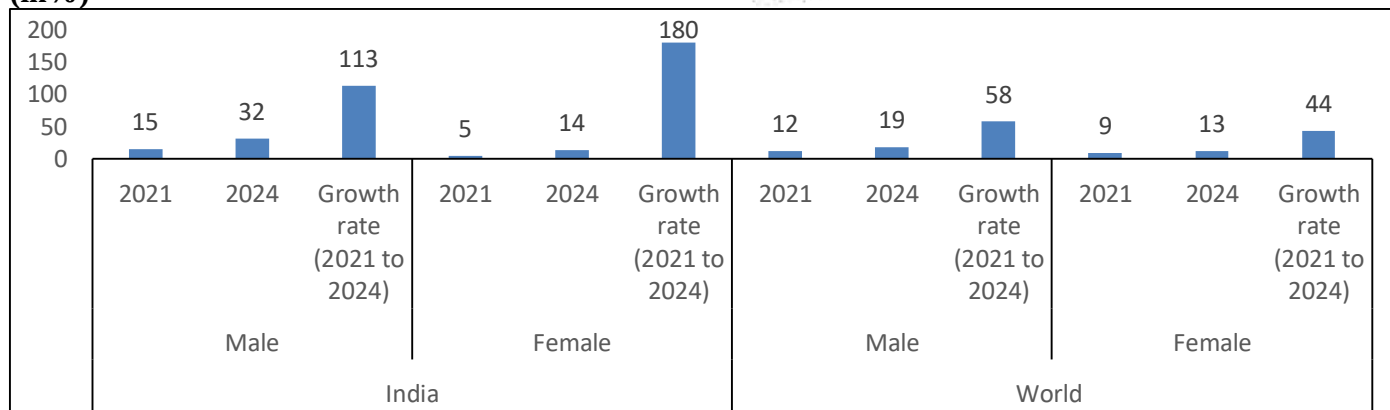


Source - Data compiled by the authors from the *Global Findex Database, World Bank (WB)*

<https://databank.worldbank.org/source/global-findex-database>

Graph 8 shows the percentage of mobile money account (wallet) users in selected countries during the decade from 2014 to 2024. It has increased rapidly in each of the selected countries between 2014 and 2024. In 2024, the percentage was highest in Nigeria and lowest in Ethiopia. While in India, the percentage was higher than most of these countries, it was lower than in Nigeria, and quite low as it did not cover even a quarter of the total population. The sharpest growth between 2014 and 2024 in this respect was recorded in Ethiopia (31400%), Indonesia (4791%) and Nigeria (1232%). In comparison, this proportion in India was (883%), which, even though indicates a rapid increase, however, could have been better, given its importance in terms of financial inclusion.

Graph 9: Gender-wise Comparison of Mobile Money Accounts (Wallets) Users in India and the world (in%)



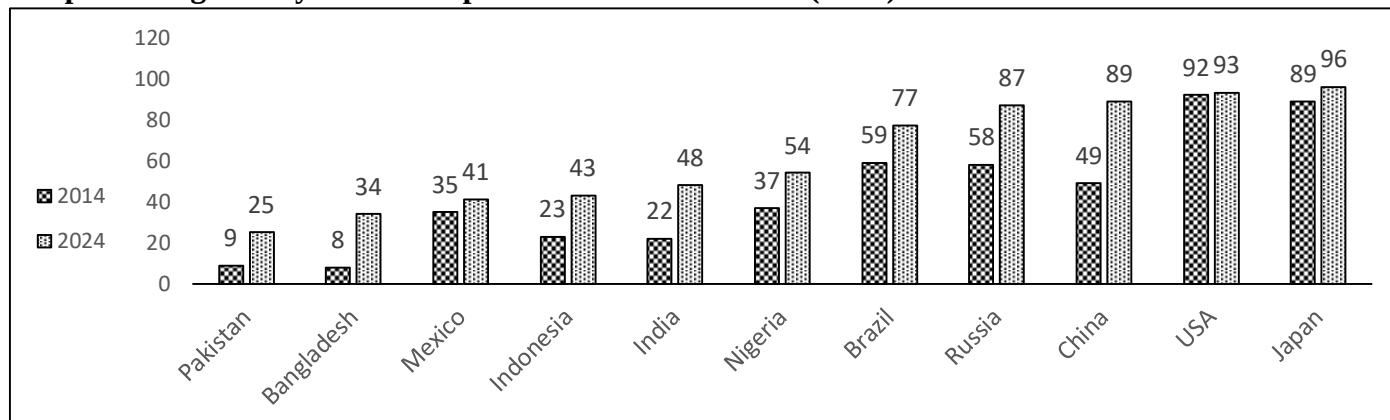
Source - Data compiled by the authors from the *Global Findex Database, World Bank (WB)*

<https://databank.worldbank.org/source/global-findex-database>

Graph 9 shows the percentage of mobile money account (wallet) users by gender. This proportion has increased between 2014 and 2024 in India as well as at global level for both males and females. However, in

India, this growth rate is higher for females than for males, while at the global level the growth rate of mobile money wallet users is growing at a much higher pace for males rather than the females.

