



FinTech Revolution and Financial Inclusion in India: An Empirical Analysis

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Abstract

Financial inclusion has become a central objective of economic policy in India, aiming to ensure that individuals and businesses have access to affordable and useful financial products and services. The rapid growth of Financial Technology (FinTech) has transformed the delivery of financial services by introducing digital payment systems, mobile banking, digital lending, and innovative financial platforms. These developments have significantly expanded financial access, particularly among underserved populations and rural communities. This study examines the relationship between FinTech adoption and financial inclusion in India. The research is based on secondary data collected from reports published by the Reserve Bank of India (RBI), National Payments Corporation of India (NPCI), World Bank, NITI Aayog, and various academic sources. The study finds that FinTech innovations have played a significant role in increasing access to financial services, promoting digital transactions, and enhancing economic participation. The paper concludes that FinTech has emerged as a key driver of inclusive growth and financial empowerment in India.

Keywords: FinTech, Financial Inclusion, Digital Payments, Mobile Banking, Digital Lending, UPI, Financial Technology, India

1. Introduction

Financial inclusion refers to the process of ensuring access to appropriate financial products and services for all sections of society at an affordable cost. It includes access to banking facilities, credit, insurance, savings, and payment systems. Financial inclusion is considered essential for reducing poverty, promoting economic growth, and improving social welfare.

India has made substantial progress in expanding financial access through initiatives such as the Pradhan Mantri Jan Dhan Yojana (PMJDY), Aadhaar, Direct Benefit Transfers (DBT), and digital payment infrastructure. Despite these efforts, challenges related to geographic barriers, low financial literacy, and limited banking infrastructure have historically restricted access to formal financial services for many citizens.

The emergence of Financial Technology (FinTech) has created new opportunities to address these challenges. FinTech refers to the use of technology to deliver financial services more efficiently and conveniently. Digital

payment platforms, mobile wallets, online lending systems, peer-to-peer lending, robo-advisory services, and blockchain-based solutions have transformed the financial ecosystem.

India has become one of the world's fastest-growing FinTech markets. The widespread adoption of smartphones, internet connectivity, Unified Payments Interface (UPI), and digital banking platforms has accelerated financial inclusion. FinTech companies and financial institutions have collaborated to provide innovative products that cater to diverse customer needs, including those in rural and underserved areas.

The FinTech revolution has reduced transaction costs, improved service delivery, enhanced transparency, and expanded access to financial services. As a result, millions of individuals who were previously excluded from the formal financial system have gained access to banking and digital payment services.

This study examines the contribution of FinTech to financial inclusion in India and evaluates its impact on accessibility, affordability, and usage of financial services.

2. Need for the Study

Financial inclusion remains a critical policy objective in India. Although significant progress has been achieved through government initiatives and banking reforms, a substantial portion of the population continues to face challenges in accessing formal financial services. FinTech has emerged as a powerful tool for overcoming these barriers by leveraging digital technologies to expand financial access.

Understanding the impact of FinTech on financial inclusion is important for policymakers, financial institutions, researchers, and technology providers. The findings of this study will contribute to the growing body of knowledge on digital finance and provide insights into strategies for promoting inclusive economic development.

3. Statement of the Problem

Despite considerable improvements in banking penetration and digital infrastructure, disparities in financial access continue to exist across regions and socio-economic groups. FinTech innovations have the potential to bridge these gaps by offering affordable and accessible financial services. However, there is a need to evaluate the effectiveness of FinTech in enhancing financial inclusion and identify the challenges associated with its adoption.

The study seeks to analyse the extent to which FinTech innovations have contributed to financial inclusion in India.

4. Objectives of the Study

1. To examine the growth and development of FinTech in India.
2. To analyse the role of FinTech in promoting financial inclusion.
3. To evaluate the impact of digital payment systems on financial accessibility.
4. To assess the contribution of mobile banking and digital lending to financial inclusion.
5. To identify challenges and opportunities associated with FinTech adoption in India.
6. To suggest measures for strengthening financial inclusion through technology-driven solutions.

