Library Progress International *Print version ISSN 0970 1052*
Vol.44 No.3, Jul-Dec 2024: P.20464-20470 *Online version ISSN 2320 317X*

Original Article *Available online at www.bpasjournals.com*

Impact of Fintech on Financial Inclusion: Exploring Perception of Individuals

[1]Prof. (Dr.) Bhawana Sharma Bhawana, [2]Prof. (Dr.) Gaurav Malpani, [3] Prof. (Dr.) Kapil Khatter

[1]Poornima University, Jaipur,Bhawana.sharma@poornima.edu
[2]Poornima University, Jaipur ,Gaurav.malpani@poornima.edu
[3]Poornima University, Jaipur,kapil.khatter@poornima.edu

How to cite this article: Bhawana Sharma Bhawana, Gaurav Malpani, Kapil Khatter (2024) Impact of Fintech on Financial Inclusion: Exploring Perception of Individuals. *Library Progress International,* 44(3), 20464-20470.

Abstract
This study looks into people's perceptions in the Delhi-NCR area to investigate the effect of fintech on financial inclusion. FinTech, which offers financial services and products through digital platforms, is a disruptive force in the worldwide financial services industry. Still untapped, though, is its potential to advance financial inclusion—that is, to guarantee that everyone has access to appropriate and reasonably priced financial services. This research seeks to clarify the ways in which FinTech promotes financial inclusion through a descriptive and exploratory study and to offer stakeholders guidance on how to best utilize its potential. Using judgmental and convenient sampling strategies, the study uses a sample of 360 respondents. Results of regression analysis corroborate the findings, which show a substantial relationship between financial inclusion and facilitating and growing the use of FinTech products. The research highlights the significance of Financial Technology in advancing inclusive financial systems, improving disadvantaged communities' access to financial services. FinTech companies, financial institutions, and legislators should all take note of these findings. Businesses can modify their products to target underprivileged communities, and governments can set aside funds to encourage FinTech projects. The report also suggests directions for further investigation, such as cross-regional comparisons and long-term tracking of shifts in FinTech adoption and its effects on financial inclusion.

Keywords: Fintech , Financial , Inclusion , Usage , Technology

Introduction

Fintech, or financial technology, has become an influential force that has transformed the worldwide financial services sector in recent years***. Erliant et al . (2021)*** Fintech encompasses a wide range of cutting-edge business and technology strategies that use digital platforms to offer financial products and services in a more beneficial, convenient, and accessible manner. One of the most intriguing tales about fintech in this digital age is how it may promote financial inclusion, which is an attempt to guarantee that every individual and community have access to suitable and reasonably priced financial services. It is widely accepted that financial inclusion is an essential element that promotes economic empowerment, poverty reduction, and sustainable development. However, a substantial portion of the global populace continues to be overlooked or excluded from formal financial institutions, even in spite of notable advancements in recent decades in extending access to financial services. Conventional obstacles including remote place of residence, high transaction costs, inadequate amenities, and burdensome laws have prolonged financial exclusion, especially for disadvantaged and marginalized populations. ***Goswami et al. (2022)*** the emergence of fintech offers previously unheard-of chances to solve enduring issues and democratize the availability of financial services globally. Fintech innovators are transforming the financial services industry through the application of digital technologies like blockchain, peer-to-peer lending, digital payments, mobile banking, and crowdfunding. Fintech has the potential to break through conventional boundaries, reduce expenses, improve efficiency, and reach underserved populations—such as the unbanked and underbanked—by utilizing the power of digital platforms ***(Amnas et al. (2024))***

The primary objective of this study is to investigate how fintech contributes to the advancement of financial inclusion. This research aims to clarify the mechanisms through which fintech can support greater financial inclusion and provide insights and recommendations for policymakers, regulators, financial institutions, fintech innovators, and other stakeholders who want to harness the potential of fintech to create more inclusive financial ecosystems through empirical analysis, theoretical frameworks, and case studies.

