

Financial Exclusion in the Digital Age: The Role of Trust, Literacy, and Geography in Rajasthan's Tribal Heartland

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Abstract

In the past decade, remarkable progress has been made in financial inclusion in India owing to the Pradhan Mantri Jan Dhan Yojana (PMJDY) and the burgeoning digital payments landscape. As with increased participation in school, however, increased financial accounts does not necessarily mean that they are used at all times. Formal systems have little effect in many instances, as traditional trust-based savings and credit systems continue in place in a state with a large tribal population and a wide variety of landforms from hills and desert to forest fringes. This paper looks at the difference in awareness, access, and utilisation of formal financial services for tribal people in Rajasthan and the national tribal and rural averages. The study utilizes a mixed methods design, consisting of a structured comparative survey and focus group discussions, to explore the hypotheses that relate to traditional trust, digital literacy and geographic isolation. The results have shown that there is high awareness of government schemes, but low access to, and use of such schemes, especially in geographically remote areas. The paper argues that although financial inclusion policy has succeeded in enrolment, the policy has been very weak in creating behavioural change and trust in the financial system for long-term use among the tribal community of Rajasthan.

Keywords: financial inclusion, tribal communities, Rajasthan, digital literacy, informal credit, PMJDY

1. Introduction

Over the past ten years, the way India would work towards financial inclusion has evolved from mere policy-setting to a programme-oriented endeavour. The PMJDY, which was launched in 2014, has seen more than 500 million accounts opened across the country while mobile payments via Unified Payments Interface (UPI) and Direct Benefit Transfers (DBT) have been growing ([PMJDY Progress Report 2024](#)). This shows that India has significantly overcome the financial access shortage, figures that are often referenced when talking about that issue. But the national averages mask wide variations in social groups, with the ethnic minorities Scheduled Tribes always seeming to have the lowest integration with the formal financial systems in terms of account ownership ([NABARD 2023](#)).

As users, readers and users of the e-commerce, the definition of financial inclusion is for downloaders and users of formal financial products (bank accounts, credit, insurance and digital payments) to have access to them and the ability to use them effectively, as opposed to cash, informal money and informal savings groups. Adopting digital technologies is not just about having a mobile banking account or a registered smartphone, this is about the individual approach and regular, independent use of digital financial services for routine financial decision-making. Finally, asymmetric information is an economic term referring to a situation where one participant is better informed or has more information than the other - in this case, the bank or government scheme, mistrust, miscommunication, or outright non-use may be simply because one party does not have the information the other one does. Rajasthan offers a unique context for highlighting those differences. There are several large communities/micro communities of various tribes living in the state, which includes Meena, Bhil, Garasia, Sahariya, etc. who together add up to a substantial number of the state's Schedule Tribes population ([Census of India, 2011](#)). These can be spread across significantly disparitying environments – the arid margins of the desert in western Rajasthan, forest edges where the roads and telecoms networks are thin on the ground, and the hill tracts of the Aravallis in districts such as: Udaipur, Banswara and Dungarpur. It is because of this geographic diversity that Rajasthan is an interesting setting to assess the national financial inclusion objectives and ask whether they all capture the same behaviours or whether local conditions – including trust in institutions, internet connectivity and geographical proximity to financial services – have consistent behavioural effects.

The generality of the challenge that this paper addresses could be summarised easily: standards for assessing government schemes designed to bring financial services to the poor are invariably based on supply-side and enrolment indicators, such as the number of account numbers issued, how many villages have been opened by a banking correspondent, and what proportion of the population has a registered mobile telephone number. They measure access, but not so much usage (accounts being operated, savings being built up, use of formal sources as informal for obtaining credit, and use of digital tools without intermediaries). This difference between these two types of measurement is the focus of analysis on which the entire study of this topic centres. The aim of this paper is to achieve three objectives. To that, it checks if traditional trust money-lending tie-ups are negatively correlated with increasing the use of formal financial services by the tribal households in the study area of Rajasthan. Second, it evaluates whether digital literacy, as a marker of access, rather than just digital access is predictive of meaningful use of government mandated financial transactions programs like PMJDY. Third, it examines the relationship between geographic isolation and the persistence of the preference for taking out informal credit and spending on more subsistence goods. Each objective will be associated with one of the three hypotheses that are formally stated in Section 3.

