



University of Jaffna

Dr. Arunasalam Somasundarampillai Memorial Lecture - 2022



by

Prof.(Mrs) Rathiranee Yogendrarajah,

Professor in Financial Management,

Head/Dept. of Financial Management,

Faculty of Management Studies and Commerce,

University of Jaffna

on

Thursday 28th April, 2022 at 3.00 p.m

at

Kailasapathy Auditorium,

University of Jaffna.



University of Jaffna

Dr. Arunasalam Somasundarampillai Memorial Lecture – 2022

by

Prof.(Mrs) Rathiranee Yogendrarajah,
*Professor in Financial Management,
Head/Dept. of Financial Management,
Faculty of Management Studies and Commerce,
University of Jaffna*

on

Thursday 28th April, 2022 at 3.00 p.m

at

**Kailasapathy Auditorium,
University of Jaffna.**

Message from the Vice – Chancellor

Late Dr. Arunasalam Somasundarampillai was a Chartered Accountant and a former member of the Governing Council of the University of Jaffna. I have known him well for four decades in Point Pedro, his place of birth and residence, Thunnalai where he married (nee) Leela Kulaveerasingham and in Jaffna town where he set up his own Audit firm and administered the Merchant Finance Ltd.

After completing his secondary education at Hartley College in 1954 he enrolled in a professional accounting course in Colombo. He served as a Chief Accountant at Ceylon Printers (Ltd) after successfully completing his Chartered Accountancy programme. He established his own office in Jaffna and worked as a Tax and Audit Consultant while also serving as the Managing Director of Merchant Finance Ltd. For many years, he was a visiting lecturer in auditing at Department of Commerce, University of Jaffna. During this period, he was elected to the University Governing Council to serve as a member of the Council.

Dr. Somasundarampillai was the Charter President in the Lion Club of Point Pedro and the Chairman of Lions Club International Zone. He was also a supporter of a variety of social trusts and humanitarian organizations. He donated a significant portion of his money to such worthwhile initiatives.

The degree of Doctor of Philosophy, Honoris Causa, was awarded by the University of Jaffna to him as an appreciation of

his many achievements in his profession and his commitment to University administration in 2004.

We are proud to have Professor Rathiranee Yogendrarajah who holds Bachelor of Commerce Degree with First Class (Honours) in the year of 1989, and Master of Philosophy in 1997 from University of Jaffna and Ph.D from University of Kelaniya, in 2015 (with Higher Education of Twenty first Century (HETC) Scholarship). She has promoted as Senior Lecturer Grade II in 1997, Senior Lecturer Grade I in 2003 and Professor in Financial Management in 2017. Presently she is Head of the Department of Financial Management, Faculty of Management Studies and Commerce, and also she is serving as a Director of Centre for Open and Distance Learning, University of Jaffna and Director of Financial Education at Sri Lanka Finance Association (SLFA).

I thank Prof. Rathiranee Yogendrarajah for agreeing to deliver the late Dr. Arunasalam Somasundarampillai memorial oration for the year 2022 on the title “Role of Financial literacy in achieving women’s financial inclusion and the strategies to improve financial inclusion among women”. I believe this talk will create empowerment among the women in the financial inclusion.

All glories to Almighty.

Prof.Sivakolundu Srisatkunarajah,

Professor in Mathematics,

Vice Chancellor,

University of Jaffna.

Memorial Lecture of Dr. A. Somasundarampillai – 2021

Vice-Chancellor, Deans of the Faculties, Heads of the Departments, Professors, Distinguished guests, students and colleagues.

It is an honour and a privilege to be invited to deliver memorial lecture in honour of Dr. Arunasalam Somasundarampillai. Dr. Arunasalam Somasundarampillai was a Chartered Accountant and a former member of the Governing Council of the University of Jaffna. His native place was Thunnalai, where he married (née) Leela Kulaveerasingham, and he established his own audit firm under the name of 'Merchant Finance Company' in Jaffna.

The late Dr. Arunasalam Somasundarampillai received his primary education at Thattatheru Methodist Mission School and his secondary education at Puloly Velautham School (later Velautham Mathiya Maha Vidyalayam) and at Hartley College, Point Pedro. His father was a teacher at Velautham Mathiya Maha Vidyalayam. He went to India St. Joseph's College in Thiruchirappalli, after his senior School Certificate Examination, where he outshined in his studies and won the Gold Medel for his extraordinary performance at the Rt. Hon. Sirinivasa Sastri Gold Medel Oratorical contest. In addition, he was awarded the Subba Rao Prize for Economics. He graduated from Madras University after successfully completing his collegiate education in 1947. After graduation from Madras University, in 1948 Dr.

Somasundarampillai Joined as a teacher at Hartely College where he was a keen Tennis player. On many occasions, he addressed the college assembly.

In 1954, he left from Hartley College and he enrolled in a professional accounting course in Colombo. He served as a Chief Accountant at Ceylon Printers (Ltd) after successfully completing his Chartered Accountancy. He established his own office in Jaffna and worked as a Tax and Audit Consultant while also serving as the Managing Director of Merchant Finance Ltd. For many years, he was a visiting lecturer in auditing at Department of Commerce, University of Jaffna. During this period, he was elected as a member of the University Governing Council.

He has a unique track record in this area, having served for nearly two decades. During the tenures of Vice-Chancellor Prof. S.Vithiyananthan, Prof. A.Thuraiajah, and Prof. P. Balasundarampillai, he served as a member of the Council. As a member of the Council, he provided exceptional services as an advisor, mentor, and critic. His expert advice and suggestions were particularly sought in matters relating to accountancy and finance because he was an expert in Accountancy. Further, he was a justice man, he never compromised on what he believed was right. This was practiced by him during his membership of the Council.

Dr. Somasundarampillai was the Charter President in the Lion Club of Point Pedro and the Chairman of Lions Club International Zone. He was also a supporter of a variety of social trusts and humanitarian organizations. He donated a significant portion of his money to such worthwhile initiatives.

Further Dr. Somasundarampillai authored two books were fisheries and the animal husbandry. "Illankai Meen Valamum Payanpadum" and "Sri Lanka Fisheries Exploitation and Development" were released in 2000 and 2001, respectively. His books "Animal Husbandry in Tamil Areas of Sri Lanka" and "Illankai Tamil Pirathesankalil Kalnadai Apiviruthi" were published in Tamil and English, respectively.

The degree of Doctor of Philosophy, Honoris Causa, was awarded by the University of Jaffna to him as an appreciation of his many achievements in his profession and his commitment to university administration in 2004.

He contributed a lot for Accounting and Finance viz as a teacher, Chartered Accountant and Council Member of the University. He provided employment opportunities for the Accounting and finance students in his firm and as a visiting lecturer delivered lectures to the same discipline students. As a result, I believe the topic of today's presentation would have piqued his curiosity. It gives me a great pleasure to offer the presentation in his honour.