5. Research Methodology

Research Design: The study adopts a descriptive and analytical research design.

Sources of Data: The study is based on secondary data collected from a variety of reliable and authentic sources. Data and information were obtained from publications and reports of the **Reserve Bank of India (RBI)**, **National Payments Corporation of India (NPCI)**, **NITI Aayog**, and the **World Bank**. Additional information was gathered from government publications, peer-reviewed academic journals, industry reports, and research studies related to financial inclusion and FinTech. These sources provided comprehensive data on digital payments, mobile banking, digital lending, and financial inclusion trends in India, forming the basis for the analysis and interpretation of the study.

Period of Study: The study covers the period from 2020 to 2025.

Analytical Tools

- Percentage Analysis
- Trend Analysis
- Comparative Analysis
- Descriptive Interpretation

6. Review of Literature

Demiurgic-Kunt et al. (2022) examined global financial inclusion trends and observed that digital financial services have significantly expanded access to banking facilities, particularly in developing economies. The study highlighted the role of mobile technology and digital payment systems in reducing barriers to financial participation. NITI Aayog (2023) reported that India's FinTech ecosystem has emerged as one of the largest in the world. The report emphasized that digital innovation has enhanced access to financial services, improved payment efficiency, and supported financial inclusion among underserved populations. The Reserve Bank of India (2024) observed that the rapid growth of digital payments and mobile banking has transformed the financial landscape. The report indicated that technology-driven financial services have contributed to greater accessibility and convenience for customers across urban and rural regions. The World Bank (2024) highlighted that FinTech innovations have facilitated greater financial participation by reducing transaction costs and improving service accessibility. The study emphasized the importance of digital finance in supporting economic empowerment and inclusive growth. Gupta and Sharma (2025) examined the impact of digital lending platforms on financial inclusion and found that technology-enabled credit delivery has improved access to finance for small businesses and low-income households. The study concluded that FinTech has played a significant role in expanding financial opportunities for underserved communities. Kumar and Reddy (2025) analysed the adoption of mobile banking in India and reported that increasing smartphone penetration and digital literacy have contributed significantly to the growth of financial inclusion. The study found a positive relationship between mobile banking usage and access to formal financial services.

7. Research Gap

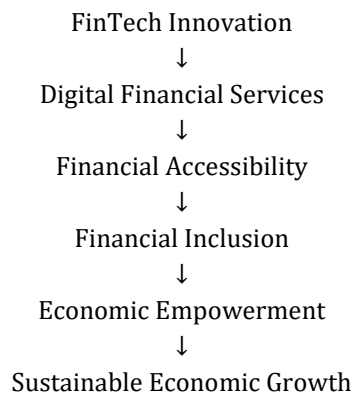
Existing studies have extensively discussed digital finance, payment systems, and financial inclusion. However, limited research has focused on the combined impact of multiple FinTech innovations, including digital payments, mobile banking, and digital lending, on financial inclusion in India during the post-pandemic period.

This study attempts to address this gap by providing a comprehensive analysis of the contribution of FinTech to financial inclusion between 2020 and 2025.

8. Hypotheses of the Study

- H1** - FinTech adoption has a significant positive impact on financial inclusion in India.
- H2** - Digital payment platforms significantly improve access to financial services.
- H3** - Mobile banking contributes positively to financial accessibility.
- H4** - Digital lending platforms enhance financial participation among underserved populations.

9. Conceptual Framework



Moderating Variables:

- Digital Literacy
- Internet Connectivity
- Regulatory Framework
- Financial Awareness

10. Data Analysis and Interpretation

Table 1
Growth of UPI Transactions in India

Year	UPI Transactions (Billion)
2021	22.3
2022	45.9
2023	83.7
2024	131.2
2025	172.4

Interpretation: The data show a remarkable increase in UPI transactions from 22.3 billion in 2021 to 172.4 billion in 2025. This reflects the rapid adoption of digital payment systems and demonstrates the significant contribution of FinTech to financial accessibility.