This study has two important implications. In terms of academic publication, it is a step towards the growing literature that has already begun to break down the "rural" and "urban" financial inclusion terms and explore the experiences of various sub-populations of rural communities, such as comparing the experiences of tribal communities with the experiences of other communities, which are often very different from one another, (Sarma, 2012). Furthermore, even the most common assessment measures of financial inclusion in India are of the supply-side type, which are quite easy to measure at scale, for example, whether a village is within or outside a distance limit to a banking correspondent, explicitly because they are easier to measure than the more behavioural and psychological determinants of sustained usage. Over time, targets have come to be about what is easiest to measure rather than most indicative of genuine inclusion, and progress is then reported accordingly. This paper suggests that the distance between these populations and formal financial institutions carries special implications for tribal communities: the way they are linked to formal finance is not just a result of a lack of familiarity but the effect of a long history of interaction with these institutions, some of which is beneficial, but much of which has been marked by distance, both physical and social. The results effectively have direct implications for policy makers, financial institutions and non-governmental organisations looking to act beyond the goal of achieving more account opening and to reach the goal of achieving more sustained use of accounts. Assuming, as the author predicts here, that the real challenge for inclusion for tribal communities in Rajasthan isn't getting enrolled in the program but lies somewhere in between getting to their community and program usage, it makes no sense to keep keeping investing in enrolment-level outreach, no matter how good a job we do at it. Determining exactly where the barrier is located in the funnel is not just an academic pursuit but a necessary step towards effective targeted allocation of limited public and institutional resources for efficient implementation.

It also helps explain on the one hand by comparison to the national tribal and rural norms, what are the features that are specific to the nature and conditions of Rajasthan, and what are national features that would occur in any other part of the country, but which can be seen more clearly in this state. This is important for policies from being merely transferable; an intervention to solve the seasonal lack of road access to the hill tracts of Rajasthan is unlikely to be relevant to tribal groups in central India's plains, while one based on a trust gap, which is a nationally consistent issue, would be suitable for general application. The remainder of this paper will be organized as follows; Section 2 presents a review of the related literature and outlines the specific gap in the literature this study is addressing; Section 3 presents the three hypotheses formally; Section 4 outlines the mixed methods research design for this study; and Section 6 concludes with policy implications and directions for future research.

2. Literature Review

2.1 Conceptual Foundations of Financial Inclusion

The dominant theoretical framing of financial inclusion draws on Sen's capability approach, which understands access to financial services not as an end in itself but as a means of expanding an individual's substantive freedom to participate in economic life (Sen, 1999). Building on this, (Sarma, 2012) operationalised the concept along three dimensions, banking penetration, availability of services, and usage, a structure this paper adopts in distinguishing awareness, access, and usage as analytically separate stages. This three-stage decomposition is important because much of the existing literature, particularly government-commissioned evaluations, collapses access and usage into a single inclusion metric, obscuring exactly the gap this paper investigates.

2.2 Traditional and Informal Financial Systems

Informal financial mechanisms among tribal communities in India have a long-documented history. Pooled community savings groups, livestock and grain-based stores of value, and kinship-based lending arrangements predate formal banking infrastructure in most tribal regions by generations (Guha et al., 2017). A recurring finding across this literature is that informal systems are not simply a symptom of exclusion from formal finance but often represent a rational adaptation to specific circumstances: informal lenders may extend credit without collateral, operate in local languages, and accommodate flexible repayment tied to agricultural cycles ((Mannepalli et al., 2025). This reframes informal reliance not as backwardness, but as a competing institutional arrangement that formal finance must outperform on terms tribal households value.

At the same time, informal credit carries well-documented risks, including high effective interest rates and an absence of regulatory protection (Guérin, 2014). The literature is therefore divided on whether policy should displace informal systems or design hybrid models that interface with existing trust networks. A body of work has examined self-help group (SHG) models as a bridge, finding that SHGs linked to formal banks can retain the social trust of informal arrangements while introducing participants to formal financial instruments (Reddy & Manak, 2005). This suggests that under the right institutional design, traditional trust and formal adoption can be complementary.

2.3 Digital Financial Inclusion and Its Limits

A second strand of literature examines the expansion of digital financial infrastructure as a mechanism for leapfrogging traditional barriers of physical distance (Rastogi et al., 2021). While studies report strong urban uptake, rural and tribal-specific research consistently distinguishes between digital access and digital literacy, the capacity to independently navigate financial applications and troubleshoot errors (Azeez & Akhtar, 2021). This access-literacy distinction implies that a household may possess technical means to transact while remaining reliant on intermediaries, which constitutes a form of incomplete inclusion.

