

Role Of Fintech In Advancing Digital And Financial Inclusion For Vikshit Bharat 2047

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Abstract:

The nation of India is currently at an important time in its developmental process to become Vikshit Bharat (developed India) in 2047. Vikshit Bharat will not be able to become a reality unless the underserved population of India have access to basic financial products (e.g., saving, borrowing, making payment, and insurance), particularly those in the rural areas, women, daily wage laborer's, and small entrepreneurs. The Financial technology (FinTech) industry has dramatically changed the way in which millions of Indians save and borrow money, make payment, and obtain various types of insurance products. Technology has enabled the availability of tools such as UPI (Unified Payment Interface), digital wallets, micro-lending platforms, and insurance aggregators to provide people who were previously excluded from formal banking institutions with access to financial products. Since the introduction of Jan Dhan accounts opened, with approximately 18 Crores issued to women alone; and in 2026, over 32 Crores of financial transaction via UPI have taken place, demonstrating the rapid growth of digital financial services in India. The purpose of this paper is to identify how FinTech is assisting in closing the financial inclusion gap in India. Additionally, this paper will identify other barriers preventing institution from reaching the underserves population of India. The analysis will include government initiatives, innovation in the private sector, and mobile digital infrastructure (Aadhaar system and mobile internet), as well as challenges associated with low digital literacy, connectivity issues, fraud risk, and trust in digital financial platforms. Fintech has been determined by the use of government reports, RBI publications, EY research, and academic literature to be an important enabler of inclusive growth and should be considered as a strategic tool for assisting with the realization of Vikshit Bharat in 2047. However, full realization of Fintech's potential will require improved digital literacy, improved regulatory frameworks, and ongoing efforts to close the digital gap.

1.0 INTRODUCTION

In many parts of India, especially those which are rural and semi-rural, there is a lack of access to traditional banking and financial services, especially for farmers, women, daily wage earners and small business people. Financial inclusion is the delivery of affordable and readily available financial services (savings, lending, insurance, pension, and digital payment services) to various segments of the society. These services help to build social development and economic stability. Over the past ten years, there have been many advancements in the area of financial inclusion in India due to the expansion of digital technology and FinTech. The use of smart phones has increased, the availability of cheaper internet connectivity (Mobile devices), and an increasing number of people are using digital payment platforms have all contributed to changes in the Financial Services landscape. The government of India has also been instrumental in the development of digital financial services with initiatives based on the concept of 'JAM Trinity' (Jan Dhan Yojana, Aadhaar and Mobile Connectivity). These efforts have given a huge chance to millions of people who could not have obtained traditional banking services to receive them. This is further being driven by the innovative financial solutions offered by fintech companies. Digital payment platforms have also made digital transactions easier with platforms such as Phone-pe and Google Pay, as well as enhanced financial access for the underbanked, via digital lending and online insurance services. The rapid increase in UPI transactions demonstrates the growing popularity of digital financial services in India. The aim of Vikshit Bharat 2047 is to make India a developed nation with inclusive growth and technological advancements. Fintech therefore has an important role to play in achieving digital and financial inclusion when it comes to such an agenda. However, numerous challenges such as low levels of digital literacy and a lack of reliable internet connections, as well as cybersecurity threats and a lack of trust in digital platforms continue to prevent financial inclusion from realization. Because of this, in this paper the researchers will

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explore how FinTech can help promote digital and financial inclusion across India and also assist in the achievement of the vision of Vikshit Bharat 2047.

2.0 OBJECTIVES OF THE STUDY

1. To analyse how technology-based products can enable urban and rural people to access financial products.
2. To analyse the impact of the government schemes like PMJDY, UPI and Aadhaar on digital financial inclusion.
3. Identify barriers to the use of digital financial services from a person-centred perspective, paying particular attention to women, elderly and geographically underserved and remote people.
4. To measure the contribution of Technology solutions to the national targets of economic development, employment and poverty eradication as stated in Vikshit Bharat 2047
5. To suggest alternative ways the governments, regulators, and private institutions can promote Financial Inclusion that will truly benefit in the long term.