Role of Financial literacy in achieving women's financial inclusion and the strategies to improve financial inclusion among women

Abstract

The aim of this study is to investigate the influence of Financial Literacy on financial inclusion of poor women. Women have lack of access to formal financial institutions but mostly have access to informal Institutions such as Micro Finance Institutions (MFIs), unregistered and un-regulatory institutions, etc. Sri Lanka has a high level of financial inclusion compared to other South Asian Countries. It has a wide range of financial institutions that provide loans, savings, pawning, leasing, and finance and remittance and money transfer facilities and a large number of households in Sri Lanka access multiple financial institutions for their savings and credit needs. However, the usage of insurance services, e-payments, ATM facilities, and mobile banking is very low. Most of the researches revealed that financial literacy is important to achieve a high level of financial inclusion in any country particularly in developing countries. This study explained the importance of financial literacy to improve financial inclusion among poor women in developing countries through the literature of previous studies. Further, it explains the challenges faced by women in accessing financial inclusion and suggested some strategies to improve financial inclusion in developing countries through empirical evidences. This study will be helpful to the policymakers, financial institutions particularly related to cost and quality of financial services provided and the sustainability of financial institutions.

Introduction

The growth and sustainability of a country depend on economic activities. The demand and supply of goods and services and availability of financial resources lead to the growth of an economy in the country. Hence, the financial inclusion will play a vital role in taking all categories of individuals of an economy in the range of banking and financial system. “Financial Inclusion” (FinIn) was introduced in 1990s to distinguish the obstruction of access to financial products and services in financial Institutions. However, the term evolved in early 2000s as a result of the pursuit of reasons for financial exclusion. Fin In has become a fairly regular term in the social policy of numerous countries at different stages of development. Financial inclusion is defined as “access to and usage of appropriate financial products and services by individuals and enterprises” (World Bank, 2018). Financial inclusion is the delivery of financial services at an affordable cost to disadvantaged and low-income people.

In 2018, the Growth of emerging markets and developing economies slowed to 3.1 percent and in 2019 it declined to 2.1 percent. Further, it emphasizes financial inclusion, which is a significant policy area that can uphold the growth of the country, reducing poverty, and improves resilience to shock. There is a great variation in financial inclusion. In European countries, most adults have their own accounts. But in the developing countries, there has been significant development in account ownership, which has increased from 45 to 65 percent since 2011. However, 30 percent of unbanked adults stated trust in banks as a barrier, which is double the developing country. In addition, in

developing countries, the gender difference in account ownership is large.

Financial inclusion

Financial inclusion is considered as a major tool to help the people to invest their money for future saving purpose, manage financial shocks and consumption in the household and the poverty and the inequality could be reduced by its contribution. It helps savings mobilization and supports using various kinds of financial products. As a result, people with both low and high incomes can participate in the formal financial system and contribute to the formal economy (Martinez, 2011 and Zulfiqar et al., 2016). It promotes the mobilization of savings and the use of a variety of financial products to ensure that funds are circulated throughout the economy. Almost universally, financial inclusion validates the ease with which people may access, use, and benefit from the official financial system and products.

Financial inclusion is the provision of financial services at a reasonable cost to a large segment of society's disadvantaged and low-income groups, with the goal of providing them with a financial cushion to support their survival as well as their entrepreneurial activities. Banking services, credit, insurance, savings and assets, money guidance, and financial literacy and capacity are all included. An all-inclusive financial system allows for more efficient allocation of productive resources, potentially lowering capital costs.

Financial literacy

In twenty-first century the ability to deal with money and financial concerns is vital for financial professionals and for individual person for managing their finances in their day to day life. This capability is referred to as 'financial literacy'. Financial literacy is important for a number of reasons ie, demographic, social, and economic trends affecting the baby boom generation, including increases in life expectancy, changes in pension arrangements and income, growing involvement in financial markets, and the complexity of financial products (OECD, 2005). Financial literacy is defined by the Organization for Economic Co-operation and Development (OECD) as "a combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions based on economic and personal circumstances to enhance individual financial well being". In this definition, 'knowledge' means understanding of personal financial issues, 'Skills' refers being able to apply that knowledge to manage individual's personal finances and 'Attitudes and behaviour' is referred to established beliefs, feeling, confidence and biases during specific situations related to handling one's personal finance. Financial literacy presents basic skills related to earning, spending, budgeting, borrowing, saving, and using other financial services. In addition to this, it helps women to attain better business results, better inclusion and which is not an issue of providing financial services that more closely meet up the needs of women.

In recent years, financial literacy is one of the important features of economic development in the countries. A country that

increases the level of financial literacy will contribute to banking. Further, the banking sector is dynamic and as a consequence the economy will revolutionize. From this, banks have a great task to extend alternatives that support a majority of the population using their services for which not only the quality of services but also the interest charged for their loans. Financial literacy has become of vital importance for the development of public policies. It is an important tool to achieve the financial inclusion in the country. A wide range of financial literacy initiatives exist in the field to support financial inclusion.

Financial inclusion and financial literacy

Financial inclusion protects people from fake lenders that charge very high interest rates and engage in unethical collection techniques. The formal system makes it possible to save in a secure and safe manner. A formal bank account can grant access to a variety of financial services. These types of bank services include overdrafts, debit cards, and credit cards. Access to a bank account is required for insurance and retirement. This inclusive financial system boosts communal efficiency and well-being. Social and cultural variables influence the development of financial literacy. Education has been increasingly visible in recent years, and it is now one of the most important components in a country's development. As a result, government strategies have centered on ensuring that quality with children and adolescents continues to increase. As a result, the government programs have focused on ensuring the continuous improvement of quality for children, adolescents, and adults. Eventhough financial literacy is now regarded as a critical axis in the

formation of people, its study and transmission dates back only a few years, when the Organization for Economic Cooperation and Development (OECD) published the first financial literacy studies in its member countries in 2005. Willis (2011) contends that financial literacy is a myth because, while implementing financial literacy is a sound political decision, the effects have failed to significantly improve the behavior of financial system users as expected by its proponents.

Financial literacy is important to everyone and financial inclusion depends on financial literacy. When people have a better understanding of finances, they can make better financial decisions, commit less debt, and establish credit. Not surprisingly, adults who reported a high level of financial literacy were more likely to report that their life was financially stable and secure. For children, financial education is important because it provides them with a foundation for things like budgeting and saving money.

