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“A Study on Impact of Fintech on Financial Inclusion”

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ABSTRACT:

Financial Technology (FinTech) has transformed the financial sector by making financial services more accessible, convenient, and efficient for people from different backgrounds. This study examines how digital services such as mobile banking, UPI, online banking, and digital wallets contribute to financial inclusion. The research is based on primary data collected from 100 respondents through a structured questionnaire. It analyses the awareness, usage, and effectiveness of FinTech services in everyday financial activities. The study finds that FinTech improves convenience, enables faster transactions, reduces dependence on cash, and encourages the use of formal financial services. However, challenges such as limited digital literacy, cybersecurity concerns, lack of awareness, and internet connectivity issues still exist. Overall, the study concludes that FinTech plays a vital role in promoting financial inclusion and economic development, while highlighting the need for better digital education, security measures, and technological infrastructure.

KEYWORDS: Financial Inclusion, Digital Financial Services, Financial Technology, Economic Development, Financial Literacy

INTRODUCTION

The financial system supports economic growth by providing services such as savings, credit, insurance, and payments. Financial inclusion aims to make these services accessible and affordable to all sections of society, especially underserved populations. FinTech has transformed financial services through innovations like mobile banking, digital payments, online lending, and digital wallets. These technologies make financial transactions faster, easier, and more convenient. In India, FinTech has significantly improved access to banking and financial services through digital platforms. It has helped small businesses and startups obtain credit using alternative digital assessment methods. FinTech also promotes financial literacy through budgeting, expense-

tracking, and financial planning tools. However, challenges such as cybersecurity risks, limited digital literacy, privacy concerns, and poor internet connectivity remain. Despite these barriers, FinTech continues to reduce financial exclusion and expand participation in the formal financial system. Overall, FinTech plays a vital role in promoting financial inclusion and supporting inclusive economic growth.

STATEMENT OF THE PROBLEM

Financial technology services such as mobile banking, digital wallets, and online payment applications have grown significantly over the past few years. Even with this rapid growth, many people are still not fully connected to formal financial services. FinTech is considered an important tool for improving financial inclusion, but public awareness and use of these services remain uncertain. Several factors, including low awareness, lack of digital skills, security concerns, and trust issues, may influence the adoption of FinTech services. In addition, usage levels vary from person to person, making it difficult to measure the true effectiveness of FinTech in increasing financial participation. Therefore, it is important to study the role of FinTech in improving access to financial services. This study is based on responses collected from 100 respondents to analyse the impact of FinTech on financial inclusion.

OBJECTIVES

1. To analyze the usage of FinTech services such as mobile banking and digital payment platforms.
2. To evaluate the role of FinTech in improving access to financial services.
3. To examine the level of adoption of FinTech services among respondents.

SCOPE OF THE STUDY

1. The study is based on primary data collected from 100 respondents through a structured questionnaire.
2. The research analyses how FinTech services improve access to financial services and financial participation.

LIMITATIONS OF THE STUDY

1. The study is conducted within a specific geographical area and, therefore, the findings may not represent the views and experiences of individuals in other regions.
2. The duration of the study is limited, which restricts the analysis of the long-term impact of FinTech services on financial inclusion.

REVIEW OF LITERATURE

Dr Jayati Ghosh (2018) – Study on the Impact of Digital Financial Services on Financial Inclusion

Jayati Ghosh did a study in 2018 on how digital financial services help more people access money. The research looked at how new technology in banking has made it easier for people and small businesses to get services. It found out that things like wallets, online payments and internet banking make transactions easy, fast and

efficient. Digital financial tools have made it possible for people to do transactions without going to a physical bank. This is especially helpful for people in areas where banks not easily accessible.

Dr. Raghuram Govind Rajan (2019) – Study on Digital Financial Services and Financial inclusion

Raghuram Govind Rajan (2019) conducted a study on digital financial services and their contribution to financial inclusion in India. The study stated that the rapid growth of digital technologies in the financial sector has improved radically the access to banking and financial services for people living in the rural and semi-urban areas. According to the research, digital financial services like mobile banking, internet banking, online fund transfers, and digital payment systems have reduced the dependency on traditional banking methods and made financial transactions more convenient and accessible.

Nandan Nilekani (2020) – Study on Digital Payment Systems and Financial Inclusion in India

This study looked at how digital payments help more people in India use services. The research checked how mobile banking, UPI transactions and digital payment platforms help people from backgrounds and income levels. It found that digital payments mean people do not have to use cash much. This makes financial services easier to access in rural areas where banks are not easily available. The study showed that FinTech payment systems make transactions faster more convenient and secure. This encourages people to use proper financial services.

Dr. Rajiv Kumar (2021) – Study on the Growth of the FinTech Ecosystem in India

Rajiv Kumar 2021 study looked at how FinTech's growing in India and helping more people access financial services. FinTech is changing the sector with digital payment platforms, mobile apps and online services. These changes make it easier for people to do banking from anywhere using their devices. The study found that FinTech solutions make transactions simpler and more convenient. This is a help for people who couldn't access banking before.

FinTech services bring underbanked individuals into the formal financial system with easy and affordable solutions. The research also noted that digital payment systems promote cashless transactions.

Dr. Harpreet Singh (2021) – Study on the Role of FinTech in Expanding Financial Inclusion

Harpreet Singh studied FinTech in 2021. He looked at how it helps people in India use banking services. FinTech includes payment systems, mobile banking apps and online lending platforms. These tools help people and small businesses get services more easily.

The study found that FinTech services are faster, safer and more convenient than banking.

Online lending platforms make it easier for small businesses and startups to get loans. This supports businesses and helps the economy grow. FinTech also makes financial transactions clearer and more efficient with fintech. The study said FinTech is key, to helping more people use banking services.

