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ISSN (Online) : 2455 - 3662

SJIF Impact Factor :5.148

# EPRA International Journal of Multidisciplinary Research

Monthly Peer Reviewed & Indexed  
International Online Journal

Volume: 5 Issue: 3 March 2019



Published By :EPRA Publishing

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## A CASE STUDY ON THE USAGE OF FINTECH IN MICROFINANCES BY WOMAN SELF HELP GROUPS

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### ABSTRACT

*Microfinance has a very significant role in the lives of common people in India. As majority of the population lives in rural areas having less accessibility to banks, the role of microfinances and online banking has great significance. Most people cannot access loans from public sector banks due to the lack of collateral. In such a situation, people depend significantly on microfinance. Fintech is an important sector which has important role in the development of microfinance. With the correct usage of online banking, fintech and microfinance the people can achieve financial inclusion. The transformation from traditional financial services can be seen in the last few years. People are changing into a digital era where transactions, bill payments are made online. This paper mainly checks whether these transformation helped Self Help Groups in Alappuzha district of Kerala, India.*

**KEYWORDS:** *Microfinance, Fintech, Digital age, SHG (Self Help Groups), online banking*

### 1. INTRODUCTION

India is a developing country and majority of the people are engaged in some sort of farming activities. Most of them do not have collateral for acquiring finance from banks and other financial institutions, therefore the term microfinance comes with a huge significance. Caramela, (2018) stated that Microfinancing is an option for impoverished dreamers looking to create a brand and get ahead.

At present Microfinance is having a very significant role in the everyday lives of common people. Financial technology (Fintech) is an industry which is now growing in a very fast rate. The growth in this industry is primarily because of

the growth in the microfinance. The Fintech mainly focuses to give technologies form the various activities in the finance sector. Another major change in the last decade was the change of people into a digital world. Now people are living in a digital era. From the very basic necessity of a man i.e. food, water, clothes all can be accessed from a remote area by using a mobile phones. The payments can be made even at home by using online transactions. This paper mainly focuses on how digital era, particularly Fintech, has contributed to changes the lives of individuals, woman and SHG. We conducted a study on various SHG and the results of survey are listed below.

## 2. LITERATURE REVIEW

### 2.1 Introduction of Digital Era

Agarwal (2018) stated that according to Mobile Association of India (IAMAI) and Kantar IMRB and a report by the Internet the number of internet users in India is expected to reach 500 million by June 2018. There is a very fast growth in the field of digital technology. People begin to use various kind of digital technologies by their own. Despite of staying in rural or urban area they began to use

online banking, ecommerce websites in a very appropriate manner. The lives of women in rural area began to change as they began to use this techniques for their livelihood activities. Various programmes were introduced by the central and state governments in India for technical advancement.

The table listed below shows some of the key steps introduced by the Government of India over the years.

Sl. no	Program	Purpose
1	Aadhaar	Every resident of the India is provided with a unique identity, strategic policy tool for social and financial inclusion
2	Agrimarket app	Mobile application developed with an aim to keep farmers abreast with the crop prices and discourage them to carry-out distress sale
3	IRCTC connect	Allows railway passengers to make the ticketing application more user-friendly and faster
4	Nirbhaya app	Android emergency application for emergency situation faced by a woman or individuals
5	Passport Seva Project (PSP)	Enables simple, efficient and transparent processes for delivery of passport and related services

**Table 2.1: Most widely accepted schemes under Digital India**

### 2.2 Microfinance and SHG

For a nation to be financially sustainable, all people regardless of rich or poor, must have equal access to all sort of financial services in the country. As India is a developing country many people are still facing hardships in achieving financial stability. Microfinance helped our country to eradicate poverty to some extent. People all over the country can now have improved access to loans without collateral from many private sectors microfinance institutions. According to Virani (2015), there are several other countries such as Brazil, Mexico, Chile, Bolivia and Bangladesh who are successfully undergoing microfinance activities. In India, Microfinance services are

delivered through SHG/JLG model. The SHGs are Self Help Group basically formed by group of people coming together to mainly solve their financial problems. They earn money by doing some sort of businesses and save their incomes. The SHG's are mainly formed by woman. The concept of JLG are similar to that of SHG. JLG were introduced to provide institutional loans to small farmers. NABARD (National Bank for Agriculture and Rural Development) came up with the concept of Joint Liability Groups. The success of this two models can be seen through the success of Microfinance.