Despite the efforts that have been done, the gap between developed and developing countries is amplifying. Therefore, the United Nations has moved up the requirement for financial literacy to be an activity that obtains from childhood. It states that it is crucial to “enhance financial education and an affirmative financial culture in people as it is necessary to make sure a population educated in finance that is competent of making informed decisions” (UNICEF, 2013). Mostly, financial inclusion is envisaged as “a progression of incorporating financial services into daily economic activities of the population, which can put in

notably to economic growth to the extent that it can successfully reduce financing costs, insurance and resource management, both for individuals and organizations” (Banco de la República - Colombia, 2017). Financial inclusion is a global policy priority and demand-side initiatives including financial literacy have a significant role to play in helping individuals to access and use appropriate, formal financial products. This study provides an outline of major issues on financial inclusion, mainly women’s access to financial goods and services. It includes examples, experiences, lessons and good practices and a variety of financial stakeholders from the previous literature. Further, it focuses on the role of financial literacy in achieving women’s financial inclusion in Sri Lanka and finds out the strategies to improve financial inclusion among women. According to the World Bank (2015), about 38% more than two billion adults in world population do not use financial services through formal institutions. Due to the high expenses of using them, long displacements, and the lengthy procedures that must be followed in order to obtain access to a bank account in the official institutions, a major percentage of the poor people.

Significance of financial inclusion

The essential for financial inclusion is several reasons. Individuals who are impoverished are financially excluded, yet women are more financially excluded in many countries than men. More over 50 percentage of world's adult population, around 2 billion working groups, do not have formal bank accounts. Financial inclusion ensures that, regardless of income level, all households and businesses have access to the financial

services they require to improve their lives. Currently, the world's impoverished live and work in the informal economy. Even though they have limited financial resources, they save, borrow, and manage their day-to-day expenses. They have to rely on informal means of handling money because they do not have access to formal bank, bank account, debit card, insurance, or credit. This could include relatives, friends, cash-on-hand, pawnbrokers, and money lenders, among others. These options aren't always enough, and they're hazardous, expensive, and fickle. The formal financial system is beneficial in the following ways:

- They can make day-to-day transactions;
- Safeguard savings will help households to manage cash flow, smooth spending and manage working capital;
- Financing small businesses. It will help owners to invest in assets and develop their businesses;
- It will help to plan for recurring expenses, such as school fees, rent, electricity etc.,
- Mitigate shocks and manage expenses on unforeseen events ie, medical situations, death of family member, robbery, or natural disasters; and
- develop their welfare.

Financial inclusion has tremendous benefits not only for people but also for economies. Financial inclusion is linked to a country's economy and social growth, and it helps to alleviate poverty. According to recent research, financial inclusion not only has a good relationship with growth and employment, but also has a causal effect on growth. Poor individuals and small and micro

entrepreneurs in the country benefit from financial inclusion in a variety of ways. For beginners, it facilitates economic dealings for the majority of new economic agent. Furthermore, it enables disadvantaged families with tiny, fluctuating, and sometimes seasonal earnings to effectively manage their resources. Families use financial services to improve their access to education, health, and other necessities that improve their quality of life. Poor families who are more vulnerable can protect themselves by using finances, credit, and insurance; remittances give long-term and low-cost management methods. Entrepreneurs can use loans or savings to increase production by investing in productive assets. Through financial leveraging, the correct financial infrastructure may help the underprivileged recognize their wealth. Financial services foster liberty and economic residency by enabling people to actively participate in their communities and countries. Beck, Demirgüç-Kunt, and Honohan (2009) found that increased access to finance is not only pro-growth but also pro-poor, lowering income disparity and poverty.

Financial inclusion and women

Financial inclusion for women occurs when they have effective access to a variety of financial services. It satisfies their business and household demands and is accessible to the social and cultural elements that cause financial exclusion in both men and women to manifest in diverse ways. Financial inclusion refers to the provision of financial services to all people in an open, transparent, and cost-effective manner. Low-income households lack access to bank accounts, forcing them to spend more time and money on bank visits. More than one billion women are

excluded from formal financial services (Global Findex, 2017). Women's financial inclusion has materialized as a preference among financial inclusion policymakers, implementers, global organizations, and financial service suppliers. Financial inclusion handled correctly can increase women's empowerment in the following ways.

- i) It can be accessed on their own account that helps them to receive not only women's bargaining power within the family but also it will influence how money and other resources are utilized.
- ii) It can help to increase earning income or control over assets outside of the household.
- iii) It can reduce vulnerability to assure against risk to meet unexpected expenses by allowing women.

These are important aspects of economic empowerment, and they can also assist women in achieving their goals. The majority of research confirmed the effects of financial inclusion on various categories of women, and data suggests that various financial inclusion plans can have considerable implications on women's economic empowerment. Other obstacles, on the other hand, will not be overcome by solely focusing on financial inclusion.

Globally, women have a low number of economic opportunities than men. Only around 50% of all eligible women participate in employability training, compared to 75% of men. In addition, women work in the informal sector and low-wage jobs. They don't have the same level of access to financial services as men. Women account for 56 percent of those without a bank account,

or roughly one billion women. Bank accounts do not require asset control or money, but they will serve as a starting point for financial inclusion. Eg. Around 40% of women are small farm managers, of whom only 1% receive agricultural finance in Kenya (World Bank, 2018). Further, in Bangladesh women create 27% of savings in banks, but obtain 1.8% of credit. There are 3.5 million female small entrepreneurs compared to 2.5 million males in South Africa, yet only 43% of female small entrepreneurs have a bank account, compared to 52% of males (FinScope Small Business, 2010). The majority of studies revealed the impact of financial inclusion programs on women. It also implies that financial inclusion programs have a major impact on economic empowerment of women. However, the other obstacles cannot be overcome through financial inclusion programs.

Reasons for targeting women with financial inclusion

Recent studies revealed that women perform worse than men on numerous factors that influence them to poverty. Women between the ages of 20 and 34 are more likely than men to be impoverished according to a poll performed by UN Women and the World Bank. Divorce, separation, and widowhood have a great impact on women than on men. Divorced women in the age group of 18-49, are more than twice as likely as divorced men to be poor.

Women are held back on both fronts by gender relations, even though economic inclusion can lead to financial inclusion and vice versa. Commercial banks which focus on men and formal institutions neglect women, who make up a significant and

growing portion of the informal economy. Many microfinance institutions (MFIs) have answered to the challenge, focusing on women, but much more has to be done to change the status, from formalizing MFIs to providing women with financial education. Further, data proves that women spend a larger percentage of income on household consumption than men. Financial inclusion for women can benefit families, communities, and society as a whole.