Fig No. 1 Fintech Elements

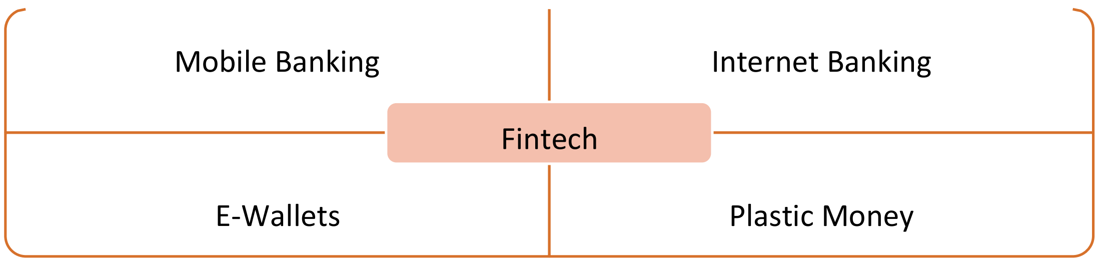
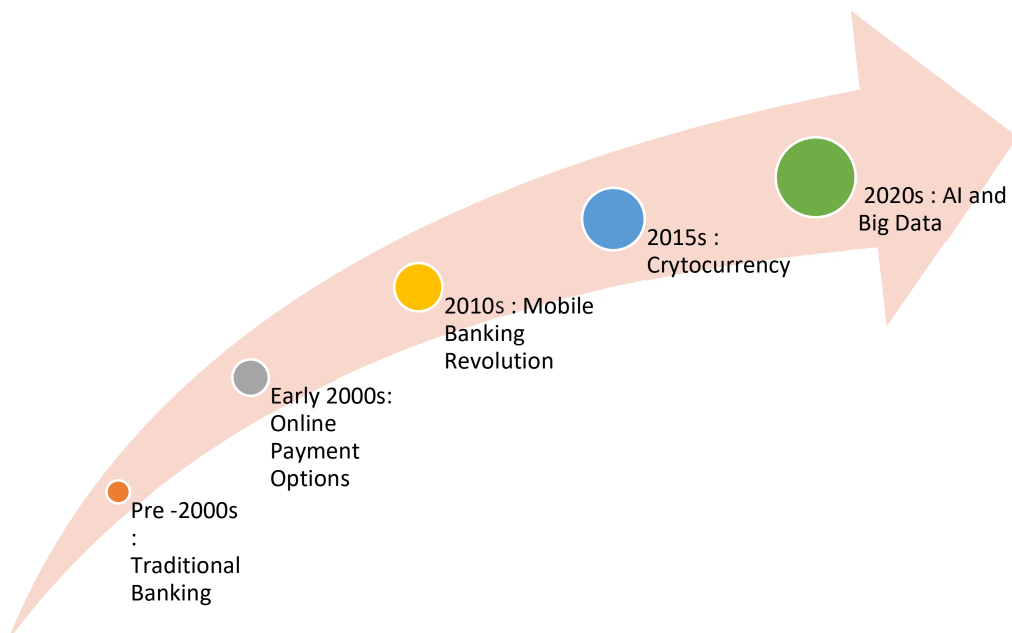


Fig No. 2 Evolution of Fintech



1. Literature Review

The pricing and accessibility of financial services have been completely transformed by the explosive growth of financial technology, or FinTech, especially for those living in underserved or rural areas. ***Arner et al. (2020), Shaikh et al. (2023),*** and ***Yang and Zhang (2022)*** has demonstrated how clients can obtain financial services via digital channels, doing away with the necessity for physical bank branches. ***Shen et al. (2020),*** showed how FinTech can lower traditional banking expenses, stressed that this change has made financial services more affordable and convenient. ***Singh et al (1013)*** stated due to a variety of institutional defects and other issues that prevent people from realizing their unique economic potential and opportunities, access to financial services is severely constrained in India's undeveloped areas, which has a limited impact on economic development. More extensive use of FinTech lowers the use of unofficial savings strategies and increases remittance transactions ***(Wieser et al (2019)).***