### 2.3 Fintech

Fintech is the abbreviation for Financial Technology that refers to the use of technology of financial services. According to Whizsky (2018), the Fintech industry in India expected to touch USD 2.4 billion by 2020 from the USD 1.2 billion in the Financial Year (FY) 2016. Many fintech start-ups raised during last few years and became successful. This was because there was a change from traditional financial services. People began to use fintech services for financial transactions. As a result a large number of fintech companies began to

invest in India. Paytm is a big example for Fintech Company which became successful within a small period of time. At present the people in India are used with online marketing and fintech services.

### 3. RESEARCH METHODOLOGY

The results and data presented in this paper were part a study conducted over the various conditions of people using microfinance, fintech and internet banking. In this paper my research explores the current situation of people working in

#### 3.1 Sample Group

The sample group of people are selected from 50 SHG groups around Alappuzha. The selected SHG's were formed around a span of 10 years and now there are around 15 to 30 members in each group. This sample group was selected for identifying whether any 35+ aged people are engaged in any fintech services, attended any digital literacy programs or used online banking.

Self-Help Groups (SHG) and analyses how microfinance helps increase their income, and tries to confirm whether they use fintech services. To achieve this quantitative based research data was obtained from direct interaction with well-known 50 SHG in Alappuzha.

We conducted a survey on these people and the questions were prepared before identifying the SHG groups. The information received during the survey are made into a tabular form. The survey was conducted directly by interacting with each members in SHG. It took nearly 3 months to complete the survey. The conclusion obtained from this survey are listed in the following sections.

### 4. RESULTS AND ANALYSIS

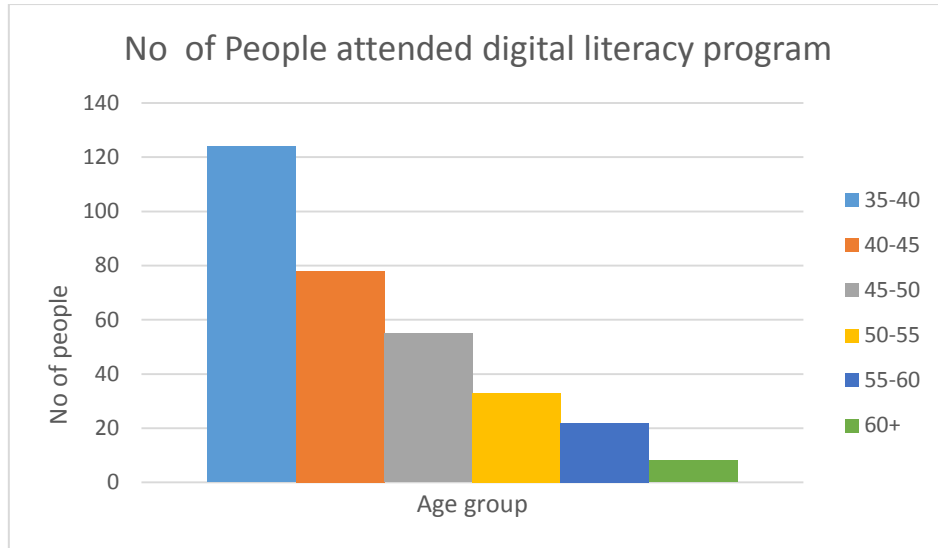
The data collected during the survey among the SHGs are displayed in the following table.

