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FINTECH-DRIVEN INCLUSION: EMPOWERING UNDERSERVED COMMUNITIES

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Abstract:

In recent year digital technologies have changed the way financial services are delivered across the world. Many underserved communities, especially rural, low-income, and less-educated people, still face difficulties in accessing financial services due to illiteracy and lack of awareness. This study aims to examine how Fintech solutions promote financial inclusion and empower underserved communities. The research study is based on secondary data collected from research articles, reports, and journals. The analysis shows that Fintech improves accessibility, reduces transaction costs, increases financial awareness, and enhances financial participation. Fintech services such as mobile banking, digital payments and online lending platforms have made financial services more accessible, affordable and convenient for people who were previously excluded from the formal financial system. It also shows how digital technology helps reduce financial inequality and allows more people to participate in economic activities. The study shows that Fintech plays an important role in achieving inclusive economic growth.

Keywords: *Fintech, Financial inclusion, Digital payments, underserved communities, Economic empowerment*

Introduction:

Financial inclusion is one of the objectives of fintech. Even though we have made some advancements in the last decade and brought more people access to financial services, globally there are still approximately up to 1.4 billion adults who remain unbanked. Digitalization is critical in building on the momentum to include the millions that are currently excluded but need financial access at the moment.

Financial inclusion is defined as the availability and the quality of opportunities to access financial services. It is the process by which individuals or business can easily and securely have access to useful and affordable financial services like payments transfer loan savings and insurance. One of the reports out there on financial inclusion is the global findex report the global findex measure people's access to financial meaning having safe private and easy ways to store money account credit and make payments. financial inclusion brings more people into the global economy and also makes them resilient crisis and emergencies. Covid19 accelerated digital payments. in developing countries for example 33% of adults pay for utility bills from an account for the first time in the Covid19 pandemic. Governments traditional and fintech can help expand financial access and usage among the underserved communities by lowering the barriers and improving infrastructure.

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Fintech makes financial services more accessible by lowering the cost increasing convenience and efficiency for users and providing financial opportunities where they previously were unavailable. In 2023 the world bank has Stated that 1.2 billion previously unbanked adults gained access to financial services in the past 10 years.

Financial inclusion plays an important role in the development of the economic sector across the world. It means providing affordable, low-cost, easy and accessible financial services to all individuals, especially rural and less-educated people who have limited access to formal banking services.

In many developing countries a large number of people especially those living in rural areas and low-income category still face difficulties in accessing basic financial services such as saving account, credit facilities, insurance, and digital payment system. Lack of awareness, limited financial literacy, and complicated digital banking services are some of the main reason why many people remain excluded from financial services.

In recent years rapid advancements in digital technology have significantly transformed the financial services sector. Fintech is an innovation that combines technology with financial services to improve efficiency and accessibility. Services such as mobile banking, online payment systems, and UPI have made financial transactions easier and faster. Other services like digital gold investment, cryptocurrency investment, and online trading platforms have also emerged as important innovations, especially among young users.

Due to these financial technologies, dependence on traditional banking methods has reduced, and people can now access financial services through smartphones and the Internet. Fintech also plays a significant role in empowering underserved communities by reducing transaction costs and increasing financial awareness. It enables governments and financial institutions to deliver financial services directly to people at their homes.

As a result Fintech contributes to reducing financial inequality and increases participation in economic activities. Therefore, it is important to understand how Fintech helps in promoting financial inclusion and supports economic growth in today's digital economy.

Statement of Problem:

Digital financial services are everywhere these days, but let’s be honest—not everyone gets to use them. People in rural areas or with lower incomes often miss out. Sometimes the internet barely works. Sometimes folks just aren’t familiar with digital tools or even comfortable using them. In a lot of villages, people struggle with reading, or they just don’t know enough about things like online banking or mobile payments to give them a try. A lot of people struggle with digital literacy. Even when they have access to digital financial services, they don’t always know how to use the apps safely or finish transactions the right way. There’s this real fear of messing up or losing money, and honestly, that keeps many first-time users away from fintech. Plus, if the app uses confusing language or the interface feels clunky, anyone who isn’t super tech-savvy can feel lost fast. That kind of frustration makes it even harder for them to feel comfortable using these digital platforms.

