

# Factors Influencing Financial Inclusion in India : A SEM Approach<sup>1</sup>

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## Abstract

Financial inclusion (FI) is a process which assures that all affiliates of an economy have easy access to, and use of, the financial system. The ideal condition would be for all citizens to open and run bank accounts. Strengthening people's access to money, improving the quality of digital transactions, building suitable infrastructure, strengthening security, and lowering the risk involved in digital transactions are all crucial to steadily increase financial inclusion in developing countries. The research investigate numerous factors that influence the country's financial and digital FI based based on 553 responses empirically tested. EFA and CFA approach have been used. The *f* results supported the hypothesized relationships and found that access to financial services (AFS), usage of financial services (UFS), quality of financial services (QFS), security & risk (SR), infrastructure and technology (IT) and social influence (SI) are important determinants of financial inclusion.

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## I. Introduction

FINANCIAL INCLUSION (FI) is presently a big problem for some of the world's most powerful financial institutions. One of the goals of developing nations is to eliminate poverty, which may be accomplished through raising FI (Anon, 2010). According to Hannig and Jansen (2010), the major purpose of FI is to offer affordable access to financial services and products to a disadvantaged segment of the population that has previously been excluded from their usage (Ozili, 2018).

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and Mercado, 2018; Kamal, 2021). This study provides valuable insights for promoting inclusive financial systems that contribute to sustainable development and improved well-being for all individuals.

### 5.1 Social Implications

Financial inclusion has positive effects, impacting individuals and society at large. On an individual level, financial inclusion provides access to essential financial services and promotes economic well-being. It allows individuals to save, invest, and protect themselves against risks, leading to improved livelihoods and increased financial resilience. At a societal level, financial inclusion contributes to economic growth, stability, and poverty reduction. By promoting financial literacy, creating supportive policies, and leveraging technology, stakeholders can maximize the benefits of financial inclusion while addressing challenges such as exclusion, inequality, and vulnerability. This holistic approach can create a more inclusive and equitable society, empowering individuals and fostering social and economic development.

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