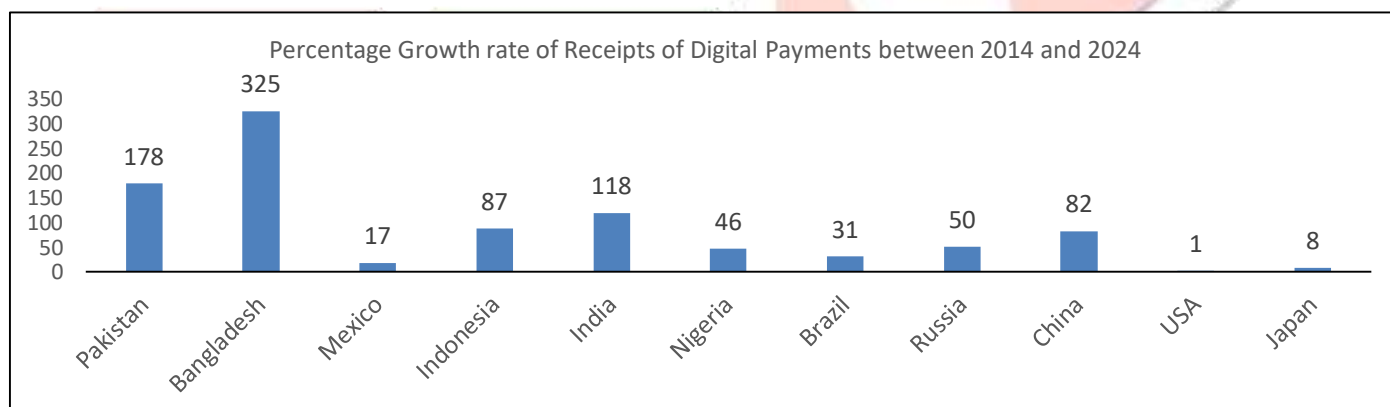
Graph 10: Digital Payment Receipts in Selected Countries (in %)



Source - Data compiled by the authors from the *Global Findex Database, World Bank (WB)*
<https://databank.worldbank.org/source/global-findex-database>

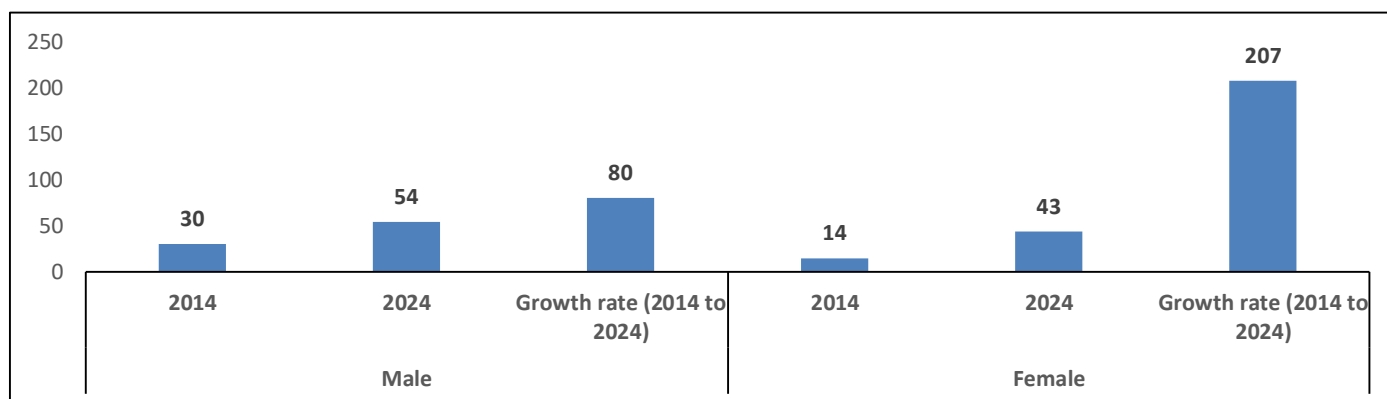
Data on digital payment receipts across selected countries in the world shows that Graph 12 shows the percentage of digital payment receipts in the year 2014 and 2024 in selected countries of the world. The percentage of digital payment receipts in each country has increased between 2014 and 2024. The highest percentages in 2024 was in Japan, US, China and Russia in 2024, while India's percentage is lower than Brazil and China but higher than Pakistan and Bangladesh.

Graph 10.1: Growth rate of Receipts of Digital Payments through digital mode in Selected Countries (in %)



Source - Data compiled by the authors from the *Global Findex Database, World Bank (WB)*
<https://databank.worldbank.org/source/global-findex-database>

Graph 10.1 shows the percentage of growth rate receipts or payments through digital mode in the given countries between 2014 and 2024. The highest percentage growth was recorded in the developing and emerging economies Bangladesh, followed by Pakistan and India. While the growth was very low in the developed countries Japan and the US, which was due to the high percentage of digital payment receipts in these countries.

Graph 11: Percentage of Gender-wise Receipts or Payments via Digital Modes in India.

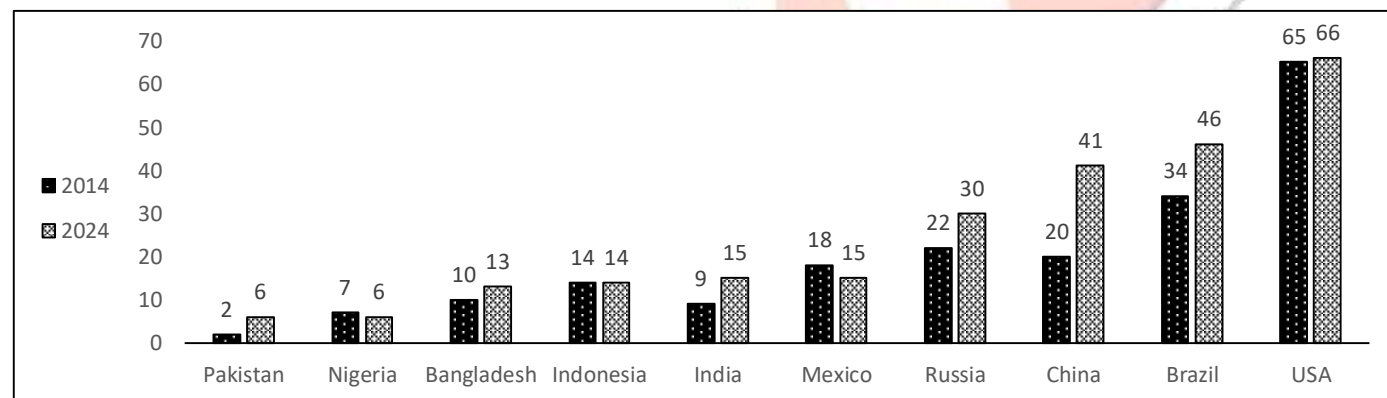
Source - Data compiled by the authors from the *Global Findex Database, World Bank (WB)*
<https://databank.worldbank.org/source/global-findex-database>

Upon delving further into the data on digital payments receipts, it could be seen (Graph 11) that the percentage of digital payment receipts has increased in both male and female categories in 2024 compared to the data from 2014. But the rate of this growth has been much steeper among women compared to men. This shows that the participation of women in digital this direction is increasing rapidly.

