

Digital Financial Inclusion: A Catalyst for Socio-Economic Transformation of Scheduled Castes and Scheduled Tribes in Kerala

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Abstract

The Digital financial innovations play a vital role in the development of Indian financial ecosystem and in the inclusion of marginalized communities to the formal financial structure. The development of innovative customer friendly technologies encourages the customers to use the digital banking techniques, which will make the banking activities easier. The adoption of new technology is inevitable in delivering right financial products and services to people of a state in an equitable, responsible and sustainable mode. Digital Financial Inclusion impetus socio-economic transformation of people by providing them with equal opportunities to access all financial products and services of their choice. Social discrimination, socio-cultural ostracism, and the unacceptable attitude of banking officials which make difficulty in financial inclusion can, to some extent, be addressed through digital financial innovations. The reliance on digital financial technologies is bringing people closer to financial products and services, which ultimately leads to digital financial inclusion. This digital financial inclusion contributes the socio-economic transformation of the community. Parametric tests are applied for testing the hypotheses. Structural Equation Modelling have been used for testing the validity and fit of the socio-economic transformation model developed.

Keywords: Cashless Economy, Digital Financial Inclusion, Digital India, Financial Innovations, Financial Literacy, Socio-economic transformation

Date of Submission: 27-04-2020

Date of Acceptance: 10-05-2020

I. Introduction

The socio-economic growth of a nation is associated with the socio-economic transformation to the lives of their citizens. The socio-economic transformation is a product of many factors among them financial inclusion plays a strategic role (Inoue, 2018). Financial inclusion means the delivery of financial services at reasonable costs to underprivileged and low-income segments of society, whereas financial exclusion refers to the non-availability of financial services. The concept financial inclusion refers to all types of financial services, including credit, savings and payment services provided by the formal financial institutions. (Charles Akol Malinga et al., 2018). The access to a transaction account is considered as a first step towards the broader concept of financial inclusion since it allows people to store money, send and receive payments. The success of financial inclusion is measured on the basis of the availability of various financial services to various sections of the society and its effective utilization by whatever means. (Nedungadi, Rajani Menon, & Georg Gutjahr, 2018). The development of digital technologies in the financial sector and the increased use of mobile phones and internet technologies, has facilitated more access to financial services to unserved and hard-to-reach populations at low cost and risk. In the recent years the Union Government has introduced 'Digital India' initiative with an objective to transform India into a digitally empowered Cashless economy. The emergence of 'Digital Financial Services' in India ties these developments in the digital and financial spaces together and represents an energetic period of innovation for the industry (Thomas and Hedrick-Wong 2019). It is clear that financial inclusion is necessary because a nation can only achieve an overall economic development only if they were able to achieve an inclusive growth in all sections of the society. This can be attained only by add up the rate of inclusion of poorer section of the society to the formal financial channel to make a transformation to their lives. (Rastogi and Ragabiruntha E 2018). Socio economic transformation refers to the social and economic upliftment incurred to the lives of citizens in the nation. Normally every nation will face some difficulties in upgrading the lives of economically backward and marginalized group to main strata. The government can attain a comprehensive development of a nation only if the entire segments of the society is under a formal financial structure. Then only the government can plan and implement comprehensive development plans. The advance of digital technologies adds this inclusion and transformation rate. Indian financial services landscape is now undergoing

a technology driven shift. The transaction costs for using digital channels could be lower than those incurred through traditional channel. The vision and mission behind the digitalization always emphasize that the digitalization and new digital innovations are easy to reach at each and every corner of the nation to make a transformation in their lives. However, it is a serious question as to whether these measures actually reach the bottom level as well as the marginalized communities such as SC, ST, OBC, OEC etc. and do the means of digital innovations are able to make a socio-economic transformation to their lives.

