



Research Article

Banks and Financial InclusionSiddharth Kaul^{1*} and Sunil Kumar²¹⁻²Lincoln University College, Petaling Jaya, Malaysia

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Abstract

Financial inclusion has emerged as a critical driver of inclusive economic growth and poverty reduction in India. Despite substantial progress in expanding bank account ownership, meaningful financial inclusion remains a complex and persistent challenge. This paper examines financial inclusion through the theoretical lens of Rittel and Webber's concept of "wicked problems," emphasizing its multidimensional and interconnected nature. The study evaluates whether government-led financial inclusion initiatives have translated access to formal banking into financial resilience, financial health, and financial well-being. Particular attention is given to the Pradhan Mantri Jan Dhan Yojana (PMJDY) and the Jan-Dhan-Aadhaar-Mobile (JAM) Trinity as major instruments of financial inclusion. The paper highlights the substantial expansion of PMJDY accounts, deposits, RuPay cards, digital transactions, and Direct Benefit Transfers. However, account ownership and access alone may not adequately capture the effectiveness or sustainability of financial inclusion. To address this gap, the study proposes an Antecedents-Consequents-Mediators-Moderators (ACCM) framework for analysing the drivers, outcomes, mechanisms, and contextual conditions of financial inclusion. The paper argues that financial inclusion requires greater emphasis on effective usage, financial literacy, digital access, and financial well-being alongside universal access. It concludes that addressing financial inclusion as a wicked problem requires coordinated, adaptive, and socially responsive approaches involving government, banks, and other stakeholders.

Keywords: Financial Inclusion, Wicked Problems, Financial Well-being, Financial Resilience, ACCM Frame-work, Sustainable Development Goals (SDGs), Pradhan Mantri Jan Dhan Yojna (PMJDY)

INTRODUCTION

The banking system in our country has been faulted both for action and inaction on financial inclusion. To expand the economic pie banks, look like extractive institutions. The banks are considered to have a magic stick that can maximise their profits and alleviate global poverty simultaneously. But the reality is more nuanced. Progress in financial inclusion is rarely linear; two steps forward and two steps backward, but even that can mean a lot of progress over time. Over more than a decade now, India has progressed a lot in the banking system-led financial inclusion. From a mere 35% bank account ownership among people aged 15, the country has achieved near universal access to bank accounts. More significantly, it has entirely eliminated the gender gap on this front.

The Wicked Problems

However, there are a lot of challenges that lie under the hood that place financial inclusion in the category of what are called as 'wicked problems'. Rittel and Webber connected their notion of "wicked problems" to three

fundamental planning dilemmas. Many approaches within public administration theory have explicitly addressed wicked problems yet hardly paid attention to the dilemmas. We revisit the planning dilemmas to find out their potential relevance for current administration theory and practice. We argue that the dilemmas evolve out of the current institutional setup, meaning that wicked problems cannot be resolved by better administrative frameworks or methods. Rather societal matters are to be in decision-making, for instance, by seeing societal opposition as opportunities to learn to deal with the planning dilemmas.

In their paper, Rittel and Webber argue that the societal problems of their days were problems that could be called "wicked," in the sense that these problems were ill-defined and could never be solved. Rather, they could only be "re-solved," because of the irreducible complexity and the normativity that is intrinsic to the formulation and the resolution of such problems. Decision-makers may seek to cope with wicked problems, but as Rittel and Webber stress in the final paragraph of their paper, they