B. Access to Institutional Credit:

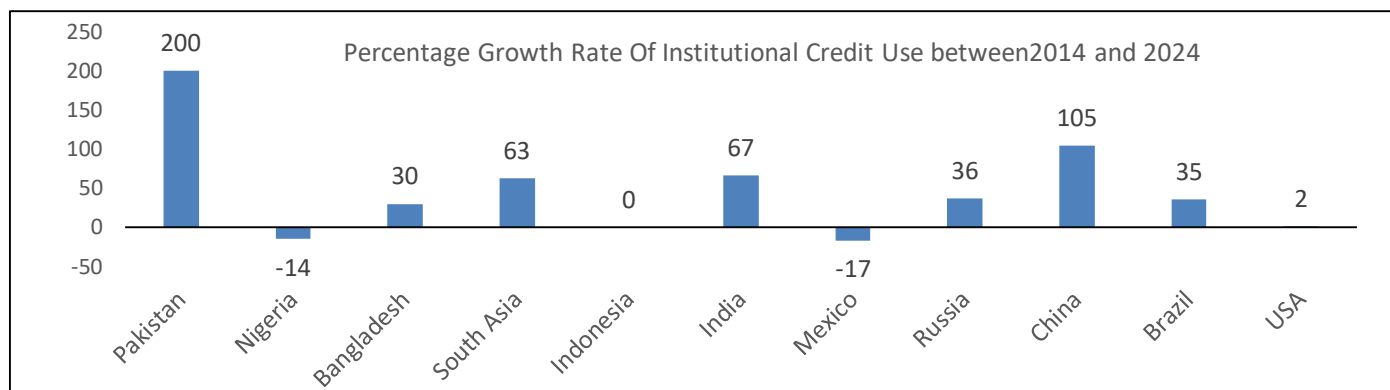
Availability and access to sufficient and timely credit through institutional sources that are fair and operate in a rule-based Manner, is crucial for ensuring the uninterrupted continuation of economic activities as well as surmounting personal crisis.

I. Graph 12: Percentage of Institutional Credit users in Selected Countries



Source - Data compiled by the authors from the *Global Findex Database, World Bank (WB)*
<https://databank.worldbank.org/source/global-findex-database>

Graph 12 shows the percentage of institutional credit users in selected countries in years 2014 and 2024. The percentage of institutional credit users has increased during this interval in all countries except Nigeria and Mexico. The highest proportion of institutional credit users was recorded in US, Brazil and China. This proportion showed an increase even for India, but it is observed to be very low compared to China and Brazil. South-Asian countries of Pakistan and Bangladesh, as well as Nigeria in Africa also had a very low percentage of institutional credit users, signaling the need of more efforts in this direction.

Graph 12.1 Growth rate of institutional credit use (2014 to 2024) (in%)

Source - Data compiled by the authors from the *Global Findex Database, World Bank (WB)*
<https://databank.worldbank.org/source/global-findex-database>

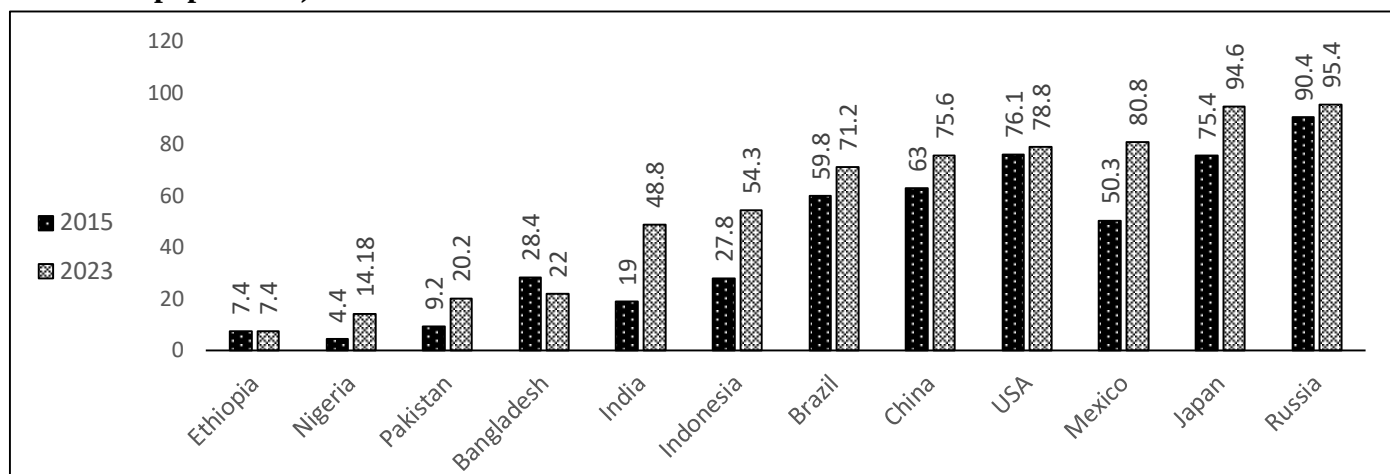
Graph 12.1 shows the percentage growth of institutional credit users in selected countries in the years 2014 and 2024. It is noteworthy, that the growth rate between the interval of 2014 and 2024 has been for Pakistan has been very sharp. On the other hand, the growth in Nigeria and Mexico has been negative. Moreover, the growth in China was found to be higher than that in India. This shows that a large part of the population in India still relies on informal credit sources and more efforts are warranted in this direction.

