***Fintech and Financial Inclusion***

***Sub-Issue:***  Global Scenario on Financial Exclusion and How Vultr Empowers FinTech’s to Foster Financial Inclusivity.

***Origin and Purpose:***

FinTech (Financial Technology) refers to the process of using technological advancements as a facilitative channel for providing financial services. The concept of FinTech emerged in the latter half of the 20th century, but the usage of same was expedited through the development of technological frameworks such as mobile payments, digital banking, blockchain technology, robo advising, etc. It aims at democratization of financial services by increasing their efficiency and accessibility. The key players in this industry involve ***Tech Giants*** such as Google and Apple who brought banking services into their respective ecosystems, ***Silicon Valley Startups*** namely PayPal and Square, who brought forth the revolution of online payments and ***Blockchain Innovators*** such as Satoshi Nakamoto, who brought about decentralized finance.

***Key Components of FinTech:***

FinTech provides for ***digital banking*** through neobanks, and traditional banks backed by digital banking mechanisms. While the former are purely online banks with no formal branches, providing savings account services, payment processing, etc. (for example, N26 and Chimes) the latter are established banks supplemented by self-banking apps with provisions of instant money transfers, expense tracking and others. It also fosters ***lending platforms*** such as P2P Lending, alternative financing channels and Buy Now, Pay Later (BNPL) platforms. All these mechanisms enhance the purchasing power of individuals, secure funding for small businesses and are in furtherance of their interests. Additionally, FinTech provides for ***RegTech*** (compliance monitoring and risk assessment statistics maintained by companies), ***InsurTech*** (On-demand and Usage-based insurances for consumers), ***WealthTech*** (investment platforms for retail investors) services. Together, these elements show how fintech is improving accessibility, effectiveness, and user experience, which is revolutionizing the financial services sector. A more inclusive financial ecosystem that meets a wide range of customer needs is being created by the interaction between these components. The landscape will probably continue to change as technology develops, bringing with it new problems and opportunities.

***Introduction:*** In today’s fast pacing world, it's very certain that FinTech is expanding the purview of financial inclusion, yet an all-inclusive framework remains a stark reality of financial exclusion. Those with access to these institutions find themselves to be a part of the in-group marked by feelings of pride and belonging whereas the rest find themselves to be a part of the out-group, marked by feelings of marginalization, stereotyping and lack of identification. People find themselves on the fringes of the existing financial system, in turn this not only breaks down the fabric of social cohesion but also determines one's access to additional perks associated with participating in mainstream financial services. For instance, a person from a rural area with limited access to banks and ATMs will face various obstructions when opening and maintaining an account, in furtherance, he may also not be able to invest in basic needs, buy policies, manage cash flow, invest in higher education among other challenges faced, or consider a women who is a victim of discriminatory pay policy, impacting her capability to save and invest, or an old person facing cognitive decline who finds it hard to navigate modern banking systems. All these factors together result in financial dependence and thus exclusion.

FinTech companies operate with lower overhead costs, charging minimal fees thus making it pocket-friendly for the poor, it also provides digital banking and mobile wallet services which negates the need of a physical bank branch in a rural area. FinTech's provide microfinancing and P2P lending services, prioritizing user-friendly interfaces. Studying FinTech's contribution to financial inclusivity helps address the pressing issues of economic and social disparity. FinTech possesses the potential of bridging the gap through innovation and accessibility.

Vultr as a cloud infrastructure provider, offers affordable cloud services and enables FinTech startups to operate at lower overhead costs and in turn enables these companies to deliver its services at minimal costs. Vultr has a global outreach alongside a security and compliance framework which helps maintain customer trust and loyalty. With the utilization of Vultr's computing services, FinTech companies can maximize their machine learning and data analytics skill, which helps better understand customer's needs and tailor financial products according to their needs and thus promote financial inclusion.

