

## Research Article

### UNBANKED & THE PMJDY

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**Abstract:** Financial inclusion has the potential to improve lives and transform entire economies. Digital finance can convert this potential into reality, but several ingredients need to be in place. Safer digital cash-transfer systems are being constructed, offering social protection programs, which now deliver resources directly to those in need. Payment systems are being modernized, removing regulatory roadblocks—so that people and businesses have the financing they need to innovate and create jobs.

**Keywords:** Financial inclusion, Digital finance, Cash transfer systems, Payment system modernization, Economic development.

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## INTRODUCTION

As of 2025, the global unbanked population stands at approximately 1.3 billion adults. This marks a significant decrease from the 1.4 billion reported in 2021 and 2.5 billion in 2011. In 2014 that number was 2 billion.

Because account ownership is nearly universal in high-income economies, virtually all unbanked adults live in developing economies. China and India, despite having relatively high account ownership, claim large shares of the global unbanked population because of their sheer size.

So, 1.3 billion adults still remain outside the formal financial system and over half of them – 650 million – are concentrated in just eight countries: Bangladesh, China, Egypt, India, Indonesia, Mexico, Nigeria, and Pakistan<sup>2</sup>.

This is unprecedented progress in financial inclusion, particularly in low and middle-income countries. However, a significant number of adults especially women, the poor, and the digitally disconnected, continue to be excluded from the formal financial system.

Worldwide, 79% of adults have an account at a bank or similar financial institution, with a mobile money provider, or both, up from 74% in 2021. Ownership of financial accounts increased globally by 5 percentage points between 2021 and 2024 and by 6 percentage points in low- and middle-income economies, in which 75% of adults now have an account<sup>3</sup>.

More adults than ever in low- and middle-income countries now have bank or other financial accounts, leading to a rise in formal saving. This momentum in financial inclusion is creating new economic opportunities. Mobile-phone technology played a key role in the surge, with 10% of adults in developing economies using a mobile-money account to save — a 5 percentage point increase from 2021.

As a result of increase in the number of adults owning financial account in low and middle-income economies (LMIEs), there's been a surge in formal savings. In 2024, 40% of adults in developing economies saved in a financial account, which

is a 16 percentage points increase since 2021 and the fastest rise recorded in over a decade. Sub-Saharan Africa saw particularly strong growth, with formal savings increasing by 12 percentage points to reach 35% of adults<sup>4</sup>.

Financial inclusion has the potential to improve lives and transform entire economies. Digital finance can convert this potential into reality, but several ingredients need to be in place. Safer digital cash-transfer systems are being constructed, offering social protection programs, which now deliver resources directly to those in need. Payment systems are being modernized, removing regulatory roadblocks—so that people and businesses have the financing they need to innovate and create jobs.

## THE UNBANKED

Despite this progress, 1.3 billion adults still remain outside the formal financial system and over half of them – 650 million – are concentrated in just eight countries: Bangladesh, China, Egypt, India, Indonesia, Mexico, Nigeria, and Pakistan<sup>5</sup>.

Of the total, women constitute a major chunk (55%) of the unbanked population, meanwhile 52% people without bank accounts are from the poorest 40% of households, and 62% of them have only primary education. Also, unemployment is a major factor among the unbanked population as 54% them are either unemployed or out of the labour force.

However, digital technology presents a potential pathway for expanding access. Of those without accounts, around 900 million own a mobile phone, and more than half of them, about 530 million, have smartphones. The role of real-time digital payment systems, such as India's Unified Payments Interface (UPI) and Brazil's PIX, has been vital in closing the financial access gap by enabling low-cost, instant transactions<sup>6</sup>.

As per the world bank report, the impact that mobile phones and the internet are having extends not only to account ownership, but also to potentially productive uses, including saving formally, which 40% of adults in low and middle-income economies now do, and making or receiving digital payments, which more than 60 percent of adults in low and middle-income economies also do.

More people than ever have the financial tools to invest in their futures and build economic resilience, including women and others previously left behind. This is real progress. The case for investing in inclusive financial systems, digital public infrastructure, and connectivity is clear—it's a proven path to unlocking opportunity for everyone<sup>7</sup>.

Mobile money continues to be a pivotal force in driving inclusion, particularly in regions like Sub-Saharan Africa. The report found that since 2014, mobile money, whether used alone or alongside a traditional bank account, has been central to global gains in account ownership. Today, 15% of adults globally have a mobile money account.

