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A Case Study of the Digital and Financial Inclusion Revolution in India.

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ABSTRACT:

Digital and Financial Inclusion in India is a scheme to ensure access to financial services and adequate credit for economically weaker sections, including low-income and vulnerable sections. Financial inclusion includes access to bank accounts, insurance, remittance and payment services, financial advisory services, and financial products and services. It provides people with an opportunity to save for the future, and a high level of bank deposits provides opportunities to create a solid deposit base, savings, invest, and obtain loans. Nowadays, an inclusive growth focused on economic inclusion is taking place. Collectively, these are achieved by the enablement of modern banking technology. Many banks have come up with new banking eras that have brought in a new status of banking customers. Thus, digital finance has given a new look to the banking industry. Digital finance is a financial service that is connected to a trusted virtual payment instrument through mobile phones, personal computers, the internet, or cards. Digital finance has the potential to provide a less expensive, convenient, and stable banking service. Digital finance gives consumers better control over their finances, the ability to make quick financial decisions, and to make and receive payments. Financial inclusion is a win-win situation that can be implemented through virtual finance. It can save time.

Keywords: Digital, Financial Inclusion, economically weaker sections Opportunities and Banking customers.

Introduction:

Digital financial inclusion is the process by which individuals and companies can access payment, savings, and loan products without having to visit a bank. Digital financial integration in India has expanded due to significant developments in both the general and private sectors. One of the key drivers is digital inclusion, which clearly ensures access to the financial system as a means of poverty reduction and overall growth. Under the Government of India's Pradhan Mantri Jan Dhan Yojana (PMJDY) scheme, digital Aadhaar accounts were opened for most Indian citizens, and these accounts became the default mode of delivery of government payments along with the Direct Benefit Transfer (DBT) system. Account opening under this scheme has been called the need of the hour to achieve such a massive reach. The growing use of the internet and telephony is being used extensively.

So that the future of banking is expected to advance. By linking financial institution loans to biometric identification (through Aadhaar cards) and mobile numbers, the government aims to promote more prevalent models of financial access. And by authorizing new levels of financial institutions, the government has pushed forward a differentiated financial system where payments through mobile network operators and fintech companies can provide financial services under bank licenses, and microfinance institutions (MFIs) are encouraged to adapt to the market and use technology as a catalyst for their growth as small finance banks. In 2016, the government suddenly adopted the demonetization policy without any notice.

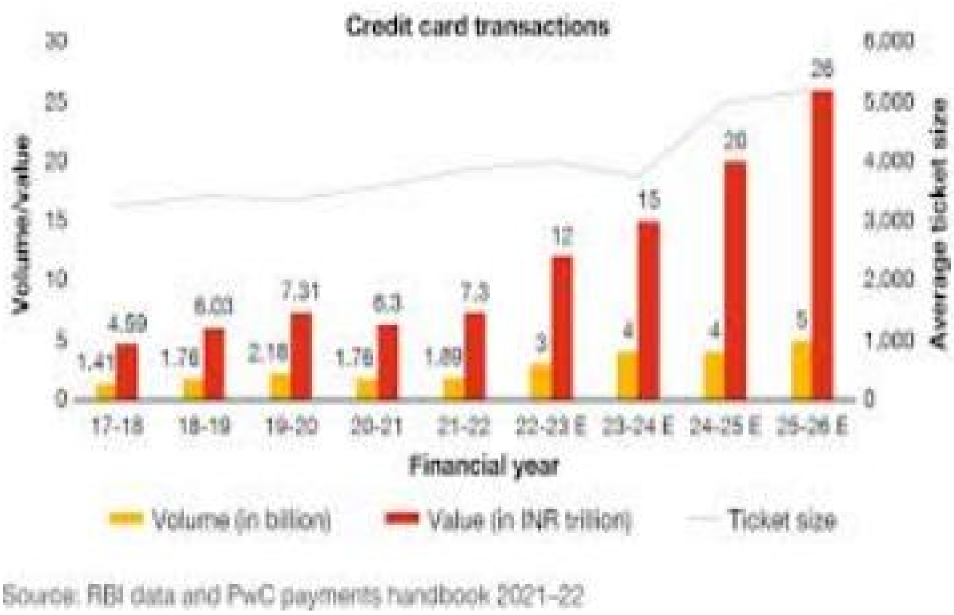
As a result, the growth of digital payments began to get a boost, especially in an unregulated manner. There is a continuous effort to make digital payments play an important role in the direct provision of banking services in India, and the last four years have seen a change in the overall role of experts in financial care promotion. Subsequently, the government has also streamlined the format of the licensing system, including digital character and payment period, in a technology-driven model on which individual quarters can build.