II. Review of Literature

Proper financial inclusion among all sections of the society is a pre-request for successful economic growth as it is like double sides of a coin (Joseph & Varghese, 2014). Even if India is passing through a digital innovation era, it's a fact that majority of the population is still out of the preview of proper financial inclusion (Bhuvana & Vasantha, 2013) The major cause for this under inclusion is the lack of proper knowledge, lack of accessibility and affordability of various financial services etc. (Dev, 2006), (Iqbal & Sami, 2017). The financial freedom and inclusion can be successfully attained by increasing the level of financial knowledge (Banthia & Mangaraj, 2017). The concept of Digital Financial Inclusion is of a recent development in India (Deb and Aarti Agrawal 2017). It gets its significance after the development of digital means and know-hows as a part of the Digital India Initiatives. (Mas & Porteous, 2017) The initiatives taken by the central government such as Digital India initiative, Aadhar card, Direct benefit transfer, Retail banking, PMJBY, Mudra Bank, PMBY etc. also played an effective role in attainment of digital financial inclusion objectives (Srinivas, 2017). Along with the initiatives of Government, the banks, being the actual implementors, played a better role in the achievement of financial inclusion with the help of digital technologies (Atroley, et al., 2015) they are taking as such many initiatives and programmes for the popularization of digital financial inclusion. (Aalurl et al., 2016) The concept of digital financial inclusion is getting that much important in India and recently India has been identified as the 3rd among 55 countries in world having the most enabling environment for digital financial inclusion. (SIDBI, 2017). India is on the path of a technological transformation, to pass into a less system of economy. The development of various technologically assisted tools for financial inclusion adds to the scope of digital financial inclusion. (SIDBI, 2017). The digital transformations are so advantageous and enable faster response, easy adaptability, work optimization and transparency in every dealing. (Kumar, 2017) These digital financial innovations and developments are capable of making transformation in economy as well as among the citizens in the country. A change from the traditional method of cash payment to any form of less payment or the use of any form of innovative digital tool by a citizen means an increase in the socio-economic standard of the people (Thorat, 2008). The socio-economic transformation arisen to the citizens as a result of the development of digital financial technologies is an unexplored research area (Rastogi & Ragabiruntha E, 2018). So, it seems to be relevant to assess the success of digital financial inclusion, especially to the marginalized group as to whether a socio-economic transformation happened to the Scheduled castes and Scheduled tribes as a part of digital financial inclusion.

III. Research Problem

The traditional concept of branch banking is at the stage of its obsolescence because all the banking and financial facilities are now available at the fingertips of the customer. Indian financial eco-system is currently experiencing a technology driven development. The government has taken several initiatives, including digital India initiatives, to accelerate the financial inclusion rate with the help of digital innovations in banking services. The recent measures taken by RBI for financial inclusion include the use of digital technologies to reach the unbanked population on the realization that the economy can only be empowered when the country is able to achieve a holistic development of all segments of society, which would unfold huge opportunities for financial services. In this case, digital platforms are likely to deliver financial services to people who do not bank and the underbanked, especially in rural areas. The use of digital channels helps to reduce transaction costs than traditional channels. The development and availability of digital innovations have made changes in the lifestyle of Indian citizens. The government through financial machinery is always trying to motivate the people to depend digital innovations to avail banking and financial services so as to overcome the difficulties in traditional system for financial inclusion. A new concept of digital financial inclusion has been brought to light in order to transform people, especially those who marginalized economically and socially. But it is question whether these digital updates actually reach the bottom level and change their lives significantly? India is a country with diverse class structure. There are still economically and socially marginalized groups like SC, ST, OBC and OEC. In this context, this study raises a research question about the extent to which socio-economic transformation has occurred among SCs and STs as a result of digital economic inclusion.

IV. Methodology

The main objectives of this research are to assess the extent of socio-economic transformation among SCs and STs as a result of digital financial inclusion and to develop a model explaining factors of socio-economic transformation. A descriptive design has been adopted to address the research problem. The required sample for the study is taken from a population of 1,75,881 (SC:53909, ST: 21972) Scheduled Castes and Scheduled Tribes in Kottayam district of Kerala (Census 2011). A pilot study was conducted with a sample of 50 respondents prior to the data collection for the purpose of identifying the nature of data, checking reliability of the scales, validity of the data collection instrument and for determining the sample size. Multi-stage random sampling technique has been employed for the selection of final destinations from which the samples are to be drawn. Snowball sampling technique is used to find the required numbers respondents from the selected destinations. The sample size of 235 for the study was determined by using standard statistical formula.