Women experience discrimination and are disproportionately susceptible in many societies. Inequality in gender roles has ramifications for the most fundamental components of self-determination, dignity and freedom, all of which influence financial inclusion. On the other hand, gender dynamics, can and do shift with time. The financial services business can act as a driver for gender equality as well as a barometer. Financial inclusion will not bring about gender equality on its own. Women can only achieve social and economic empowerment if they have equal access to the whole spectrum of needs-based financial services ie savings, credit, insurance, and payments as well as financial education. Financial inclusion gives women the skills to accumulate assets and generate money whether they are working at home or outside the home, whether they are employed or self-employed. According to the World Bank's 2012 Global Findex Survey, over three-quarters of the 2.5 billion individuals living on less than \$2 per day do not have a bank account. Women and people who live in rural areas are the ones who suffer the most from financial isolation.

The role of financial literacy on financial inclusion

Financial literacy is critical for improving the community's financial awareness. Financial literacy, financial eligibility, supportive regulations, facilitating intermediation, and extending distribution channels are some of the instruments or tactics used to promote financial inclusion.

Financial literacy, which includes a thorough understanding of financial institutions, financial products and services, and financial management to achieve a better standard of living in the future, is something that cannot be overlooked in the establishment of a financially literate community. It's a concerted endeavour to alter public behaviour. As a result, financial literacy is more than 5 years long-term initiative.

People in industrialized and advanced economies, as well as those in emerging and developing economies, are affected by a lack of financial literacy. Consumers in advanced economies also show a lack of understanding of financial principles that might help them better comprehend and negotiate the financial landscape, manage financial risks, and avoid financial hazards. People in countries all across the world, from Korea to Australia to Germany, do not understand basic financial concepts. Although financial literacy varies by education and income, evidence suggests that highly educated customers with high incomes might be as inexperienced about financial matters as less educated, lower-income consumers. Financial decision-making and education are also seen as complex and anxiety-inducing by consumers.

Financial literacy is a critical skill for assisting customers in accepting and utilizing the financial goods to which they are increasingly exposed because it could be made it easier to operate product effectively. As a result, financial literacy is essential for financial inclusion for the reasons listed below.

- * It can assist clients in developing the skills to assess and choose the best products for their desires, as well as empowering them to exercise their consumer protection rights and obligations.
- * When properly developed, financial education is customized to the client's unique circumstances, assisting them in understanding how formal and informal financial instruments can handle their daily financial issues, ranging from the whims of daily cash flow to risk management.
- * Its strength comes from its ability to be relevant to everybody and everyone, from the person considering moving funds from beneath the mattress to a community savings organization to the saver comparing account options given by competing banks.
- * It bridges gap between the informal and formal financial sectors, facilitating clients' access to and, more significantly, use of a wide range of financial services.

Although Financial Inclusion is a big goal, Financial Literacy is the first step toward reaching it. The demand side of Financial

Inclusion can be understood as Financial Literacy. It is regarded as a critical component in achieving financial inclusion, development, and, eventually, financial stability. It has grown in relevance in recent years, particularly since 2002, as financial markets have become increasingly complex, making it difficult for the average person to make informed decisions. There are risks associated with financial inclusion. Recent microfinance experiences have revealed that poor people take out loans that they are unable to repay. Farmers have also taken out debts that they are unable to pay back. Many people have committed suicide as a result of financial difficulties. Financial literacy will not aid the poor unless it is combined with financial inclusion; otherwise, the poor will be further harmed. Financial literacy provides the ability to make well-informed decisions and make successful decisions when it comes to the usage and management of money. It is recognized as a necessary condition for effective functioning in modern society. It enables one to comprehend the significance of conserving.

Not only can financial literacy improve people's quality of life, but it can also improve the integrity and quality of markets. It can give individuals with basic budgeting skills, assist them in developing saving discipline, and therefore ensure that they can live a dignified life after retirement. Financial literacy is even more important in Sri Lanka, given the low levels of literacy and the vast percentage of the population that remains outside of the formal financial system, particularly in rural areas. Unfortunately, even graduates in Sri Lanka are not well-versed in financial matters.

To achieve inclusive economic improvement and poverty reduction, increasing access to and use of high-quality financial products and services is critical. People who participate in the financial system are better equipped to manage risk, start or invest in a business, and make huge expenditures such as schooling or house improvements, according to research (Ashraf, Karlan & Yin, 2010; Dupas and Robinson, 2013b; Cull, Demirgüç-Kunt & Morduch, 2014). Women are disproportionately affected by poverty, which stems from unequal work divisions and a lack of control over economic resources. Increasing women's financial involvement is especially crucial. Many women are still reliant on their husbands, with one in every three married women in developing nations having no control over purchases (United Nations, 2015). One out of every ten people is not consulted about how their own money is spent (United Nations, 2015). Furthermore, women often have fewer opportunities for educational attainment, outside-of-the-household employment, asset and land ownership, asset inheritance, and control over their financial destinies in general.

It is vital to both women's empowerment and poverty reduction to provide low-income women around the world with effective and inexpensive financial instruments to save and borrow money, make and receive payments, and manage risk. The construction of a more gender inclusive financial system that addresses the specific demand-side and supply-side hurdles experienced by women, supported by an inclusive regulatory environment is necessary for greater women's financial inclusion. These obstacles might range from something as simple as a lack of

assets for collateral to more systemic limits that penalize women, like as account opening regulations.

Financial inclusion in Sri Lanka

Financial inclusion is a key tool of inclusive growth because it enables people to save for the future, handle financial shocks, and smooth household spending, all of which contribute to poverty alleviation. It is a method by which people of all income levels can be included in the formal financial system and therefore contribute to the formal economy (Martinez, 2011; Zulfiqar et. al., 2016). Financial inclusion allows firms to make important investments and gain access to funding. Therefore, access and usage of formal financial system contribute to inclusive growth from numerous angles (Banerjee & Newman, (1993); Galor & Zeira, (1993); Aghion& Bolton, (1997), Beck, Levine and Loayza (2000); Klapper, Laeven, and Rajan (2006); Beck, Demirgüç -Kunt, and Levine (2007); Demirgüç-Kunt and Levine (2009); World Bank (2018) and Demirgüç-Kunt et al (2017)).

In comparison to other South Asian countries, Sri Lanka has a high level of financial inclusion. Its financial sector includes a diverse spectrum of financial institutions that offer loans, savings, pawning, leasing and finance, as well as remittance and money transfer services. There is evidence that a greater proportion of Sri Lankan households uses numerous financial institutions to meet their financial needs. However, the digital services such as insurance, ATMs, e-payments, and mobile banking are all used rarely. In Sri Lanka, the rate of information technology (IT) literacy is only 35%, and with the expanding

IT–finance nexus, financial knowledge and education are becoming increasingly vital. In order to improve financial inclusion in Sri Lanka, the regulatory structure controlling the microfinance sector must be strengthened, as well as consumer safety. There is still a lot of room to improve financial inclusion, especially in terms of the cost and quality of financial services supplied, as well as the long-term viability of financial institutions. According to the Global Financial Literacy Survey (2018), Sri Lanka has a 35 percent financial literacy rating, while only 33 percent of persons worldwide are financially educated.