Then there’s the whole issue of access. Some don’t even own a smartphone. Others feel uneasy about putting their personal info out there—or they just don’t trust these systems at all. Let’s be real—most people don’t have someone nearby breaking down how digital financial services work or why they should care. A lot of folks just haven’t heard what’s in it for them, like getting paid faster, saving a little money, or just making banking less of

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a headache. Without anyone to walk them through it or answer their questions, they stick to cash because it's familiar, even though digital options can make things a whole lot easier. So while tech keeps racing forward, plenty of people are still stuck on the sidelines when it comes to financial services.

Small businesses and informal workers have a tough time with fintech. They often don't have the experience or tools to keep up, so they stick with cash. Digital payments seem tricky, and hidden fees make people nervous. Sure, technology keeps racing ahead, but a lot of folks just aren't ready to jump in. We need financial tools that make sense for everyone—straightforward, transparent, and easy to use. That's why it really matters to find out how Fintech can close this gap and help everyone—especially those left out—get the financial services they deserve.

Significance of the Study:

This research gets right to the point—so many people in rural and low-income areas still can't use digital financial services, and the reasons are staring us in the face. Once you see the real barriers, it's impossible not to notice how much more the government could actually do. Smarter policies can open doors for everyone, not just a lucky few. And fintech companies? They need to pay attention, too. This study shows what people deal with every single day, so companies can finally start building tools that fit real lives, not just look good in a pitch deck.This study really matters because, well, finance in the digital age is taking off, but a lot of people just aren't keeping up. Most people still use traditional banks, and it's not because they love them, it's just because they know and trust them. However, if you really look at what people know and what people don't know, it becomes clear that there's a huge gap between all of these new financial tools and what people are ready for. That's why it's just as important to educate people about finance as it is to find the next great technological breakthrough.

For banks and other financial players, this is a real chance to reach people who've been left out for years. The study brings some new ideas to the table about how to pull these folks in. In addition to this, the results obtained in this research could also be useful in creating awareness among educational institutions and training centers regarding digital financial literacy. Once individuals are aware about digital payments, online banking, and other financial apps, they become more comfortable and willing to use these facilities. This results in long-term benefits not only for individuals but also for business entities. And let's be honest—when more people join the formal financial system, everybody benefits. The whole economy gets stronger. Programs like Pradhan Mantri Jan Dhan Yojana and Ladki Behan Yojana have already made a huge difference, especially for women.

Additionally, the study contributes to knowledge academically through providing practical insights rather than depending on mere concepts. Future researchers can use the study to expand on new areas of financial technology adoption and inclusion. It lays a foundation for further studies aimed at ensuring that digital finance is easily accessible and user-friendly to many people. These days, opening a bank account or using financial services isn't just for a select group—it's open to everyone. This research digs into how these programs actually function, why they matter, and where progress still needs to happen. In the end, it's all about giving everyone a fair shot and building a digital economy that brings people in, not leaves them out.

Limitations of the Study:

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This study isn't flawless, so there are a few things you should know. Most of the info comes from other research articles, reports, and journals. Still, we did collect some of our own data with a Google Forms survey—the graphs and pie chart you see are based on those responses. Another limitation is that the feedback received through the survey is totally dependent on the honesty and knowledge of the participants. It is possible that the participants did not fully comprehend the questions or responded based on their own opinions rather than the actual usage experience. As the survey was conducted online, only those who were internet-savvy were able to take the survey, which may not be the case for people who are totally offline. Our focus was mainly on rural and low-income communities, so the results don't reflect the whole country. Moreover, the differences in various regions of India were not studied in depth because of time and resource constraints. The adoption of financial technology in different regions, such as urban, semi-urban, and rural areas, differs greatly, and a more in-depth comparative study can lead to more insights into the topic. However, conducting such a wide-scale study required resources that were out of the scope of the project. We also looked at only a handful of Fintech services and digital financial platforms. There are a lot of new ones popping up all the time that we just couldn't include. And honestly, we were a bit rushed, so we couldn't dig into every issue as much as we wanted. Another challenge faced during the study was the scarcity of updated secondary data for specific fintech services. It has to be noted that the fintech sector is a dynamic sector, and information available through reports and articles can change over a short period of time. Even with these limitations, the study shines a light on the real challenges and opportunities for using Fintech to make financial inclusion a reality.

