Financial health: Transcending from access to impact

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Foreword by ASSOCHAM

Manish Singhal
Secretary General
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In the recent years, India has witnessed significant change in financial inclusion, due to the introduction and widespread adoption of initiatives such as Pradhan Mantri Jan-Dhan Yojana (PMJDY) and Jan-Dhan, Aadhaar and Mobile (JAM) Trinity for increased access to formal banking services, Aadhaar for biometric identification and digital direct benefit transfers. It is important to note that financial inclusivity should not only focus on poverty reduction but also empower individuals to stabilise their future and effectively prepare for any financial risks. The end objective of financial inclusion should always be to drive sustainable prosperity and economic growth.

A large number of retail investors in India are increasingly diversifying into equities, mutual funds and alternative assets such as real estate investment trusts (REITs), gold exchange traded funds (ETFs) and alternate investment funds (AIFs). This evolution of India's capital market has resulted in enhanced market liquidity and helped bring down the reliance of retail investors on traditional savings instruments such as gold and real estate.

New-age FinTech companies in India have also been playing a crucial role in expanding the access to financial services through digital wallets and other innovative payment solutions. By providing such customised products for certain target groups, these companies are helping in closing some key gaps in our financial ecosystem.

The Government's role in driving access to financial services cannot be discounted. In addition to the current initiatives, facilitating the best-fit funding for small businesses and driving impactful financial inclusion schemes would drive further economic welfare.

With this background, ASSOCHAM is proud to host the 3rd National Conclave on Financial Inclusion with the theme 'Reforming today for a fairer tomorrow'. In partnership with PwC, we have drafted a detailed report outlining India's financial inclusion journey and how we see the future unfolding.

We hope this report would be of value to regulators, market participants, researchers and policymakers in their continuous endeavour to advance financial inclusion and financial health in India. I extend my sincere appreciation to our knowledge partner for their invaluable contributions and wish all participants a successful and enriching conclave.

Foreword by PwC

Vivek Patil
Partner, Financial Services
PwC India

Achieving financial inclusion needs to be seen as much more than mere access to formal banking services. The focus now needs to be on financial health. This report highlights the evolution of financial inclusion in India through various impactful initiatives and addressing the lingering challenges such as income volatility and poor risk management.

Financial health is the intended outcome and impact of financial inclusion. Income stability, debt management and savings are pertinent factors to be considered in order to evaluate financial health. Access to formal financial services is often seen as an indicator of financial inclusion but it is important to understand the relevance of how this access is being used and creating an impact.

The Financial Health Survey, co-developed by PwC and Dvara Research Foundation, is a diagnostic tool intended to capture multiple metrics across access, usage and impact to help generate valuable insights for financial institutions to drive financial wellbeing among individuals. This tool considers socio-demographic features and financial practices in order to offer a holistic view of financial health. It is built with the key understanding that financial health depends not only on inclusion but also on occupation, wealth and financial awareness. This tool will help financial service providers to better understand their customer segments, in terms of their unique requirements and expectations.

In this paper, we focus on transitioning from transactional to personalised, data-driven solutions using behavioural insights and analytics, especially for those who are new to financial services. It also covers India's evolving capital market, noting a shift from traditional savings to higher-yielding instruments driven by consumer awareness and preference for market-linked investments. This approach aims to improve customer retention, enhance portfolio resilience and support sustainable growth, by translating financial inclusion into tangible financial health improvements.

We hope you find this report to be insightful.

Foreword by Dvara Research

Indradeep Ghosh
Executive Director,
Dvara Research

India finds itself at an interesting crossroads in its financial inclusion journey. On the one hand, access to basic bank accounts and credit has rapidly expanded in the last decade, but on the other hand, this access has not necessarily translated into suitable use and positive financial health for Indian households – particularly low-income households and enterprises. This presents a relevant opportunity for us at Dvara Research, where we, in collaboration with PwC, hope to engage with financial service providers (FSPs) on a long-term basis. The intent of our work is to help FSPs think about the impact measurement of their work and create actionable insights that can improve the suitability of products and services for those typically underserved.

Dvara Research is an independent, non-partisan, not-for-profit policy research institution based in India with a mission to ensure that every low-income household and every small enterprise has complete access to suitable financial services and social security through a range of channels that enable them to use these services securely and confidently. This has been our mission for 15 years now, and during this time, we have built a strong and credible reputation in research and advocacy positions relating to financial inclusion and social protection in India from policy, regulatory and practitioner perspectives that are anchored to its mission. Dvara Research considers itself to be the voice of low-income households, and we envision a world in which the financial health of low-income households and enterprises (our primary stakeholders) is being accorded the highest priority by policymakers and practitioners alike. It is in line with this vision that we have embarked on a collaboration with PwC to shift the narrative from financial inclusion to financial health as a goal for practitioners and policymakers.

