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Digital Marketing Facilitating the Journey of Financial Inclusion

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Abstract:

Financial inclusion has been regarded as a fundamental component of social development because it can reduce poverty, close the income gap, encourage more prudent financial choices, raise investment returns, save more money, and advance gender equality. Access to a suitable range of financial products and services must be made inexpensive, sufficient, and widely available in order to achieve financial inclusion. Digital financial inclusion is a result of the tremendous potential that information and communication technology promotes financial inclusion. In order to identify the most important sources, authors, and study fields within the stream of studies on digital financial inclusion benefiting from digital marketing, this paper deconstructs that literature's intellectual framework. The study's findings demonstrate that we are dealing with a pressing social issue that is garnering more and more attention from academics and that both public and commercial organizations ought to be focusing on.

Introduction:

Significant advancements in financial technology, or fintech, coupled with regional and global rivalry brought to a significant change in the banking sector's character. The transition is from conventional banking, which dominated for a long time, to online banking, which mostly depends on fintech, which offers a digital system at low costs and prices for traditional banking needs (Abu Karsh & Abufara, 2020; Kurmanova et al., 2020).

According to Wang et al. (2020), the roadmap for digital change has a favourable short- and medium-term impact on financial performance. The banking industry strives to deliver its services and financial goods using low-cost, user-friendly methods. Therefore, it works to provide these services to every member of the community, which is evidently favorable in the declining the gap between financial inclusion (FI) and banking services and goods.

Currently, a number of the principal international economic institutions are very concerned about financial inclusion (FI). Reducing poverty is one of the goals targeted in developing nations, and this can be done through expanding financial inclusion.

Hannig and Jansen (2010) claim that the primary objective of financial inclusivity is to facilitate the provision of inexpensive monetary services and products to a vulnerable segment of the population that has historically been excluded from their use (Ozili, 2018).

Numerous benefits of financial inclusion have been noted by Burgess and Pande (2005), including a decrease in poverty, a reduction in the gap in incomes, better financial decision-making, higher savings, more fruitful investments, and increased gender equality. Consequently, FI can be viewed as a catalyst for economic expansion in developing nations (Pradhan and Sahoo, 2021; Sethi and Acharya, 2018). Conversely, financial exclusion, or having limited access to financial services and goods, is often linked to poverty and inequality (Beck et al., 2007), both locally and individually (Demirgüç-Kunt and Klapper, 2013).

We've observed a sharp rise in the creation and application of information and communication technologies (ICTs) over the past ten years. Every aspect of our everyday lives is being impacted by their adoption. In particular, the financial industry has changed due to the usage of smartphones and the Internet, which has affected both the demand side (customer behaviour) and the new products, services, and agents on the supply side. Therefore, fintech can be used to achieve financial inclusion by facilitating greater access to banking services and products for all societal groups, especially the underprivileged and those who avoid doing business with banks.

As an illustration, Kempal (2019) discovered that if mobile banking becomes available, women in society might collect the full value of the gifts that were given to them by agents in a secure and comfortable manner. In this instance, the banking industry ought to employ marketing strategies that encourage social circles to interact with relation to banking via fintech platforms, that have to be affordable and simple to use.

Furthermore, given the digital transformation the world is currently experiencing, one of the most important roles in every institution is marketing. Therefore, to perform this role and arrive to the broadest proportion of clients, especially in the banking industry, it is imperative to rely on the most recent technologies that are compatible with the fintech being utilised. Technology is being used by more people, especially in banking services.

Therefore, it becomes vital to rely on digital marketing (DM) techniques being among the swiftest and affordable ways to deliver these offerings, as well as to assist these clients in carrying with their transactions and straightforward, safe activities. According to Daudetal (2022), one of the strategies employed by commercial organizations to follow the trend of digitization is the digitalization of marketing. That's the reason why a lot of businesses, including the banking industry, have begun to transition from traditional to digital business in order to reach a global audience.

Theoretical Framework:

Currently, some of the key international economic regulators have financial inclusion (FI) as one of their top concerns. FI stands for the fraction of people and business companies that make use of financial services, according to the World Bank (2014).

As illustrated Sahay et al. (2015), the International Monetary Fund (IMF) characterises this as utilisation & availability of banking arrangements at a reasonable cost for main susceptible groups in the community.

According to academics, financial inclusion (FI) occurs when no one is excluded from using fundamental financial services due to efficiency concerns (Mialou et al., 2017). Hannig and Jansen (2010) come to an inference that FI's primary objective is to provide unbanked people with access to the financial system.