According to the International Finance Corporation (IFC), financial inclusion is critical for long-term economic growth. According to the World Bank Group's (WBG) Global Findex for 2017, about 74 percent of Sri Lanka's population has a bank account, which is higher than the regional average of 70 percent in South Asia (36 percent, excluding India). Sri Lanka also has a high bank branch penetration rate, with 16.5 bank branches per 100,000 adults as of December 2018 (CBSL). Financial inclusion in Sri Lanka is not adequate, even though 83% of all Sri Lankans have bank accounts and over 80% of women have savings accounts. Sri Lanka realized this and began working to enhance financial inclusion. The financial system, which includes financial intermediaries and financial markets, channels funds from savers to those who can put them to better use. The Central Bank of Sri Lanka (CBSL), Licensed Commercial Banks (LCBs), Licensed Specialised Banks (LSBs), Licensed Finance Companies (LFCs), Specialised Leasing Companies (SLCs), Primary Depository Services (PDs), Pension and Provident

Funds, Insurance Companies, Rural Banks, Stock Brokers, Securities Market Intermediaries, Unit Trusts, and Thrift and Credit Co-operative Societies make up Sri Lanka's financial system.

The provision of financial services to low-income persons is known as microfinance. The definition of microfinance, which has its roots in microcredit, has expanded in recent decades. Small amount of microcredit can assist poor people in the informal sector to engage in productive activities and help to bring them out of poverty. Microcredit's early success revealed that disadvantaged families in the informal economy are desirable consumers who can be served in large numbers in a sustainable manner.

We realized over the last few decades that poor households require a broad range of financial services to produce revenue, accumulate assets, smooth usage, and manage risks services that microcredit cannot deliver. The word "microfinance" now refers to a wide range of financial services targeted to the needs of low-income people. These broader demands are recognized in the global financial inclusion agenda. It also recognizes the value of financial literacy, the development of customer financial capacities, and customer protection measures that take into account the conditions and limits faced by poor people in the informal economy.

In many developing countries, women are disproportionately affected by poverty. Sri Lanka, as a developing country, has been

affected by an internal war for the past 30 years. Currently, post-war development is taking place in the country's Northern and Eastern provinces, but war widows, disabled people, and female children are having difficulties in accessing education, nourishment, and employment. Microfinance is made available to these people by NGOs, financial institutions, and other government organizations to empower them.

Micro Finance and Financial Inclusion

Microfinance has a long history in South Asia. Many South Asian countries have had credit cooperatives since the early twentieth century. The current microfinance movement, on the other hand, began in the 1970s. In the 1990s, Bangladesh saw a fast increase in the number of MFIs and their consumers, followed by India in 2000s. In Sri Lanka, the microfinance business grew rapidly in the 1980s and 1990s, and it continued to expand after the tsunami in 2004. Other countries in the region had a more difficult time getting started, but today have strong microfinance sectors. Microfinance's reach differs greatly throughout South Asian countries at the moment (World Bank, 2016). Sri Lanka and Bangladesh have a high level of outreach, whereas India and Nepal have a medium level and Pakistan and Afghanistan have a low level. In Bangladesh, a few specialized MFIs, such as Grameen Bank and the Bangladesh Rural Advancement Committee (BRAC), were responsible for the high exposure of microfinance, whereas in India self-help group (SHG) program was responsible for the growth of the Microfinance (ADB Working Paper 504, Kelegama and Tilakaratna). The cooperative societies and government-led microfinance programs

in Sri Lanka are largely responsible for the country's strong microfinance outreach (e.g., the Samurdhi program).

Microfinance is the most popular and well-studied type of financial inclusion program. Several studies have indicated that they can improve women empowerment (e.g., Littlefield, Morduch, and Hashemi, 2003; Mayoux, 2006). Albeit this is dependent on how well these are designed and administered. Recent studies in South Africa (Kim et al, 2007; Karlan and Zinman, 2009) and India (Banerjee et al., 2009) have found that microfinance programmes can affect both women's economic conditions and empowerment metrics. Similar findings have been obtained in other evaluations (Pro Mujer, 2006), some microcredit initiatives, on the other hand, have minimal influence on women's economic empowerment. Because the prevalent discrimination against women's economic activity was too pervasive in some circumstances. In certain circumstances, the scheme itself had flaws, such as loans that were too little to improve women's opportunities, terms of small loan repayment that did not permit for long-term wealth-creation investment, or high-interest rates. Rather than empowering women, such elements might lead to over-indebtedness and make them more vulnerable. Women, like men, may lack the entrepreneurial skills necessary to generate value from a microloan, and the ultra-poor may be unable to obtain microcredit due to their incapability to make even minimum loan repayments.

Financial Inclusion Strategies

The strategies for financial inclusion can be developed under the titles of Policy target, product and policy. The low-income poor, working poor/ micro and small enterprise, special needs of migrant workers or remote areas and non-poor could be included under the title of Policy target. The savings, credit, insurance, transfer facilities and mixed products can be produced under the strategy of Product. Further, financial eligibility, financial education, facilitating intermediation, supportive regulation and distribution channel can be developed under the title of policy.

National Financial Inclusion Strategies (NFIS) have added a vast agreement of grip in recent years and are becoming an increasingly common mechanism around the world, used to help people out of poverty. Sri Lanka joined the likes of Russia and South Africa by introducing its NFIS for 2021-2024 on 4th March 2021 with the aim of making financial services more reachable, efficient, and affordable for all people and businesses in the country.

The Central Bank has launched the country's first National Financial Inclusion Strategy, intending to improve financial access for all Sri Lankans. Financial inclusion, or providing everyone with access to a country's financial system can only be effective if people are aware of the risks they are incurring and have the ability to use the financial system strategically. Low financial literacy is the root of many problems in Sri Lanka, including high levels of debt.

Financial literacy must be introduced into Sri Lanka's education system, with personal finance management becoming a necessary part of the school curriculum, in addition to wide-ranging awareness activities. Short modules can be included in vocational education, local language media, and other entrepreneurial endeavours. Everyone cannot be genuinely empowered without financial inclusion and financial literacy. The first National Financial Inclusion Strategy (NFIS) in Sri Lanka was released on 4th March 2021, with the goal of making financial services more accessible, efficient, and inexpensive to all households and enterprises in the country. The NFIS is a collaborative project coordinated by the Central Bank of Sri Lanka, with technical and financial support from International Finance Corporation (IFC), a World Bank Group member, as part of the IFC, Department of Foreign Affairs and Trade (DFAT) Women in Work program. The government of Sri Lanka supported a multi-stakeholder initiative to design this strategy.