The Financial Health Survey, co-developed by Dvara Research and PwC, is a measurement method for assessing the extent and impact of financial inclusion. The survey is a comprehensive diagnostic toolkit that helps in understanding how financial access and suitable use of a suite of products and services can lead to improved financial health. The survey is intended to be used by policymakers but especially by FSPs, who are much closer to serving the financial needs of low-income households and enterprises. We imagine the tool to be capable of (i) measuring how changes in the adoption and use of formal finance are changing the levels of financial health for households; (ii) measuring the consequence of a policy intervention or a financial sector innovation on financial inclusion outcomes; and (iii) identifying factors that may cause the intervention or innovation to have more or less consequence for some households as compared to others.

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1. Building a resilient future: The need for a financial health framework

Almost 65% of India's population lives in its rural areas.[1] India's financial sector has seen unprecedented expansion, driven by policy initiatives, digital infrastructure and regulatory reforms. Initiatives like Pradhan Mantri Jan-Dhan Yojana (PMJDY), Aadhaar-linked banking, Unified Payments Interface (UPI) and digital lending have significantly improved access to financial services, particularly for underserved segments.

Evolution of financial inclusion in India

2010	2014	2016	2017	2020	2021-22
Launch of Aadhaar Within three years of launch, 510 million Aadhaar IDs were issued.	**Roll out of PMJDY** Within one year of launch, 180 million Indians (15% of the population) opened accounts.	**Demonetisation Launch of UPI** Surge in use of digital payments UPI-enabled banks and non-banks to operate with each other	**Digital lending** Share of NBFCs in digital lending: ~6.3% About 80% of the Indian population had an account with financial institutions.	**Leapfrogging of financial development** Gap in financial access between rich and poor narrowed Gender gap in financial access improved. 55.4% of PMJDY account are of women.	**Release of National Strategy for Financial Inclusion** Use of technology and multi-stakeholder approach for achieving financial inclusion Issuance of differentiated banking licences – small finance banks and payment banks

Sources: UIDAI; Press Information Bureau; RBI; Women's World Banking; DFS (MoF); PwC

However, mere access does not ensure financial health and stability. Many consumers, despite being part of the formal system, face income volatility, low savings and inadequate risk management, limiting the true impact of financial inclusion. To address this, a financial health framework is essentialin order to move beyond access metrics to assess how individuals leverage financial services for long-term financial wellbeing. Financial institutions must shift from transactional engagement to personalised, data-driven solutions, using behavioural insights, AI-driven analytics and predictive modelling. This will enhance customer retention, improve portfolio resilience and drive sustainable growth.

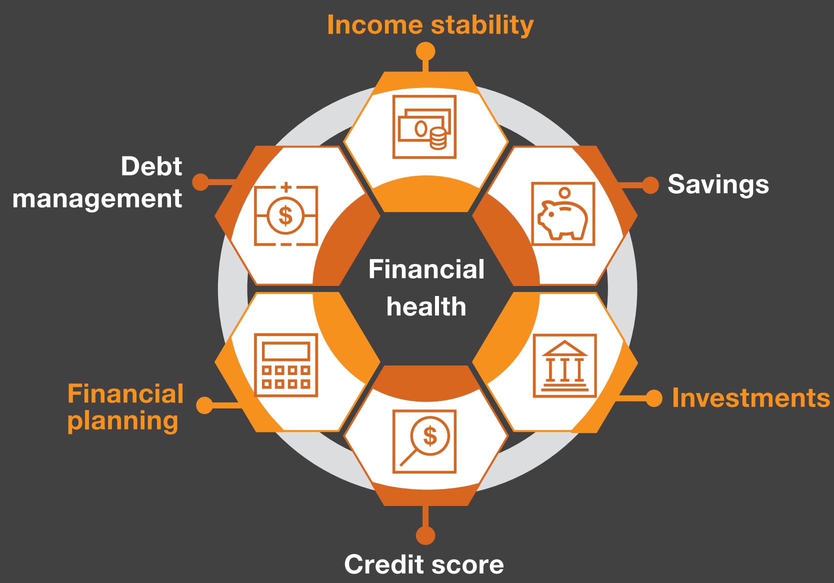
A holistic approach – integrating technology, product innovation, and cross-sector collaboration – is key to ensuring financial inclusion efforts translate into tangible financial health improvements. Institutions that embrace this shift will be better positioned to capture market opportunities, mitigate risks and contribute to economic stability.

1 https://pib.gov.in/PressReleasePage.aspx?PRID=1894901#:~:text=The%20Survey%20notes%20that%2065,on%20rural%20development%20is%20imperative

2. Understanding financial health

The United Nations Secretary-General's Special Advocate for Inclusive Finance Development (UNSGA) defines financial wellbeing as the extent to which a person or family can smoothly manage their current financial obligations and have confidence in their financial future.[2] Financial health is increasingly being recognised as a litmus test for the impact of financial inclusion. It is often construed as a financial state where there is enough financial security to meet current needs, plan for the future and handle financial shocks with confidence. A variety of factors – such as income predictability, debt management, savings and investments, credit score, ability to handle unexpected expenses, and proclivity for setting and planning for financial goals – contribute to a person's financial health.