C. Coverage of Social Security

Social security measures cover the needs of the individuals and their families in times of personal tragedies such as illnesses, accidents etc. and provides the means to cover the costs of living when a person is no longer able to work productively due to physical and mental incapacity owing to old age. Such needy and helpless persons become a burden on their families as well as the society at large, and suffer the loss of self-respect and dignity.

Measures of social security in India includes family pension given after retirement of the employee by the Employees Provident Fund (1952), which has been revised as the National Pension System in 2004 (classified into NPS Tier-I, a Mandatory, primary retirement savings account offering significant tax benefits a long-term lock-in period, aiming to build a post-retirement corpus as well as NPS Tier-II, a voluntary, flexible add-on to a Mandatory Tier I NPS account). Apart from this, citizens can undertake systematic savings by way of investing in the Public Provident Fund (established in 1968). Upon retirement, the employees in the organized sector are also eligible to receive gratuity, one-time payment based on the number of years of service put in by that particular employee. For those working in the unorganized sector or those who are not eligible to receive a pension from their employer after retirement, the government introduced the Atal Pension Yojana in May 9, 2015 under which a guaranteed pension of a minimum amount of Rs. 1000 is assured to all the beneficiaries of this scheme.

I. Graph 13: Social Security Coverage (by at least one source) in Selected Countries (% of population)

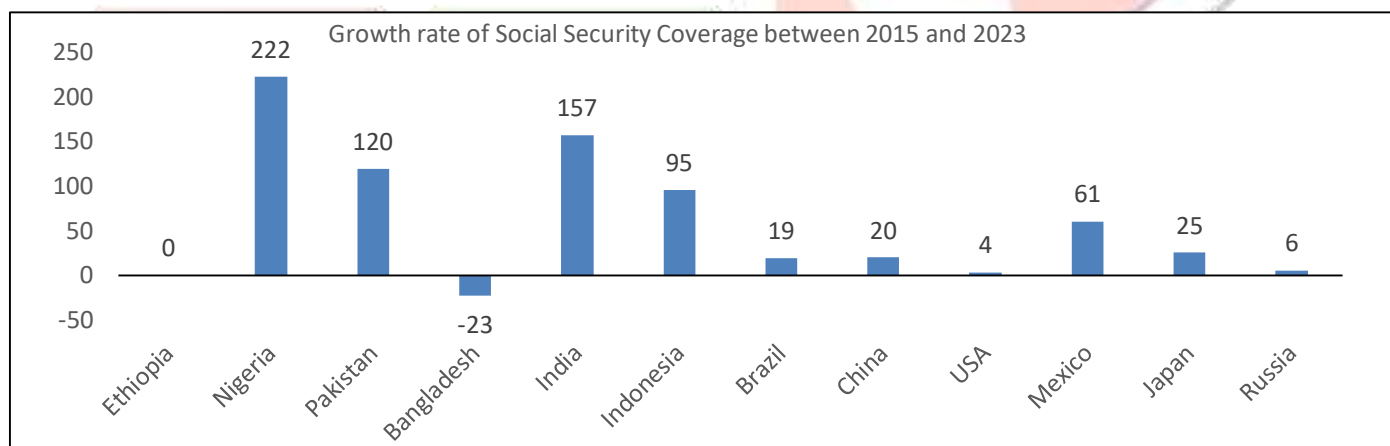


Source – Data compiled by the authors from the *Our World in Data*. (2026).

<https://ourworldindata.org/grapher/share-covered-by-one-social-protection-benefit?tab=table>

Graph 13 shows the percentage of people with social security coverage in selected countries. The percentage of people with social security coverage increased in almost every country in 2023 compared to 2015. It is seen that in 2023, this proportion was highest in Russia and Japan, while it was the lowest in Ethiopia and Nigeria. Between 2015 and 2023, the coverage of social security has more than doubled in India. However, it is still very low compared to Brazil and China.

13.1: Growth rate of Social Security Coverage (by at least one source) in Selected Countries (% of population)



Graph 13.1 shows the Growth rate of Social Security Coverage between 2015 and 2023. Nigeria, India and Pakistan saw rapid growth between 2015 and 2023, while Bangladesh (-22.5) saw negative growth (Graph 15.1), while Ethiopia remained in the same situation. The US and Russia expectedly showed the lowest growth rates in this respect, mainly because they already had high levels of social security coverage in 2015 itself.

Source - – Data compiled by the authors from the *Our World in Data*. (2026).

<https://ourworldindata.org/grapher/share-covered-by-one-social-protection-benefit?tab=table>

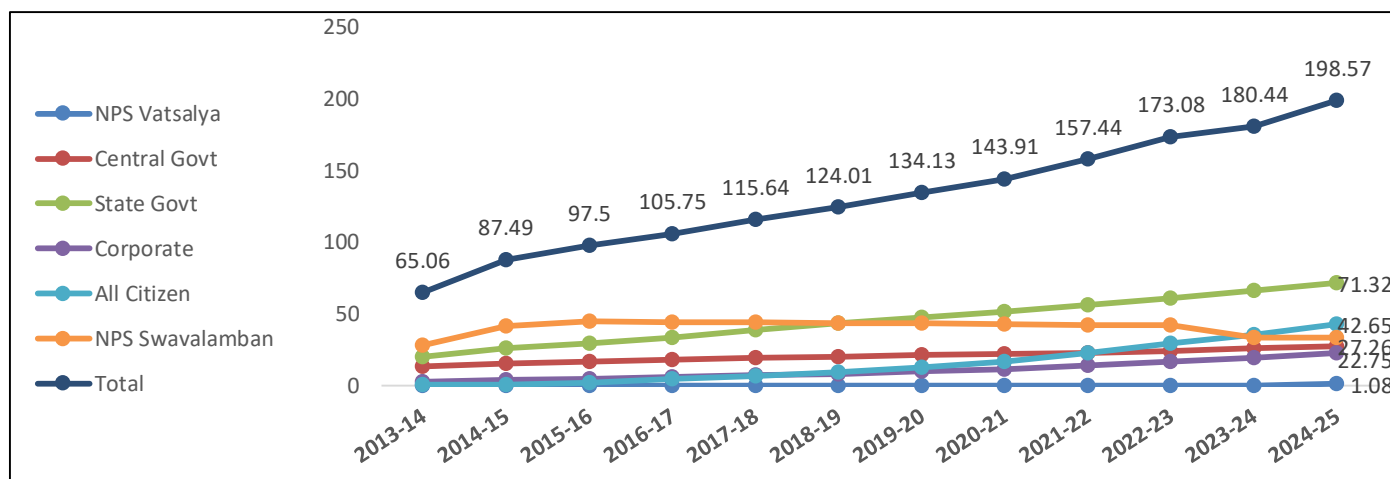
Globally, the rate increased from 42.8% to 52.4% between 2015 and 2023, representing a growth rate of 22.4% (Our World in Data, 2026).

