



## Fincluvation

**For Prelims:** Fincluvation, India Post Payments Bank, RBI, Start up, Financial Inclusion, Digital India, Department of Post.

**For Mains:** Growth & Development, Mobilization of Resources, Issues Relating to Development, Banking Sector & NBFCs, Government Policies & Interventions, Financial Inclusion, Digital India.

### Why in News?

Recently, the [India Post Payments Bank](#) (IPPB) launched the **Fincluvation Platform** to **promote innovative solutions** in collaboration with [fintech startups](#) to **accelerate financial inclusion** among the underserved and unserved population.

- The term **Fintech (Financial Technology)** refers to software and other modern technologies used by businesses that provide automated and improved financial services.

### What is Fincluvation?

- Fincluvation will be a **permanent platform of IPPB to co-create inclusive financial solutions with participating start-ups.**
  - IPPB and Department of Post (DoP) collectively serve close to 430 million customers through post offices and at their doorsteps via more than 4,00,000 Post Office employees and Gramin Dak Sevaks - making it one of the **largest and most trusted postal networks in the world.**
- It is an **Industry first initiative** to create a powerful platform to **mobilize the start-up community towards building meaningful financial products** aimed at financial inclusion.
- Startups are encouraged to develop solutions aligned with any of the following tracks:
  - **Creditization** - Develop Innovative & Inclusive credit products aligned with the use cases of target customers and take them to their doorsteps through Postal network.
  - **Digitization** - Bring convenience through convergence of traditional services with Digital Payment Technologies such as making the traditional Money Order service as Interoperable Banking service.
  - **Market Led Solution** - Any Market-led solutions that can help solve any other problem relevant to IPPB and/or DoP in serving the target customers.
- Fincluvation mentors will work closely with the startups to tweak products to the customer needs and align the go-to-market strategies with operating models of IPPB and DoP.

### What is the Need of Fincluvation in India?

- **To Grab New Opportunities:** Intersection of technology with financial services coupled with traditional distribution networks is opening up a **new set of business opportunities.**
- **To Increase User Experience:** Conventional model of technology procurement led product creation by banks often **lacks value in user experience** leaving a huge gap between customer expectations and service delivery.

- **Failure of Traditional Technologies:** Traditional technology firms **fail to meet the service expectations of customers with a deficit of ownership** in product creation. Indian citizens have varied and complex needs that need careful thought, empathetic product design, and rapid prototyping among users.

## What is India Post Payments Bank?

- IPPB was **launched by the Prime Minister in 2018** with 100% equity owned by the Government of India.
- It is a payments bank of the Indian postal department which works through a network of post offices and nearly 4 lakh postmen. It is governed by the [Reserve Bank of India \(RBI\)](#).
- The bank has been set up with the vision to build the most **accessible, affordable and trusted bank for the common man in India**. The fundamental mandate of IPPB is to remove barriers for the unbanked and under-banked and reach the last mile.
- IPPB is committed to providing a fillip to a **less cash economy and contribute to the vision of Digital India**.