Contributing factors for financial health



However, these characteristics, and by extension, the financial health of a person, are contingent upon many other aspects of life, like the nature of occupation, initial endowment of wealth, levels of financial inclusion, financial awareness and acumen. Simply put, the observed financial health of a salaried employee will vary, on average, from that of a smallholder farmer with seasonal income. A salaried employee from a poor household supporting many dependents may have a different level of financial health compared to a similar employee from a wealthier household with no dependents. Similarly, a tribal nano-entrepreneur is bound to have a different level of financial health from that of an entrepreneur from a business family.

Financial health = Function of (***financial awareness, *financial access, *financial product usage, #occupation, #wealth endowment, #household-level factors, #individual factors, #social capital**)

- Variables that financial service providers cannot immediately influence
* - Variables that financial service providers can influence significantly and measurably

2 https://www.unsga.org/sites/default/files/resources-files/2021-10/unsgsa%20financial%20health%20summary%20report.pdf

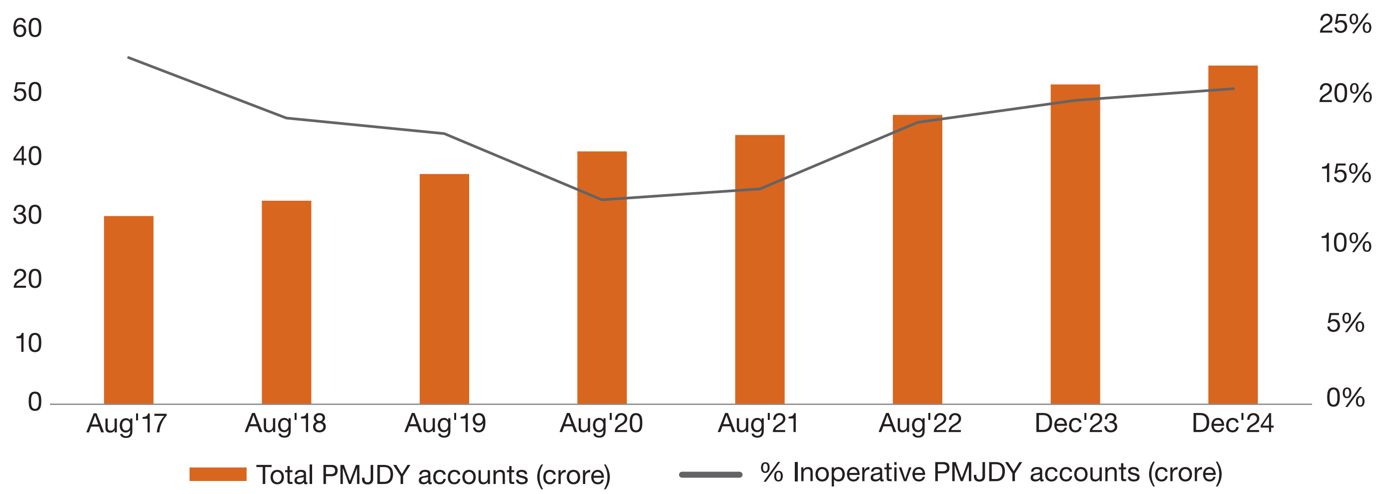
Some of these factors are not open to the direct and immediate influence of financial service providers, such as occupation or wealth status. However, others, like financial inclusion and awareness, are amenable to direct and measurable change. In fact, the theory of change for financial inclusion rests crucially on the interdependence between financial inclusion and financial health – i.e. greater levels of financial inclusion will engender better financial health for those included. Here, financial awareness could either be the outcome of financial inclusion or the cause of it. Furthermore, financial inclusion could lead to improved acumen, or vice versa. In any case, financial inclusion is found to be closely correlated with financial awareness and financial acumen.

Hence, both individually expressed traits (like acumen and initial wealth) that are distinct and unevenly endowed within any group, and group expressed traits (like the nature of occupation and levels of inclusion) that are common to groups of people that are similarly placed, have a bearing on financial health. Therefore, the same intervention of financial inclusion for different categories of people in different circumstances, with varying capabilities and proclivities, could have very contrasting outcomes. Measuring financial inclusion outcomes, therefore, becomes crucial to policymaking. Such measurements are used to track progress, garner insights and perform interventions to ensure good outcomes for the financially included population. However, financial health, as an outcome of financial inclusion, is hard to measure and even more complex to understand.

3. Measuring and understanding financial inclusion

Policymakers and financial service providers often measure financial inclusion in terms of access – e.g. the number of bank accounts opened, new to-credit customers serviced or new enrolments in government-backed insurance schemes like the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY). This stems partly from the ease of measurability of these metrics and partly from considering financial access to be an end goal, rather than a means to financial wellbeing. However, given that the anticipated impact is not uniformly observed among the target population, usage of these financial products also gets tracked alongside the access metrics – such as dormancy of Jan Dhan accounts, or inactive or lapsed life insurance policies. This provides insight into the quality of access while also measuring approximate dropout rates in financial inclusion efforts. Further, the impact of access and usage was later included in the measurement toolkit to track the realisation of the expected outcomes from financial inclusion. This has become particularly important for financial service providers who raise impact capital to provide financial services to the underserved segments of the population.