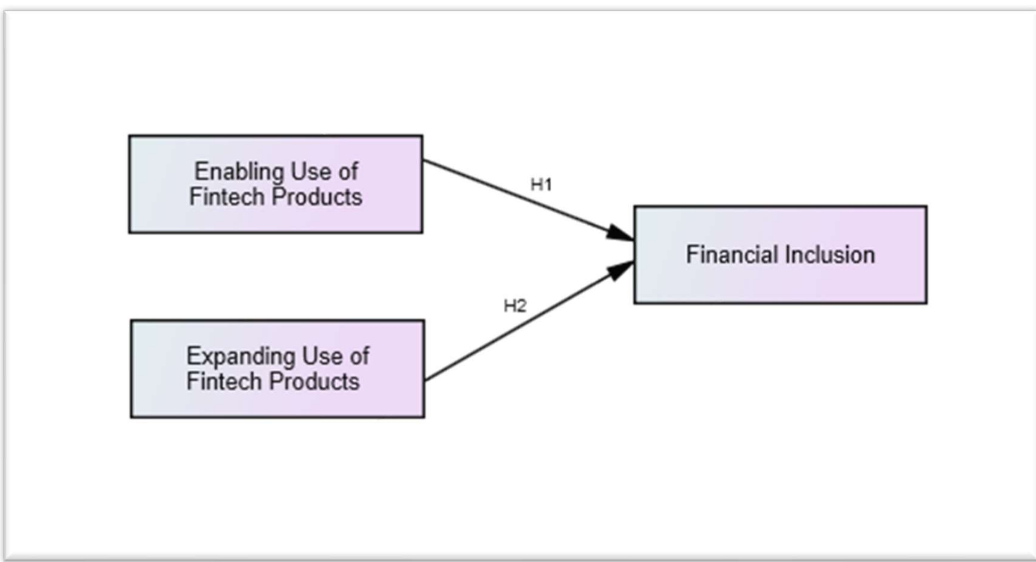
FinTech has also made financial services more accessible to a wider range of people, not only techies. ***Senyo and Osabutey (2020)*** and ***Bongomin and Munene (2021)*** provide examples of how underprivileged groups have been able to access the formal financial system because of FinTech's affordability. According to ***Björkegren and Grissen (2018)*** and ***Yue et al. (2022),*** FinTech platforms also make financial aid more accessible to individuals and small enterprises that might not be eligible for traditional loans. This promotes entrepreneurship and economic activity in underprivileged communities.

Additionally, government agencies and FinTech companies working together has been vital in advancing financial inclusion. According to ***Asif et al. (2023),*** these types of partnerships make it feasible for social benefits and subsidies to be distributed to people in a cost-effective way, which improves financial inclusion programs. Furthermore, ***Aleemi et al. (2023)*** and ***Yeyouomo et al. (2023)*** emphasize how FinTech uses cutting-edge technology to lower obstacles to formal financial institutions.

2. Research Methodology

This research employs a descriptive and exploratory approach to investigate the influence of usage of fintech services on financial inclusion. The population of interest comprises of individuals residing in the Delhi-NCR region who are actively using fintech services for various financial transactions and services. A total of 360 responses were collected from the target population using convenience and judgmental sampling techniques. An adapted questionnaire was utilized to collect data from the participants using online and offline methods. The questionnaire was designed to gather information regarding the frequency of fintech service usage, satisfaction levels, perceptions towards fintech services and financial inclusion. The collected data will be analysed using regression analysis to explore the relationships between various factors.

2.1 Fig No. 3 Proposed Model



2.2 (Source , Researchers' Own Output)

H1 : There is a significant impact of enabling usage of fintech products on the financial inclusion.

H2 : There is a significant impact of expanding usage of fintech products on the financial inclusion

Data Analysis

Profile	Frequency
Gender Male	
	195
Female	165
Qualification High School	
	65
Graduate	140
Post Graduate	80
Professional	75
Usage of Finetch Service Yes	
	335
No	25
Frequency of Usage of Fintech Service	
Heavy (Daily)	170
Moderate (One a week)	120
Light (Once a Month)	70

(Source , Researchers' Own Output)

Table No. 1 provides an overview of the frequencies for each category within the demographic profile, offering insights into the distribution of respondents based on gender, qualification level, usage of fintech services, and frequency of fintech service usage. Majority of the respondents are (54.17%) male respondents and 45.83% are female respondents. The majority of respondents have at least a graduate-level qualification (38.89% graduate and 22.22% postgraduate) while only 75 respondents are holding professional degree. The vast majority of respondents (93.06%) use fintech services, indicating a high level of adoption within the sample population. Among fintech users, a substantial portion engages in heavy usage, with 47.22% using fintech services daily. The frequency of Moderate usage is equal to (33.33%) while of light usage is (19.44%).