Objectives of the study:

Take a look at how financial technology in India keeps changing and shaping the way people manage their money. These days, tools like online payments, digital banks, trading platforms, quick online loans, and investment apps are all around us—and they're really changing how folks handle their day-to-day finances. This objective is also interested in gaining insight into the rate at which financial technology is advancing in recent years and how smartphones and internet access have made financial services accessible to common people. It is interested in studying how traditional banking is gradually changing to online platforms and how people are responding to these changes.

But it's not all smooth sailing. Plenty of people still run into roadblocks, whether it's not knowing how the tech works, not trusting the system, dealing with spotty internet, or just not realizing these options exist. The study also aims to find out the major reasons for the hesitation in using fintech services. Once we understand the challenges, it becomes easier to understand what needs to be done to the awareness

programs, digital education, and infrastructure so that more people can use financial technology confidently.

At the same time, fintech is opening up the financial world to more people than ever. Thanks to things like the Pradhan Mantri Jan Dhan Yojana and Ladki Behan Yojana, even folks who never had easy access to banks before are finally able to join the formal financial system and participate in digital transactions, savings, and government programs. This objective also indicates the importance that fintech has in promoting financial inclusion and bridging the gap between the financially included and excluded.

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Review of Literature:

Researchers have spent a lot of time looking at digital financial services in India. Stuff like mobile banking, UPI payments, digital wallets, and online lending has made banking easier for people in cities. Transactions happen faster, it costs less, and, honestly, it's just more convenient. Also, a number of studies have indicated that the emergence of digital payment systems after the demonetization and during the Covid-19 period has increased the use of online transactions in India. It has been observed by the researchers that people have started trusting digital platforms due to the government's initiatives, cashback offers, and payment options provided by fintech companies.

But when you shift the focus to rural and low-income communities, the story changes. People talk about problems like poor Internet, not knowing how to use digital tools, and being worried about sharing their personal info. Some don't even have smartphones. Others just get lost trying to use these platforms. There's a real gap here—technology is racing ahead, but a lot of folks are being left behind. Many researchers have emphasized that digital literacy is an important factor for fintech adoption. For example, although the service is offered, without proper guidance and training, people are unable to use the service. Research has shown that awareness and support systems are helpful for people to feel comfortable while using digital financial services.

Most research talks about how Fintech could help with financial inclusion, but hardly anyone digs into the real challenges rural and low-income groups face. That's why this study matters. It looks at how Fintech can actually help these communities, break down the barriers, and get more people involved in the formal financial system. Past research has mainly focused on the growth of technology and the development of services, but little research has focused on the combination of both aspects, i.e., technological development and social challenges. This research aims to bridge the gap between the existing research by exploring fintech not only as a technological innovation but also as a means of social and economic inclusion.

Research Methodology :

This study pulls together information from a bunch of research articles, reports, and journals about financial technology and financial inclusion in India. It zeroes in on things like mobile banking, UPI apps—think Google Pay, PhonePe, BharatPay—plus digital wallets, online lending, and trading platforms. By looking at these examples, you get a real sense of how Fintech has taken off and how people actually use these tools to get access to financial services. The study mainly relies on secondary data obtained from published research papers, government reports, and trusted online sources related to the growth of fintech and financial inclusion. This has been helpful in understanding the trends and development of fintech in India.

For the methodology, the research digs into what earlier studies found about the upsides and downsides of these services, especially for folks in rural areas or those with lower incomes. It digs into real problems—like shaky internet, folks struggling with digital tools, low awareness, and trust issues. Apart from secondary data, a little amount of primary data was collected through a Google Form survey method. The study also highlights this big gap between what Fintech companies put out there and what people actually use. In the end, it throws out a few ways these services can step up and really help people get into the financial system. The general approach of this research is of a descriptive and analytical nature, as it explains the current conditions while, at the same time, interpreting the patterns that have been observed based on the information that has been gathered. This helps in creating a better picture of the impact of fintech services on financial inclusion in real-life situations.