Year-on-year trend for PMJDY accounts



Sources: Press Information Bureau; Department of Financial Services, Ministry of Finance; Government of India

The three categories of metrics – access, usage and impact – are often captured through multiple surveys across different sectors, periods and geographies. However, no survey currently offers the capability to understand the financial inclusion journey of sub-sections of the population and identify gaps, if any. This diagnostic view is needed not just for policymakers but, more crucially, for financial service providers who are looking to enter and invest in what is called the 'Bharat' customer segment. This segment comprises potential customers who are either outside of or new to formal finance, non-homogenous in their needs and aspirations, and looking for relevant and meaningful financial products that can suitably integrate them into the formal economy. 'Bharat' is a unique market with unique traits, requirements and expectations – it is also one that cannot be ignored.

The financial inclusion measurement survey, co-developed by Dvara Research and XKDR Forum, offers a coherent framework for capturing all three categories of metrics in an informative, cross-referenced and consistent manner. Dvara Research, in partnership with PwC, has refined this framework further to make it actionable and relevant for financial service providers particularly.

4. Financial Health Survey – a diagnostic tool

The Financial Health Survey follows an input, output and outcome framework where access metrics are treated as inputs to financial inclusion, usage metrics constitute outputs and impact is captured in a set of outcome metrics. According to this categorisation, inputs are easy-to-track immediate metrics, outputs denote usage metrics that are expected to consolidate over the medium term, and outcomes are characteristics of financial health that would manifest over the long term.

Input (access)	• Physical and digital infrastructure • Access to financial assets • Access to financial advice
Output (usage)	• Frequency of use of financial services
Outcome (impact)	• Financial wellbeing

Sources: PwC, Dvara Research

The survey's input and output metrics include questions on the access and usage of a suite of financial products like savings, investment, credit and insurance. The outcome metrics of financial health are captured by asking questions on day-to-day money management, borrowings, resilience, planning and confidence. Furthermore, questions on the households' socio-demographic features, ownership of physical assets, informal money management, and the general financial service infrastructure available to them capture individual and group-level traits that characterise the surveyed households. These three core metrics, when combined with contextual information about the households being surveyed, provide valuable and actionable insights.

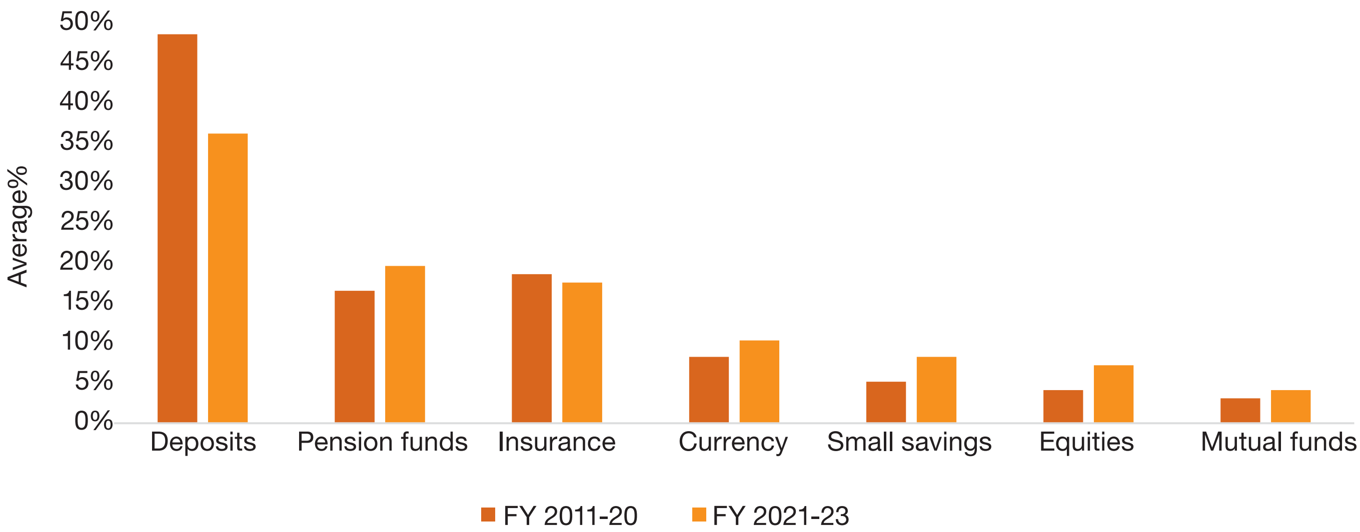
Elements of the Financial Health Survey

Sources: PwC, Dvara Research

5. Beyond metrics – calibrating for impact

In the aftermath of the COVID-19 pandemic, an emerging trend in household financial behaviour has been the increased preference for higher-yielding financial instruments over traditional savings products. Consumers are becoming more risk-aware and return-seeking, leading to greater adoption of market-linked investments, insurance products with wealth accumulation features, and alternative savings instruments.