***Project Objectives:***

***Objective 1:*** Expanding the scope of access to financial services for the impoverished communities.

***Objective 2:*** Developing a solution that addresses issues of financial inclusion-lack of technology, and cognitive decline in particular.

***Objective 3:*** Educating the target audience about digital financial literacy and leveraging financial inclusivity using Vultr's services.

***Detailed Timeline with Milestones:***

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| --- | --- | --- | --- | --- |
| **Milestone** | **Description** | **Start Date** | **End Date** | **Status** |
| Commencement of the Project and Need Analysis | Facilitating stakeholder collaboration and conducting surveys to evaluate target audience’s needs. | 14th October 2024 | 23rd October 2024 | Completed |
| Platform Configuration and Developing Content | Creating a Content Management System (CMS) to generate educational content, with the use of Vultr’s services. | 24th October 2024 | 5th November 2024 | Completed |
| Launching and User Surveying | Gathering valuable customer feedback, making necessary alterations and final project kick-off. | 6th November 2024 | 16th November 2024 | In Progress |
| Marketing and Community Involvement | Executing a marketing strategy and nurturing community engagement. | 17th November 2024 | 30th November 2024 | Not Started |
| Observation and Assessment | Tracking and documenting user activity to enhance platform effectiveness. | 1st December 2024 | 7th December 2024 | Not Started |

***Description of Deliverables:***

***Deliverable 1:*** Deliverables for Project Research and Analysis

**Deliverable 1.1:** Literature Overview and Market Survey

*Description:* Developing the understanding of global scenario on financial exclusion through existing case studies, summaries, literature, articles, etc. and analysing the role of FinTech’s in promoting financial inclusivity. The research study will include statistics on underserved population, gender disparity, barriers to financial access.

*Outcome:* Formulation of an evidence backed framework on global financial exclusion and FinTech’s role in leveraging financial inclusion.

*Deadline:* 1st week of the project.

**Deliverable 1.2:** Need Analysis

*Description:* Utilising Vultr’s cloud computing services to generate online surveys, collect and store responses. This helps develop a qualitative statistics report of financially excluded groups.

*Outcome:* Ensuring that barriers to financial inclusion such as cognitive ability, technological divide, geographic barriers and financial literacy are not overlooked.

*Deadline:* 2nd week of the project.

**Deliverable 1.3:**

*Description:* Deploying Vultr’s services to develop an Application Programming Interface which amalgamates data from multiple FinTech platforms to handle increasing amount of data in Vultr’s databases for a real-time analysis.

*Outcome:* Evaluating the potential of various FinTech’s to extend the purview of financial inclusion and bridge the divide.

*Deadline:* 3rd week of the project.

***Deliverable 2:***  Deliverables for Solution Design

**Deliverable 2.1:** Developing a Solution Blueprint

*Description:* Using *Docker* and *Kubernetes* to develop a distinct FinTech solution aimed at increasing financial inclusion. This can be made a reality either through an app, service, platform, etc.

*Outcome:* A detailed description of the proposed description, key features, target audience.

*Deadline:* 4th week of the project.

**Deliverable 2.2:** Working Prototype

*Description:* A working prototype of the project ranging from a flowchart, wireframe, mock-up, etc.

*Outcome:* A representation of the proposed solution and how it functions in reality.

*Deadline:* 5th week of the project.

**Deliverable 2.3:** Business Plan and Revenue Strategy

*Description:*Integrating Vultr’s cloud computing services to develop a revenue model, financial prospects and market pricing strategy.

*Outcomes:* A strategic business plan which is scalable and sustainable and promotes financial inclusion in the long run.

*Deadline:* 6th week of the project.

***Deliverable 3:*** Policy and Regulatory Recommendations

**Deliverable 3.1:** Policy Briefing on the Regulatory Barriers

*Description:* Using Vultr to securely store data on platforms that promote the growth of FinTech solutions for financial inclusion such as “cross-border remittance regulation.”