II. Coverage under pensions:

India's efforts to cover the workforce in the unorganized sector within the ambit of pension were augmented with the advent of NPS in January 1, 2004 which is available to all citizens of the country between

the ages of 18-65 in the private as well as public sector. Within its umbrella, it covers various categories of beneficiaries associated with the Central and state governments as well as corporate employees and beneficiaries of welfare schemes as announced from time to time. It is regulated by the Pension Fund Regulatory and Development Authority (PFRDA). On the other hand, the Atal Pension Yojana (2015) was designed to specifically benefit a large portion of India's unorganised workforce and this proportion is expected to reach 8.34 crore beneficiaries by the end of 2025. Women make up 48% of this number (GoI, Press Information Bureau, 2025, August 6). Graph 14 shows the number of subscribers of the NPS in various categories from the decade between 2013-14 to 2024-25.

Graph 14: Subscribers of National Pension Scheme (NPS) in India (in lakhs)



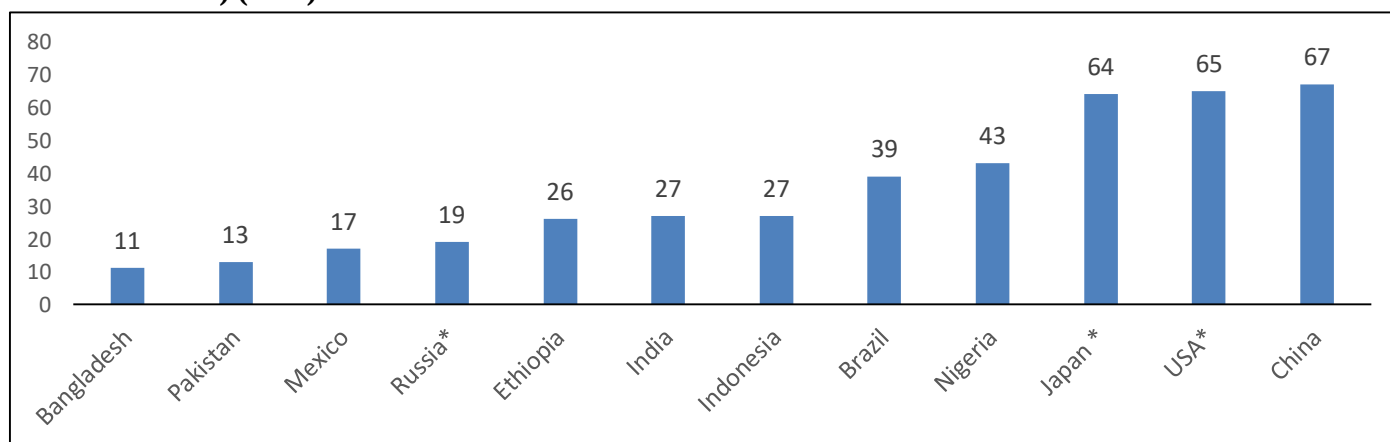
Source – (NPS Trust) <https://npstrust.org.in/aum-and-subscriber-base>

It could be observed that the number of subscribers from the State Govt. has shown the maximum growth, with more and more States adopting the NPS for their employees. Subscribers who are individual citizens who may not be hitherto covered under any kind of pension scheme have also growth in numbers. The total number of beneficiaries of the National Pension Scheme has been growing at a CAGR of $\approx 10.7\%$ per annum, contributing very much to increase financial inclusion in this aspect.

D. Institutional Savings

Savings turn into investment and contribute towards securing the future uncertainties for individual and families, while also contributing to nation-building by serving as a back-bone of domestic investment. However, these benefits accrue only if the savings are channelized towards institutional avenues.