Objectives:

1. To know the status of digital financial inclusion in India
2. To study the impact of digital finance on financial inclusion.

Some graphs are given to know the status of digital financial inclusion in India.

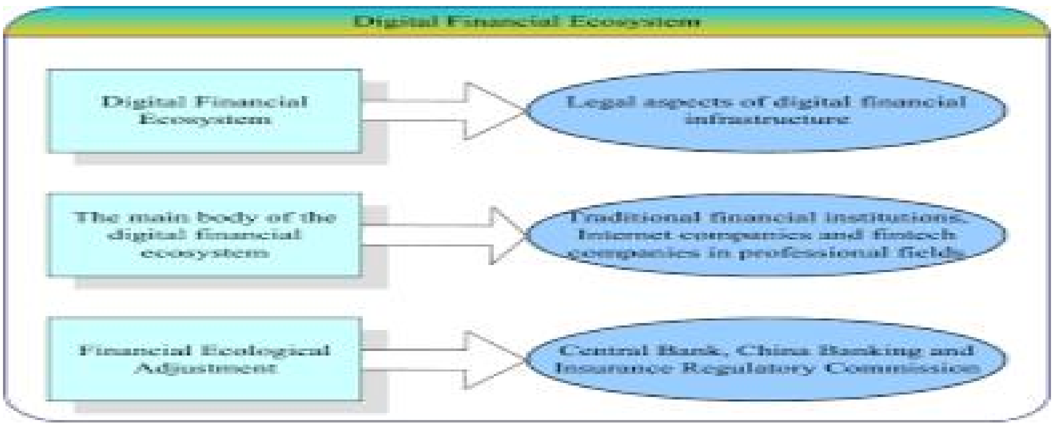
India is currently witnessing tremendous growth in card payments, with credit card transactions seeing significant growth year-on-year. Although debit card transactions have seen a slight decline, the overall digital payments landscape is flourishing, with cards playing a significant role. The PwC report forecasts a healthy compound annual growth rate (CAGR) for card payments in the coming years, driven by factors such as increasing acceptance of cards, improved infrastructure, and government support.



Source: google.com/search Image.

To study the impact of digital finance on financial inclusion.

The above figure suggests that with the introduction of technology in finance, there has been a great shoot up and further also it is expected to remain the same and is estimated to increase. This can be believed that the position of digital finance in India is very progressive, and the progressive digital finance, the better the GDP and economic face of India. Apart from traditional finance, digital finance also acts as an intermediary in economic activities, playing roles such as capital allocation, resource distribution, and risk diversification, which significantly impact both firm growth and macroeconomic conditions.



Source: Google Image

Research Methodology:

This research paper is an attempt at exploratory research based on secondary data collected from journals, articles, newspapers, and media reports.

Review of Literature:

Mayank Kumar (2024) in his study has proposed a financial inclusion index to measure the level of financial inclusion in different economies. And for the development of this index, access to savings, insurance, banking risk, distribution side dimensions, and demand side dimensions like banking access, availability of banking services, and use of banking system have been used. It was observed that India is situated at high financial inclusion on the basis of the demand side and low financial inclusion on the basis of the supply side. It was suggested that the Government of India and the Reserve Bank of India should adopt adequate policy measures to improve the supply-side measurement of financial inclusion.