$$\text{Sample size} = \left(\frac{\sigma * 1.96}{\mu * 0.05} \right)^2$$

The Cronbach's alpha value of the scales used for measuring social transformation is α 0.928, economic transformation is α 0.921 and money management is α 0.856. which is much greater than the standard value of α 0.70. Therefore, the 30 statements formatted in five-point scales for assessing the socio-economic transformation found to be highly reliable or consistent. Primary data were collected using a pretested structured interview schedule. Descriptive and inferential statistics

were used to test the data. Canonical discriminant analysis and s multivariate analysis of the various factors determining the socio-economic transformation through Digital Financial Inclusion was carried out to analyse the structural relationship between the three latent variables such as Social Transformation, Economic Transformation and Money Management and their various measured or observed variables. Based on the objectives, the researchers have some research hypotheses about the difference in socio-economic transformation, economic transformation and money management skills acquired by SCs and STs through digital financial inclusion.

V. Empirical Findings and Discussions

The socio-economic transformation and money management skills of the SC and ST community in Kottayam District, Kerala, achieved through digital financial inclusion, are cynosures of the research. Digital financial inclusion is seen as a catalyst for the transformation of people. Social transformation refers to the fundamental change in the social life of marginalized communities in the state. This is a gradual or incremental change over a period of time. Economic transformation denotes to the economic upliftment and prosperity of the society. Money Management states that respondents' ability to manage savings, investments, expenses or the use of money in a sustainable manner.

Table 1: Descriptive Statistics – Cast and Dependent variables

Caste	<i>Dependent Variables</i>								
	Social Transformation			Economic Transformation			Money Management		
	Mean	MD*	Sig.	Mean	MD*	Sig.	Mean	MD*	Sig.
SC	2.784	.208 ^{ns}	.210	2.958	.141 ^{ns}	.414	3.282	.148 ^{ns}	.274
ST	2.576			2.817			3.134		

*MD: Absolute Mean Differences, ns: not significant

(Source: Primary Data)

It is observed that social transformation, economic transformation and money management skills among SC community is slightly higher than ST community. However, the magnitude of the differences is nominal and insignificant at 5% level of significance ($p > .05$). In socio-economic transformation both communities are equal to each other. It is interesting to note that these communities have gained greater independence in money management than changes in social and economic matters. Thus, digital financial inclusion paved the way for effective money management among SC and ST communities followed by economic and social upliftment.

Table 2: Descriptive Statistics – Mode of Banking and Dependent variables

Gender	<i>Dependent Variables</i>								
	Social Transformation			Economic Transformation			Money Management		
	Mean	MD*	Sig.	Mean	MD*	Sig.	Mean	MD*	Sig.
Branch Banking	2.535		.000	2.693		.000	3.087		.000
Branchless Banking	3.514	.978		3.800	1.107		3.869	.782	

*MD: Absolute Mean Differences

(Source: Primary Data)

Digital financial innovations are making significant social, economic, and economic changes in society. The result depicts that modern branchless banking systems are able to achieve greater social, economic and economic transformation than traditional branch banking systems offer. The rate of social and economic change and money management skills was found to be significantly lower among traditional banking dependents than among those depend on branchless banking systems. Thus, branchless banking which aims at digital financial inclusion has significant impact on the constructs of socio-economic transformation of SC and ST communities at 5% level of significance ($p > 0.05$).

Multiple discriminant analysis is applied to identify the most important aspect of social transformation, economic transformation and money management perceived by the respondents who prefer branch banking and branchless banking. The Wilks' Lambda Matrix (Table 4) of discriminant analysis provides a statistically significant chi-square values at 5 percent level of significance ($p = .000 < .05$). It states that the discriminant function for identifying the critical factors perceived by the respondents is valid.