I. Graph 15: Proportion of Population Making Institutional Savings in Selected Countries (in 2024) (in%)

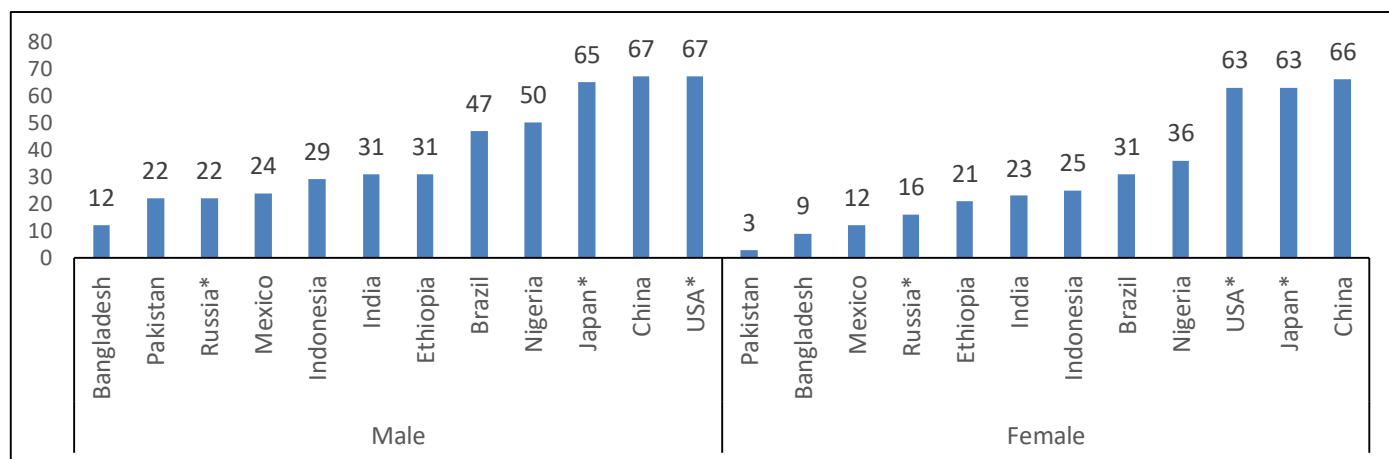


source - Data compiled by the authors from the *Global Findex Database, World Bank (WB)*

Note - Shows data from 2021.

Graph 15 shows the percentage of the population with institutional savings in 2024 in selected countries. This percentage was found to be highest in China, America and Japan and lowest in Bangladesh and Pakistan. In India, this percentage was much lower compared to China, which indicates that Indians chose formal institutions to park their savings to a lesser extent in regulated financial institutions. The proportion of people saving institutionally in India increased from 19.6% in 2017 to 27% in 2024, indicating a growth rate of 38%.

II. Graph 16: Gender-wise proportion of Population making Institutional Savings in Selected Countries (in 2024) (in%)

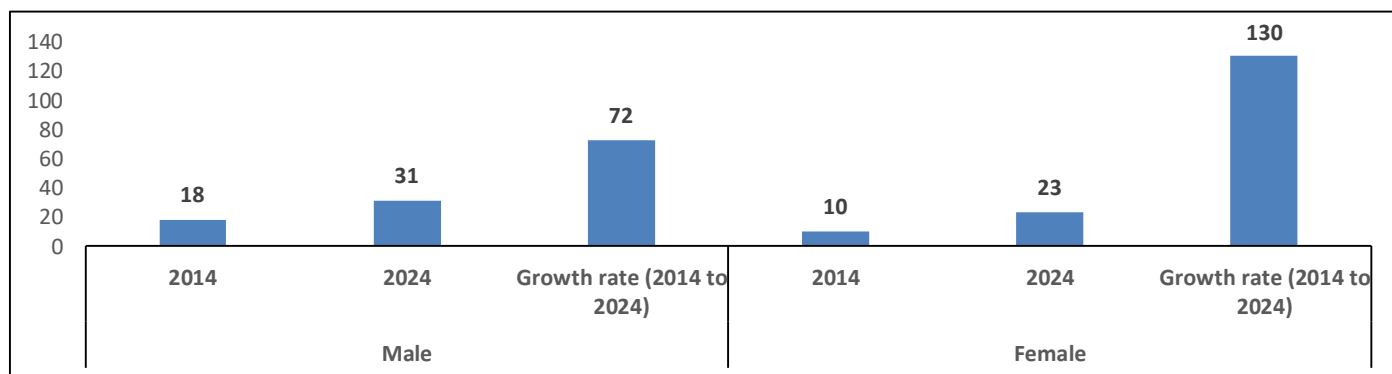


source - Data compiled by the authors from the Global Findex Database, World Bank (WB)

Note - * Shows data from 2021.

The proportion of the population with institutional savings by gender in the given countries in 2024. This proportion of female as well as male institutional savers is higher in the most developed and emerging economies such as Japan, the United States and China, while in developing economies of south -Asia such as Pakistan and Bangladesh, the proportion of institutional savers is very low, with the gender-gap also being very high. India fares better than the south Asian countries but has a long way to go compared to China and Brazil. Also, there is a substantial gap between male and female institutional savers.

III. Graph 17 Proportion of Population Making Institutional Savings in India by gender (in%)



Source - Data compiled by the authors from the Global Findex Database, World Bank (WB)

<https://databank.worldbank.org/source/global-findex-database>

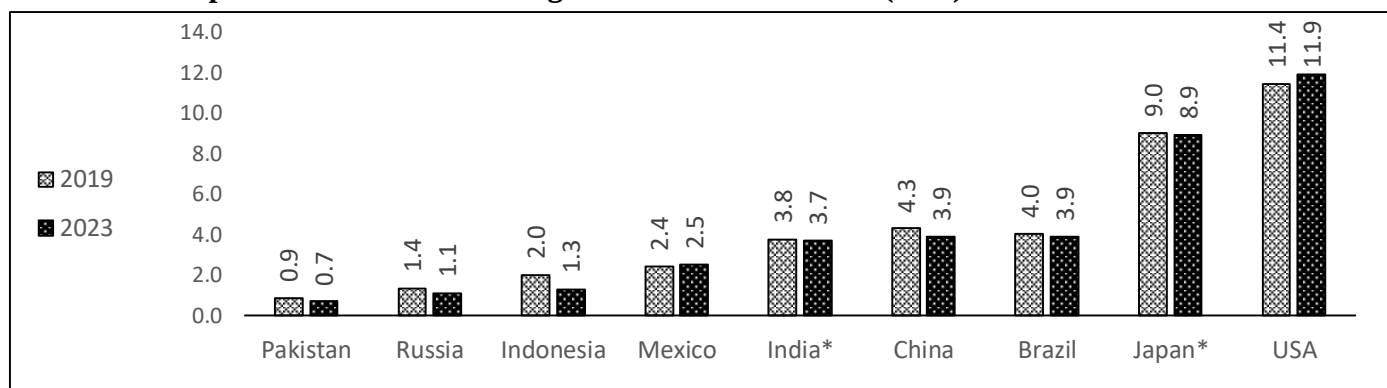
In India this gender-gap is more pronounced when one looks at the growth-rate in the number of female institutional savers between the interval of years 2014 and 2024 (Graph 17) which is much almost double that

of the male institutional savers. This indicates the propriety attached to this category of savers and the efforts put in for this purpose.