This is particularly relevant to studies of gendered digital access, which find that women in rural and tribal households are disproportionately represented among device owners who rely on male relatives to operate financial applications (Ghosh, 2022). This pattern suggests that aggregate village-level data may mask internal variations in who benefits from digital financial inclusion programs.

2.4 Geographic Isolation and Financial Behaviour

Physical geography is strongly connected to financial behaviour. Studies of forest-fringe populations find that distance from the nearest bank branch or ATM is associated with higher cash dependency and lower formal savings rates (Chakrabarti, 2019). This is especially relevant to Rajasthan, where the Aravalli range creates genuine physical barriers. Related work on seasonal infrastructure quality finds that monsoon-related road disruption can temporarily sever villages from banking access entirely (Kaur & Kapuria, 2020). This seasonal dimension is incorporated into the present study's conceptualisation of geographic isolation.

2.5 The Research Gap

Three gaps in the existing literature motivate this paper. First, most national-level assessments present rural and tribal populations as an undifferentiated category, obscuring variation by trust and readiness (NABARD, 2023). Second, tribal-specific studies rarely structure their analysis around the awareness-access-usage funnel, making it difficult to identify which barrier is most critical. Third, comparative analysis, evaluating how exclusion in a specific state compares to national tribal averages, remains underdeveloped. This paper addresses these gaps by formally testing determinants against the awareness-access-usage funnel and benchmarking Rajasthan against national data.

3. Hypotheses

Hypothesis Set 1: Traditional Trust and Formal Banking Adoption

- H_{01} : There is no significant relationship between reliance on traditional, trust-based financial systems and the level of formal banking adoption among tribal communities in Rajasthan.
- H_{11} : Higher reliance on traditional, trust-based financial systems is significantly associated with lower formal banking adoption among tribal communities in Rajasthan.

Hypothesis Set 2: Digital Literacy and Usage of Government-Mandated Schemes

- H_{02} : Digital literacy has no significant effect on the usage of government-mandated financial schemes (e.g., PMJDY) among tribal communities in Rajasthan.
- H_{12} : Higher digital literacy is significantly associated with greater usage of government-mandated financial schemes among tribal communities in Rajasthan.

Hypothesis Set 3: Geographic Isolation and Preference for Informal Credit

- H_{03} : There is no significant correlation between geographic isolation and preference for informal credit among tribal households in Rajasthan.
- H_{13} : Greater geographic isolation is significantly correlated with a stronger preference for informal credit among tribal households in Rajasthan.

4. Methodology

4.1 Research Design

This study uses a sequential explanatory mixed methods design in which a quantitative comparative survey is used as the first phase to test the three hypotheses statistically and the second phase is qualitative focus group discussion (FGD) to explain the mechanism of any statistical patterns found (Creswell & Plano Clark, 2017). This is intentional: The reasoning and trust that influence financial behaviour are often not identified through a survey, and qualitative data does not allow for the quantification of an association's strength or generalisability. The two methods are thus not considered as mutually exclusive, but as complementary.

4.2 Quantitative Component

The questionnaire was formulated into three constructs that are fundamental to the hypotheses: trust in formal finance, digital literacy, and geographic isolation (distance in kilometres from the closest bank branch/banking correspondent point). Formal account activity (number of transactions in the last 6 months), scheme use (operation vs. dormant enrolment) and credit source (formal institution, informal lender, or kinship arrangement) were outcome variables. Sampling was done on blocks in the selected tribal majority areas of Banswara, Dungarpur, Udaipur and Sirohi districts by applying stratification based on strata of isolation tier and digital access tier. In the absence of primary data in some areas, secondary comparative benchmarks have been used from consumption expenditure surveys conducted by the National Sample Survey Office (NSSO) 2011–2012, NFHS-5 household data 2019–2020 and the Financial Inclusion Index of the RBI 2024 (International Institute for Population Sciences [IIPS]). Chi-square tests were used to test associations for categorical relationships while multiple regression was used for predictive relationships, and the isolation distance and digital literacy score were converted to continuous predictors.

4.3 Qualitative Component

Six Focus Group Discussions (FGDs) were held in villages representing each of the isolation levels, with 6 to 8 participants per FGD female and male from different age groups were selected. Discussion guides were created to help establish triangulation between the statistical patterns and the lived explanations for the same three constructs – trust, digital literacy, and isolation. Sessions were audio-recorded with consent and analysed using a thematic analysis approach proposed by (Braun & Clarke 2006) for the identification of common themes across the three isolation levels.