Table 3: Wilks' Lambda

Constructs	Test of Function(s)	Wilks' Lambda	Chi-square	df	Sig.
Social Transformation	1	.752	65.032	10	.000 ^s
Economic Transformation	1	.722	74.381	10	.000 ^s
Money Management	1	.805	49.382	10	.000 ^s

^s = Significant at 5 percent level

(Source: Primary data)

Table 4: Functions at Group Centroids

Constructs	Function		
	Mode of Banking	Branch Banking	Branchless Banking
Social Transformation	1	-.301	1.087
Economic Transformation	1	-.326	1.175
Money Management	1	-.258	.930

Unstandardized Canonical discriminant functions evaluated at group means

(Source: Primary data)

The functions at group centroids gives positive and negative coefficients for social and economic transformation and for money management. Negative coefficients are found for the people prefer branch banking and positive coefficients are for people prefer branchless banking. Therefore, the standardized canonical discriminant function coefficient matrix shows the important aspects of social, economic and money management constructs. People who prefer branch banking point out that the measures of digital financial inclusion has changed their personality and lifestyles (**-.421**) more than any other social factor, while those who prefer branchless banking have perceived that they got empowered to move in public places freely (**0.660**). The most important factor in the economic transformation that the branch banking aspirants perceived is the change in people's purchasing power (**-.335**), and those who prefer branchless banking is the ability to use digital financial innovations (**.534**) for their daily lives. People have access to a wide range of resources and services that allow them to individually manage their personal finances. Digital innovations opened new avenues for managing money in a sustainable way. The respondents who prefer branch banking experienced that digital financial innovations enables 24*7 banking (**-.254**) is the most important aspect of money management but for those who favour branchless banking, the most important aspect of money management is the availability of money management measures (**.412**) offered by the banking system.

Table 5: Standardized Canonical Discriminant Function Coefficients

	Social Transformation	Function	1
	Changed in personality and lifestyle		
Socially more responsible			-.007
Independent and pre-planned decision			.306
Manage contingencies			.197
Increased confidence			.577
Reduced stress level			-.096
Reduced family crisis			-.183

Empowered to move to all public places	.660
Improved hygiene	-.141
Increased technical knowledge	.190

(Source: Primary data)

Table 6: Standardized Canonical Discriminant Function Coefficients

	Economic Transformation	Function	1
Increased purchasing power			-.335
Convenient Shopping			.121
Increased standard of living			.459
Increased the value of financial assets			.501
Increased source of income			-.072
Use of digital innovations			.534
Personal finance planning			-.279
Good financial discipline			.107
Management of financial services			-.105
Manage of finance			.128

(Source: Primary data)

Table 7: Standardized Canonical Discriminant Function Coefficients

	Money Management	Function	1
Increased saving habit			.147
Reduced borrowing			.187
Reduced cash handling problems			.013
Better money management measures			.412
Cost saving			.048
24*7 banking			-.254
No procedural formalities and delays			.306
Benefits from governments and NGO's			.055
No distance between bank and customers			.209
Save time			.213

(Source: Primary data)

SEM Model the socio-economic transformation through DFI

A multivariate analysis of the various factors determining the socio-economic transformation through Digital Financial Inclusion to analyse the structural relationship between the three latent variables such as Social Transformation, Economic Transformation and Money Management and their various measured or observed variables. Measurement models for each latent variable were drawn for examining their relationship between their measures and a comprehensive Structural Model for depicting the relationship between the three latent variables and test the validity and goodness of fit of the developed model showing socio-economic transformation through digital financial inclusion.

Item Validity

The item validity of each statement in each construct is assessed and exhibited in the unstandardized regression weights matrix of socio-economic transformation. If the loadings in the regression weights are greater than 0.5, then an item or statement passes the item validity.