Distribution of household gross financial savings



Source: CRISIL

Changing customer preferences for financial products in India are significantly shaping the economy by influencing capital markets, banking structures, credit penetration and financial inclusion.

Shifting customer trends

Rise in equity and mutual fund investments » Strengthening capital markets

The rise in retail participation in equities and mutual funds is deepening India's capital markets, enhancing liquidity, reducing volatility and boosting domestic business funding, thereby decreasing reliance on foreign institutional investments and increasing resilience to global economic shocks.

Growing demand for insurance and pension products » Strengthening social security

Rising retail participation in equities and mutual funds, coupled with increased insurance penetration and demand for pension products like the National Pension System (NPS) and annuities, is enhancing financial stability, deepening India's capital markets, boosting long-term capital availability and supporting infrastructure investments.

Shift from fixed deposits to market-linked instruments » Changing banking dynamics

Retail investors are increasingly shifting from traditional bank fixed deposits to mutual funds, stocks and bonds in pursuit of higher returns. This trend is leading to a reduction in Current Account Savings Account (CASA) deposits with banks. In response, banks are enhancing their wealth management services and creating hybrid investment products to retain deposits and cater to the evolving preferences of their customers.

Increased credit penetration and alternative lending » Expanding consumer demand

The increased adoption of buy now pay later (BNPL), personal loans and credit cards is boosting consumer spending and stimulating growth in retail, e-commerce and automobile sectors. Enhanced credit access for first-time borrowers is also driving entrepreneurship and business expansion. However, increased personal debt levels could risk household financial stability if not managed properly.

Rise in alternative investments and gold digitalisation » Diversification of savings

Increasing retail participation in equities, mutual funds and alternative investment vehicles like real estate investment trusts (REITs), gold exchange traded funds (ETFs) and alternate investment funds (AIFs) is deepening India's capital markets and diversifying savings away from traditional bank deposits and physical assets. This shift enhances liquidity, boosts long-term capital availability and reduces reliance on physical gold and real estate. Meanwhile, banks are adapting by enhancing wealth management services and creating hybrid products. Although the rise of BNPL, personal loans and credit cards is stimulating consumer spending, it is also increasing personal debt which could threaten financial stability. Enhanced insurance and pension product demand could further strengthen financial resilience and support infrastructure investment.

This shift necessitates that financial service providers evolve their offerings, ensuring that investment solutions, lending models and financial planning services are aligned with the evolving risk appetite and financial aspirations of consumers. Furthermore, cross-industry collaborations – i.e. among traditional banks, FinTech firms and insurance providers – can drive innovative financial solutions that cater to the changing customer needs while promoting long-term financial stability.

The Financial Health Survey,* comprising access, usage and impact-related insights with customer context and background, provides an opportunity to create a real-time direct feedback loop from impact to access. This enables financial service providers to leverage this knowledge about the impact pathways of their customer base to tweak their service offerings and outreach for different segments of their customer base. Doing this facilitates them to create new products and draft processes that can enable relevant, meaningful and targeted impact for these customers.

The survey offers a means to monitor the market for product gaps, recognise true value additions and prune product misfits on a dynamic basis. This is particularly important for the Bharat segment, which is new to formal finance, caught between the formal and informal sides of the economy and, in some ways, cajoled into transitioning to formal financial products by a combination of government measures and market imperatives. Being a largely low-income segment, the money management practices of such customers who are new to formal financial services also tend to be distinctly different from those of established customers who have been integrated into the formal economy for years and are familiar with the workings of the financial system. Therefore, meeting the customers from the Bharat segment at specific points in their journey and enabling timely and accurate recognition of their needs, pain points and preferences, can help ease their transition to formal finance. This is expected to provide good outcomes for all stakeholders – optimal financial health for customers, product-market fit for financial service providers, good social outcomes for impact investors, and inclusive and sustained growth for the government.

* The survey takes 15–25 minutes to complete, based on whether it is done telephonically or in-person.

6. Value proposition to financial service providers

Impact measurement often seems like a distant ideal for financial service providers who have many competing business considerations around sales, margin, profit, etc., to contend with. Therefore, impact measurement often gets relegated to environmental, social and governance (ESG) or annual reports, where it becomes a stock-taking exercise that offers little to no value to the business specifically. On the contrary, thoughtfully crafted impact measurement that blends market reconnaissance, product feedback and customer insights seamlessly can provide strategic intelligence. This can improve the utility of such surveys for the business while also anchoring to the welfare of customers and sustainability of the entire business ecosystem.