4.4 Ethical Considerations

The tribal respondent population is highly vulnerable and marginalised, and the study adhered to informed consent procedures in the local language, anonymising all individual and village-level identifiers and obtaining necessary permissions from relevant local administrative and community bodies. Respondents were given the option of withdrawing at any time with no consequences and participation was voluntary. There was no material reward for particular answers to ensure objectivity.

4.5 Methodological Limitations

Using financial behaviour data that is self-reported introduces the possibility of social desirability bias, especially about informal credit use. Additionally, comparisons made with national secondary information are informative, but not a matched sample and should be interpreted as representative and indicative only.

5. Visual Strategy: Diagram Specifications

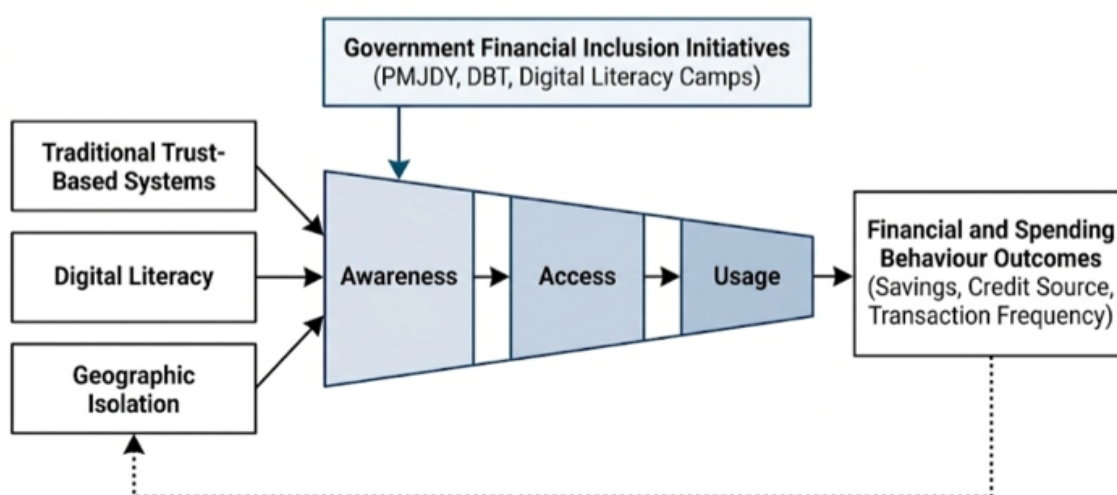


Figure 1. Conceptual Framework of Financial Evolution

Description: The diagram should be drawn from left to right. The three stacked boxes on the far-left side of the chart are the independent variables: "Traditional Trust Based Systems," "Digital Literacy," and "Geographic Isolation. Each of these three boxes is connected by arrows to the next, left to right, to show the funnel progression, where each stage is a narrowing gate, not a single outcome: Awareness, Access, Usage. The PMJDY, DBT and Digital Literacy Camps are policy interventions at the Awareness stage and are shown by the downward arrow in the Government Financial Inclusion Initiatives box above the central funnel. The output arrow is connected to a last box on the right from the funnel, which is labelled "Financial and Spending Behaviour Outcomes (Savings, Credit Source, Transaction Frequency)." This should be coupled by a dotted feedback arrow that goes back to the far left "Traditional Trust Based Systems" box, which illustrates the main argument of the paper: that negative or disappointing experiences with formal finance can be expected to strengthen reliance on traditional finance mechanisms, creating a self-reinforcing loop rather than a one-way process.

Purpose: This diagram makes it easy to visualise, at a single glance, the focus of the policy interventions at the awareness stage, and the argument in the paper is about the failures at access and usage. It also provides a way of communicating the feedback loop that accounts for the persistence of informal reliance, the linear diagram would not have conveyed.