Table 1: 10 Global Wicked Problems

S. No	Wicked Problem	Core Systemic Complexity	Primary Interdependent Factors
1	Global Climate Change	Requires immediate global systemic changes while confronting immediate economic, industrial, and local political costs.	Energy grids, economic growth, consumer habits, and geopolitical cooperation.
2	Poverty & Income Inequality	Eradication requires structural overhauls in employment, tax systems, and education, which face fierce ideological resistance.	Labor markets, generational wealth, systemic discrimination, and geographic access.
3	Healthcare Access & Quality	Balancing universal access, high-quality innovation, and affordable funding creates a permanent trilemma for governments.	Insurance models, medical supply chains, aging populations, and pharmaceutical patents.
4	Water Scarcity	Water usage is deeply local, but its major drivers—such as climate shifts and global agricultural demand—are global.	Changing weather patterns, corporate farming, manufacturing, and international river rights.
5	Food Insecurity & Hunger	The planet produces enough food, but geopolitical supply chains, local conflicts, and economic poverty prevent equitable distribution.	Climate disruption, global trade logistics, food waste, and local purchasing power.
6	Homelessness	It is not just a housing shortage; it is a complex overlap of economic deficits, social safety failures, and healthcare gaps.	Real estate pricing, mental health infrastructure, substance rehabilitation, and zoning laws.
7	Cybersecurity & Digital Warfare	The borderless and rapidly evolving nature of digital networks makes centralized, permanent defensive regulation impossible.	AI advancements, state-sponsored hacking, personal privacy rights, and corporate tech monopolies.
8	Pandemics & Biological Risks	Effective prevention requires absolute global cooperation, but response efforts frequently stall due to geopolitical fragmentation.	Zoonotic spillover rates, vaccine nationalism, misinformation, and global travel infrastructure.
9	Education System Design	Preparing diverse student bodies for rapidly changing, unpredictable labor markets leaves standard curricula permanently outdated.	Digital divides, local funding disparities, shifting job demands, and cultural expectations.
10	International Drug Trafficking	Combating supply through law enforcement often spikes criminal profitability and violence, while demand remains unaddressed.	Substance addiction psychology, transnational cartels, banking regulation, and border economics.

can never overcome three fundamental planning dilemmas. First, there is no way to come to consensus about what is the societal good. Second, the wickedness of problems is an intrinsic quality; it cannot be taken away by developing better-suited approaches of planning. Third is the rising emancipatory demand for equality conflict with the presence of societal pluralism Table 1.

Characteristics

As described by Rittel and Webber, wicked problems have 10 important characteristics discussed in the following table.

Government Policies and Financial Inclusion

The discussion is on the whether the Government expansion policies truly translated into meaningful financial empowerment for India's most vulnerable populations, which is argued as a wicked problem.

What is being tested here is the financial resilience, financial health and financial well-being. The supply-side narrative has not been able to articulate this aspect. The Reserve Bank of India's (RBI's) Financial Inclusion Index is a very basic tool, that measures the extent of financial inclusion across the country on a scale from 0 (complete exclusion) to 100 (full inclusion). But the tool misses the mark by a huge margin when it comes to these three alternative measures of success of financial inclusion.

There are many troubling paradoxes that emerge from the available sources. While 89% of adults today have bank accounts, 16% of these remain inactive—evidence that access alone does not ensure genuine financial inclusion. But again, this is a significant leap forward from 2021, when 35% of accounts were inactive, as reported by the Global Findex Survey of 2021. Rittel and Webber introduced the term 'wicked problems' to draw attention to the complex and challenging planning and social policy problems. Unlike the 'tame' problems of mathematics and chess, the 'wicked problems' of

planning lack clarity in both their aims and solutions. they are subject to real-world constraints that prevent multiple and risk-free attempts at solving.

The banking sector's performance on the financial inclusion front is evaluated using a four-part framework that includes:

- Drivers of financial inclusion (antecedents)
- Outcomes (consequents)
- Mechanisms through which drivers translate to outcomes (mediators)
- When and for whom the drivers to outcomes relationships hold (moderators)

Antecedents-Consequents-Mediators-Moderators (ACCM) framework model needs to be analysed and assessed.

The Relative Importance of Banks

The banking sector has always played an important role in the Indian economy.

It has been a single most important tool for saving by households. Banks have had a chunk of over 50% in annual saving in financial assets by households. However, the banks' share dipped to 34% in financial year (FY) 2023 but significantly increased to more than 40% in FY 2024 as per the National Accounts Statistics released in 2025. Households save 50% or more in the form of physical assets. Government of India owns Banks with the largest physical network and the highest market share of deposits and credit.

Banks size and network, nationalised bank-subjected to state-directed lending for decades.

United Nation's Sustainable Development Goals

Financial inclusion is an important parameter in United Nation's Sustainable Development Goals. Financial

inclusion-development lever-underscored by its designation as an enabler for 7 out of the 17 United Nation's Sustainable Development Goals (SDG)—no poverty (SDG 1), zero hunger (SDG 2), good health and well-being (SDG 3), gender equality (SDG 5), decent work and economic growth (SDG 8), industry, innovation and infrastructure (SDG 9), and reduced inequalities (SDG 10).