Digital money is also helping to narrow the gender gap in account ownership. Globally, over two-thirds (77%) of women now have accounts compared to 81% of men. In LMIEs, women's account ownership nearly doubled over the past decade, rising from 37% in 2011 to 73% in 2024, as per the report<sup>8</sup>.

## REGIONAL VARIATIONS:

The Middle East and North Africa saw account ownership rise to 53% from 45% in 2021, while formal saving climbed to 17%. In South Asia, nearly 80% of adults now have accounts, with India leading the way as 90% of both men and women in India are account holders, and 65% own a mobile phone.

Sub-Saharan Africa experienced a significant increase in financial access, with account ownership growing to 58% from 49% in 2021. It remains the global leader in mobile money usage.

Nonetheless, key digital and demographic disparities remain. Only nine LMIEs reported mobile phone ownership below 65%. Phone ownership is significantly lower among those with less education—75% among adults with primary education or less, compared to 93% among those with secondary education or more.

Women are nine percentage points less likely than men to own a phone, and poorer adults are eight points behind wealthier counterparts. More than 300 million women in South Asia still lack mobile phones. Affordability continues to be the most frequently cited reason for not owning a phone<sup>9</sup>.

## WHY PEOPLE REMAIN UNBANKED

According to the World Bank's Global Findex 2025 Report, significant progress has been made—79% of adults globally now have a financial account. However, roughly 1.3 billion adults remain unbanked.

The survey highlights that the "last mile" of financial inclusion is the hardest to reach, with specific systemic and personal barriers keeping people out of the formal financial system.

### 1. Primary Barriers (Self-Reported)

When unbanked adults were asked why they do not have an account, several recurring themes emerged:

- **Insufficient Funds (Poverty):** The most common reason cited. Many people feel they do not have enough money to justify opening an account or to meet minimum balance requirements.
- **High Costs:** Transaction fees, monthly maintenance fees, and the cost of traveling to a physical branch remain prohibitive for low-income individuals.
- **Physical Distance:** In many developing regions, the nearest bank branch or agent is too far away, making the "cost of access" (in time and transport) too high.
- **Lack of Documentation:** A significant portion of the unbanked lack the formal identification (Digital ID or government-issued papers) required by "Know Your Customer" (KYC) regulations.
- **Lack of Trust:** Historical instability in banking systems or predatory practices have led many to prefer keeping savings in cash or informal clubs.

### 2. Demographic Gaps

The 2025 data shows that exclusion is not random; it is concentrated among specific groups:

- **Gender:** Women still account for 55% of the world's unbanked. While the gap is narrowing, women often face additional hurdles like lack of independent ID or mobile phone ownership.
- **Education:** Approximately 62% of unbanked adults have only a primary education or less, which often correlates with lower financial literacy and confidence.
- **Employment:** Over half (54%) of the unbanked are unemployed or outside the formal labour force, meaning they don't receive the formal payroll deposits that often trigger account opening<sup>10</sup>.

### 3. The "Digital Divide"

While mobile money has been a game-changer, a new barrier has emerged: Digital Connectivity.

- **Lack of Hardware:** 16% of adults globally still lack access to a mobile phone.
- **Lack of Confidence:** Between 33% and 59% of unbanked adults across various regions said they would not feel comfortable using a financial account without help. This "confidence gap" is particularly high among women and the elderly.

### 4. Concentration of the Unbanked

The report reveals that the problem is highly geographical. Over half of the world's unbanked population (approx. 650 million people) live in just eight countries:

1. India
2. China
3. Pakistan
4. Nigeria
5. Bangladesh
6. Egypt
7. Mexico
8. Indonesia

### Interesting Trend: The "Inactive" Account

The 2025 survey also noted a rise in account inactivity. In India, for example, 35% of account holders haven't used their accounts in over a year. This suggests that while people may "have" a bank account (often opened via government mandates), they still remain effectively unbanked because the services don't meet their daily needs or they lack the funds to use them<sup>11</sup>.

## THE PMJDY 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 Yojna (PMJDY), which is one of the biggest financial inclusion initiatives in the world.

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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 endeavors 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 lakh is 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 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)<sup>12</sup>.