*Outcomes:* Laying down guidelines for policymakers and regulators that help bridge the divide and foster financial inclusion.

*Deadline:* 7th week of the project.

***Deliverable 4:*** Awareness Campaign and Impact Assessment

**Deliverable 4.1:** Plan for advocacy

*Description:* Organizing webinars, meetings and awareness campaigns to stress on the importance of financial inclusion and draw attention of regulators, policy makers and stakeholders.

*Outcome:* Using Vultr as a platform to facilitate discussion and e-meetings.

*Deadline:* 8th week of the project.

**Deliverable 4.2:** Impact Assessment

*Description:* Using criterions to analyse the rate of success, achievement of desired results. These criterions could include several indicators such as achieved financial literacy, reduced technological divide, increased access to financial institutions, etc.

*Outcome:* Evaluation of success through measurable outcomes.

*Deadline:* 9th week of the project.

***Deliverable 5:*** Supplementary Deliverables

*Description:* Using Vultr’s services to host an interactive portal which facilitates detailed analysis of case studies which have addressed issues of financial exclusion and promoted inclusivity. For example, Paytm in India.

*Outcome:* Broadening the understanding of canvas within which an individual is working.

*Deadline:* 10th week of the project.

These deliverables break down the entire project into small, manageable outputs that facilitate a smooth execution alongside accomplishing project objectives within specified time, they correspond to the designated milestones and ensure individual and team accountability in lieu of the project growth, the deliverables also set forth quality benchmarks which need to be met for any further movement thus ensuring quality work. The deliverables are also aligned with the stakeholder’s interest and satisfaction thus foster transparency and mutual trust. The clearly defined discrete variables limit the possibility of scope creep (scenario where stakeholders add additional deliverables or constantly pushback deadlines), ensuring risk management. The resource allocation and cost management keep a check on the budget control provision. Deliverables help measure success, growth and progress of a plan facilitating conclusion of a project and final handover, which helps meet the contractual obligations. Deliverables are core elements which ensure success and completion of a project.

Vultr (Cloud Infrastructure and GPU Provider)

Delivering to unbanked population through

1. Mobile and Web Applications
2. Low Tech, High Impact: USSD
3. Community Organizations and MSMEs

Frontend Customer-Facing Applications:

Offers access to remittance, insurance, microfinancing, digital banking, etc.

Backend Microservices: fosters a more extensive system, prevents fraud, promotes credit scoring

Incorporating Third-Party Financial Services:

1. PayPal, M-Pesa (Payment Processors)

2. Regulatory and Compliance Services (KYC/AML) to prevent fraud

3. Amalgamating traditional and neo-banks to offer loans, savings, etc.

Offering Security Services through: data encryption and Blockchain technology

Databases (Relational or NoSQL): stores user accounts, transactions, and financial data

How Vultr Empowers FinTech to Promote Financial Inclusion?

1. ***Scalable Infrastructure:*** Offers a setup that caters to increasing demand without compromising on the efficiency, performance and security part.
2. ***Low Latency and Edge Computing Mechanisms:*** Vultr’s edge computing abilities ensure FinTech services can be delivered to the underserved population residing particularly in rural areas.
3. ***Security and Compliance Framework:*** Vultr helps FinTech’s meet security requirements by offering its vigorous security services such as Distributed Denial-Of-Service (DDOS) Protection, Vultr Firewall, Private Networking, Vultr VPN Solutions, Snapshot Encryption, Two-Factor Authentication (2FA), etc.
4. ***Cost-Effective:*** Vultr offers affordable entry costs, Pay-As-You-Go option, transparent pricing, efficient resource allocation, global data centres, affordable add-ons and is thus highly flexible and cost-efficient.
5. ***Global Availability:*** Vultr has 30 plus data centres worldwide including Australia, Europe, North America among others, also edge computing mechanisms to handle increasing global demand, multi-region backups and disaster recovery, seamless communication and promoting efficient multi-region deployment through private networking and global load balancing.