

Fintech And Financial Inclusion In The Digital Era

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Abstract: *The rapid growth and development of financial technology in India has revolutionized the way individuals and businesses perceive and get access to the financial services. Through the advancing platforms of Google Pay, Ponape, Paytm, and UPI (Unified Payment Interface), millions of previously unbanked and underbanked individuals have now access to digital payments, micro loan options, various savings and investment schemes such as share markets, mutual funds, SIPs, Cryptocurrencies etc... This paper explores the role of fintech in driving financial inclusion, highlighting the key case studies of Paytm, examining the challenges and discussing the future of digital payments in India.*

Keywords: *Fintech, Financial Inclusion, UPI, Paytm, Digital payments, Indian Economy*

I. INTRODUCTION

The term financial inclusion refers to the equitable and universal access to affordable and needful financial services such as savings, credit, insurance, etc. to all segments of the society with special focus to the economically marginalized and underserved. It aims in bridging the major obstacle of financial divide by integrating each and every individual regardless of their geographical, economic and demographic factors. It strives to build a formal financial ecosystem fostering economic empowerment, social equity and sustainable development. But this has been always posing a great challenge in India. Let's divide India into 2 segments

- ✓ *Before FinTech:* Millions of individuals lacked access to bank accounts, availing credit facilities and much more.
- ✓ *Post Digital Revolution:* After the central government's initiative of Digital India in the year of 2015 there was seen an enormous growth in the fintech based industries paving way for a more cashless transactions and accessibility to digital banking.

II. OBJECTIVES OF STUDY

- ✓ To understand the concept of fintech.
- ✓ To know the application of fintech.
- ✓ To explore and identify the accessibility level of fintech in India.
- ✓ To identify and examine its challenges and threats.

III. METHODOLOGY

This study is based on secondary data collected from websites, journals and reports relating to financial technology, financial inclusion and its impact.

IV. ANALYSIS AND INTREPRETATION

FINTECH AND FINANCIAL INCLUSION

The term Fintech depicts the use of technology driven solutions and software such as applications, integrations, Blockchain technology etc. to deliver and provide banking, payments, lending and investment services to the individuals as well as for the business.

Financial inclusion means ensuring that all citizens especially the rural and low-income groups can access these services at minimal cost.

	Transfer	cashless transactions.
AePS	Aadhaar-based Payments	Enables rural biometric transactions.

ROLE OF FINTECH IN FINANCIAL INCLUSION

- ✓ *Digital payments and UPI:* UPI are a real time payment system which was developed by the National Payments Corporation of India (NPCI) that allows instant money transfers between bank accounts. According to the transaction data of 2024, UPI transaction in India have crossed 14 billion per month which evidences that UPI have enabled billions of people in getting financial access.
- ✓ *Credit facilities:* The Fintech apps apart from easing the transactions, also steps to meet the credit needs of the individuals. It provides micro credit loans for small businesses and individuals subjected to the conditions.
- ✓ *QR based Payment:* This type of payment mechanism has made the dealing easier and flexible. It has helped the small merchants such as the kirana shops to adapt to the digital payments and reducing the dependence of cash transactions.

CASE STUDIES

PAYTM

- ✓ Paytm was found in India in the year of 2010, it was introduced as a mobile recharge platform and then evolved as a fabulous app for digital payment.
- ✓ It onboarded most of the small merchants into the financial inclusion due to the QR technology payment mechanisms.
- ✓ It introduced people to wallet services without credit or debit cards.
- ✓ It also offers microcredits to small business through partnerships with NBFCs.

UPI

- ✓ UPI was introduced by NPCI in the year of 2016 allowing instant money transfers by 24/7.
- ✓ Google Pay, PhonePe, Paytm, Amazon Pay etc. are using this UPI.
- ✓ The achievement of this is that it enabled the rural people to send or receive money even without going to the bank branches which is far away from their areas.

Player	Core Offering	Inclusion Impact
Paytm	Wallet, UPI, QR payments	Onboards Small merchants, rural users via QR codes.
PhonePe	UPI, QR, Recharge	Assists in instant payments.
BharatPe	QR for MSMEs	Enables credit and digital payments for small shops.
UPI(NPCI)	Instant Bank	Major Boost to

ADVANTAGES OF FINTECH IN FINANCIAL INCLUSION

- ✓ Expanded Market Access
- ✓ Reduced Costs
- ✓ Promotes Innovation
- ✓ Poverty Reduction
- ✓ Better Customer Segmentation
- ✓ Government Benefits

DISADVANTAGES OF FINTECH

- ✓ Legal Compliance
- ✓ Cybersecurity issues
- ✓ Data Privacy
- ✓ Regulatory Challenges
- ✓ Market Risks
- ✓ Security Vulnerabilities

CHALLENGES

- ✓ *Data Privacy:* There is lots of chances for the personal data of the customers to be stolen or misused by third parties. It occurs mainly due to the lack of awareness related to personal security features.
- ✓ *Digital Divide:* rural areas are still facing issues in availing the financial services due to poor internet connection or no access to smart phones etc.,
- ✓ *Regulatory Body:* Due to strict and tightening norms, rules and regulations laid down by the RBI have affected the small start ups to avail the loan facilities.
- ✓ *Cybersecurity threats:* There are lots of chances of Cybersecurity risks such as phishing etc.

FUTURE TRENDS

- ✓ CBDC (Digital Rupee)
- ✓ AI driven Financial Advice
- ✓ Voice Based UPI
- ✓ Partnerships with MSMEs

V. FINDINGS

- ✓ The concept of fintech have accelerated the economy of the country.
- ✓ Fintech have enabled the rural people to get access to the financial services but there is still a part of them who are struggling to avail.
- ✓ Digital divide is decreasing with each passing day.
- ✓ The country is moving to a cashless economy achieving the goal of Digital India initiative by the Central Government.

VI. SUGGESTIONS

- ✓ The government can focus on hands on practical knowledge regarding the use of fintech to the students.
- ✓ The same can be applied to include the rural population too.
- ✓ The government in collaboration with the private sectors can ensure continued and better internet supply for better and speedy transactions.

VII. CONCLUSION

Fintech have redefined Financial inclusion in India by bridging the gap between the banks and the unbanked

populations of the nation. With the key players of this digitally revolutionizing era i.e., Paytm, PhonePe and UPI ecosystems, India would certainly project for a fast and speedy flourishing country of digital payments assuring a well sustained economy.

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