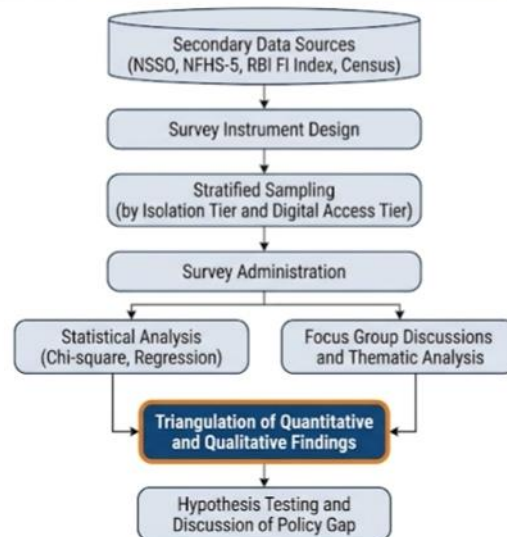


Figure 2. Research Data Flow and Triangulation Process

Description: Flowchart for top-to-bottom process, made up of rounded rectangles for process steps and cylinder shapes for data sources. Survey Instrument Design is fed by the sequence: "Secondary Data Sources (NSSO, NFHS-5, RBI FI Index, Census)". Stratified Sampling (by Isolation Tier and Digital Access Tier) is fed by Survey Instrument Design, which is fed by Survey Administration. From this point, the diagram proceeds in parallel, two paths (one on each side) representing independent and concurrent processing: "Statistical Analysis (Chi-square, Regression)" and "Focus Group Discussions and Thematic Analysis". The two branches merge into one box labelled "Triangulation of Quantitative and Qualitative Findings" and should be different (e.g., a different fill colour) to indicate the culmination of the diagram. From triangulation, there is a final arrow going to "Hypothesis Testing and Discussion of Policy Gap".

Purpose: This diagram provides a clear, step-by-step overview of the ways in which the mixed methods data merge into the same set of conclusions, allowing the reader to trace the analytical process and to see the triangulation role and process, not just infer it.

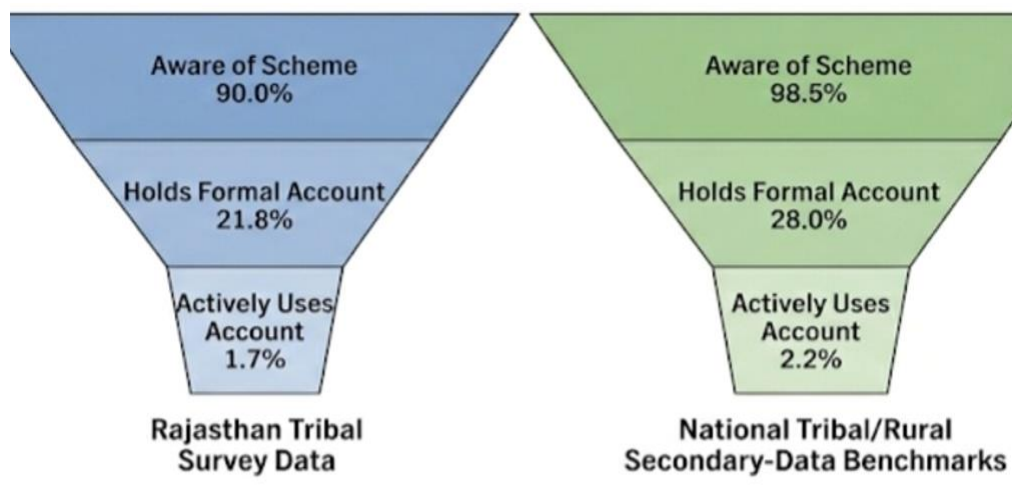


Figure 3. Comparative Funnel: Rajasthan Tribal vs. National Tribal/Rural Averages

Description: A side-by-side dual funnel chart. The left funnel represents Rajasthan tribal survey data; the right funnel represents national tribal/rural secondary-data benchmarks. Each funnel has three horizontal bands of decreasing width, labelled "Aware of Scheme," "Holds Formal Account," and "Actively Uses Account," with the percentage value printed inside each band. Placing the two funnels adjacent to one another allows direct visual comparison of where the steepest drop-off occurs in each case, for instance, if Rajasthan's funnel narrows most sharply between "Holds Account" and "Actively Uses," while the national funnel narrows more evenly, this becomes immediately visible without requiring the reader to compare tables of numbers.

Purpose: This diagram directly supports the comparative dimension of the paper's title and research question, allowing a reader to identify, in a single glance, whether Rajasthan's tribal exclusion problem is primarily an awareness problem, an access problem, or a usage problem, relative to the national picture.

