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Virtual Banking and Financial Inclusion

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Abstract
Financial sector is constantly striving to find new ways to provide financial services to the world's population as the fact that banks play a key role in promoting online businesses. The increase in technology in the financial industry (FinTech) seems to have filled the gap in the inaccessibility of financial services, as facilitating accessibility for all entities to financial tools and services at reasonable costs. Digital Payments, P2P and many others are just an example of the development of FinTech, and while these innovative services have changed the financial world, including many participants in the financial sector, a huge unused portion of the world's population, which does not use a bank, remained non-inclusive.
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Introduction

The financial sector is constantly striving to find new ways to provide financial services to the world's population. The increase in technology in the financial industry (Fintech) seems to have filled the gap in the inaccessibility of financial services, as facilitating accessibility for all entities to financial tools and services at reasonable costs. Digital Payments, P2P, Robo-Advisers and many others are just an example of the development of Fintech. While these innovative services have changed the financial world, including many participants in the financial sector, a huge unused portion of the world's population, which does not use a bank, remained.

Banks play a key role in promoting online business. Although e-buyers have the possibility of cash income, which appears to be reliable and reliable, there is still a need for e-payment schemes that can be provided only through banks. Banks act as strong and reliable intermediaries in online transactions and provide bold opening in online business. Currently, banks have electronic payment systems such as online banking, electronic funds transfer (NEFT / RTGS), plastic money (credit card and debit card) and mobile banking. These systems enable the payment of on-line transactions, such as online product purchases, mobile additions, hotel reservations, ticket reservations, etc. Taking into account all types of safety measures for the proper operation of these e-services, the need for appropriate infrastructures is an inevitable feature.

With the significant increase in the penetration of mobile phones, linked to the potential public telephone system and the low cost of mobile telephony in India, we can hope that Mobile Banking will be allowed to play a significant role in the pressure for financial inclusion. Providing real-time updates for critical banking transactions is the main benefit of M-banking - for example, soon after a transaction such as cash withdrawal at ATM receives mobile notification via Mobile banking. Although they have a good potential to become a medium for electronic payments and mobile money, M-Banking is not well received by customers around the world (Sudeep, 2011).

2. Literature review

Financial inclusion focuses on population which is "unbanked" to get into the formal financial system. In this way, people will have the opportunity to access to financial instruments and financial services – savings, payments as transfers to credit and insurance. This also is a kind of strategy which correct market failures and eliminate nonmarket barriers to access various financial products and services. In total, financial inclusion is without doubt an important topic because it can influence the extent to which financial services and innovations can improve our lives. It is key to provide new opportunities for population in societies by driving forward inclusive global growth. Defining financial inclusion as policy, contributes of finance to economic development and poverty reduction. This underlines the development of policies in finance in developing countries, and gives special place due to the positive impact that finance product and services have on misery index on the countries.
For example, the policies in financial sector take a place through three stages:
1. Fostering state-led industrial and agricultural development through directed credit;
2. Market-led development through liberalization and deregulation;
3. Institution building that aims at balancing market and government failures.

People that are not financially included, are not able to get affordable credit, and are financially at risk due to having no home insurance, struggle to budget and manage money or plan for the unexpected and not know how to make the most of their money (FSD, 2010). For example in the economic literature, Joshi (2011) defines financial inclusion as the process that ensures financial products and services needed by vulnerable groups (low

6. Effects and gains of digital finance on financial inclusion

The positive effects of digital finance on financial inclusion are different. Difficult digital finance, when applied in the lives of low-income and poor people, can improve their access to basic services, leading to greater financial inclusion in rural areas. Greater digital financial services targeting rural and poor communities can improve access to finance for banking customers in rural and poor communities who can not easily access banks located in the formal sector due to poor transport networks and long hours of waiting in bank halls and to reduce the presence of bank customers in the banks' branches, and also to cut costs because the bank will have more efficient maintenance of few branches, and the lower costs would have t positive effects on the profitability of banks and financial inclusion in rural and poor communities.

Easy to use, digital finance can provide a more convenient platform for individuals to carry out basic financial transactions, including electricity, water, money and family transfers, and so on. If digital finance platforms are easy to use, digital financial service users can help and inform and persuade their peers in the formal and informal (rural) sector to take advantage of digital financial services, leading to a larger number of people who use digital finance, which in turn will lead to greater financial inclusion. The only warning here is that although there may be a positive link between the easy use of digital finance and financial inclusion, it is necessary to emphasize that the implied positive relationship is stronger for users of high and middle income of digital finance, while the relations can be non-linear or negative for low-income and poor users of digital finance, as users of digital finance in poor communities, despite persuasion, may refuse to use digital services funded by the superstitious and religious beliefs they have in terms of technological advancements and innovations or inaccessible fees charged by digital financial service providers or financial illiteracy, and other reasons.

In addition to the numerous benefits deriving from digital finance, there are also negative effects of these, which are primarily derived from the profit motives of the providers themselves.

Digital financial services providers are profitable corporations that use digital finance to increase their profitability or increase the lucrative capabilities of businesses associated with providers of digital finance such as banks, and other financial and non-financial institutions. Corporate digital financial service providers can discriminately use more aggressive marketing tactics to persuade high and middle income customers to use a new or existing digital financial platform or infrastructure, and use less aggressive marketing tactics to persuade low-income and poor clients to use new or existing digital platforms or infrastructure if they believe that the latter can not afford the associated fees, which will lead to a reduction in the financial involvement for poor and low-income clients, because the net monetary payment to providers of digital finance is greater with high and middle income customers than low-income and poor clients. Distribution in the provision of digital finance may also be geographically, because digital finance providers, based on their own internal risk assessment, which may change from time to time, may choose to withdraw or to discontinuing the provision of specific digital funding services to high-risk rural areas or communities that do not have an associated infrastructure to maintain specific digital finance services, leading to a reduction in financial inclusion. Some accompanying infrastructures required for the efficient operation of the DFS may include mobile phones that have modern (and up-to-date) operating software systems and applications that support digital finance services. Educational prejudices can be introduced in the provision of digital financial services. If the net monetary value of providing digital finance to poor communities is very low, digital finance providers, on the basis of their profitability assessment, may choose to focus less on the delivery of digital finance to poor and uneducated communities that do not have a basic financial literacy to use and understand digital finance.

7. Conclusion

The rapid global information infrastructure (including information technology and computer networks, such as the Internet and telecommunications systems) enables the development of electronic commerce on a global scale. Almost the universal connection that the Internet offers makes it an invaluable business asset. These developments have created a new kind of economy, which we can call a "digital economy".

This fast-growing economy brings rapid changes to technology, increases the intensity of knowledge in all areas of the business and creates virtual supply chains, new forms of business and delivery channels such as e-banking. As a direct consequence of the emergence of the "digital economy", the balance of power seems to change to customers. The change of the economy from a traditional way to the recently requested form requires extensive technology support and effort, better planning and efficiency in implementation.

The banking business phase drastically changes, especially in their transactions that are from conventional to smart. To support the operation of online business, all banks design different products. One of the medium through which customers can be accessed is via mobile. Because the mobile device appears in its importance in a wide range of people around the world, it will be better to take this opportunity and use it as a medium in banking and online business. There is still a huge gap that needs to be filled by banks to use mobile as one of the ways to gain access to the Internet.

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