Data Analysis and Interpretation:

Digital financial services have completely changed how people in India handle money and banking. These days, it's normal to use online payments, mobile banking, and UPI for quick, easy transactions—whether you live in a big city or a small village. Apps like Google Pay, PhonePe, BharatPay, and Paytm really pushed this shift, making it simple for anyone to send or receive money. They cut down the need for cash and helped a lot of people join the formal banking system for the first time. Many small shop owners and vendors also started accepting digital payments because it is quicker and eliminates the hassle of handling cash. QR code payments have also been seen at small markets and roadside vendors. This is another example of how digital payment systems are gradually becoming a part of the financial behavior of people from different economic backgrounds. It's not just about payments, either. Online trading platforms and options like digital gold have made it much simpler for young people to start investing or saving without much hassle. Even getting a loan has gone digital. Now, people can apply for credit online, which is a game changer if you live far from a bank branch. Besides, digital platforms provide users with the ability to monitor their expenditure history, among other benefits. In the past, people had to travel to the bank for even the simplest of operations, but nowadays, everything can be done through mobile apps, saving users time and fuel costs.

Programs like Pradhan Mantri Jan Dhan Yojana and Ladki Behan Yojana have teamed up with digital tools to get more people—especially women who were often left behind—into the financial system. The folks behind these apps and platforms set out to make banking more accessible, cut down on cash, and help people feel safer using digital payments. Government support and awareness have also played a significant part in motivating people towards using digital payment options. For example, cashback offers, simple account opening mechanisms, and simplified KYC have all contributed towards motivating new users of fintech products and making them comfortable using them.

But it's not all smooth sailing. Some rural areas still struggle with weak internet, and a lot of people just aren't used to digital tools yet. Many don't even know what's out there or how to use these services. If we want Fintech to really lift everyone up and boost the economy, we have to face these challenges directly. Overall, the data indicates that fintech has created opportunities for people to participate in the financial sector, but the extent to which this is adopted also depends on certain aspects such as digital literacy, availability of the internet, etc. Awareness and training are also important to ensure that digital finance is useful to society in general.

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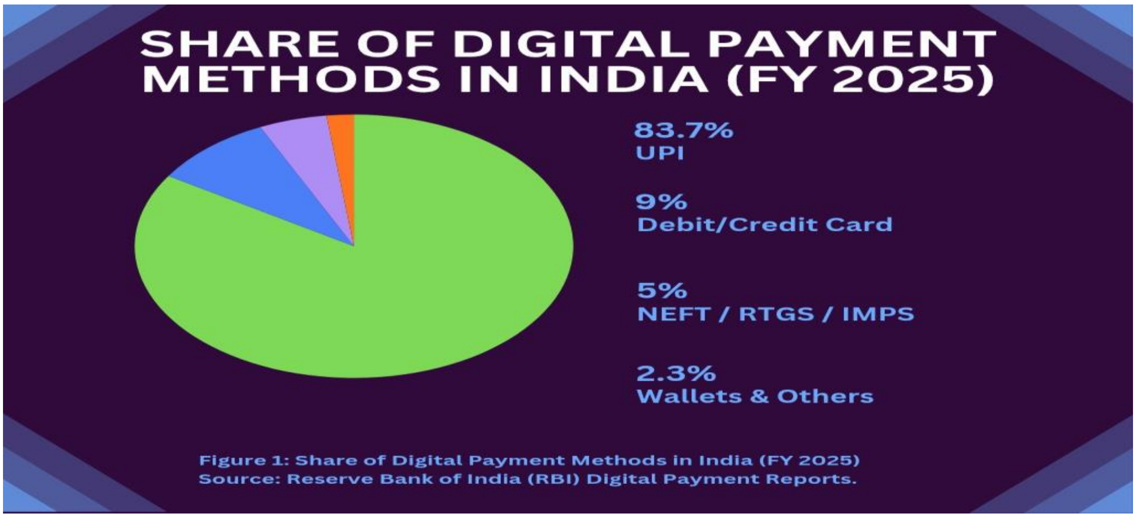

Figure 1: Share of Digital Payment Methods in India (FY 2025)
Source: Reserve Bank of India (RBI) Digital Payment Reports.