3.0 NEED FOR THE STUDY

There are two opposing storylines in India on financial inclusion. While there are many positive aspects of financial inclusion in India (e.g., over 80% of adults have at least one savings/chequing account; UPI has been hailed as the most successful payments system globally), these facts do not give a complete picture of what financial inclusion means or how much it matters. While millions of people have opened bank accounts, many of those accounts remain dormant; many people don't know how to access services that they can get through their bank accounts; and many people are reluctant to use their bank accounts because they're afraid of falling victim to fraud or scams. The road ahead for financial inclusion in India is not easy as it heads towards 2047. The population is expanding, more consumers and more workers are needed for the economy, the gap between those who are able to access technology and those who are not will widen and the benefits of the FinTech will remain largely confined to the urban population and education. In absence of these trends, the one of India's lofty goals of Vikshit Bharat is going to be a distant dream. Finally, there is a considerable research gap in terms of understanding how financial inclusion and FinTech are related in the context of long-term development of India. The majority of the academic literature concentrates on either financial inclusion or FinTech individually, while a handful of studies try to look at the relationship between financial inclusion and FinTech in the Indian scenario, specifically in relation to long-term development objectives of India. This paper seeks to fill this gap by examining how FinTech can play a critical role in helping to achieve India's long-term development goals from both policy and practice perspectives.

4.0 STATEMENT OF THE PROBLEM

Even in the face of robust expansion of digital payments and bank account numbers, a significant portion of the Indian population lacks access to meaningful credit, insurance and investment opportunities. While the tools are available, women in rural areas, seasonal workers, elderly people, and daily wage earners remain excluded, due to a lack of digital literacy, lack of connectivity, language barriers on applications, and lack of confidence in online platforms (OECD, 2025). How can FinTech do more than just payments and account opening to truly enable the inclusion of marginalised communities in India's financial system and what can be done to make it happen at the scale required for Vikshit Bharat 2047? is the problem this study addresses.

5.0 LITERATURE REVIEW

Over the last ten years, there has been an explosion of research into fintech and financial inclusion in India. The following summarizes the common trends and findings of previous research.

5.1. Impact of the JAM Trinity

Researchers have expressed their views on the success of linking Jan Dhan bank account, Aadhaar card and mobile numbers and created a powerful network to provide financial services. Many studies have shown that this linkage helped cut down on the losses incurred by governments due to fraudulent payments on welfare, and enabled millions of people to use formal banking services for the first time (Ministry of Finance, 2024; RBI, 2025). The total money transfer made to the beneficiaries under the direct benefit

transfer scheme now stands at ₹38 trillion (\$514 billion), following a successful implementation of the network of bank accounts, Aadhaar cards and mobile phones since they started working. This financially inclusive infrastructure has the potential when implemented correctly as it does in this instance.

5.2 UPI and Rural Digital Payment

According to a new study by EY and CII, 38% of the people in rural and semi-urban India are now their main payment method, with UPI. It's an extraordinary rate of growth, especially from almost everyone of them who used to make all their purchases using cash until a few years back. The youngest generations (ages 18 to 35) have the highest rates of adoption for UPI, demonstrating the generational evolution of payments that is taking place (ScienceDirect, 2025).

5.3 Gender and financial inclusion

According to a new study by EY and CII, 38% of the people in rural and semi-urban India are now their main payment method, with UPI. It's an extraordinary rate of growth, especially from almost everyone of them who used to make all their purchases using cash until a few years back. The youngest generations (ages 18 to 35) have the highest rates of adoption for UPI, demonstrating the generational evolution of payments that is taking place (ScienceDirect, 2025).

5.4 Micro lending and Credit Access

Millions of people who have no traditional credit score have a new opportunity thanks to data-driven credit scoring. As a result, companies in the FinTech industry can use alternate data sources like mobile phone usage patterns, utility payments and transaction history to bring small amounts of capital to those who would not otherwise have been able to access a loan from a traditional bank. The overall level of funding for the FinTech sector has significantly surged since the start of the COVID-19 pandemic and the pandemic is expected to see a rapid rise in the number of people using digital financial services, according to a study by the Academy.edu (2025).

5.5 Challenges and Risk

While there are many studies that have provided positive predictions about the future of digital financial services and FinTech companies, there are also numerous studies that have warned of potential dangers associated with digital financial services and FinTech companies. The use of unregulated applications and their predatory lending practices, as well as the issue of data privacy and the possibility of over-indebtedness among lower earners have all been questions raised in many studies. The report by EY on FinTech (EY India, 2025) identifies issues that need to be addressed as soon as possible for FinTech to be used for good and not bad, and those are: Regulatory clarity, Consumer protection, and Digital literacy.