Table 2
PMJDY Accounts Growth

Year	PMJDY Accounts (Crore)
2021	42.2
2022	46.2
2023	50.1
2024	53.1
2025	55.7

Interpretation: The steady growth in PMJDY accounts indicates continued expansion of formal banking access. FinTech-enabled banking services have facilitated account usage and digital transaction adoption among account holders.

Table 3
Digital Payment Transactions

Year	Digital Transactions (Billion)
2021	43
2022	71
2023	109
2024	151
2025	196

Interpretation: Digital payment transactions have increased substantially during the study period, highlighting the effectiveness of digital financial infrastructure in promoting financial inclusion.

Table 4
Mobile Banking Users

Year	Users (Million)
2021	190
2022	245
2023	310
2024	390
2025	465

Interpretation: The increasing number of mobile banking users demonstrates growing acceptance of digital banking channels and improved financial accessibility.

Table 5
Digital Lending Growth

Year	Digital Lending Market (₹ Crore)
2021	92,000
2022	1,25,000
2023	1,68,000
2024	2,15,000
2025	2,78,000

Interpretation: The digital lending market has expanded rapidly, improving access to credit for individuals and small businesses that previously faced difficulties obtaining formal loans.

11. Findings of the Study

1. FinTech has significantly accelerated financial inclusion in India.
2. UPI has emerged as one of the most widely used digital payment platforms globally.
3. Mobile banking adoption has increased substantially due to smartphone penetration and internet access.
4. Digital lending has improved credit accessibility for underserved populations.
5. FinTech innovations have reduced transaction costs and enhanced service convenience.
6. Government initiatives such as PMJDY and Digital India have complemented FinTech growth.
7. Rural populations are increasingly participating in digital financial services.
8. Financial technology has contributed positively to economic empowerment and inclusive growth.

12. Hypotheses Testing Results

H1: FinTech adoption has a significant positive impact on financial inclusion in India.

Result: Accepted

The growth in digital financial services and banking access demonstrates a strong positive relationship between FinTech adoption and financial inclusion.

H2: Digital payment platforms significantly improve access to financial services.

Result: Accepted

The rapid growth of UPI and digital transactions indicates enhanced accessibility and convenience.

H3: Mobile banking contributes positively to financial accessibility.

Result: Accepted

The increasing number of mobile banking users confirms improved access to financial services.

H4: Digital lending platforms enhance financial participation among underserved populations.

Result: Accepted

The expansion of digital lending has improved access to formal credit among individuals and small enterprises.

13. Suggestions

1. Strengthen digital infrastructure in rural and remote areas.
2. Improve financial literacy and digital awareness programs.
3. Enhance cybersecurity measures to protect users.
4. Encourage collaboration between banks and FinTech companies.
5. Develop inclusive digital products tailored to low-income populations.
6. Promote responsible lending practices through regulatory oversight.
7. Increase support for innovation in financial technology.

14. Conclusion

The FinTech revolution has fundamentally transformed the financial services landscape in India. Through digital payments, mobile banking, digital lending, and innovative financial platforms, FinTech has expanded financial access and improved inclusion across diverse population groups. The rapid growth of UPI transactions, mobile banking users, and digital lending demonstrates the effectiveness of technology-driven financial services in addressing traditional barriers to financial participation.

The study concludes that FinTech has become a major catalyst for financial inclusion and economic empowerment in India. Continued investment in digital infrastructure, financial literacy, and regulatory support will be essential for sustaining this momentum and achieving broader financial inclusion goals.

Declaration of Conflicting Interests

The authors declare no potential conflicts of interest with respect to the research, authorship and publication of this article.

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