Table 8: Unstandardized regression weights of Socio-economic transformation model

Social Transformation			Economic Transformation			Money Management		
OV	LV	Estimate*	OV	LV	Estimate *	OV	LV	Estimate*
SF1	Social Transformation	1.000	ET1	Economic Transformation	1.000	MM1	/Money Management	1.000
SF2		.942	ET2		1.376	MM2		1.088
SF3		.887	ET3		1.014	MM3		1.786
SF4		.818	ET4		1.414	MM4		1.791
SF5		.873	ET5		.630	MM5		1.846
SF6		.609	ET6		1.370	MM6		.394
SF7		.604	ET7		1.463	MM7		1.297
SF8		.779	ET8		1.261	MM8		.418
SF9		.799	ET9		1.261	MM9		.803
SF10		.723	ET10		1.282	MM10		1.665

OV: Observed Variables, LV: Latent Variable, * Unstandardized Estimate

(Source: Primary Data)

The regression weights, of the observed variables of the construct's Social transformation [F1], Economic transformation [F2], and Money management [F3], are greater than 0.5 and the significant value (P-

Value) is less than 0.05 except two elements 24*7 banking (MM6) and Benefits from governments and NGO's (MM8) under the construct Money Management. Therefore, each statement whose loading is greater than 0.5 in each construct maintains item validity.

Construct Validity

Construct validity refers to whether a scale or test measures the construct adequately, i.e., the test whether the theoretical concept matches with a specific measurement used in the research. It states the extent to which references can reasonably be made from the operationalization to the theoretical constructs on which that operationalization's were grounded. The composite reliability is measured through construct validity. The composite reliability value ranges from 0-1. The rule of thumb for evaluation of the composite reliability is expected to be stronger if all path loadings from construct to measurements are greater than 0.70. If the value is greater than .6, then the construct is considered reliable. The construct validity of each factor has a coefficient greater than 0.70 i.e. for social transformation [0.893], economic transformation [0.875] and money management [0.815]. It indicates that there is sufficient internal consistency in the constructs of the socio-economic transformation model.

Table 9: Construct Validity - Social transformation

OV	LV	Estimate (λ)	δ	S.E.	C.R.	Sig	Construct Validity
SF1	Social Transformation	.872	.434	.046	9.465	***	Composite reliability $= \frac{(\sum \lambda)^2}{(\sum \lambda)^2 + \sum \delta}$ λ=Standardized Factor Loading δ = Error $= \frac{(7.452)^2}{(7.452)^2 + 6.666} = 0.893$
SF2		.844	.497	.051	9.815	***	
SF3		.832	.486	.049	9.843	***	
SF4		.761	.629	.062	10.231	***	
SF5		.788	.618	.061	10.162	***	
SF6		.636	.768	.073	10.492	***	
SF7		.635	.742	.070	10.539	***	
SF8		.771	.525	.051	10.204	***	
SF9		.690	.948	.091	10.386	***	
SF10		.623	1.019	.097	10.556	***	
		∑λ=7.452	∑δ=6.666	<i>OV: Observed Variables, LV: Latent Variable, δ: Error</i>			

SE: Standard Error, CR: Critical Ratio, ***Significant

(Source: Primary Data)

Table 10: Construct Validity - Economic transformation

OV	LV	Estimate (λ)	δ	S.E.	C.R.	Sig	Construct Validity
ET1	Economic Transformation	.609	1.020	.095	10.688	***	Composite reliability $= \frac{(\sum \lambda)^2}{(\sum \lambda)^2 + \sum \delta}$ λ=Standardized Factor Loading δ = Error $= \frac{(7.282)^2}{(7.282)^2 + 7.53} = 0.875$
ET2		.830	.521	.051	10.289	***	
ET3		.644	.909	.085	10.661	***	
ET4		.852	.470	.046	10.171	***	
ET5		.421	1.194	.111	10.766	***	
ET6		.802	.650	.063	10.341	***	
ET7		.819	.668	.065	10.296	***	
ET8		.766	.711	.068	10.448	***	
ET9		.764	.707	.067	10.497	***	
ET10		.775	.680	.065	10.459	***	
		∑λ=7.282	∑δ=7.53	<i>OV: Observed Variables, LV: Latent Variable, δ: Error</i>			

SE: Standard Error, CR: Critical Ratio, ***Significant

(Source: Primary Data)