## 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<sup>13</sup>.

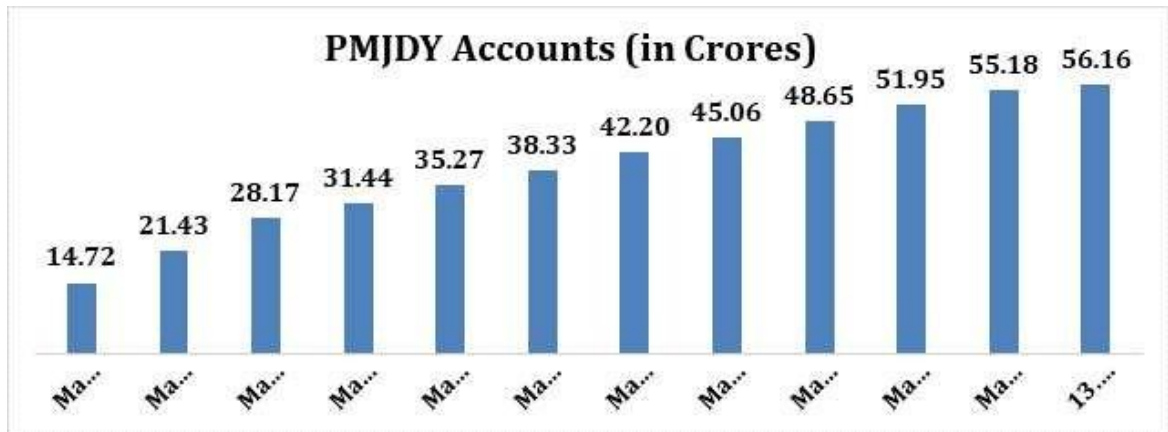
Financial inclusion schemes saturation campaign:

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.

### A. PMJDY Accounts: 56.16 crore (As on 13th August,2025)

As on 13th August 2025, total number of PMJDY Accounts have reached 56.16 crore;

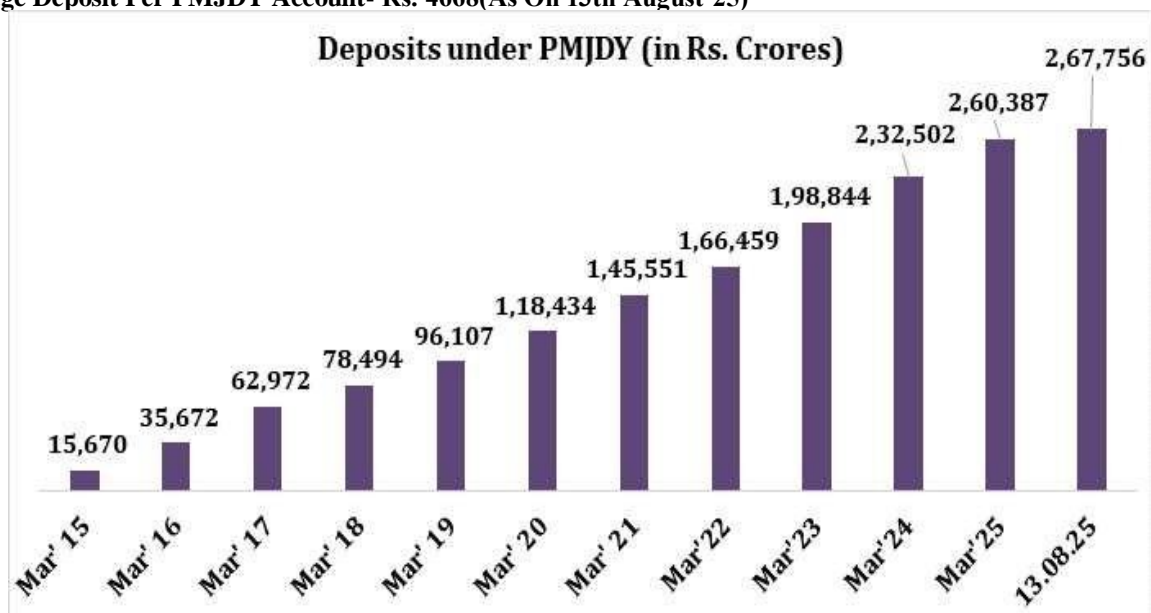
55.7% (31.31 crore) Jan-Dhan account holders are women and 66.7% (37.48 crore) Jan Dhan accounts are in rural and semi-rural areas.