The new plan emphasizes Sri Lanka's progress in expanding access to financial services, as well as areas where work has to be done to ensure full financial inclusion and utilization. The National Financial Inclusion Strategy represents our country's commitment to making Sri Lanka a better and more inclusive place for all individuals and businesses. More crucially, by identifying financial literacy as a critical component, this policy emphasizes future generations. The plan to improve the national curriculum in this area is a step in the right direction. Investing in our younger generation's education is the most important investment we can make as a country, as it will be a particularly

beneficial approach to the systematic correction of Sri Lankans' financial habits.

Strategies to improve financial inclusion among women

Before finding out the strategies to improve financial inclusion it is better to identify the barriers which lead to financial exclusion among women. Financial services to the most vulnerable members of society are affected by demand and supply-side limitations. Access exclusion, condition exclusion, pricing exclusion, marketing exclusion, and self-exclusion are all impediments to financial inclusion. These barriers can be categorized as demand-side barriers, supply-side barriers and Legal and Regulatory barriers.

Under the demand-side barriers to financial inclusion include lack of awareness of financial systems, low income and assets, social exclusion and illiteracy, lack of bargaining power within the household, concentration in lower-paying economic activities, competing demands on women's time related to domestic work which they are not paid, lack of assets for collateral, lack of formal identification, Reduced mobility due to time restriction or social norms and women have lower rates of cell phone ownership, which is required to use many digital products.

Distance from branch, branch timings, burdensome documentation and procedures, inadequate items, language, and employee attitudes are all issues on the supply side barriers. Furthermore, banking institutions Know Your Customer (KYC)

policies provide valuable identity and address evidence to a segment of the population that would otherwise be looking for some type of identity. The main issues that the excluded population faces are a lack of access to the formal system, a lack of understanding of how the financial system works, a lack of information about the various products and services, a lack of selection of the appropriate instrument and services that are best suited for them, and a lack of gender-specific policies and practices for product design and marketing. Financial exclusion is a barrier to unleashing the 'wealth at the bottom of the pyramid' because of the total quantity and number of the excluded population. Account opening restrictions that disadvantage women, difficulties in getting a formal identity, legal barriers to owning and inheriting property and other collateral, and a lack of gender-inclusive credit reporting systems are all examples of legal and regulatory barriers.

Although the demand- and supply-side challenges to women's financial inclusion are numerous, as this review demonstrates, suitable product design features can assist in overcoming some of these barriers. Women's access to financial products, as well as the influence of those products on women's ability to make investments and smooth consumption in the face of income shocks, may benefit from design changes that take into consideration their requirements and preferences. Women's products that provide women more control and privacy over their income and spending decisions seem to hold the most promise. Researchers should continue to investigate the role of gender norms and intra-household bargaining power in women's

economic empowerment, as well as test new products and programs that directly address women's preferences and concerns.

Sri Lanka disclose first national financial inclusion strategy

The Central Bank of Sri Lanka with support from the International Finance Corporation (IFC) has unveiled a financial inclusion strategy aimed at making financial services more accessible, efficient, and affordable for all households and businesses in the country. Enhance access to digital finance and payments; increase access to credit for micro, small, and medium-sized enterprises (MSMEs); protect financial consumers; and improve financial literacy among consumers, particularly women.

Titled “Better Quality Inclusion for Better Lives”, this is Sri Lanka’s first comprehensive attempt to facilitate more accessible, effective, efficient, and affordable financial services in a way that responds to the needs of every individual and enterprise in the country. The National Financial Inclusion Strategy symbolises our country’s commitment towards a better and inclusive Sri Lanka that will benefit all individuals and enterprises.

The concept of ‘inclusive finance’ is a central part of most government initiatives aimed at supporting the efforts of individuals and entities to work themselves out of poverty and formally participate in the economy. Although financial inclusion alone cannot alleviate poverty, it can help to build better lives. For financially excluded populations, accessing and using financial

services and products to help them plan and manage their finances is crucial to opening up opportunities and improving their standard of living (Media Centre for National Development).

While efforts have been made to improve the country's financial inclusion in the past, with initiatives such as loans being provided to farming communities through co-operative societies as far back as the early 20th Century, most of them were uncoordinated at a national level, and their contributions towards achieving financial inclusion goals have been limited.

This can be seen in the National Financial Survey done in 2018/19, which showcased that achieving an acceptable level of financial inclusion remains a challenge in Sri Lanka. Moreover, it also stated that this lack of financial inclusion has forced the most vulnerable communities to resort to the informal financial sector, exposing them to risks and making them more susceptible to poverty. Therefore, financial inclusion is observed as a vital policy tool in Sri Lanka's development agenda. This survey acted as the basis for the NFIS, which took a gender-sensitive approach and assisted to recognize the present position of the financial inclusion. It also revealed that both men and women suffer from a lack of financial literacy, particularly when it comes to digital financial services.

The strategy to improve financial inclusion in Sri Lanka centres around four pillars of digital finance and payments, MSME (micro, small, and medium enterprises) finance, consumer protection, and financial literacy and capacity building. The three

core enablers that will help this initiative achieve progress in these areas are data, infrastructure and policy tools, and an enabling regulatory environment.

The four pillars

The first pillar, digital finance and payments, is there to provide affordable and easily accessible financial products to underserved consumers. This can be done via several levers, such as diversifying and facilitating access points, expanding available payment instruments, enabling the fintech ecosystem, achieving scale through digital social transfers, and generating demand for digital means of payments.

The second pillar, MSME finance, is to assist the formal financial sector to scale up MSME lending and expand the range of high-quality products, with a specific focus on green and sustainable finance as well as vulnerable groups. This pillar also includes market-friendly policy approaches to increase government-assisted MSME finance support programmes.

Supporting the growth of MSMEs is a priority for the national policy agenda, as they represent over 90% of businesses, employ around three million people, and are a major contributor to employment and Sri Lanka's economic growth. However, they face numerous obstacles including difficulty in accessing appropriate, affordable financial products and services.

The third pillar, consumer protection, will aim to clarify and strengthen the legal mandate of financial sector authorities for

financial consumer protection regulation and oversight. It will also ensure legal requirements covering disclosure and transparency, fair treatment and business conduct, and internal dispute resolution applies to all providers of financial products.

Other goals of this pillar will include expanding on specialised financial consumer protection supervisory activities and enhancing external dispute resolution (EDR) mechanisms to provide financial consumers with accessible, affordable, independent, well-resourced, fair, accountable, timely, and efficient channels for dispute resolution.

The final pillar, financial literacy and capacity building, is there to assess the population's level of financial literacy and identify key gaps, improve the co-ordination of financial literacy efforts, increase financial literacy among consumers, increase the capacity of MSMEs on the attributes required to gain access to the formal financial system, and improve the effectiveness and efficiency of delivery channels for financial literacy.