Sl.no	Age	No of people attended digital literacy programs	No of people used Mobile/Internet banking	No of young people in their family using Internet banking
1	35-40	124	88	120
2	40-45	78	72	65
3	45-50	55	43	50
4	50-55	33	26	24
5	55-60	22	10	20
6	60+	8	2	8

**Table 4.1: Questions included in the survey conducted among SHG's**

The above table lists the number of people above the age of 35 who attended the survey is listed above. We assessed the survey with questions (a) No of people attended digital literacy programs?

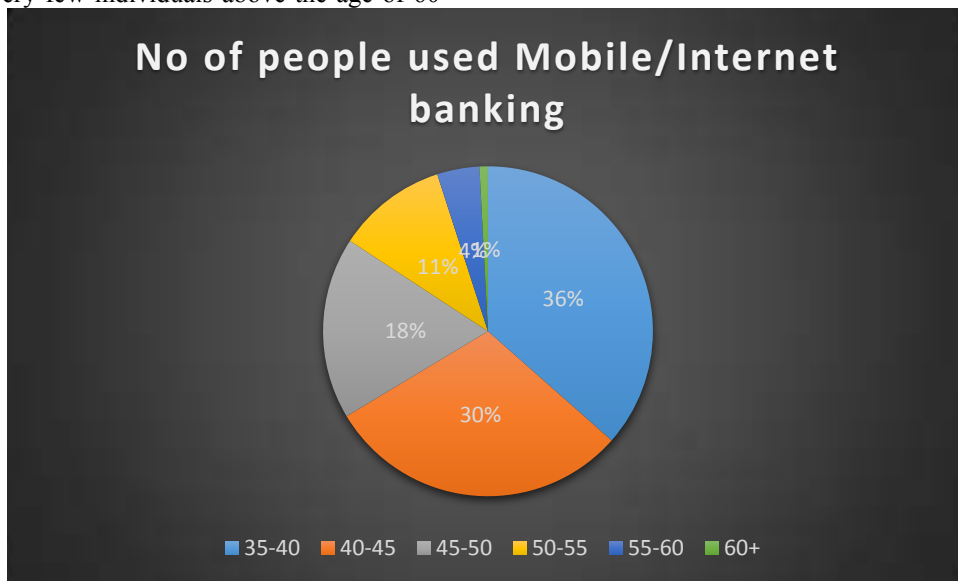
(b) No of people used mobile/internet banking (c) No of youngsters in their individual home using mobile/internet banking. The results that obtained are depicted graphically in the following sections.



**Fig 4.1: Overview of Digital literacy program attended individual's in SHG**

The graph displayed above shows no of people attended digital literacy program. It indicates that people between the ages of 35-40 are more digitally literate. As the graph progress we can see that the number of people attended digital literacy program reduces. Very few individuals above the age of 60

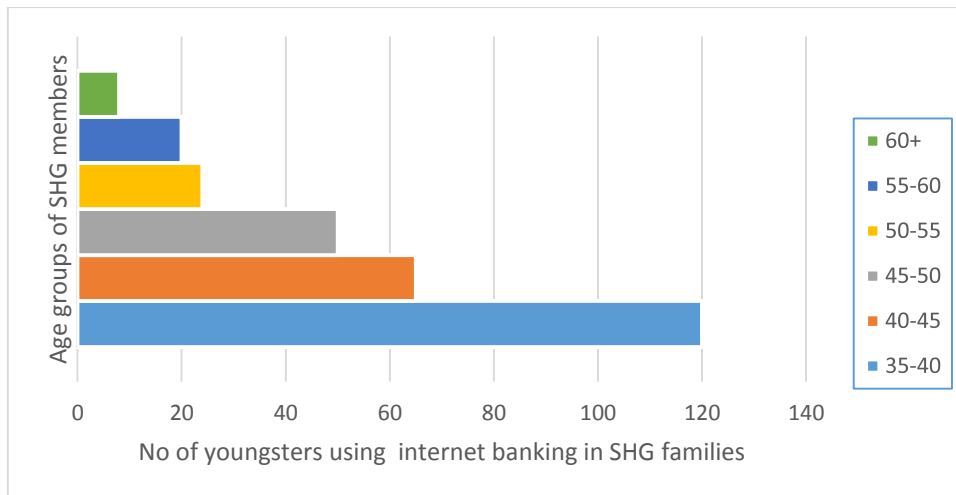
are digitally literate. The young generation are more used with technologies and interested in learning new ones. During our survey we understood that older people are less concerned with latest technologies and innovations.