Before running the regression analysis, reliability and validity of the individuals constructs and the adapted questionnaire is investigated using Cronbach alpha . Following table highlight the relevant statistics.

2.3 Table No. 2 Reliability Validity Statistics

Construct	***No o Items***	***Alpha Value***	***AVE***	***Source***
Enabling Use of Fintech Products	*04*	*0.782*	*0.718*	*Rose, J., & Fogarty, G. J. (2006) & Davis (1989)*

Expanding Use of Fintech Products	*04*	*0.81*	*0.861*	*Fang et al (2014)*
Financial Inclusion	*03*	*0.963*	*0.874*	*Demir et al. (2022)*

2.4 (Source , Researchers' Own Output)

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Findings in table No. 2 collectively imply that the constructs are accurate and reliable indicators of the associated concepts. High reliability scores indicate consistent measurement, and strong convergent validity values indicate that the items within each construct possess anticipated relationships with one another. These results bolster the research study's use of these characteristics to evaluate fintech usage and financial inclusion.

Table No. 3 Regression Results

IDV	DV	R square	F Value	Sig	Accepted/Rejected
Financial Inclusion	Enabling Use of Fintech	0.76	2542.12	0	H1 supported
	Expanding Use of Fintech	0.67	1303.98	0	H2 supported

(Source , Researchers' Own Output)

The regression analysis reveals that enabling the use of fintech products has a strong positive relationship with financial inclusion. With an R-square value of 0.76, the regression analysis shows a substantial correlation between financial inclusion (Hypothesis 1) and the enabling use of fintech. The R-square value of 0.76 indicates that approximately 76% of the variance in financial inclusion can be explained by the enabling use of fintech. Also, the regression analysis indicates a significant positive relationship between the expanding use of fintech products and financial inclusion. Hypothesis 2 also shows a strong correlation, with an Rsquare value of 0.67 and a highly significant F value, between the growing use of fintech and financial inclusion. The R-square value of 0.67 suggests that approximately 67% of the variance in financial inclusion can be attributed to the expanding use of fintech. The data confirms both of the forecasts, indicating that increasing and facilitating the usage of fintech products both considerably advance financial inclusion. These results offer empirical evidence in favour of fintech's contribution to financial inclusion initiatives.

2.5 Conclusion and Implications

Overall, the results of the study point to the importance of fintech product usage expansion as well as enabling in the development of financial inclusion. Financial inclusion is more likely to be higher amongst people and communities who have increased access to and use of fintech goods. These findings highlight the importance of fintech innovation and acceptance in promoting inclusive financial systems and enhancing marginalized communities' access to financial services.

Given that the study discovers a favourable correlation between the use of fintech and financial inclusion, it can offer evidence in favour of fintech's contribution to improving access to financial services. Governments and financial organizations may be encouraged to fund fintech efforts and infrastructure in order to encourage adoption among the underprivileged population.

Using the findings of the study Fintech businesses can better cater their goods and services to underprivileged populations by using the study's insights. Policymakers may apply the study's findings to contribute to the creation of new policies that focus on closing access gaps to financial services as well as to learn more about the effectiveness of current financial inclusion initiatives.

2.6 Limitations and Future Scope

The study is performed solely on quantitative analysis collected thorough questionnaire method which has its own limitations. The study make use of sample size of 360 respondents which may not be representative of the entire population of fintech users in the region of Delhi-NCR region.

Comparative research can be conducted across various nations or areas with differing degrees of financial inclusion and fintech in the near future to provide significant insights into the contextual factors affecting this relationship. Further insights into the nature of this relationship can be gained by carrying out longitudinal studies that observe changes in fintech usage and its effect on financial inclusion over time. Quantitative analysis using techniques like focus groups, interviews, and case studies can be performed to yield deeper understandings of the underlying attitudes, driving forces, and obstacles to the uptake of fintech and financial inclusion.

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