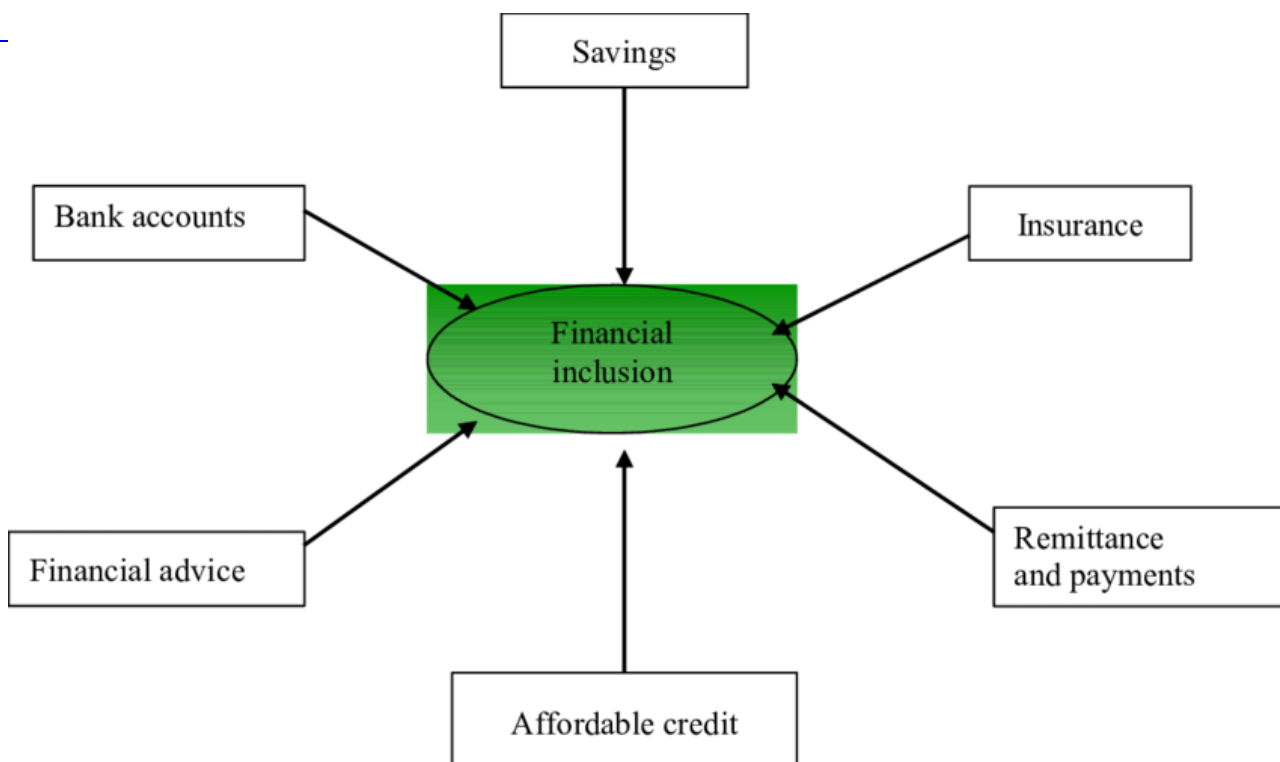
## What is Financial Inclusion?

- Financial inclusion is the **process of ensuring access to appropriate financial products** and services needed by individuals and businesses including vulnerable groups such as **weaker sections and low-income groups** at an affordable cost in a fair and transparent manner by mainstream institutional players.

## What are Some other Initiatives for Financial Inclusion?

- [Pradhan Mantri Mudra Yojana](#),
- [Stand-Up India Scheme](#)
- [Pradhan Mantri Jeevan Jyoti Bima Yojana](#)
- [Pradhan Mantri Suraksha Bima Yojana](#)
- [Atal Pension Yojana](#)
- [Pradhan Mantri Jan Dhan Yojana](#)

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## UPSC Civil Services Examination, Previous Year Questions (PYQs)

**Q. With reference to India, consider the following: (2010)**

1. Nationalization of Banks
2. Formation of Regional Rural Banks
3. Adoption of village by Bank Branches

**Which of the above can be considered as steps taken to achieve the “financial inclusion” in India?**

- (a) 1 and 2 only  
(b) 2 and 3 only  
(c) 3 only  
(d) 1, 2 and 3

**Ans: (d)**

- Nationalization of banks helped in branch expansion and thereby reaching a greater number of people. Besides, credit to agriculture, small scale industries and allied sectors has also increased. **Hence, 1 is correct.**
- Regional Rural Banks (RRBs) were set up as government-sponsored, region based rural lending institutions under the Regional Rural Banks Act, 1976. RRBs were configured as hybrid micro banking institutions, combining the local orientation and small-scale lending culture of the cooperatives and the business culture of commercial banks. **Hence, 2 is correct.**
- A village adoption scheme was introduced by the banks in the 1960s in India with a view to enhancing their reach besides encouraging agri-lending in a cost-effective manner. **Hence, 3 is correct.**

**Source: PIB**

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