The Pmjdya A/C -An Initiative in Financial Inclusion

In India, the Government is committed to provide financial inclusiveness and support to the marginalized and hitherto socio-economically neglected classes.

Financial Inclusion is a national priority of the Government as it is an enabler for inclusive growth. It is important as it provides an avenue to the poor for bringing their savings into the formal financial system, an avenue to remit money to their families in villages besides taking them out of the clutches of the usurious money lenders. A key initiative towards this commitment is the Pradhan Mantri Jan Dhan Yojana (PMJDY), which is one of the biggest financial inclusion initiatives in the world.

PMJDY integrates poor into economic mainstream and plays a crucial role in development of marginalized communities. Consent-based pipeline through linking of Jan Dhan-Mobile-Adhaar most important pillars of financial inclusion ecosystem — enabling swift, seamless and transparent transfer of Government welfare schemes to eligible beneficiaries and promoting digital payments. PMJDY not only serves as an important example of Governance in Mission Mode but also demonstrates what Government can achieve if it is committed to the welfare of the people. Some highlights:

- More than 53.14 crore beneficiaries banked under PMJDY since inception
- Total deposit balances under PMJDY Accounts stand at Rs. 2,31,236 crore
- PMJDY accounts grow 3.6 -fold from 15.67 crore in March 2015 to 53.14 crore as on 14-08-2024
- Around 55.6% Jan-Dhan account holders are women and around 66.6% Jan Dhan accounts in rural and semi-urban areas
- 36.14 crore RuPay cards issued to PMJDY accountholders

PMJDY being the largest financial inclusion initiative in the world, the Ministry of Finance continuously endeavours to provide support to the marginalized and economically backward sections through its financial inclusion interventions.

Universal and affordable access to formal banking services is essential for achieving financial inclusion and empowerment. It integrates the poor into the economic mainstream and plays a crucial role in the development of marginalized communities.

By providing universal, affordable, and formal financial services — including bank accounts, small

savings schemes, insurance, and credit — to the previously unbanked, PM Jan Dhan Yojana has transformed the banking and financial landscape of the country over the last decade

The success of the initiative is reflected in 53 crore people having been brought into the formal banking system through the opening of Jan Dhan Accounts. These bank accounts have garnered a deposit balance of Rs. 2.3 lakh crore, and resulted in the issuance of over 36 crore free-of-cost RuPay cards, which also provide for a ₹2 lakh accident insurance cover. Notably, there are no account opening fees or maintenance charges and no requirement to maintain a minimum balance.

It is heartening to note that 67% of the accounts have been opened in rural or semi-urban areas, and 55% of accounts have been opened by women. The consent-based pipeline created through the linking of Jan Dhan-Mobile-Adhaar has been one of the most important pillars of the financial inclusion ecosystem. It has enabled swift, seamless and transparent transfer of Government welfare schemes to eligible beneficiaries and promoted digital payments.

PMJDY is not only a scheme, but a transformation movement that has enabled financial independence of many of the unbanked population and has instilled a sense of financial security.

Every household should have a bank account and every adult should have insurance and pension coverage. With the continuous efforts in this direction through various saturation drives carried out across the country, a near saturation in bank accounts has been achieved, and there has been continuous increase in insurance and pension coverage across the country. With the support of all stake-holders, banks, insurance companies and state Governments, India is moving towards a more financially inclusive society and PMJDY has been a game changer for financial inclusion in the country.

PMJDY provides one basic bank account for every unbanked adult. For this account there is no need to maintain any balance and also no charges are levied on this account. In the account, a free of cost RuPay Debit card with in-built accident insurance cover of Rs. 2 lakhs are also provided to promote digital transactions. PMJDY account holders are also eligible for getting an overdraft of up to Rs. 10,000 to cover exigencies.

The journey of PMJDY led interventions undertaken over last decade has in effect, produced both transformational as well as directional change thereby making the banks and financial institution ecosystem capable of delivering financial services to the last person of the society-the poorest of the poor.