Table 11: Construct Validity –Money Management

OV	L V	Estimate (λ)	δ	S.E.	C.R.	Sig	Construct Validity
MM1	Money Management	.486	1.008	.095	10.657	***	Composite reliability $= \frac{(\sum \lambda)^2}{(\sum \lambda)^2 + \sum \delta}$ λ=Standardized Factor Loading δ = Error $= \frac{(5.9)^2}{(5.9)^2 + 7.9} = 0.815$
MM2		.565	.868	.082	10.554	***	
MM3		.800	.627	.065	9.622	***	
MM4		.836	.481	.050	9.607	***	
MM5		.873	.384	.044	8.641	***	
MM6		.272	.718	.067	10.776	***	
MM7		.635	.938	.090	10.469	***	
MM8		.236	1.191	.110	10.788	***	
MM9		.488	.737	.069	10.731	***	
MM10		.698	1.019	.100	10.181	***	
		∑λ=5.9	∑δ=7.9	<i>OV: Observed Variables, LV: Latent Variable, δ: Error</i>			

OV	L V	Estimate (λ)	δ	S.E.	C.R.	Sig	Construct Validity
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SE: Standard Error, CR: Critical Ratio, ***Significant

(Source: Primary Data)

Convergent Validity

There is convergent validity when each observed variable correlate strongly with its unobserved variable. The value of convergent validity ranges between 0-1. Average Variance Extracted (AVE) is used to measure the validity of each construct and it must exceed the variance due to the error. The rule of thumb states that the AVE should exceed 0.50. The convergent validity shall not be established when there are high error estimates. The Average Variance Extracted (AVE) of Social transformation [0.563] and Economic transformation [0.546], satisfied the criteria of as its loadings were greater than 0.50. However, the construct Money management [0.391] does not satisfy construct validity.

$$AVE = \frac{\sum \lambda^2}{n}$$

where λ = Standardized Factor Loadings n = No. of Observed Variables

Table 12: Convergent Validity –Socio-economic transformation Model

OV	LV	(λ^2)	OV	LV	(λ^2)	OV	LV	(λ^2)
SF1	Social Transformation	0.76	ET1	Economic Transformation	0.37	MM1	Money Management	0.24
SF2		0.71	ET2		0.69	MM2		0.32
SF3		0.69	ET3		0.41	MM3		0.64
SF4		0.58	ET4		0.73	MM4		0.70
SF5		0.62	ET5		0.18	MM5		0.76
SF6		0.40	ET6		0.64	MM6		0.07
SF7		0.40	ET7		0.67	MM7		0.40
SF8		0.59	ET8		0.59	MM8		0.06
SF9		0.48	ET9		0.58	MM9		0.24
SF10		0.39	ET10		0.60	MM10		0.49
n=10		5.63	n=10		5.46	n=10		3.91
<i>AVE = 5.63/10 = 0.563</i>			<i>AVE = 5.46/10 = 0.546</i>			<i>AVE = 3.91/10 = 0.391</i>		

OV: Observed Variables, LV: Latent Variable, (λ^2) = Estimate²

(Source: Primary Data)