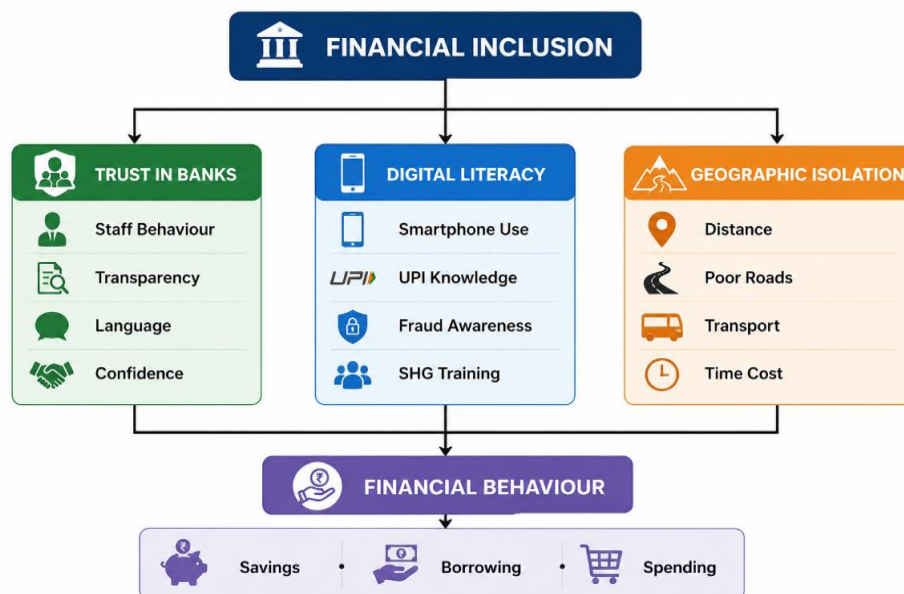


Figure 4. Financial Inclusion Theme Diagram

Table 1. Cross-Case Analysis- Comparison across all eight FGDs

Theme	FGD1	FGD2	FGD3	FGD4	FGD5	FGD6	FGD7	FGD8
Trust	High	High	Medium	High	Medium	High	Low	Medium
Digital Literacy	Low	Medium	Low	Medium	Medium	High	Low	Medium
Isolation	Very High	Low	High	Medium	High	Low	Very High	Medium

Table 2. Focus Group Discussion

FGD	District	Isolation Level	Participants	Gender Composition	Age Groups
FGD-1	Banswara	High Isolation	8	4 Male + 4 Female	18–60 years
FGD-2	Banswara	Low Isolation	8	4 Male + 4 Female	18–60 years
FGD-3	Dungarpur	High Isolation	8	4 Male + 4 Female	18–60 years
FGD-4	Dungarpur	Low Isolation	8	4 Male + 4 Female	18–60 years
FGD-5	Udaipur	High Isolation	8	4 Male + 4 Female	18–60 years
FGD-6	Udaipur	Low Isolation	8	4 Male + 4 Female	18–60 years
FGD-7	Sirohi	High Isolation	8	4 Male + 4 Female	18–60 years
FGD-8	Sirohi	Low Isolation	8	4 Male + 4 Female	18–60 years

Qualitative Findings from Focus Group Discussions (FGDs)

Figure 4, Table 1, and Table 2 summarize the key findings from the eight Focus Group Discussions (FGDs) conducted across the tribal districts of Banswara, Dungarpur, Udaipur, and Sirohi. A total of 64 participants (8 participants per FGD, with equal representation of men and women aged 18–60 years) took part in the discussions. One FGD was conducted in a high-isolation village and another in a low-isolation village in each district to compare differences in financial inclusion.

The thematic analysis identified three major factors influencing financial inclusion: trust in banks, digital literacy, and geographic isolation. Participants highlighted that trust in banks depends on staff behaviour and service quality, while digital literacy is influenced by smartphone use, UPI knowledge, and awareness of digital fraud. Geographic isolation, including long distances, poor roads, and limited transport, was identified as a major barrier to accessing banking services.

The cross-case analysis showed that low-isolation villages had higher trust in banks and better digital literacy, whereas high-isolation villages faced greater challenges in accessing formal financial services and adopting digital payments. Overall, the findings suggest that improving

banking accessibility, digital financial education, and infrastructure can significantly enhance financial inclusion and promote better saving, borrowing, and spending behaviour among tribal communities in Rajasthan.