Potential impact areas for the survey

Market insights	Services and distribution	Customer profiling and segmentation	Strategic/ go-to-market (GTM) insights	Product offerings
Gain comprehensive insights into consumer consumption patterns to inform strategic decisions.	Optimise service delivery channels to increase hyper-personalisation.	Identify distinct customer segments and their varied needs.	Draft a comprehensive strategy and GTM recommendation to drive business growth and market penetration.	Receive tailored recommenda-tions to enhance product offerings.

Sources: PwC, Dvara Research

Market insights

- **Potential impact**: Financial institutions can anticipate the shifts in demand of their customers and fine-tune their product and investment strategies, which align with the emerging consumer preferences and macroeconomic conditions.
- **Scenario 1:** Mutual funds: The survey revealed that the Gen-Z and millennial population show increased preference for thematic and ESG funds. Asset management companies (AMCs) adjusted their marketing strategy and recalibrated their investment portfolio to focus more on thematic and ESG investments. AMCs may also consider launching customised investment options to cater to the needs of the target customer segment.
- **Scenario 2:** Insurance: Insights from the survey indicate a growing demand for hybrid insurance-cum-investment products among the youth. Insurers develop and promote unit-linked insurance plans (ULIPs) that balance protection with wealth creation, thus ensuring higher adoption.

Services and distribution

- **Potential impact**: Better accessibility and high customer engagement by hyper-personalising different channels to meet regional, behavioural and digital preferences of the customers
- **Scenario 1:** Loan products: Insights from survey revealed an increased preference for consumer loans for buying electronic products. Banks can collaborate with e-commerce platforms and retailers to provide pre-approved loan solutions or offers on payment using their channels.

- **Scenario 2:** Financial savings: Survey data highlights that blue-collar workers prefer various salary-linked savings schemes. A bank collaborates with employers to embed automatic NPS/PPF savings along with goal-based savings which can be incorporated with the employer's payroll. This improves savings adoption rate.

Customer profiling and segmentation

» **Potential impact**: Refinement of customer segmentation models, leading to hyper-personalised offerings and better risk assessment

- **Scenario 1:** Credit products: Survey insights reveal that gig economy workers face challenges in credit approval due to inconsistent incomes. A bank develops a dynamic risk-based lending model incorporating alternative data like transaction patterns and savings behaviour to extend need-based loans.
- **Scenario 2:** Insurance: Behavioural profiling from survey data shows that young professionals are hesitant to purchase life insurance due to complexity, lack of transparency and involvement of third-party agents. Insurers introduced simplified, digital-first plans with interactive guidance tools, and a tutorial covering the basics. All of these helped in increasing penetration in this segment.

Strategic/Go-to-market (GTM) insights

» **Potential impact**: The survey helps firms design effective market entry and product positioning strategies, ensuring maximum reach and adoption

- **Scenario 1:** Mutual funds: The survey highlights that first-time investors are intimidated by direct equity investments but are open to goal-based investing and be more financially aware of investing principles. An AMC introduced a 'first-time investor' mutual fund portfolio, featuring low-risk and automated rebalancing options. They also introduced short, in-app based video tutorials explaining basic financial jargons.
- **Scenario 2:** Financial hedging solutions: The survey insights revealed that many firms operating in the agri space are unaware of hedging instruments that protect against commodity price fluctuations. A financial institution can reach out to its customers to educate and introduce commodity-linked savings and hedging instruments which can be used to secure customers against price fluctuations.

Product offerings

» **Potential impact**: The survey can support innovation by identifying gaps in existing product lines, ensuring financial institutions develop relevant, high-demand financial solutions to capture the opportunities.