6.0 RESEARCH METHODOLOGY

The research for this study relies entirely on secondary data sources. There is no primary data collection, such as surveys, interviews or questionnaires. Rather, the data has been gathered from published reports, government documents, academic journals, industry studies, and institutional databases pertaining to FinTech and financial inclusion in India.

6.1 Data Sources

- Publications by the Reserve Bank of India (RBI) about their Financial Inclusion Index (FII) 2024/2025
- Ministry of Finance (MOF) “PMJDY” (Jan Dhan Yojna), “DBT” (Direct Benefit Transfers), and “Jan Suraksha” Government programs.
- EY (Ernst & Young) FinTech in India report, Financial Inclusion through Technical Innovation (Technological Advances)
- Ministry of Finance's National Payments Corporation of India (NPCI) - statistics of "Unified Payments Interface" (UPI)
- Academic publications available through ScienceDirect or Academia.edu and IJNRD
- Financial Inclusion statistics as collected by the World Bank.
- CII (Confederation of Indian Industry) and FICCI (Federation of Indian Chamber of Commerce and Industry) reports regarding research into various industry sectors in India.

6.2 Analytical Approach to Analysis of Data

This study will be exploring trends through descriptive analysis and comparing populations of interest to each other and group the collective results (themes) of the data analysis into three main themes (areas of progress, areas of gaps and remaining challenges). The statistical models and regression analysis will not be used to analyse. The main objective of the research is to get an accurate and informative account of the current condition of India, and also to provide a roadmap for the future direction of India as a financial inclusive nation.

7.0 KEY AREA OF DISCUSSION

7.1 The JAM Trinity as the Foundation

FinTech needed a foundation in India to offer significant services. The base layer is the JAM trinity – Jan Dhan (to hold money), Aadhaar (to establish identity) and mobile phones (to connect people). Without the three coming together, there would be no value in Fintech applications, whether they are as good as they are. The Pradhan Mantri Jan Dhan Yojana (PMJDY) programme was started in 2014 and as of January 2025, has enabled over 56 crore (560 million) accounts to be issued; over 2/3 of these accounts have been created in rural/ semi-urban areas demonstrating how closely aligned this programme was with its intended users or those who have not been continuously connected via banks previously.

7.2 UPI — India's Quiet Revolution

In a small town, the answer to which has changed their economic situation the most in the past five years could be a digital wallet or Unified Payments Interface (UPI). According to NPICI, the last five years has seen the UPI transactions rise from 535 crores of transactions (assuming different denominations of currencies) in 2018 and jumping to over thirteen thousand crores by 2024. The UPI system is free of charge and can be supported by simple mobile phones; it also works with most of the Indian languages. Now, the UPI is growing its market beyond India and is going to various markets around the world, such as France, the UAE, Singapore and Bhutan and is bringing immense advantage to not only the Indians who are travelling abroad but also the Indians who have come out of India.

7.3 Credit for the Underserved

Access to credit has always been one of the major challenges for financial inclusion. Traditionally, banks have not been willing to lend to individuals who do not have a credit history or who have little, if any, collateral and who do not have secure, steady sources of income. The alternative data sources and the models of analysis which rely on AI have, however, meant that many who were previously considered to be uncreditworthy by banks are now able to receive credit from FinTech firms. For instance, farmers can borrow credits for their crops according to the satellite-based assessment of their respective land soils conditions, and street vendors can avail working capital credits based on their digital transaction records. Now, technology innovations have reduced the cost of providing loans and reached more people in more places through microfinance institutions (McKinsey & Company, 2025).

7.4 Insurance and Savings

Payments and insurance are both of prime importance to financial security, so that insurance products are as important as payments. Insurers have found ways to use FinTech as an enabler to access very low-cost (Pradhan Mantri Jeevan Jyoti Bima Yojana at INR 330/year, Pradhan Mantri Suraksha Bima Yojana at INR 20/year) life and accident products (Government of India, 2024) broadly. Besides, InsurTech is trying to speed up and ease the process of claim retrieval in the field of health and crop insurance. The transition from paper to digital in insurance takes place slowly, but it's happening.

7.5 Financial Literacy

People need to have a good understanding of technology to be able to use it in the best possible way. In India, one such gap that is very wide is financial literacy in the financial inclusion scheme. Although many users can receive money using UPI, very few users know the terms and conditions of the recurring deposits and many do not understand what is a "nominee" and what an "heir". If we don't work on financial education, we may be setting up a position where consumers have access and not the capability to use it effectively. This may also lead to them falling victim to scams or exploitation from predatory lending organisations (OECD, 2025).

