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Importance of Financial Literacy in Promoting Digital Financial Inclusion

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Description

Financial inclusion has long been a serious concern for underdeveloped countries. Access to financial services has been identified as one of the primary barriers impeding economic progress and poverty reduction in these nations. However, with the rise of digital financial services, there is a chance to promote country inclusive finance and bridge the gap between the banked and the unbanked.

The use of digital technology to provide financial services to consumers is referred to as digital financial services. Mobile banking, online banking, digital wallets, and other electronic payment systems are examples of this. Digital financial services have the potential to completely transform how financial services are offered in poor countries. They give a low-cost and simple way to reach out to underprivileged populations and provide them with financial services.

Services in finance Digital finance and financial inclusion help consumers, digital financial service providers, governments, and thus the economy, but impediments persist. If obstacles are removed, digital finance could benefit consumers, businesses, and governments. The problems presented in this paper are relevant to the ongoing debate and efforts to improve financial inclusion in emerging and

developing nations through digital finance. Financial inclusion can be defined as an economic system in which all economic sectors, particularly those in developing and low-income countries, have access to efficient financial services. A solid financial inclusion system may be required before expanding the breadth of money services.

Product development and repair based on banking technology is now considered a technique of providing advanced financial services to customers. It is also essential to increase the availability of financial products and services to the unbanked (those who do not have a bank account). Financial inclusion and digital finance have the ability to bring financial services to previously underserved areas. The inefficient and unequal deployment of economic resources in the parallel urban and rural finance systems is a disadvantage to rural rejuvenation. It is critical to have a general understanding of the level of digital financial inclusion in order to identify bottlenecks and difficulties that operate as barriers to the establishment of digital finance.

Customers, digital financial service providers, governments, and the economy all gain from digital finance and financial inclusion. There are still a few roadblocks that, if overcome, could improve the usability of digital money for individuals, businesses, and governments. The topics covered in this article are connected to the on-going debate and initiatives to expand financial inclusion in emerging and developing markets through digital finance. Financial inclusion and digital finance benefit financial service customers, digital financial service providers, governments, and economies alike. The urban-rural dual economic system's inefficient and unequal allocation of financial resources is a barrier to rural development.

Overall, digital financial services provide an enticing value proposition for increasing financial inclusion in developing nations. They deliver financial services to underprivileged communities in a cost-effective, convenient, secure, and efficient manner. However, promoting digital financial services in developing nations is fraught with difficulties. The first issue is one of infrastructure. Many poor countries do not have the digital infrastructure required to provide digital financial services. This involves having access to dependable internet connectivity as well as mobile networks. It is hard to provide digital financial services to consumers in remote and rural locations without this infrastructure.

The second obstacle is literacy. Many people in developing countries are illiterate or have poor literacy skills. This makes it difficult for individuals to access digital financial services, which frequently necessitate a basic level of digital literacy. To address this issue, investments in education and awareness programmes that teach individuals how to use digital financial services are required. Finally, digital financial services present an appealing possibility to enhance financial inclusion in developing nations. They deliver financial services to underprivileged communities in a cost-effective, convenient, secure, and efficient manner. However, expanding digital financial services in developing nations has a number of hurdles, including infrastructure, literacy and trust.