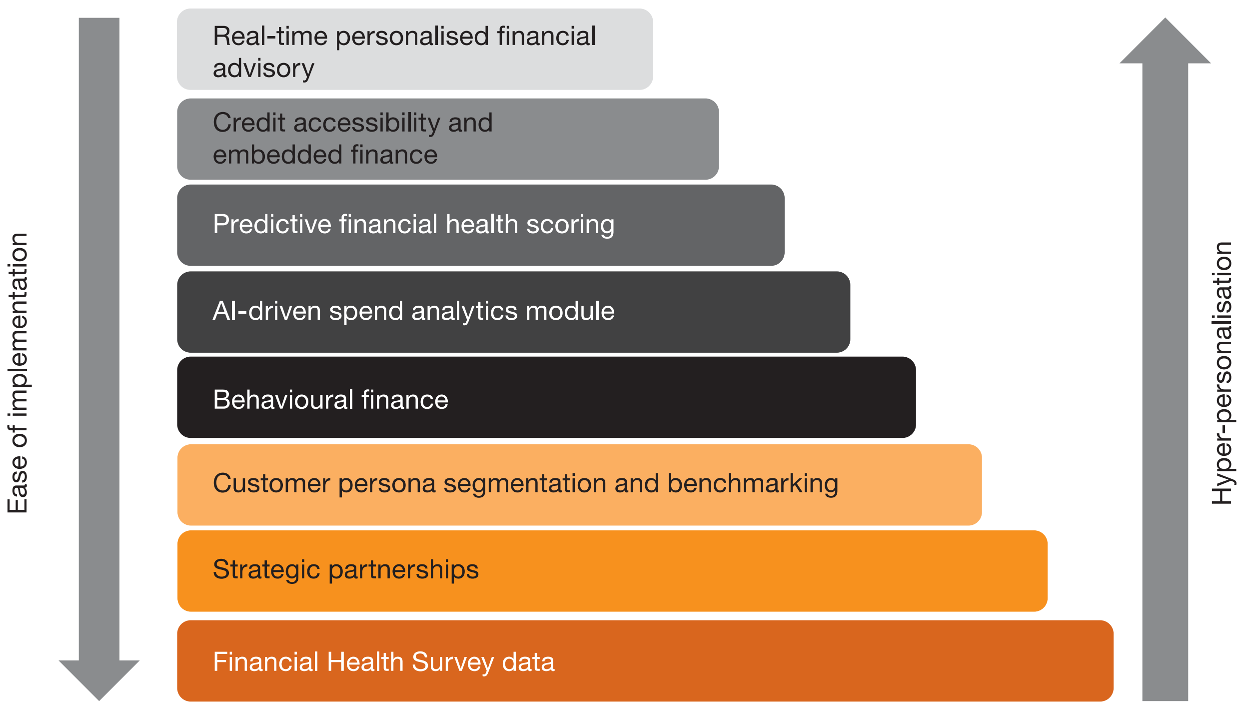
- **Scenario 1:** Banking and savings: A survey revealed that customers prefer options which would automatically apply fixed deposits rate to the remaining capital over a limit in their savings account while also maintaining liquidity. Bank introduced flexi savings account, which automatically applies fixed deposit rates on the balance amount above the limit specified by the user.
- **Scenario 2:** Credit products: Data revealed that women entrepreneurs struggle to secure loans due to lack of collateral. A FinTech firm introduced unsecured micro-loans backed by alternative credit scoring model and transaction data. This promoted financial inclusion for female business owners.

7. Advanced modules to enhance the Financial Health Survey

Advancements in artificial intelligence, data analytics and behavioural finance can revolutionise how financial institutions understand and segment their customer needs. If properly used, these technologies – in addition to the Financial Health Survey data – can generate insights which can be used to personalise product offerings. Moving from the 'one-size-fits-all' approach to specialised product offerings can help financial institutions to increase the engagement with their consumers and understand their evolving needs and preferences.

Models built using emerging technologies can enable financial institutions to analyse spending behaviour, predict financial vulnerabilities and offer tailored advisory services, thereby ensuring more inclusive and impactful financial offerings. The following diagram represents various modules which when integrated with the financial survey data creates opportunity for hyper-personalisation. The ease of implementation decreases for advanced modules while the degree of hyper-personalisation increases with each subsequent addition.

Modules for hyper-personalised services



Sources: PwC

Financial institutions can integrate the following key analytical frameworks and technological innovations, structured from broad strategic initiatives to specific implementation-level enhancements:

1. **Strategic partnerships –** To create holistic, value-driven financial solutions, financial institutions can collaborate with various FinTech, government bodies, service providers and retailers. Insights from Financial Health Survey, when coupled with strategic cross-partnerships, can enable the development of co-branded financial solutions and/or embedded financial opportunities. This enhances customer experience and creates more business opportunities. For example, a financial institution can tie up with an e-commerce platform to provide co-branded financing like consumer loans, or shopping cards for expenditure on these platforms. Through this dual focus on strategic collaboration and market-product fit analysis, organisations can better meet the dynamic needs of their customers.
2. **Customer persona segmentation and benchmarking –** Financial institutions can leverage survey data to create detailed customer personas based on socio-economic factors and financial behaviour, allowing for

targeted comparisons and deeper insights. By comparing individual Financial Health Survey results with broader consumer segments, financial institutions can identify various patterns, gaps and other relevant insights which can help in personalising financial solutions.

