

# Financial Inclusion Index (FI-Index)

August 19, 2021

**In news-** The Reserve Bank of India (RBI) has introduced the financial inclusion index (FI-Index) to capture the extent of financial inclusion in the country.

## About Financial Inclusion Index (FI-Index)

- The FI-Index has been conceptualised as a **comprehensive index incorporating details of banking, investments, insurance, postal as well as the pension sector** in consultation with Government and respective sectoral regulators.
- The index **captures information on various aspects of financial inclusion in a single value ranging between 0 and 100**, where 0 represents complete financial exclusion and 100 indicates full financial inclusion.
- The FI-Index **comprises three broad parameters** (weights indicated in brackets) viz.,
  - Access (35%).
  - Usage (45%) and
  - Quality (20%)
- Each of these parameters consists of various dimensions, which are computed based on a number of indicators.
- The Index is responsive to ease of access, availability and usage of services, and quality of services, comprising all **97 indicators**.
- A **unique feature of the Index is the Quality parameter** which captures the quality aspect of financial inclusion as **reflected by financial literacy, consumer protection, and inequalities and deficiencies in services**.
- The FI-Index has been **constructed without any 'base year'** and as such it reflects cumulative efforts of all stakeholders over the years towards financial

inclusion.

- **The annual FI-Index for the period ending March 2021 is 53.9** as against 43.4 for the period ending March 2017.
- The FI-Index will be **published annually in July every year.**