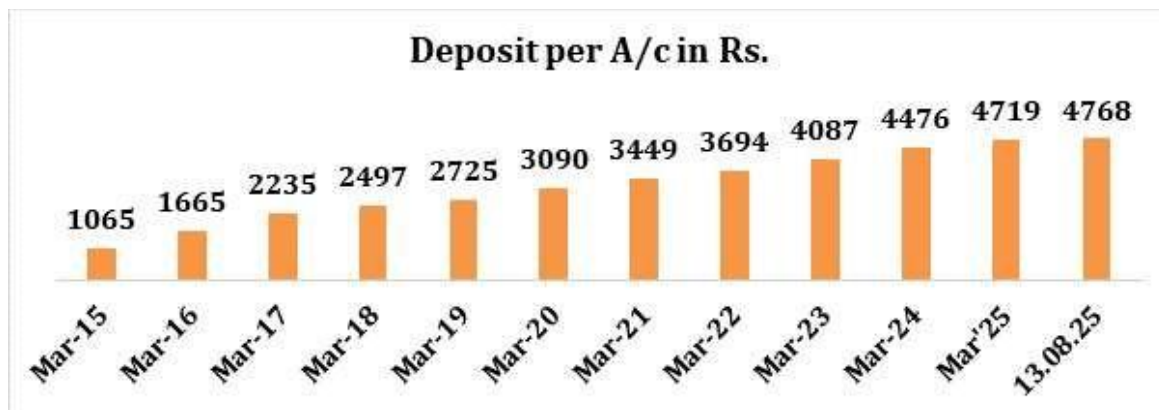
### Deposits under PMJDY Accounts-2.68 Lakh Crore(As on 13th August,2025)

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

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

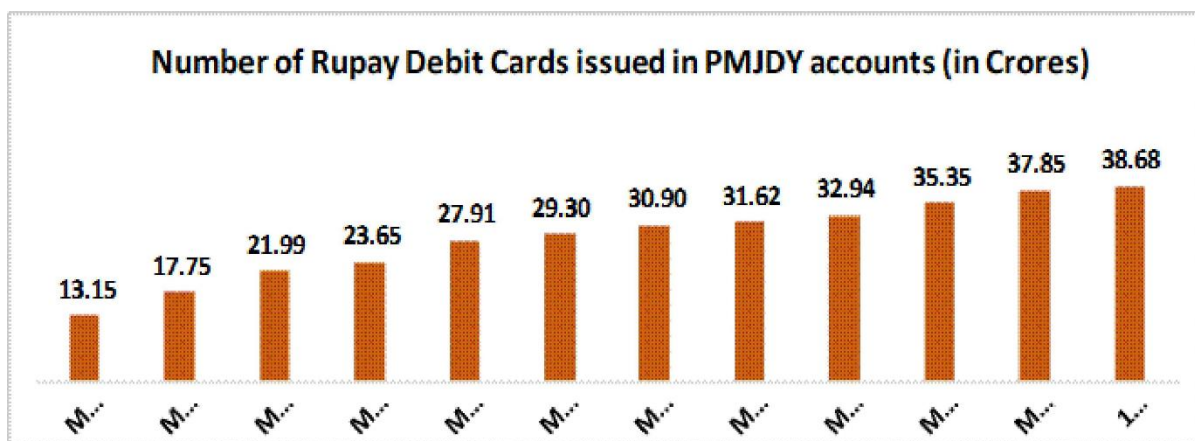


Average deposit per account is Rs.4,768 as on 13.08.2025. The average deposit per account has increased by 3.7 times compared to August 2015. Increase in average deposit is another indication of increased usage of accounts and inculcation of saving habit among account holders.



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

38.68 crore RuPay cards have been issued to PMJDY account holders: 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 crore 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 crore in FY 2017-18 to 93.85 crore in FY 2024-25.

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<sup>14</sup>.

## CONCLUSION

Financial inclusion is essential for fostering economic growth and reducing poverty by ensuring that individuals and businesses have access to useful and affordable financial products and services—such as banking, credit, insurance, and digital payments. It empowers people to manage their money more effectively, invest in education or businesses, and cope with unexpected expenses. For marginalized and low-income communities, financial inclusion promotes social equity by bridging the gap between the formal economy and those traditionally left out. By expanding access to financial tools,

governments and institutions can enhance economic participation, drive innovation, and create more resilient financial systems.

Concluding, the Pradhan Mantri Jan Dhan Yojana has emerged as a transformative initiative in India's journey toward financial inclusion. By bringing millions of previously unbanked individuals into the formal banking system, the scheme has empowered people with access to financial services such as savings accounts, credit, insurance, and direct benefit transfers. While challenges remain in terms of ensuring active usage and financial literacy, PMJDY has laid a strong foundation for inclusive economic growth and social equity. With sustained efforts and innovation, it holds the potential to bridge the financial divide and uplift the socio-economic status of marginalized communities across the country.

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