E. Insurance Coverage

Extent of insurance coverage among the population refers to proportion of population covered by insurance policies on their life as well as non-life (health, property, equipment, foreign visits etc.). it helps the individual to meet the unforeseen circumstances of life.

I. Graph 18: Insurance Coverage in Selected Countries (in%)

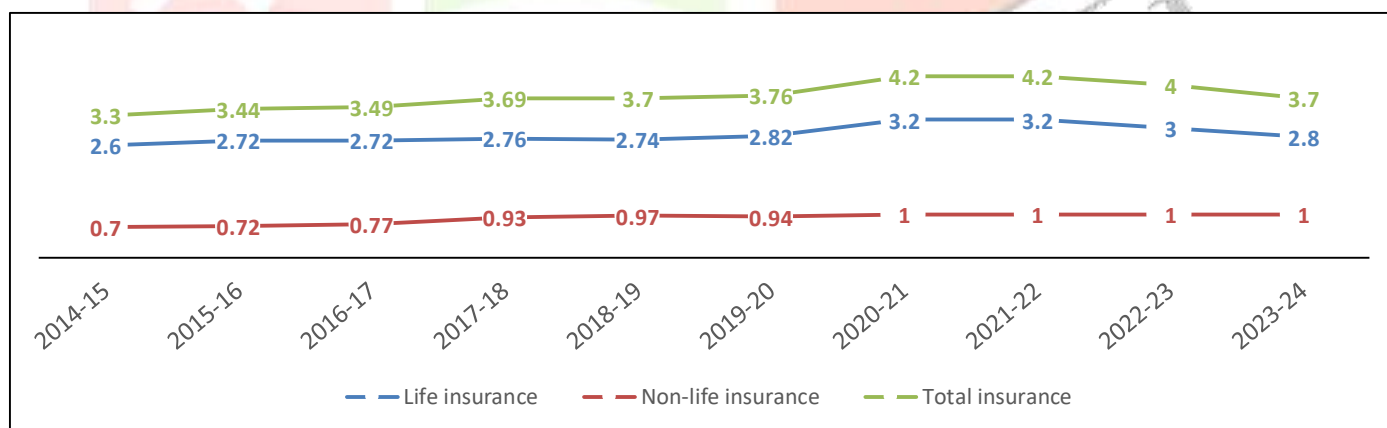


Source - Data compiled by the authors from the IRDAI annual reports <https://irdai.gov.in/annual-reports>

Note - * Data display financial year

Graph 18 shows the status of insurance coverage in selected countries between 2019 and 2023. Insurance penetration rates have been the highest US and Japan, while the rates have been very low in Pakistan and Russia, and quite poor (below 5% of population) in India, China and Brazil. India is neck to neck with Brazil and China in this regard, but shows least coverage compared to the other two.

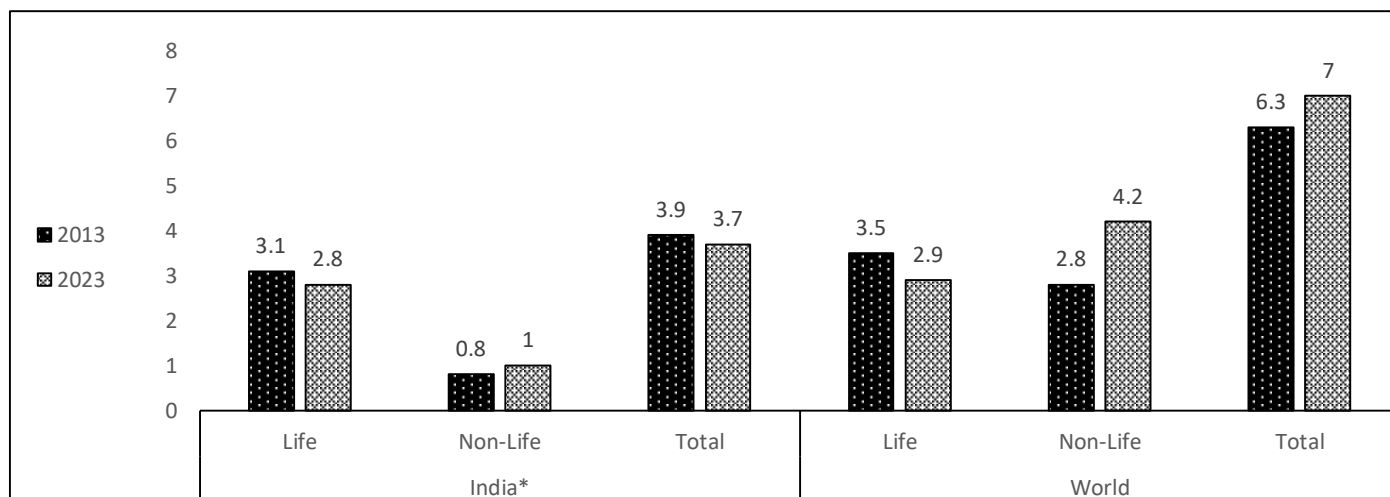
II. Graph 19: Insurance Coverage in India (in%)



Source - Data compiled by the authors from the IRDAI annual reports <https://irdai.gov.in/annual-reports>

Graph 19 shows the status of insurance coverage in India over time. The insurance rate of growth in insurance coverage in India increased during the period of from 2014-15 to 2020-21 but has declined slightly since then. This decline is mainly in the life insurance sector. Overall, the insurance coverage rate in India has been very low, indicating that a large portion of the population in India is still outside insurance coverage and therefore vulnerable to the uncertainties of life that could ruin their financial well-being and push them towards poverty.