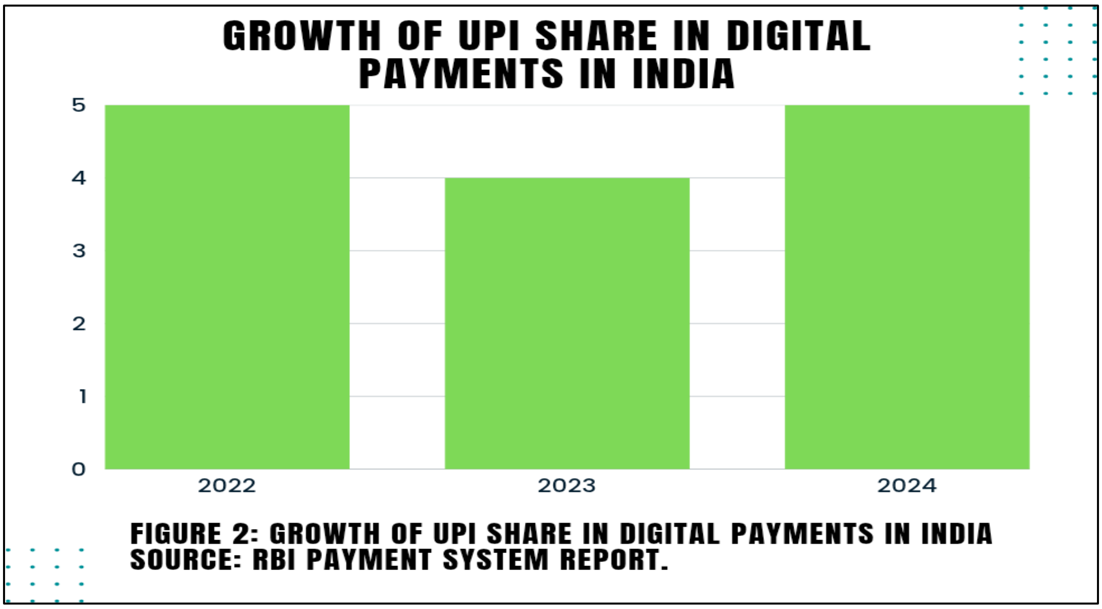

FIGURE 2: GROWTH OF UPI SHARE IN DIGITAL PAYMENTS IN INDIA
SOURCE: RBI PAYMENT SYSTEM REPORT.

Challenges :

Digital financial services have really taken off in India, but a lot of people still run into trouble when they try to use them. One big problem? Internet connectivity in rural

areas just isn't reliable. Without a decent connection, using mobile banking, UPI apps, or anything online turns into a headache fast.

Another problem related to connectivity is the failure of transactions. Many people have complained about their transactions failing to go through and money being deducted without their confirmation. This has been frustrating to many people. At times, people have been forced to go back to cash transactions due to their insecurity.

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Then there's digital literacy. A lot of folks in rural or low-income communities don't know how to use apps like Google Pay, PhonePe, BharatPay, or Paytm. Forget about more complex things like online loans, digital gold, or investment platforms—those feel out of reach entirely. And let's be honest, if someone doesn't own a smartphone, all of these digital financial tools are basically a non-starter. Similarly, the language barrier creates problems for users. Some apps have been created mainly in English and in complex Hindi. This creates confusion for users who prefer to use regional languages. Therefore, users do not feel like exploring other features and only prefer to use basic services.

Trust is another huge hurdle. Plenty of people worry about sharing personal details online. They're scared of fraud or their data getting misused, so they just avoid online banking, UPI, or digital lending altogether. There are other situations in which people become victims of scams because of their lack of awareness of cyber safety. Scare messages and fake information through calls and other sources discourage people. This fear may arise even if the security measures are good.