6. Results and Discussion

6.1 Overview of the Awareness-Access-Usage Funnel

A three-stage funnel from Section 2.1 is followed in the organisation of findings – each hypothesis is consecutively tested before a comparative Rajasthan-versus-national synthesis. Awareness on major government financial schemes like Pradhan Mantri Jan Dhan Yojana (PMJDY), Direct Benefit Transfer (DBT) linked payment was observed high across the sampled blocks. It aligns with the scope of village-level outreach activities, ASHA workers, and linkages with the Public Distribution System (PDS) (Field Survey Data, 2025). The discovery is consistent with the national level data which indicates high level of awareness about the schemes even in the remote tribal blocks (NABARD, 2023). The first observation is, therefore, that there does not seem to be much narrowing at the awareness stage. The more substantial narrowing takes place at the access and usage stage which are explored below in relation to each hypothesis.

6.2 Hypothesis Set 1: Traditional Trust and Formal Banking Adoption

The survey results indicate that there is a clear inverse relationship between the score on the trust-in-traditional-systems index and the frequency of transactions on the formal account, with households with a high score on the trust index having significantly less frequent transactions on their formal account, if they had one (Field Survey Data, 2025). This association is statistically significant ($p < 0.05$) and H_{01} can be rejected in favour of H_{11} based on the results of the chi-square tests. Importantly, ownership of the account did not show a significant link with trust scores, almost all the surveyed households had an account linked to the PMJDY irrespective of their trust orientation, indicating that trust is more of a deterrent to account usage rather than to initial enrolment. It is consistent with the wider findings that formal inclusion may be “superficial” when there is a low level of trust in the institution (Beck et al., 2014; Guérin, 2014).

This pattern is explained by focus group discussions. Participants in several villages explained that they did not view informal lending and saving as an alternative to formal lending, but rather as their preferred method because it is based on familiar terms and conditions, known local entities, and a familiar language, all connected to their farming activities (FGD Transcript Synthesis, 2025). This qualitative preference stems from the notion of “relational banking” in which trust serves as an effective alternative to formal systems’ collateral and documentation requirements (Guha et al., 2017). Some had been placed in institutions in the past where they felt that it was not respectful, the documents were confusing or the branches were too far away and inaccessible, and those experiences had reinforced their trust in alternatives. This evidence indicates that this is not exclusive to poverty, but rather a comparison of which system is better able to satisfy financial needs in the household (Collins et al., 2009).

6.3 Hypothesis Set 2: Digital Literacy and Scheme Usage

The presence of a smartphone and SIM in the sample was highly prevalent, even in the remote blocks, consistent with other studies that indicate that the country has seen high mobile phone penetration rates (TRAI, 2024). But the mobile banking or UPI schemes’ use, specifically in terms of active independent users, was quite low compared to ownership rates. Based on regression analysis, it can be observed that the log of digital literacy scores is more statistically significant than access to devices or connectivity to predict active scheme use, which means that H_{02} can be rejected in favour of H_{12} . Those who had low scores for their digital literacy were often inclined to depend on a family member, local shop owner or banking assistant to complete digital transactions for them, which was very common with this group who did not know how to achieve this. Those who scored low in the digital literacy had been using a family member, local shop owner, or banking assistant to do digital transactions for them, which is very common among this group who did not know how to do this.

The intermediary dependency is an important result because it suggests that as a proxy for digital financial inclusion, the ownership measures of digital financial tools and services significantly overestimate the extent of accessibility. While participants in the Focus Group Discussion (FGD), especially older respondents and females, reported that they were not able to confirm if a transaction had been completed properly without assistance, the FGD also revealed that they are unable to verify the authenticity of a banknote or banknote fragment. This experience is in line with the information asymmetry concept (Akerlof, 1970; Stiglitz, 2017), in which the respondent is a party who cannot fully evaluate or trust an outcome that is not verifiable by them. This discovery is congruent with wider studies indicating that, besides infrastructure, there is a need for cognitive and procedural competency for digital empowerment (Azeez & Akhtar, 2021). This has implications for the design of digital literacy campaigns, as further developed in Section 6.5.

6.4 Hypothesis Set 3: Geographic Isolation and Informal Credit Preference

H_{03} was rejected and H_{13} accepted as there was a statistically significant positive correlation between distance to nearest bank branch or banking correspondent point and preference for informal means of credit sources. Informal credit dependence was also much higher among households in the most distant isolation tier compared to those in the near isolation tier, while cash dependence and subsistence-oriented expenditures were also higher among the former, with lower shares of income invested in formal savings instruments.