7.6 Regulatory Environment

The Reserve Bank of India (RBI) and Securities and Exchange Board of India (SEBI) are jointly working to create a framework for FinTech innovation while safeguarding consumers. Some of these regulators have established a framework that enables them to catch up with technology that is evolving rapidly, such as the digital lending guidelines issued by the RBI, the account aggregator framework and the FinTech startup sandbox regulations; but the biggest hurdle has been balancing the push for innovation with regulation (International Monetary Fund [IMF], 2024).

8.0 KEY FINDINGS

1. The Reserve Bank of India's (RBI) financial inclusion index has improved, with a score of 64.2, which indicates an increase in financial inclusion. The digitized payment ecosystem created by the JAM (Jan Dhan-Aadhaar-Mobile) Trinity is the most significant factor contributing to this increase.
2. According to EY-CII (2024), UPI (Unified Payment Interface) has changed how payments are made for day-to-day purchases in rural India since 38% of the rural population now uses UPI instead of cash.
3. The proportion of women in formal banking has increased. While the share of PM Jan Dhan Yojana (PMJDY) account holders who are women rose from 48% in 2017 to 56% in 2025, women's active use of their accounts and access to credit products remains lower than men's (IJNRD, 2025).
4. Fintech-based lending is growing, but the lack of customer protection laws, hidden fees, and predatory lending practices by some apps have created a lack of trust among customers (EY India, 2025).
5. Rural and urban connectivity and smartphone penetration are still not equal amongst all areas, and the north-eastern states, tribal areas, and remote hilly areas of the country remain insufficiently connected to digital and financial infrastructure (Asian Development Bank, 2024).
6. The account aggregator framework and ONDC (Open Network for Digital Commerce) can provide an infrastructure to improve financial services for small businesses and for individuals by opening up the financial services ecosystem.

9.0 SUGGESTION

1. Implement financial literacy awareness programs in native languages across various platforms like schools and local administrative bodies (panchayats), as well as by using self-help groups and community leaders, through both traditional and digital means - particularly where illiteracy rates are higher than average.
2. Increase the availability of subsidised internet and mobile phone services to the lowest 20% of socioeconomic standing. Without access to the internet, digital financial tools will not work.
3. To keep consumers from becoming discouraged from using digital financial services, make sure there's a way for them to report and resolve issues that have allowed individuals and/or companies to commit fraud in digital financial transactions.
4. Encourage FinTech companies to create new financial products that can be used by consumers in the regional/indigenous languages and developed as visual rather than text-based user interfaces.
5. Hire more women as team members in the development of FinTech financial products since women's perspective will provide important insights about how financial products can work for them.
6. Develop regulations for FinTech lending that are fair and transparent, particularly about maximum interest rates and full disclosure of all fees and charges before a loan is made.
7. Use the account aggregator system to support small businesses by building their financial histories so banks can approve loans based on actual financial data rather than on hearsay or gut impressions.

10.0 CONCLUSION

The future of FinTech and financial inclusion in India is yet to be written. So what we have been able to achieve so far is amazing; hundreds of millions of Indians have access to banking and access to a payment system other countries want to copy, they are able to use welfare payments without middlemen skimming the money off the top, and many more benefits. However, Vikshit Bharat 2047 calls for a great deal more. It calls for the daughter of the farmer in the farthest reaches of India to be able to receive a student loan without having to rely on a guarantor who went to school in the same country she did. It doesn't matter if they have to read about mutual funds in English, street vendors can save for retirement. And for a working woman who falls ill not to lose all of her possessions because she didn't have insurance. FinTech has the

means to bring in these changes, but it requires the will to do it, which will have to come from the policymakers, who will need to feel the need to close the connectivity gap; companies, who will need to conceptualise proper products for each Indian; and regulators, who will need to ensure that their actions reinforce the ever-connected world of FinTech and do not create a stumbling block in its growth by overregulating the sector. The FinTech market is growing at an unprecedented rate and if these continue to venture into under-served markets, rather than scale up their margins through a larger customer base, new FinTech opportunities can bring about the most significant social change in India since Independence. These conscious and concerted decisions will make the difference between Vikshit Bharat and merely a pretty name.

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