**Fig 4.2: No of Internet banking users**

The pie chart visualise the no of people using internet banking within the age group of 35 and 60. As the chart depicts people within the range of 35-40 are using it enormously. As the graph shows

when the age progress in the graph the users are declined. Older people are not aware with new technologies and are afraid of using those one.



**Fig 4.3: Usage of mobile banking by youngsters in each SHG family**

From the above data we can conclude that people above 60 are not much used with digital technologies. They are not well aware with technology changes that occur frequently. Most of them haven't used mobile/internet banking and some of them haven't heard about it. But, the trend is reversed in the case of younger people because they live in cyber era and are very accurate and adapted in adjusting with technology changes that occur frequently.

We have seen that microfinance have made significant changes in the lives of common people

but some people are not aware with digital technologies. In the coming years we can experience an extensive change in this because many new ecommerce applications are gaining widespread popularity. The ecommerce applications like paytm, BHIM are gaining popularity as there are many regions in India were many non-banking population resides. People single handily welcomes these technologies because of the easiness, and hence there popularity is increasing day by day.

**UPI STATISTICS**

MONTH	VOLUME (in mn)	RUPEE (in bn)
November-17	104.841	96.406
December 2017	145.463	131.443
January-18	151.833	155.712
February-18	171.4	191.262
March-18	178.05	241.726
April-18	190.08	270.2185
May-18	189.48	332.8851
June-18	246.37	408.3403
July-18	235.65	458.4564
Aug-18	312.02	542.12
Sep-18	405.87	598.35
Oct-18	482.36	749.78
Nov-18	524.94	822.32

SOURCE: NPCI

**Fig 4.4: UPI statistics (Business Standard, 2018)**

The above figure explains the UPI statistics used by Indians in volume and in rupees. We can see that monthly statistics increases steadily from 96.406 billion in November 2017 to 822.32 billion in November 2018 which is an increase by 8 times

within a year. This figures shows that people in India are in a transformation to digital platforms. The huge rise in one year which shows how the people are responding to new technologies in India.



**Fig 4.5: UPI statistics (Business Standard, 2018)**

The above figure illustrates the no of users in individual digital platforms available that are most commonly used by people in India. Among this paytm is having maximum number of users followed by phonepe, mobikwik and google pay. As more individuals are interested in digital

## 5. CONCLUSIONS

The paper discussed the influence of fintech and digital technologies in the lives of woman SHG. With introduction of microfinance across the country specifically rural people were benefited in numerous ways. Many areas in India are inaccessible by banks, in this case the role of digital transaction and online banking comes with a large significance. Through microfinances, they were able to acquire money for maintaining their livelihood. More and more people started using online banking because of easiness and their interest in a cashless economy. In future digital transactions would be more so, people should be

## 6. RECOMMENDATIONS

- Awareness about new fintech products/services must be promoted among general public.
- Digital literacy among elderly can be promoted in home by the help of young individuals.
- In the coming next 10 or 20 years the use of digital technologies would be

transactions the number of users will upsurge in future. Most individuals use these services for transferring money, recharging, payment of electric bills, booking film tickets etc. These changes made lives of common people more exciting

trained to use them properly. By using fintech services and online transactions woman SHG's can achieve more financial stability. They will be able to make transactions easy. Since digital transactions can increase in the future, more fraud activities can also happen. In order to prevent people should be trained to avoid fraud practices. The convenience of users is more accomplished through digital transactions so, in the coming years more and more people will began using digital technologies.

impulsively high so, people should be able to handle them properly. Mishandling can result in money loss.

- More training on digital literacy campaign must be promoted among old aged people.
- Online marketing among SHG can be improved in the next few years. This can help in improving the income of women.

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