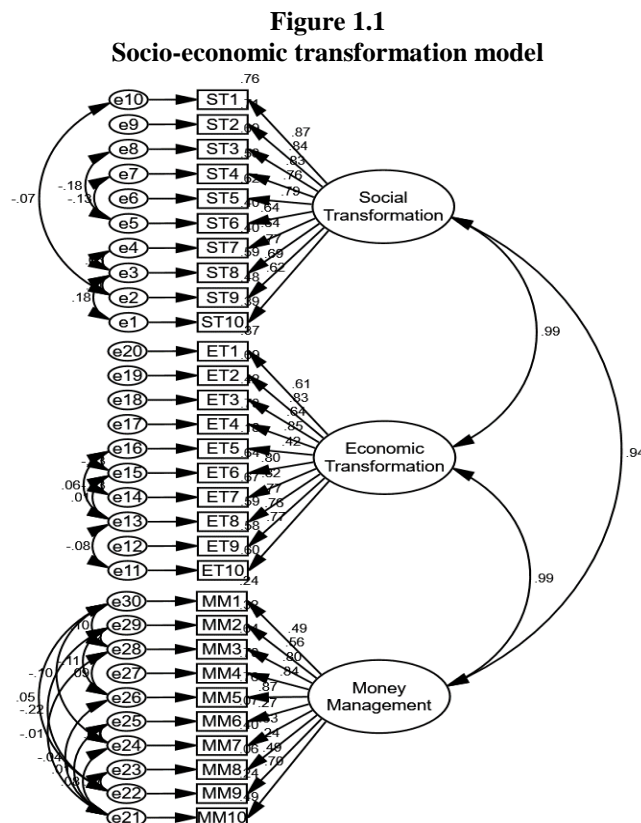


Table 13: Model fit Indices for CFA of Socio-economic transformation model

MMIN	DF	P	MMIN/DF	RMR	GFI	AGFI	NFI	RFI	IFI	TLI	CFI	RMSEA
1864.6	378	.000	4.933	.108	.654	.575	.710	.666	.754	.715	.752	.130

(Source: Primary data)

Model Evaluation

The model fitting process is done to determine the goodness-of fit between the hypothesized model and the sample data. It specifies how well the model reproduces the observed covariance matrix among the indicator items. Root Mean Square Residual (RMR) characterizes the average residual value derived from the filling of the variance-covariance matrix for the hypothesized model. The smaller the RMR, the better. An RMR of zero indicates the perfect fit. The value of RMR (0.108) indicates the average fit. GFI is the standardized fit index. A GFI value of 1 indicates a perfect fit and values close to zero indicate very poor fit. $GFI > .90$ may indicate good fit. The model has the GFI 0.654 which indicates a moderate fit. The Adjusted Goodness of Fit Index (AGFI) corrects the GFI, which is affected by the number of variables of each construct. Theoretically the value ranges from 0 (poor fit) to 1 (perfect fit), considered good when it is greater than 0.90. The AGFI value of the model 0.575 indicates an average fit. Normed Fit Index (NFI) is a ratio of the MMIN value of Independence model minus MMIN value of default model and MMIN value of Independence model. It ranges in between 0 and 1. A Normed fit index of one indicates perfect fit. The value 0.710 indicates that the model has a good fit. Relative Fit Index (RFI) represents a derivative of the NFI which range from 0 to 1. RFI values close to 1 indicate a very good fit. The value 0.666 indicates that the model has a moderate fit. Incremental fit index (IFI) value that exceeds 0.90 are regarded as good. The model has IFI value of 0.754 which considered as satisfactory. Tucker Lewis index (TLI) ranges from 0 to 1. A value which is close to 1 indicates a very good fit. The value of the model 0.715 shows a satisfactory level of fit. Comparative Fit Index (CFI) is an incremental fit index, which is an improved version of the NFI. Its values range in between 0 to 1. The higher values indicating better fit. The value 0.752 indicates a moderately good fit. Root Mean Square Error of Approximation (RMSEA) attempts to correct for the tendency of the goodness of fit test statistic to reject models with a large sample or a large number of observed variables. Lower RMSEA values indicate better fit. The RMSEA value of 0.130 indicates a reasonable error of approximation of the model. The Normed Chi-square value is recommended as a better fit metric. If this metric does not exceed five for models with good fit. For the Model, it is 4.933 (MMIN = 1864.6, DF = 378) which suggests average model fit. Hence, the hypothesized model fits moderately with the observed data.

VI. Conclusion

The aim of this study was to evaluate whether the transformation was caused by digital financial inclusion. If a positive social and economic transformation has taken place as a result of this digital financial inclusion, it is regarded as the success of the goals of digital financial inclusion. The socio-economic transformation of the respondents was measured using 30 Likert scale questions measuring the various dimensions of socio- economic transformation. The analysis results show that, social and economic transformations and money management have been acquired through digital financial inclusion.

The Structural equation model developed to explain the structural relationship between the various variables of socio- economic transformation. The respective statistical analysis proved the model to be as an average fit model, explaining the variable predictability. The model analysis showed that the variables used to measure the socio-economic transformation is capable of predicting the transformation occurred among the respondents in a moderate way.

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Dr. Tejil Thomas & Suresh T S. "Digital Financial Inclusion: A Catalyst for Socio-Economic Transformation of Scheduled Castes and Scheduled Tribes in Kerala." *IOSR Journal of Business and Management (IOSR-JBM)*, 22(5), 2020, pp. 18-26.