The PMJDY accounts have not only been instrumental in receiving Direct Benefit Transfers but also serve as a platform for hassle-free subsidies/payments made by government to the intended beneficiary without any middlemen, seamless transactions, and savings

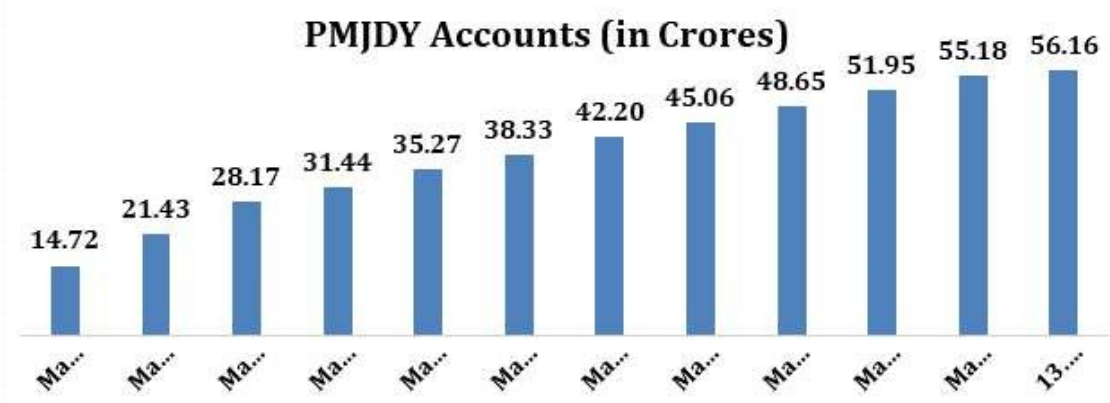


Figure 1: PMJDY Accounts: 56.16 crore (As on 13th August,2025)

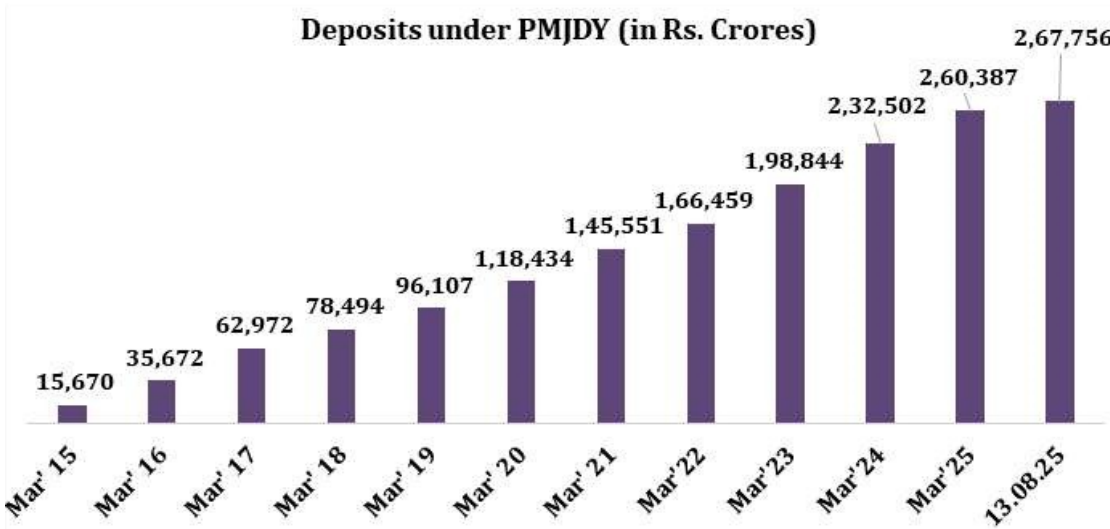


Figure 2: Average Deposit Per PMJDY Account- Rs. 4668(As On 13th August'25)

accumulation. Moreover, they have been crucial in providing life and accident insurance to millions of unorganized sector workers through Jan Suraksha schemes (micro insurance schemes) [1].

The Jam Trinity- a Game- Changer

The Jan-Dhan -Adhar-Mobile (JAM) trinity, with PMJDY at its core, has proven to be diversion proof mechanism for subsidy delivery. Though JAM, the government has successfully transferred welfare benefits directly into the bank accounts of the underprivileged, eliminating intermediaries and delays. During financial year 2024-25 a total of Rs.6.9 lakh crore was credited to bank accounts under various DBT schemes [2].