The NFIS 2021-2024 also provides a standardised and co-ordinated approach, including an action plan for all stakeholders to improve financial inclusion in Sri Lanka. Moreover, the strategy sets out how its objectives can be achieved in a timely manner, while also encouraging existing and new parties to create new initiatives to improve financial inclusion.

Conclusion

According to recent researches, those with greater levels of financial education have greatly raised the value of their savings and chosen investment options with higher rates of return, which is more than a fair reason to argue that it has a significant impact on family wealth and well-being. This circumstance adds that financial inclusion of a major section of the population is a slow-moving process, which is why these societies' financial habits are framed in informality, and the benefits that come with using this financial system are not utilized by a huge proportion of the people.

Although many actors are involved in the development of programs aimed at enhancing people's financial literacy, procedures must be managed, preferably by governments, who are directly responsible for and recipients of the advantages that these programs can offer. However, the leadership that has developed from them must be supplemented by projects born from the inside of other significant beneficiaries, the banking system, and microfinance. While there are programs in which the aforementioned actors are already active in the above sense, it is not enough to simply create the programs. For the impacts to be measured, it is important to conduct a continuous examination of the same. There can be no consistency in the publication of papers that seek to train individuals in an independent manner; it is essential to conduct monitoring and determine the relevance of various programs; only to that extent can the depth that the financial education process demands be reached. The cost of providing financial services is one of the factors that can be

considered critical for expanding the coverage of financial institutions around the world. Despite the foregoing, there is no conclusive evidence that the banks' collection rates are not attractive, nor that the placement rates are high enough to suggest that customers do not approach the market. The financial system has given the costs that this implies.

The rates that are handled outside of the financial market, on the other hand, do not deliver the expected return in the case of savings, and they are not accessible to the general public (in the case of the credit). One of the elements that most influence people's decision to be a member of a system that, notwithstanding recent occurrences in huge multinational organizations, offers significant opportunities for personal and family growth is their ignorance of the benefits of banking. This study can be further by conducting research studies on various nations to determine variations in intermediation rates and the effects these changes have on people's financial inclusion.

There is a commitment to achieve that at least one billion people who are not now part of the official financial system have at least one account as one of the targets to be met. This objective can be achieved by implementing a succession of reforms, like as

- * Demand that low-income and financially excluded people be given open basic accounts, and that the expenses and identification requirements for obtaining such accounts be made public.

- * Allow the offer of electronic mode and mobile cash products.
- * Allow non-bank actors to enter the market to add dynamism, innovation, and delivery mechanisms at a cheap cost.
- * Make it clear that a network of agents can be used to broaden the scope of financial service providers while also assisting them in delivering products and services at cheaper costs.
- * Rather than paying cash, move large-figure flows into accounts, such as social benefits and salary.
- * Ascertain that new customers are well-informed about their financial services and are safeguarded from market manipulation. (World Bank, 2017).

Because there is a large bulk at the bottom of the pyramid, banking on the impoverished is a realistic alternative. For financial institutions, there is immense untapped potential in rural areas. It would be a positive situation for both institutions and people if financial institutions could successfully exploit this potential. Technology plays a critical role in expanding banking services to rural areas by lowering the cost of account maintenance. Because of the lower transaction costs, mobile banking is the most realistic alternative for financial inclusion. Additional bank licensing should be geared toward rural areas. For electronic currency transfers, there should also be convergence between the regulator, banks, telecom firms, software companies, and phone manufacturers. Financial literacy and credit counseling programs can help to build a critical mass of people who use financial services, making financial inclusion a reality. One of the solutions for reaching the public in a country is to introduce an electronic payment system.

'National Financial Inclusion Strategy 2021-2024' identifies three 'core enablers': the formation of broad and vigorous data set mechanisms; enhancing and growing financial infrastructure in the country; and developing policy tools and an 'enabling' regulatory environment. According to the World Bank, the country has a GDP per capita of \$3,852 (2019), which has the economic effects of the Covid-19 pandemic and has 'significant' welfare implications in Sri Lanka. 70 per cent of the workforce, who are informal workers, are mainly susceptible as they lack employment protection or paid leave. The apparel industry, which employs about half a million workers, has reportedly cut significant jobs, the World Bank has said.

References

1. Accion International (2009). Center for Financial Inclusion, Financial Inclusion Glossary, <http://www.centerforfinancialinclusion.org/Page.aspx?pid=1941>.
2. Aghion, P., & Bolton, P. (1997). A theory of Trickle – Down Growth and Development, *Review of Economic studies*, 64 (2), 151-172. <http://hdl.handle.net/10.2307/29717073>.
3. Ashraf, N., Karlan, D., & Yin, W. (2010). Female empowerment: further evidence from a commitment savings product in the Philippines. *World Development* 28 (3), 333–44.
4. Banco de la República. (2017). Inclusión Financiera. https://repositorio.banrep.gov.co/bitstream/handle/20.500.12134/8937/iepref_mar_7_2014_0.pdf?sequence=1&isAllowed=y
5. Banerjee, A.V, & Newman, A, F. (1993). Occupational Choice and the Process of Development, *Journal of Political Economy* 101 (2), 274-298.
6. Beck, T., Demirguc-Kunt, A., & Levine, R. (2007). Finance, Inequality and Poverty. World Bank policy research working paper no. 3338. Washington D.C. World Bank.
7. Banerjee, A. V., Dufl o, E., Glenherster, R., & Kinnan, C. (2009). The Miracle of Microfinance? Evidence from a Randomized Evaluation, *American Economic Journal: Applied Economics*, 7(1), American Economics Association, <https://www.jstor.org>.
8. Beck, Thorsten, Asli. Demirgüç-Kunt, & Patrick,H.(2008). Finance for All? Policies and Pitfalls in Expanding Access. World Bank: Washington, DC.
9. Bernheim, B.D. & Garrett, D.M. (1996). The determinants and Consequences of Financial Education in the Workplace: Evidence from a Survey of Housholds, Working Papers, *National Bureau of Economic Research*, New York.