Prince Kumar (2025) completed a survey of a hundred respondents and analyzed the percentage of the population for awareness about financial inclusion based on customer perception. The findings show that more than three-fourths of the households have at least one member capable of reading and writing, and most of the households are engaged in agriculture for livelihood, yet the level of economic inclusion is very low. The observation similarly shows that only opening a bank account is not enough, as it will not achieve the goal of financial inclusion. The common man should get the confidence to use those financial services.

Importance of Digital Finance Transformation:

In this smart technology era, the importance and need for virtual transformation in the banking industry have become clear. In today's time, there is a constant effort to overcome the time-consuming, complex financial system with simple solutions. And the virtual revolution in the financial era gives people complete freedom to manage their accounts. Every person can do any type of transaction without taking the help of their home branch or bank employees. Virtual finance is so powerful and user-friendly that it focuses on customer satisfaction.

So that digital transformation not only simplifies the existing system, but it also enables the development of the latest financial products and tools that increase the productivity and efficacy of any task. An excellent example of digitalization and digitization is Fastag. The toll collection system has now become easier. You can save more time and resources, travel paperless, and be more efficient with a stable transaction system. This is the power and importance of virtual finance transformation. Digitalization is changing the current banking industry not only by recording transactions but also by gaining a complete understanding of customer behavior and market strategy.

The banking system has evolved into an insight-driven functional system. It establishes the highest standards, faster processing, and total automation of execution with maximum customer and employee satisfaction.

The state of Digital Finance in India:

Between 2014 and 2017, the number of Indian adults with a bank account increased from 52.8% to 79.8%. Over three years, this represents the introduction of more than 300 million people into the formal financial sector. This period of growth was made possible thanks to a tremendous political effort by the Modi government, which came to power in May 2014, to use financial integration and, in particular, planned financial care as a key step to promote economic and social development. The Pradhan Mantri Jan-Dhan Yojana (PMJDY), a drive to provide all Indians with a financial business account, formed the cornerstone of this policy initiative. At the same time, the financial care drive faced two other key tenets of the Modi government: Digital India (driven by rapid growth in mobile smartphones and internet connectivity) and Aadhaar (the availability of a unique digital identity card for every citizen). The trinity of PMJDY, Aadhaar, and mobile, which has the potential to transform financial thinking, was called the J-A-M trinity. The government's efforts here were supported and accelerated through an active non-open quarter extending from large commercial banks to global technology companies and fintech innovations, and an accelerated growth sector to drive growth for poverty reduction and broad-based development in India. This overview aims to outline the story of India's progress in digital financial services between 2014 and 2018, identifying key trends and drivers of growth, with a special focus on the digital payments sector as a means to raise the level of financial thinking. According to the latest RBI report, between FY 2022 and July 2025, the broad range of digital transactions in India grew by $168 million to 28,372 million transactions. The comparative cost of these transactions has gone up to Rs 1,638,495 billion in the same period. Compared to the increase of 22.2 per dollar during this period, they grew at a rate of 21.5 during 2024-25. The general financial record says that the digital currency landscape has witnessed a remarkable surge of development in the last few years.

Conclusion:

It is clear that digital accounts are greatly impacting financial integration. With the ever-increasing use of digital payments and easy access to mobile phones and internet services, things are becoming easier and smoother for the economy. Digital accounts through fintech companies offer great results for financial thinking in emerging and frontier economies, and for people with low and variable incomes, digital accounts are often far more profitable than the higher costs paid to obtain such investments from traditional regulated banks. Apart from the benefits of digital investments, this article highlights some important digital currency models for financial integration and financial stability. Finally, an interesting avenue of predictive research could be to study the relationship between digital currency and financial emergencies to determine whether digital accounts allow financial distress to be diffused during an emergency.

Suggestion:

1. To make digital banking accessible to every household so that every person can continue to make small savings and keep trying to move forward.
2. Every person should be able to avail the following facilities to those who are deprived of financial inclusion.

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