Financial exclusion occurs when households or individuals are unable to obtain financial products and services (Kumar and Mishra, 2011). According to Beck et al. (2007), financial exclusion can lead to a poverty trap and increase inequality. Moreover, this issue impacts underprivileged areas and populations in rich countries as well as developing nations (Demirgüç-Kunt & Klapper, 2013).

Consequently, lowering poverty through an increase in FI is one of the goals sought after in developing nations (GPFI, 2010, Marron, 2013, Neaime and Gaysset, 2018, Chao et al., 2021). According to Sahay et al. (2015), the FI has been linked to a number of macroeconomic outcomes, such as economic growth and stability and equality. Some beneficial effects of FI have also been reported in the scholarly literature. Increased household savings (Aportela, 1999) improved financial decision-making (Mani et al., 2013), profitable venture (Dupas and Robinson, 2009), and empowerment of women (Ashraf et al., 2010) can all be achieved through increased official financial services availability.

Demirgüç-Kunt and Singer (2017) note that, despite the fact that most public regulations promoting FI were put into place some time ago, there is still a lack of understanding regarding the connection between macroeconomic growth, inequality, and FI. This exists largely because there is a dearth of data on the subject. Furthermore, the academic literature has often highlighted the difficulty outlining a possible compromise between the financial inclusion concerning underprivileged & credit institutions' profitability (Cull et al., 2011, Ben, 2012, Awaworyi Churchill, 2020).

Various factors contribute to monetary marginalisation. According to Lyons and Kass-Hanna (2021), those who are fragile in terms of money & have few opportunities for obtaining the services related to finance. Schuetz and Venkatesh (2020) believe the lack of geographical accessibility, the exorbitant expenses associated with products and services, the scarcity of suitable financial products, and financial illiteracy are primary barriers pertaining to financial inclusion.

Creating a legislative framework that encourages developing an autonomous and competitive financial system, which reduces transaction amount via competitiveness and invention as though safeguarding and considering the requirements of the marginalized, is also essential to fostering financial inclusion (FI). Individuals that are financially excluded should have access to financial services from both formal and informal financial institutions (Zulkhibri, 2016, Hussain et al., 2018). Promoting FI is another duty that governments and international organisations have in order to reduce economic inequality.

In FI, Jenik et al. (2017) emphasised the function of crowdsourcing. According to their research, crowdfunding may make it easier for small businesses and marginalised persons to obtain financing, enable the innovation of current financial services provided through mobile devices, such as microfinance and provide having access to additional sophisticated financial goods. However, a few obstacles, including insufficient unproven credit scoring algorithms, technological access restrictions, legal and regulatory frameworks, and a lack of knowledge and confidence, have weakened this great potential.

Financial inclusion has the potential to be expedited by digital access to financial services (Yawe and Prabhu, 2015, Liu et al., 2021). Without having to go to a bank office, digital finance can provide people with inexpensive online access to savings, credit, and payment options (Ozili, 2018). Empirical data supports the notion that technology aids the most disadvantaged groups in society get access to the financial system (Claessens, 2006). Diniz et al. (2012) discovered that the installation of branchless banks had a beneficial effect on economic expansion for several initiatives that were being carried out in developing nations. According to Aziz and Naima (2021), "digital banking provides financial involvement beforehand."

According to Bannan and Alam (2020), the integration of ICTs into financial inclusion (FI) has resulted in the development of digital financial inclusion (DFI), which is an expansion of FI that involves conducting all financial transactions without the use of cash. DFI is defined in the literature as a vulnerable population's digital access to formal financial services, which they had previously been denied. According to Gabor and Brooks (2017), the spread of technology access to emerging nations provides technical means for connecting with the ones not using a bank account, hence boosting FI and democratising financial services. By using DFI, FI will be implemented and carried out more quickly, cheaply, and efficiently. Additionally, DFI will make it possible for customers to continue receiving affordable financial products. (Gomber et al., 2017). Currently, the first question that springs to mind while discussing DFI is if we can inform potential users that these digital channels are accessible for financial services. The use of digital marketing is necessary to guarantee that people are informed. Digital marketing not only makes it easier for financial institutions to connect with their clientele, but it also allows them to closely monitor the kind of clients that, according to their demographics, need more attention from marketers.

The scholarly literature has, however, also identified certain shortcomings. Empirical data indicates that issues like inadequate net access and a lack of digital literacy may be impeding the DFI's sustainability (Grohmann and Menkhoff 2017; Serbeh et al., 2021; Aziz and Naima, 2021).