Financial Inclusion Schemes Saturation Campaign

Banks have organized camps from 1st July,2025 to 30th September,2025 to update KYC details, open new accounts, and promote micro-insurance and pension schemes. Continued effort is being laid on educating

account holders to maximize the use of banking services and prevent dormancy. Banks are also making efforts to reduce inoperative accounts under PMJDY by contacting account holders. Since the launch of the campaign on 1st July 2025, a total of 1,77,102 camps have been conducted across various districts to facilitate beneficiary enrolment under key schemes and promote financial literacy.

As on 13th August 2025, total number of PMJDY Accounts have reached 56.16 crore; 55.7% (31.31 crore) Jan-Dhan account holders are women and 66.7% (37.48 crore) Jan Dhan accounts are in rural and semi-rural areas Figure 1.

Deposits under PMJDY Accounts-2.68 Lakh Crore (As on 13th August,2025)

Total deposit balances under Pradhan Mantri Jan Dhan Yojna (PMJDY) accounts have reached Rs.2,67,756 crores. While the number of accounts has increased threefold, the total deposits have grown by approximately by 12 times. (Aug'25/Aug'15) Figure 2.

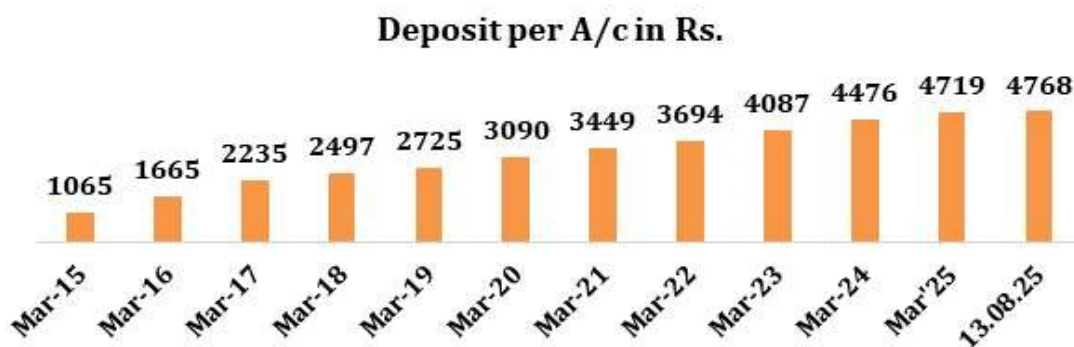


Figure 3: Growth in Deposit per Account in India (2015–2025)

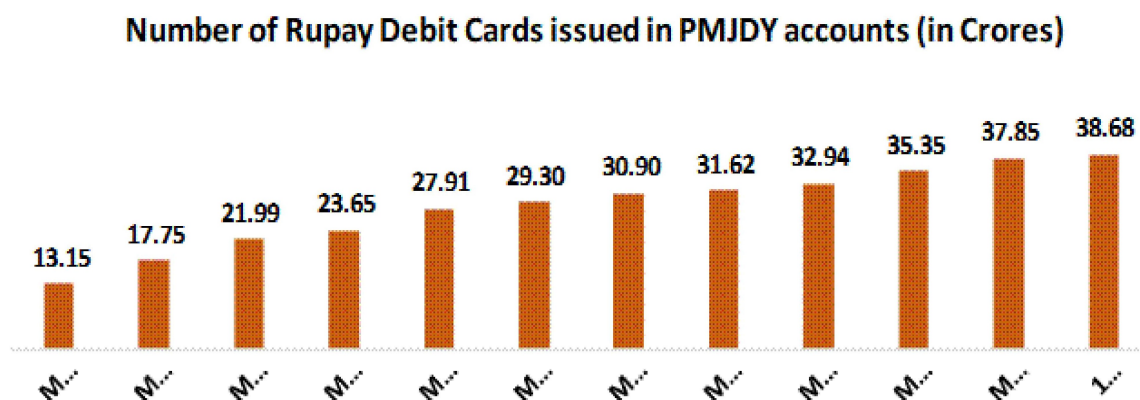


Figure 4: RuPay Card issued to PMJDY Account Holders: 38.68 crore (As on 13th August'25)

Average deposit per account is Rs.4,768 as on 13.08.2025. The average deposit per account has increased by 3.7 times compared to August 2015. Increase in average deposit is another indication of increased usage of accounts and inculcation of saving habit among account holders Figure 3.