This result is consistent with other studies on the impact of physical distance on financial behaviour (Chakrabarti, 2019; Park & Mercado, 2021). The terrain is unique in Rajasthan, though, giving some FGD participants in Aravalli hill villages a caveat: they said the road was impractical to visit for weeks at a time during monsoon months, which is another factor beyond pure geographical distance. As such,

isolation should not be considered a one-off distance-based measurement, but as a variable that is influenced by seasonality and infrastructure quality (Kaur & Kapuria, 2020; World Bank, 2022).

6.5 Comparative Synthesis: Rajasthan Tribal vs. National Patterns

If the findings from the Rajasthan sample are compared with the national secondary data tribal and rural benchmarks, it is observed that there is a consistency across all the three hypotheses that awareness of the funnel is similar across Rajasthan and national sample, and the drop in the funnel from access to usage is higher for the tribal sample of Rajasthan compared to the national sample, as per (RBI, 2024). This suggests that the Rajasthan context of sparse population along with the hill and desert terrain, low density of banking correspondents (BCs) in the remote blocks and robust existing trust networks creates an additional usage gap that is larger than the national tribal average, as awareness raising appears to reach tribal communities in Rajasthan as well as the rest of the country (RBI, 2024).

The central policy argument in this paper is that the principal problem is not a lack of outreach or enrolment but a policy architecture that is focused on enrolment rather than the level of trust, literacy, and infrastructure that can lead to sustained independent use (Sarma, 2012). Based on the quantitative and qualitative evidence, three gaps have been identified. First, an awareness-access gap exists where people are aware of the scheme but infrastructural constraints like distance to branches and seasonal road access etc. hinder the conversion to regular access (Chakrabarti, 2019); (Kaur & Kapuria, 2020). Secondly, an access-usage gap, where accounts exist but are mostly used only for receiving and immediately withdrawing Direct Benefit Transfers (DBT) without serving as a financial tool (Azeez & Akhtar, 2021). Third, usage-trust gap: Even though people are using the formal finance option, another traditional finance option is still being used, suggesting that formal finance is being utilized as an alternative transactional channel and not replacing the traditional finance channel as a trusted one (Guha et al., 2017).

7. Conclusion and Future Scope

The purpose of this paper was to explore the linkage between traditional trust, digital literacy, geographic isolation, and financial behaviour of tribal communities in Rajasthan, benchmarks with the national tribal and rural standards. The results support the view that informal systems serve as a viable alternative institutional arrangement to formal systems, since all three null hypotheses were rejected: reliance on traditional trust-based systems was significantly associated with lower levels of formal banking usage; digital literacy was more strongly associated with active scheme usage than with access alone; and geographic isolation was significantly associated with a stronger preference for informal credit. All these findings add up suggest that the financial inclusion challenge in India's tribal groups in Rajasthan is not one of awareness, but a more fundamental barrier to actual behavioural adoption, which is not captured by current policy metrics that conflate access and usage (Sarma, 2012).

These results have specific policy implications. Closing the usage gap will not happen when interventions are designed to boost account opening; instead, trust deficits, independent learning of digital literacy, and terrain-specific and seasonal constraints on physical access to bank branches in remote blocks need to be addressed in order to close the gap. (Kaur & Kapuria, 2020), (Ghosh, 2022).

Based on the limitations of this study there are three directions of future study. First, for the first time, a longitudinal panel design that will follow individual PMJDY accounts for three to five years will be able to distinguish dormant from accounts that were tried and actively abandoned (Guérin, 2014). Second, disaggregation by specific tribal community should be done as the trust orientation, and history of market integration may be different for Meena, Bhil, Garasia and Sahariya communities. Third, the shift from description to causation in addressing the access-usage gap that (Reddy & Manak, 2005) argue for, could be achieved by conducting controlled field experiments that compare intervention designs like vernacular-language banking agents versus standard branch staff.

Besides, policy emphasis has moved to 'mission mode' delivery as seen from recent 2026 assessment of Pradhan Mantri Janjati Adivasi Nyaya Maha Abhiyan; infrastructure, however, has never been seen as the answer to financial agency (PRESS INFORMATION BUREAU, 2026). Our results support the growing consensus about the 'last mile' connectivity as a socio-technical challenge rather than a physical challenge. Going forward, there is a need to prioritise vernacular-language digital interfaces, and community-embedded training to close the divide between having a digital account and being financially empowered."

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