Discussion And Conclusions:

The World Bank estimates that 1.7 billion people still don’t have a bank account with a financial institution or a mobile money provider (Demirguc-Kunt et al., 2018). This is because of a variety of issues, primarily connected to financial illiteracy, high transaction costs, a lack of suitable products, and a lack of geographic access (Schuetz and Venkatesh, 2020).

Thus, even though financial services accessibility is usually taken for granted, financial exclusion remains a pertinent and unresolved issue for a large number of people. Taking this into account, we should encourage consumers to have simple access to financial services and use digital marketing methods to achieve digital financial inclusion. Financial inclusion will be achieved because it will not only draw in new customers from those who currently use financial services but also draw in those who have not participated in the financial system.

FI's primary objective is to lower financial barriers so that underprivileged populations that have historically been denied availability of financial goods and services can do so for a reasonable amount (Ozili, 2018). According to several studies (Kim, 2021, Park and Mercado, 2018, Kamal et al., 2021, Beck et al., 2007), FI promotes both overall economic growth and wealth equality. Empirical studies have revealed that FI has a number of beneficial consequences that benefit households, people, and the national or regional economy (Kabakova and Plaksenkov, 2018). As a result, FI directly supports the United Nations' first Sustainable Development Goal, which is to end poverty. However, there might be certain trade-offs between profitability and FI, which would present other difficulties that need to be resolved (Demirgüç-Kunt and Singer, 2017).

The Global Partnership for Financial Inclusion of the G-20 emphasizes potential of digital technology to raise access to financial services for individuals without bank accounts. According to the GPFI, " digital technologies have the potential to provide more affordable access to essential financial services that assist individuals manage their finances and, eventually, provide a way out of indigence." This includes those living in rural and distant locations.

Even though the academic literature has extensively examined the significance of FI, DFI is still a hot topic that is gradually drawing the interest of many scholars. Now that digital marketing is becoming more and more widespread, it has acquired even more impetus. Through a thorough analysis of published studies, this paper synthesizes the academic literature on DFI and offers an overview of this relatively new field of study. Additionally, the importance of coordinated digital marketing is becoming more and more apparent.

The literature review focuses primarily on three areas, which highlight the significance of DFI in achieving development objectives: economic policy, information and technical innovation, and development studies. Thus, we may conclude that both technology advancement and the building of suitable frameworks for the economy and regulations by developing country officials are necessary for achieving a high degree of DFI. Regarding technology, given the rise of digital marketing and the tendency of financial institutions to use it, it plays a vital role and may be leveraged to accomplish the objective of FI.

These issues are also supported by the most often used keywords in this research stream. While some (Mobile money, ICT, innovation, acceptance or adoption) are interconnected to the procedure for creating and effectively utilizing digital technology in the financial industry, others (fintech, market, and risk) are readily connected to a financial issue. The third group, which includes gender, impact, poverty, and economic development, represents the anticipated benefits of DFI.

By compiling and arranging the body of existing literature, this work significantly advances the state of the art. It also highlights the importance and potency of this research stream, which financial institutions, legislators, and tech businesses cannot overlook.

The examination demonstrates that DFI proves to be a crucial requirement for our society and an essential action toward long term growth. However, as noted within the conceptual model, some existing pertinent concerns are there that need to be addressed, including accessibility of a suitable legal framework, the decisions made to balance inclusivity and profitability, and the application of certain specialized technology instruments (like substitute information). The entire process can be sped up by utilizing pertinent digital marketing strategies and tools.

It has been noted that, rather than being used to do more, digital marketing is frequently seen as a simple instrument for pushing a product or brand into the market. We may utilize digital marketing to raise awareness and connect people with the financial network in order to achieve financial inclusion. Instead of being harassed by different financial institutions through their sales practices, digital marketing makes sure that customers have access to important information at the appropriate time and convenience.

Additionally, digital marketing can be used to collect data that may be used to segment the market and concentrate mostly on individuals who are inclined to use financial products but are hesitant to do so because of digital platforms. Financial institutions ought to concentrate on this large demographic and provide financial literacy training for these prospective clients. The primary constraint of this paper arises from the documents chosen for analysis. Most of the most well-known papers in this study stream are included in Web of Science, a resource for academic literature, while some pertinent works might not have been taken into account. Additionally, although though it is uncommon, some of the examined papers might not have included keywords, which could have an impact on the co-word analysis's findings. Finally, the subjectivity of the writers always influences the results drawn. Furthermore, in order to support FI, the report advises financial institutions to provide their staff with training on handling digital marketing. Both attracting new clients and keeping existing ones will benefit from it. Financial inclusion and digital marketing complement one another and can aid in achieving targeted outcomes.

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