Even with government efforts—like Pradhan Mantri Jan Dhan Yojana and Ladki Behan Yojana—there's still confusion. Not everyone knows how to open a bank account, let alone actually use the benefits these schemes promise. So, there's this growing gap between what digital finance can offer and what people actually get to use. In some cases, the people open the bank accounts for the sole purpose of accessing the government benefits but do not actively use the fintech services. There is limited guidance and support, and users do not understand how to use the fintech tools to better assist them in managing their savings and payments.

On the security front, things are getting better. Fintech companies now use top-notch tech to keep things safe. Sure, there's always a risk—fraud, theft, hackers—but the industry's fighting back. Many financial services now come with biometric security, like fingerprint and facial recognition, whether you're on your phone or your computer. These upgrades make logging in faster and a lot more secure. The goal is simple: make digital finance safer for everyone. However, it is also clear that technology alone cannot solve all the challenges, and awareness programs, user education, and support systems are also necessary for people to feel comfortable using digital financial services. By addressing all the challenges step by step, the true potential of fintech services can be realized, and more people can be added to the digital financial ecosystem.

Remedies:

Let's be real—the biggest hurdle for people in rural and low-income areas when it comes to digital finance is just getting online in the first place. The government and service providers need to step up and make sure these areas have solid internet. Once that's sorted, using mobile banking, UPI apps, and all those online money tools actually becomes possible.

But it's not just about the connection. People need to know how to use these apps. Workshops, training sessions, simple how-to campaigns—these make a difference. Show folks how Google Pay, PhonePe, BharatPay, Paytm, digital gold, or online loans work. When people understand what's going on, they stop feeling lost and start feeling confident.

Trust is another big piece. If people don't trust the system, they won't use it, plain and simple. Clear info about security, safe transactions, and privacy helps. If you explain things in a way that makes sense, people are more likely to try it out and share their details.

And it helps to spread the word about government schemes like Pradhan Mantri Jan Dhan Yojana or Ladki Behan Yojana. When people—especially women—know about these, they're more likely to open bank accounts and join the formal financial world.

Put all these pieces together, and you start seeing real change. More people get the benefits of digital finance, and Fintech actually makes life better for everyone, not just a lucky few.

Conclusion:

Digital financial services and fintech have completely changed the way people in India handle money. Mobile banking, UPI apps like Google Pay, PhonePe, BharatPay, Paytm, along with digital loans, online investments, and trading platforms—these have all made moving money around quick and simple. City folks took to these services right away, while people in rural areas and those with lower incomes are catching up, bit by bit. On the other hand, the increase in the number of smartphone users and the availability of affordable internet services have also helped digital finance penetrate areas where traditional banking facilities were lacking. Small shopkeepers, students, daily wage earners, and self-employed people are gradually becoming comfortable with online transactions due to the convenience and time management benefits of these online platforms.

Government schemes like Pradhan Mantri Jan Dhan Yojana and Ladki Behan Yojana have pushed even more people—especially women who never had bank accounts before—into the formal banking world. Now, they're part of the system. Still, not everything's perfect. Patchy internet, low digital know-how, and a general lack of trust keep some people on the sidelines.Another key factor to consider is that awareness plays a major part in the adoption process. For instance, there are many people who are willing to embrace digital financial services but lack the proper guidance. Once the level of education improves and one understands how these digital financial services operate, the rate of adoption increases.

There's a way forward, though. Better infrastructure, real training, and honest efforts to build trust can make a big difference. Likewise, financial institutions and fintech firms also have to keep improving the user experience and security features to ensure that users feel comfortable using digital platforms. For example, simple interfaces and fast customer support can help reduce hesitation among first-time users. When you put fintech innovations together with smart government programs, you get a shot at genuine financial inclusion, less inequality, and, honestly, a stronger, fairer economy for everyone. If these efforts continue consistently, then the gap between the urban and rural populations will be bridged through digital financial services, which will provide the latter with equal opportunities. Fintech has already proven its worth, and with the right balance of technology and awareness, it is sure to be one of the strongest tools for the economic development of the country.

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