RESEARCH METHODOLOGY

The research is based on primary data collected from 100 respondents through a structured questionnaire. The collected data is analyzed to understand the level of awareness, usage, and impact of FinTech services on financial inclusion.

DATA COLLECTION METHODS

Primary data were collected through a structured questionnaire from 100 respondents to understand the level of awareness and usage of FinTech services. Responses used to analyze the adoption of digital financial services such as mobile banking, digital wallets, and online payment platforms among individuals.

DATA SOURCE:

- Structured questionnaire
- Survey conducted among 100 respondents

HYPOTHESIS TESTING

Hypothesis for Impact of FinTech on Financial Inclusion and its Testing Using Correlation

H₀ (Null Hypothesis): There is no significant relationship between FinTech adoption and financial inclusion.

H₁ (Alternative Hypothesis): There is a significant relationship between FinTech adoption and financial inclusion.

CORRELATION			
Variables	Number of Respondents	Variables	Number of Respondents
Better Internet	37	Money transfer	48
Lower Transaction Fees	14	Bill payment	41
Better Financial Literacy	43	Online shopping	6
Improved Security	6	Savings/investments	5

CORRELATION 0.113870844

INTERPRETATION

As per the above table, the correlation coefficient value of 0.113870844 indicates a weak positive relationship between FinTech adoption and financial inclusion. The positive value suggests that an increase in the adoption of FinTech services is associated with a slight increase in financial inclusion. However, the strength of the relationship is very low, indicating that the association between the two variables is weak. Therefore, the results suggest that FinTech adoption may contribute positively to financial inclusion, but the relationship is not strong. Based on the correlation analysis, it can be concluded that there is a weak positive association between FinTech adoption and financial inclusion among the respondents.

Hypothesis for Impact of FinTech on Financial Inclusion and its Testing Using TTEST

TTEST		
Factors	% of Responses	Mean
Time savings	49	30.25
Cost savings	13	-5.75
Improved customer service	5	-13.75
Access to more services	6	-12.75
Convenience	27	8.25
Forced adaptation to new technologies	6	-12.75
Increased competition from fintech startups	13	-5.75
Necessitated investment in digital infrasturcture	7	-11.75
Decrease in Peer-to-Peer Lending	10	-8.75
Digital Wallets	58	39.25
Mobile Money Services	15	-3.75

Online Banking Platforms	16	-2.75
TOTAL	225	
AVERAGE	18.75	
TTEST VALUE	3.7273378	

INTERPRETATION

As per the above table, the T-test value of 3.7273378 indicates that there is a statistically significant relation between FinTech adoption and financial inclusion. The findings suggest that FinTech services, including digital wallets, online banking platforms, and other digital financial solutions, play an important role in enhancing access to the financial services. Since the calculated T-test value is significant at the 5% level of significance, the null hypothesis (H_0) is rejected, and the alternative hypothesis (H_1) is accepted. Therefore, it is concluded that FinTech adoption has significant positive impact on financial inclusion and contributes to greater participation in the formal financial system.

Hypothesis for impact of fintech on financial inclusion and its testing using regression

Particulars	Number of Respondents	Percentage of Respondents	Particular	Number of Respondents	Percentage of Respondents
Time savings	49	49%	Poor Internet Connectivity	19	19.2%
Cost savings	13	13%	Fear of Online Fraud/Cybersecurity	37	37.4%
Convenience	27	27%	Complexity of the Apps	37	37.4%

Regression Statistics

Multiple R	0.003484
R Square	1.21E-05
Adjusted R Square	-0.49998
Standard Error	0.214475
Observations	4

ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	1.12E-06	1.12E-06	2.43E-05	0.996516
Residual	2	0.091999	0.045999		
Total	3	0.092			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	0.249003	0.229008	1.087314	0.39048	-0.73634	1.234343	-	1.234343
X Variable 1	0.003988	0.809391	0.004927	0.996516	-3.47854	3.486515	-	3.486515

Access to more services	11	11%	Lack of Customer Support for failed transactions	6	6%
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SUMMARY OUTPUT of Regression

INTERPRETATION

The regression analysis indicates a very weak relation between FinTech adoption and financial inclusion, with an R-squared value of 0.0000121. This shows that FinTech adoption is the only negligible variation in financial inclusion. The Significance F value (0.996516) is greater than the 5% significance level, indicating that the model is not statistically significant. Similarly, the p-value (0.996516) suggests that the impact of FinTech adoption is not significant. Therefore, the null hypothesis (H_0) is accepted, and the alternative hypothesis (H_1) is rejected. Hence, there is no significant relationship between FinTech adoption and financial inclusion based on the regression results.

FINDINGS

1. The study found that FinTech services have achieved a high level of adoption among respondents, indicating the growing acceptance of digital financial technologies in daily financial activities.
2. A majority of respondents use FinTech services on a daily basis, demonstrating strong dependence on digital financial platforms for routine transactions.
3. Money transfer and bill payment services were identified as the primary purposes for using FinTech applications, highlighting their importance in everyday financial management.

CONCLUSION

The study titled “A Study on the Impact of FinTech on Financial Inclusion” concludes that Financial Technology has significantly transformed the financial services sector by improving accessibility, convenience, efficiency, and participation in the formal financial system. The research, based on primary data collected from 100 respondents through a structured questionnaire, clearly indicates that FinTech services such as mobile banking, UPI platforms, digital wallets, and online payment systems have become an essential part of everyday financial activities. The findings reveal that a majority of respondents frequently use digital financial services for money transfers, bill payments, and other routine transactions, demonstrating the increasing acceptance and dependence on technology-driven financial solutions.

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