38.68 crore RuPay cards have been issued to PMJDY accountholders: Number of RuPay cards and their usage has increased over time With the issue of over 38.68 crore RuPay debit cards under PMJDY, installation of 1.11 crore PoS/m,PoS machines and the introduction of mobile based payment systems like UPI, the total number of digital transactions have gone up from 2,338 crore in FY 2018-19 to 22,198 crore in FY 2024-25. The total number of UPI financial transactions have increased from 535 crores in FY 2018-19 to 18,587 crore in FY 2024-25. Similarly, total number of RuPay card transactions at PoS & e-commerce have increased from 67 crores in FY 2017-18 to 93.85 crore in FY 2024-25 Figure 4.

PMJDY's success is driven by its mission mode approach, regulatory backing, public-private partnerships, and the integration of digital public infrastructure like Aadhaar for biometric verification. It has enabled savings and credit access for those previously excluded from formal finance. With visible saving patterns, account holders are also availing loans,

including Mudra loans thereby empowering individuals to grow their incomes and build financial resilience.

As PMJDY enters its 12th year, it continues to be a beacon of inclusive growth, digital innovation, and economic empowerment. Its enduring success reflects India's commitment to ensuring that no citizen is left behind in the journey towards financial independence [3-5].

CONCLUSIONS

The analysis of financial inclusion in India indicates that the country has made substantial progress in expanding access to formal financial services, particularly through government-led initiatives such as the Pradhan Mantri Jan Dhan Yojana (PMJDY) and the Jan-Dhan-Aadhaar-Mobile (JAM) Trinity. India has moved from relatively low levels of bank-account ownership to near-universal access, while also significantly reducing the gender gap in account ownership. The rapid expansion of PMJDY accounts, growth in deposits, increased RuPay card issuance, and expansion of digital transactions demonstrate the transformative role of banking and digital infrastructure in bringing previously excluded populations into the formal financial system. However, the study demonstrates that access to a bank account should not be equated with meaningful financial inclusion. The persistence of inactive accounts and the

continuing challenges associated with financial literacy, effective utilization of financial services, insurance, pension and credit access indicate that financial inclusion extends beyond the supply-side provision of banking facilities. The paper therefore argues that financial inclusion should increasingly be evaluated in terms of financial resilience, financial health and financial well-being, rather than merely the number of accounts opened. The application of Rittel and Webber's concept of "wicked problems" provides an important perspective for understanding these challenges. Financial exclusion is characterized by interconnected economic, social, institutional and technological factors, and consequently cannot be addressed through a single policy intervention or a universally applicable solution. The problem is continually evolving and requires adaptive, participatory and context-specific responses. The study further proposes the Antecedents-Consequents-Mediators-Moderators (ACCM) framework as a useful approach for analysing financial inclusion. This framework shifts attention from simply identifying the drivers of financial inclusion towards understanding the outcomes generated by those drivers, the mechanisms through which they operate, and the conditions under which their effects differ across individuals and communities.

PMJDY and JAM have nevertheless demonstrated that coordinated government action, banking infrastructure and digital public infrastructure can significantly improve access and delivery of financial services. The substantial growth in PMJDY accounts, deposits and digital transactions reflects the scale of this transformation. At the same time, continued efforts to reduce account dormancy, strengthen financial literacy and increase the effective use of financial products remain essential.

In conclusion, India's financial inclusion journey should be viewed not as a problem that has been completely solved, but as an ongoing process of "re-solving" a wicked problem. The next phase of financial inclusion must move beyond account ownership towards meaningful and sustainable participation in the financial system. Greater emphasis on financial capability, active account usage, responsible credit, insurance and pension coverage, digital inclusion and measurable improvements in financial well-being will be critical. Such an approach can enable financial inclusion to become not merely an instrument of banking access, but a stronger foundation for inclusive growth, reduced inequality and sustainable socio-economic empowerment.

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