10. Cull, R. J., Tilman, E., & Nina, H. (2014). "Financial inclusion and development: Recent impact evidence." CGAP Focus Note 92.
11. Cull, R., Demirgüç-Kunt, A., & Jonathan, M. (2014). Financial Performance and Outreach: A Global Analysis of Leading Micro banks, *Social Science Journal*, USA.
12. Demirgüç-Kunt, A., Beck, T., & Honohan, P. (2017). Finance for All? Policies and pitfalls in expanding access, A World Bank Policy Research Report, World Bank, Washington
13. Dupas, P., & Robinson, J. (2013b). Savings Constraints and Micro enterprise Development: Evidence from a Field Experiment in Kenya. *American Economic Journal: Applied Economics*, 5(1), 163:192.
14. Demirgüç-Kunt, Asli and Levine, R. (2009). "Finance and Inequality: Theory and Evidence". *Annual Review of Financial Economics*: 1, 287–318.
15. Demirgüç-Kunt, Asli, Leora, K., Dorothe, S., Saniya, A., & Jake, H. (2018). The Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution. World Bank: Washington, DC.
16. FinScope Small Business Survey. (2010). FinScope MSME. FinMarkTrust (FMR)
17. Galor, O., & Zeira, J. (1993). Income Distribution and Macroeconomics, *The Review of Economic Studies*, The Review of Economic Studies Limited, 60 (1) 35 – 52.
18. Global Findex, Database. (2017). Measuring Financial Inclusion and Opportunities to Expand Access to and Use of Financial Services, *The World Bank Economic Reviews*, 34, (1) Supplement, Oxford.
19. Global Financial Literacy Survey (2018) Financial Literacy Around the World: Insights from the S & P Global FinLit Survey. <http://www.FinLit.MHFI.com>.

20. GTZ ProMiS. (2008). Outreach of Financial Services in Sri Lanka: A Look at the Demand Side from a Microfinance Perspective. Colombo: Promotion of Microfinance Sector–German Technical Cooperation.
21. Kelegama, S. & Tilakaratna, G. (2014) Financial Inclusion, Regulation and Education in Sri Lanka, ADBI Working Paper 504, ADBI Working Paper Series, Asian Development Bank Institute, Tokyo, Japan.
22. Kim, J., H. (2016). A Study on the Effect of Financial Inclusion on the Relationship Between Income Inequality and Economic Growth, *Emerging Markets Finance and Trade*, 52(2), 498-512, DOI:HYPERLINK"<https://doi.org/10.1080/1540496X.2016.1110467>" 10.1080/1540496X.2016.1110467
23. Kim, Dai-Won, Yu, Jung-Suk, Hassan, M., & Kabir. (2018). "Financial inclusion and economic growth in OIC countries," *Research in International Business and Finance*, Elsevier, 43(C), 1-14.
24. Karlan, D., & Zinman, J. (2009). Expanding Credit Access: Using Randomized Supply Decisions to Estimate the Impacts. *Review of Financial Studies* 23(1), 433: 464.
25. Klapper, L., Laeven, L., & Rajan, R. (2006). "Entry Regulation as a Barrier to Entrepreneurship". *Journal of Financial Economics* 82(1), 591–629.
26. Littlefield, E., Morduch, J., & Hashemi, S. (2003). Is Microfinance an Effective Strategy to Reach the Millennium Development Goals?, GCAP, Focus Note No.24.
27. Martinez, M. (2011). The political economy of increased financial access. Master Thesis Submitted to Georgetown University, USA.
28. Mayoux, L. (2006). Womens empowerment through sustainable microfinance: rethinking 'best practice'. Mountain Forum.
29. OECD. (2005). Improving Financial Literacy: Analysis of Issues and Policies. OECD Publishing.

30. OCDE. (2013). Financial education for youth and in schools - OECD/INFE Policy guidance, challenges and case studies. OECD Publishing. https://www.oecd.org/daf/fin/financialeducation/TrustFund2013_OECD_INFE_Finl_Ed_for_Youth_and_in_Schools.pdf
31. United Nations. (2015). The World's Women 2015: Trends and Statistics. United Nations, Department of Economic and Social Affairs, Statistics Division. Sales No. E.15.XVII.8.
32. United Nations. (2006). Building Inclusive Financial Sectors for Development. New York, NY: United Nations.
33. Willis, L. (2011). The Financial Education Fallacy: *The American Economic Review*, 101(3), 429–434. doi:10.1257/aer.101.3.429
34. World Bank. (2015). Financial Literacy Around the World: insights from the Standard & Poor's ratings services global financial literacy survey. <http://gflec.org/initiatives/sp-global-finlit-survey/>
35. World Bank. (2006). Microfinance in South Asia: Towards Financial Inclusion for the Poor. Washington, DC: World Bank.
36. World Bank. (2018). The Little Data Book on Financial Inclusion 2018. World Bank, Washington,. <https://openknowledge.worldbank.org/handle/10986/29654> License: CC BY 3.0 IGO.
37. Zulfqar, K., Chaudhary, M, A., & Aslam, A. (2016). "Financial Inclusion and its Implications for Inclusive Growth in Pakistan", *Pakistan Economic and Social Review*, 54 (2), 297-325.



Professor Rathirane Yogendrarajah holds a Bachelor of Commerce Degree with First Class (Honours) in 1989 and Master of Philosophy in 1997 from University of Jaffna. She has completed her Ph.D at University of Kelaniya, Sri Lanka in 2015 under Higher Education of Twenty first Century (HETC) Scholarship. She has promoted as Senior Lecturer Grade II in 1997, Senior Lecturer Grade I in 2003 and Professor in Financial Management in 2017. Presently she is Head of the Department of Financial Management, Faculty of Management Studies & Commerce, and she is serving as a Director of Centre for Open and Distance Learning, University of Jaffna and Director of Financial Education at Sri Lanka Finance Association (SLFA).

She published more than sixty research papers in indexed and non-indexed journals and conference proceedings related to microfinance, corporate finance and financial literacy in SME sectors etc., In addition to this she published articles in various magazines. She has delivered two memorial lectures on Founders day and price giving of the schools. She has authored five Text books in Cost and Management Accounting, Financial Management and Management for higher education purpose. She served as an editorial board member and reviewer for several national and international journals and conferences. She served as a person in charge for Management studies & Commerce track for Jaffna University Research Conference (JUICE)-2012 and served as a chief editorial member of International Conference on Contemporary Management (ICCM)-2016 of the University of Jaffna. She participated and chaired sessions in the national and international conferences and got best paper awards and best thesis oriented award for her supervision of undergraduates.

She was visiting lecturer for several institutions such as Open University, Institute of Personnel Management, Advanced Technical Institute and Self finance Diploma, under graduate and postgraduate courses at University of Jaffna. She was resource person in several short courses, workshops, training programmes and seminars in various organizations such as Cooperative Sectors, Banking Sectors, public sectors, Health sectors, NGOs and staff development centre etc., And she delivered lectures for interfaculty courses, and also delivered lectures on Accounting topics for G.C.E (A/L) students and Accounting teachers as well. She served as a Chief Examiner on Accountancy in G.C.E (A/L) Examination. Further she supervised several undergraduates, M.Phil and MBA students and she was an evaluator of PhD thesis. Further she served as Reviewer of Quality Assurance Cell at University Grants commission to review the study program of various State and Non-State Universities.