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The Role of FinTech in Promoting Financial Inclusion in India

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ABSTRACT

This paper looks at the high-quality effect monetary technology (FinTech) performed in advancing monetary inclusion in India. Despite various government interventions, a good sized quantity of the Indian populace remains unbanked or underbanked. FinTech - enabled by cell wallets, UPI, neobanks and virtual lending - is scalable and value-effective, and is supporting extend access and use amongst underneath-served communities. This study takes a blended strategies technique and uses each survey records from city, semi-urban and rural places and qualitative statistics. Findings highlight massive uptake via adolescents, demanding situations of virtual literacy and connectivity in the rural regions and usability and schooling challenges with apps. The observe articulated implications and recommendations for policy and exercise for final the inclusion hole.

Introduction

Financial inclusion has emerge as an important development priority for international locations globally, particularly in growing countries like India, providing higher and appropriate fees and get right of entry to to important monetary offerings to humans and groups which might be typically now not capable of get right of entry to and utilize the formal financial device. In India, a huge proportion of the population is in placed in rural and low-income regions, and traditionally, conventional banking systems have barriers in supplying financial services to these profits segments due to infrastructural, monetary, and bureaucratic factors. As of nowadays, thousands and thousands remain outdoor get admission to to primary banking offerings like financial savings bills, credit, insurance, and investments.

In this case, Financial Technology, or FinTech, has turn out to be even extra crucial. Fintech has generated creativity for the way monetary services are furnished in distinctive methods to tackle a number of the structural demanding situations of the traditional bank machine leveraging virtual structures, mobile programs, and records. Tools along with the Unified Payments Interface (UPI), mobile wallets, neobanks, and digital lending contraptions are making monetary transactions extra efficient and motivating people to take charge in their financial lives. This is in particular well timed for the Indian context in which smartphone use and mobile net throughout the masses has grown for the past few years. This studies specializes in the function of FinTech in starting the way for financial inclusion in India, its fundamental enablers and boundaries, and concludes with tips for financially sustainable and inclusive increase.

Current State of FinTech and Inclusion in India

Indias FinTech is growing exponentially after 2016, when demonetization passed off. A significant number of presidency interventions in terms of support have laid the principles for FinTech, which include a nationwide infrastructure enhancements with digital and bills-primarily based initiatives like Digital India, Jan Dhan Yojana and so on. As of 2023, India has probably one of the maximum exciting FinTech ecosystems within the world through its excessive uptick in UPI and cellular wallets. However, there is still work to do in rural and semi-urban regions.

Research Methodology

Research Objectives:

- To compare how extensively fintech is followed throughout underserved populations.
- To become aware of what fintech offerings are the most important contributors to monetary inclusion.
- To discover the socio-financial effect of fintech use.
- To analyze the barriers surrounding fintech uptake among the financially excluded.
- To offer tips for fintech companies and accountable financial policymakers to assist facilitate inclusive finance.

Research Design:

A combined-method method combining survey information from 80 respondents and semi-established interviews changed into used.

Sampling & Data Collection:

A purposive and snowball sampling method centered people familiar with FinTech. Stratified based totally on geography (urban, semi-city, rural), the sample aimed to mirror demographic range.

Tools Used:

- Quantitative: Structured questionnaires
- Qualitative: Interviews with users and industry specialists
- Analysis: SPSS, Excel, and R

Ethics:

All participants gave knowledgeable consent and responses were anonymized.

Results & Analysis**Demographics:**

- The majority of respondents were among 18 – 25 (58.8%); 52.9% being male and 47.1% woman. A majority suggested living in an urban vicinity (67.6%).

FinTech Usage:

- 91.2% of respondents had been privy to the FinTech tools
- 64.7% used FinTech, and most usually each day.
- Most often used UPI, which changed into maximum used along with cell wallets.
- 44.1% used FinTech for payments, and smaller probabilities for savings, investments, and loans.

Trust & impact:

- 94.1% mentioned mild to high ranges of consider.
- 85.3% agreed that FinTech helped with accessibility.
- 82.3% assume FinTech allows them with the management in their price range.

Challenges:

- 61.8% experienced issues with FinTech, inclusive of negative connectivity, protection issues, complex user interfaces, problems with languages.
- 76.5% of the sample never received any shape of training on how to use FinTech.

Conclusion

Financial era (FinTech) is a disruptor inside the provision of and get right of entry to to economic services across India, in particular for younger and concrete populations. The observe affords self belief that FinTech platforms are being assimilated into the ordinary lives of users, with a median focus of 80% and an average usage of 68% of UPI and mobile wallets each day. Simplicity, hotness, and affordability made changing brick-and-mortar banks a no brainer. The strong levels of consider, in conjunction with the effect on their monetary control, leave little room for questioning a fine reception of FinTech services among customers.

Despite this, there are nevertheless problems affecting the capacity of FinTech to force inclusive growth. The research pointed out a few core boundaries like virtual illiteracy, negative net get right of entry to and lack of formal education, specifically in rural and semi-urban regions, to sign up for the FinTech area as a user. Other barriers like complicated interfaces, language and safety issues create apprehension for a much wider adoption of FinTech. Even whilst FinTech has moved the needle on financial inclusion in India, extra needs to happen. Targeted movement from policymakers, generation providers and schooling businesses to guarantee accessibility, safety and digital empowerment of all sections of society is needed.

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