III. Graph 20: Percentage comparison of insurance penetration in India and the world

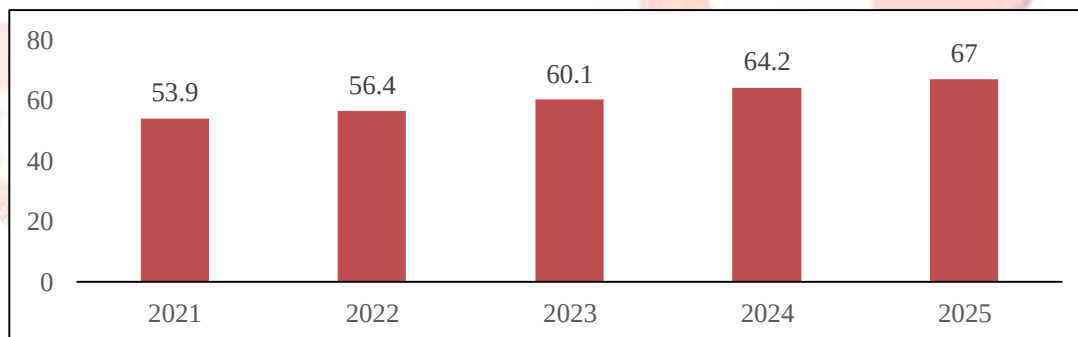


Source - Data compiled by the authors from the IRDAI annual reports <https://irdai.gov.in/annual-reports>

Note - * Data display financial year

Graph 20 shows the comparison of India's insurance penetration with the world average. During the decade from 2013 to 2023, both India as well as the world over has seen negative growth in the coverage of life insurance. While the coverage of life insurance has been shown a decrease, the non-life insurance coverage shows an increase both in India as well as the world. While the combined coverage of life and non-life insurance has declined (-5.1%) in India, it has increased by (11.1%) for the world as a whole.

3. Graph 21: Financial Inclusion Index for India



Source- (Press Information Bureau, government of India, 2025) <https://www.pib.gov.in/PressNoteDetails.aspx?NoteId=154980&ModuleId=3>

Graph 21 shows the Financial Inclusion Index for India prepared by the Reserve Bank of India (RBI). It was first prepared and released by the RBI to highlight the access, usage, and quality of various financial services and This value has shown a steady increase with an average compound annual growth rate of 5.6% per annum from 2021 to 2025. In 2025, the value of this index has reached 67 which shows that a large part of the population of the country was now connected to formal financial services.

4. Barriers of Financial Inclusion

Financial inclusion is expanding rapidly in India and across the world and in Many countries of the world, but there are Many obstacles to financial inclusion, which are mentioned below.

Lack of financial literacy is the biggest obstacle to financial inclusion, due to which economically backward and poor people are excluded from using various types of formal financial services. (Demirgüç-Kunt et al., 2022; World Bank, 2022). This situation is exacerbated by low literacy among the people, who

are unable to realize the need for financial services or are unable to use these services (Sarma & Pais, 2011; Kaur & Kaur, 2020). Lack of trust in formal financial services and their functioning, as well as past negative experiences, lead people to rely on informal financial sources (Chakrabarty, 2013; Sarma & Pais, 2011). In addition, the complex documentation process for accessing financial services also limits financial inclusion (World Bank, 2022; Demirgüç-Kunt et al., 2022). In addition, social and gender-based barriers such as women's reluctance to access financial services also limit financial inclusion (Sarma & Pais, 2011). All these are demand-side barriers to financial inclusion.

The supply side barriers to financial inclusion are high costs of accessing financial services, such as requirement to maintain a minimum a balance in the account and penalties in the event of failing to do so, besides high transaction costs of financial services, which are not affordable for people with low-incomes (RBI (2021); Chakrabarty, 2013). Inadequate infrastructure such as physical banking branches and ATMs and other digital services in rural and remote areas limits access to financial inclusion. In addition, there is a lack of financial services that meet the specific needs of small farmers, informal workers or micro-enterprises, which makes it unattractive for this group to access financial services and therefore excludes them (Chakrabarty, 2013; Demirgüç-Kunt, & Honohan, 2009). Poor internet connectivity and lack of digital infrastructure limit the use of digital financial services such as mobile money banking (Demirgüç-Kunt et al., 2022; Sarma & Pais, 2011). NABARD. (2022) There is limited access of banking correspondents or agents to rural and remote areas of the country, resulting in the expansion of financial inclusion in these areas.

The progress of financial inclusion in India within the last decade could be summarized as follows:

5. Table 1: Progress of Financial Inclusion in India

Sr. No.	Indicator	Reference years	Progress	Progress on gender gap	Overall
1	Banking Services	Between 2014 to 2024	Moderate	High	As the proportion of bank account holders increased, the gender gap declined rapidly
2	Institutional Credit	Between 2014 to 2024	High	NA	Reflects people's greater reliance on informal sources
3	Social Security	Between 2013-14 to 2024-25	High	NA	Participation in the social security sector increased very rapidly
4	Institutional Savings	Between 2017 to 2024	Moderate	High	Women recorded faster growth than men, but the proportion of institutional savers remains very low
5	Insurance	Between 2013 to 2024	Low	NA	Option of insurance coverage available to entire workforce but coverage very low

Source - Compiled by the authors

6. Summary and Conclusion

This study examines financial inclusion in the most populous countries using the World Bank's Global Findex database, focusing on aspects of formal financial services such as banking, credit, social security, savings and insurance. The results show that financial inclusion has been steadily increasing globally, with developed and emerging economies such as Japan, the US and China and Brazil having the highest percentage of people engaged in formal financial services, while developing countries such as Pakistan, Bangladesh, Nigeria and Ethiopia have seen lower growth rates, their growth rates have been higher than those of other countries. India has seen growth in all the given indicators of financial inclusion, but it has been inconsistent and insufficient. India lags behind China and Brazil in most indicators of financial inclusion. However, gender-specific results show that the financial inclusion of women has increased rapidly in terms of the use of financial services, indicating that the gender gap is narrowing faster in India than in other countries. In conclusion, it could be said that while concerted efforts by the authorities has put the financial inclusion in India on the path of growth, a lot more still needs to be done in terms of reaching the level of developed countries in this respect. needs to

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