3. **Behavioural finance –** Financial institutions should understand the importance of cognitive biases and psychological factors that impact financial decisions. This can help financial institutions to create behavioural interventions to improve unit financial health. Through a combination of behavioural finance insights and customer benchmarking with the relevant socio-economic segment, financial institutions can incorporate nudges like automatic savings, spending notification, and goal-based financial planning features. In the long run, this helps the consumer in making better financial decisions and enhance his/her money management skills.
4. **AI-driven spend analytics module –** Financial institutions have a huge amount of data on financial transactions. They can leverage machine learning and the AI-driven spend analytics module to gain deeper insights into individual spending patterns in relation to socio-economic demographics or benchmark with particular customer personas. This would help institutions in understanding how a consumer allocates their financial resources across different expense categories and enable the design and development of more relevant product offerings for them. Moreover, this would help financial institutions to transition from the 'one-product-fits-all' approach to 'customised product per customer', in line with the actual spending habits of the customer.
5. **Predictive financial health scoring –** By leveraging the above-mentioned module, financial institutions can develop dynamic financial health scores depending alternative data like user spend and savings analysis. This can assess a consumer's financial stability, resilience and probable future financial needs. These scores can enable an institution to identify early warnings of financial stress and take timely corrective interventions. This approach also enhances risk management, by going beyond traditional risk modelling techniques.
6. **Credit accessibility and embedded finance –** Traditional credit scoring often excludes new-to-credit consumers, limiting access to various financial services. By incorporating the previous modules of spending pattern analysis, behavioural finance and alternative credit models, financial institutions can broaden their credit offerings which can provide access to underserved populations. Embedded financial solutions further streamline this process by making credit accessible through various channels and providing tailored options to suit individual financial needs.
7. **Real-time personalised financial advisory –** The final module helps financial institutions to move from 'one-size-fits-all' products to offer continuous, adaptive financial guidance. On integration with all the previous modules, this enables financial institutions to provide real-time personalised financial recommendations to its customers and help them in optimising financial planning and wellbeing.

By integrating these advanced analytical models with the Financial Health Survey data, financial institutions can unlock deeper consumer insights, enhance financial inclusion and drive long-term positive financial outcomes for all customer segments.

8. Strategic importance of the Financial Health Survey

The Financial Health Survey represents more than just a diagnostic tool; it is a pivotal instrument critical for the future of financial inclusion and wellbeing. It provides critical insights that can help financial institutions in their policy decisions, product development and customised financial services across different channels. The data can also help in identifying gaps in financial inclusion and uncovering nuanced realities of individuals' financial lives. This helps in targeted interventions which can help in improving the financial health of individuals.

There are two possible pathways for financial service providers to engage with the survey based on their needs, business strategies and marketing goals:

(i) **Periodic customer surveys:** For providers who are looking to report their impact and map customer needs, the Financial Health Survey could be administered to a sample set of customers to offer insights and action pathways on an annual or bi-annual basis.

(ii) **Strategic engagement:** For providers who are looking to launch new products, working in relatively new geographies, etc., the Financial Health Survey could be strategically administered for different cohorts of customers at various time intervals to garner insights about them, their response to the product and their persisting needs.

Independent of the engagement pathway, the Financial Health Survey offers plenty of scope for customisation as per the requirements of the financial service provider so that it can provide both impact measurement and market research.

The adaptability of this Financial Health Survey enables it to evolve alongside several analytical frameworks and technological innovations. This ensures that it remains relevant and effective in addressing the ever-changing landscape of financial needs and behaviours. With more technological innovations and integration of data analytics, financial institutions will be able to make the shift to tailored financial solutions to meet the diverse needs of every individual. Other value propositions for financial institutions include customer-centric strategies, improved risk assessment and timely interventions, and alternative credit scoring models. Ultimately, the criticality of this initiative lies in its potential to diagnose financial health as well as to catalyse actions that promote financial empowerment, economic growth and sustainable development.

About ASSOCHAM

The Associated Chambers of Commerce & Industry of India (ASSOCHAM) is the country's oldest apex chamber. It brings in actionable insights to strengthen the Indian ecosystem, leveraging its network of more than 4,50,000 members, of which MSMEs represent a large segment. With a strong presence in states, and key cities globally, ASSOCHAM also has more than 400 associations, federations and regional chambers in its fold.

Aligned with the vision of creating a New India, ASSOCHAM works as a conduit between the industry and the Government. The Chamber is an agile and forward-looking institution, leading various initiatives to enhance the global competitiveness of the Indian industry, while strengthening the domestic ecosystem.

With more than 100 national and regional sector councils, ASSOCHAM is an impactful representative of the Indian industry. These Councils are led by well-known industry leaders, academicians, economists and independent professionals. The Chamber focuses on aligning critical needs and interests of the industry with the growth aspirations of the nation.

ASSOCHAM is driving four strategic priorities - Sustainability, Empowerment, Entrepreneurship and Digitisation. The Chamber believes that affirmative action in these areas would help drive an inclusive and sustainable socio-economic growth for the country.

ASSOCHAM is working hand in hand with the government, regulators and national and international think tanks to contribute to the policy making process and share vital feedback on implementation of decisions of far-reaching consequences. In line with its focus on being future-ready, the Chamber is building a strong network of knowledge architects. Thus, ASSOCHAM is all set to redefine the dynamics of growth and development in the technology-driven 'Knowledge-Based Economy. The Chamber aims to empower stakeholders in the Indian economy by inculcating knowledge that will be the catalyst of growth in the dynamic global environment.

The Chamber also supports civil society through citizenship programmes, to drive inclusive development. ASSOCHAM's member network leads initiatives in various segments such as empowerment, healthcare, education and skilling, hygiene, affirmative action, road safety, livelihood, life skills, sustainability, to name a few.

Dr Rajesh Singh
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