



A Quantitative Analysis Of Financial Inclusion And Financial Digital Literacy In India And Role Played By Private Sector Towards A Financially Empowered India (Viksit Bharat-2047)

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ABSTRACT

Purpose The aim of the research is to understand the practical and industry driven steps taken by the Central and various state government(s) towards financial inclusion in India, for Females, Reserved categories and minorities.

Design/Methodology/Approach The paper is based on qualitative and quantitative data to enumerate the growth needs of all sections of the society in terms of financial literacy and digital literacy, alike.

Findings The research is conducted on the qualitative and quantitative data gathered through literature review as well secondary data collection, helping understand the changes carried on at the background and forefront, towards a change in Indian economic horizon, contributory from financial digital literacy, more impact created through ease of business due to change in the way India does business and through creation of fin-tech platform(s) for a rise in money transaction(s) accessibility.

Practical Implications The paper visits the ongoing positive impacts; the various government schemes carry towards the increment of sectoral and employment sector growth(s).

Originality/Value The research paper visits the new-age dawned on the Indian citizens, providing finance sector jobs, bringing in speed of money processing transactions and an upward rise in the economic contribution(s) from the financial domain, brought in through digital literacy at consumer level and job creation at business level.

KEYWORDS financial inclusion, digital literacy, Young India, PMJDY, World Bank.

JEL Code D31, O33, J13, O12, C43, G2, O1.

INTRODUCTION

Concept Of Financial Inclusion Any and all gain access to financial services through equitable mode, is when one can say that financial inclusion is being exercised within the country. People from all walks of life and all demographics, firms of all sizes, business houses with varied product/service offerings all get to avail financial sustenance for their myriad needs, is when financial inclusion has taken place.

Concept Of Financial Digital Literacy One such mechanism at play in various countries in the 21st century is congruence of digital platform(s) to bring together all banking and financial services at one place through the support of digital ethos. Financial digital literacy is although not limiting itself to just financial services accessible digitally, but also embarks upon the notion of responsible usage and benefits of financial services digitally.

Often online financial scam(s) are being witnessed with the rise of digital inclusion towards access to finances and funds, which brings to light the need of responsible inclusion (READ: financial inclusion), and hence is achievable goal through means of literacy towards financial access.

Which during COVID-19 times was widely necessitated (Kapoor & Mohandas, 2023).

REVIEW OF LITERATURE

Accordingly, this ideology has built itself up in India, through the past decade (World Bank et al., n.d.). With universal access to banking world-over, bio-metrifications in India (Adhar Card), USA (Social Security Number), mobile services have gain momentum, further igniting the fire beneath the campaign of Digital India-2015. COVID-19 is considered to be the monumental digital mark making 80 million people make their 1st digital merchant payment (World Bank et al., n.d.)

It has been again and again quoted that financial inclusion does not only mark increase in digital services usage(s), but also is a replica of how human development over the centuries has taken place (Sarma and Pais, 2011; Nanda and Kaur, 2016).

Accordingly, financial inclusion has called in for the need of digital literacy as well greater understanding of digital or data fraud, which is often a misleading fraud committed online to gain/acquire more consumers (Negi et al., 2023).

Users who are and/or not under the financial inclusion are classified as – “Part of Involuntary exclusion or Voluntary self-exclusion”. Accordingly, a decade ago banking services, financial counselling services, credit and services of remittances stood excluded from online financial services (Jain, J., K., 2016).

The Indian Financial services over the decade have witnessed plethora of services such as “Unified Payment Interface(UPI), Aadhaar Enabled Payment Services (AePS), Bharat Quick Response (QR) code, Rupay cards and Bharat Interface for Money(BHIM), National Automated Clearing House (NACH), a few to name.

The rise in crowd-funding platforms, as a trending source of accessible funds, in absence of any legal platforms in the country in support of cryptocurrency trade, how such platforms have grown shall be studied (Barajas et al., 2021).

The fin-tech sector is pre-dominantly dependent or not dependent on the changes in digital and financial literacy can be understood through changes in the number of transactions and changes in valuation(s) of the firms in a given sector (Lelarge et al., 2010).

OBJECTIVES OF THE STUDY

This research paper encircles the implementation of financial technologies in India over the past decade, encapsulating removal of financial illiteracy in Indians and an increase in technological usage by various Indian demographics.

This paper adopts a Meta-analysis approach is adopted in this research to interpret the impacts or no impact of lockdown in the change of transactions on fin-tech platforms.

RESEARCH METHODOLOGY

This research paper describes the increase in financial inclusion and financial literacy amongst Indians, demonstrated uniquely through an increase in financial digital literacy.

The research is a correlation study on the increment of user based transaction(s) through the financial services offered digitally.

Data Sample and Procedure of Study –

The data is gathered through secondary means of government websites and other data hosting websites, reflecting change in financial services data over the time period.

Indian Fintech Firms -

Firms	Founding Year	Monthly Transactions (2020)	Monthly Transactions	Previous Fundings	Total Funding
Paytm	2010	82 Million (2020)	96 Million (2024)	\$ 2 Million (2010)	\$ 4920 Million (2023)
Phonepe	2015	100 Million	200 Million (2025)	\$ 350 Million (2021)	\$ 2290 Million (2023)
Bharatpe	2018	450 Million	370 Million (Admin, 2024)	\$ 13.3 Million (2021)	\$ 880 Million (2024)
Razorpay	2013	4000 Million	200 Million (2024)	\$ 9 Million (2015)	\$ 742 Million (2025)
BHIM UPI	2016	2000 Million	22 Million (2023)	\$ 2 Million (2016)	\$ 3465 Million (2024)
Total		6632 Million	888 Million	\$ 376.3 Million	\$ 12,297 Million
Mean		1326.4	177.6	75.26	2459.4

(Google Search, n.d.)

The change in total number of fundings from date of inception of the firms demonstrate vested increase in the digital services offered by the above applications.

Average fundings received during inception stood at \$ 75.26 Million and at present \$ 2459.40 Million is the current average round of fundings received by the firms running the fin-tech applications. With a Pearson's correlation coefficient of 1 suggesting that the fundings scenario then and now has a perfect positive correlation.

The change in total number of transactions taken place over the time period are detrimental towards the increase in number of consumers and transactions through the fin-tech applications.

The mean value of monthly transactions in 2020 was 1326.40 Million and at present mean value of monthly transactions is 177.6 Million, with a perfect positive correlation coefficient of 1, then in COVID-19 and now suggesting renewed interest in fin-tech apps post COVID lockdown.

HYPOTHESIS FOR TESTING

HYPOTHESIS #1

H_0 – No role of corporates in financial inclusion of Indians.

H_A – Role of corporates in financial inclusion of Indians.

Increase in average number of private players since 2010, in the financial services and fin-tech world to 4 under study, suggests direct attraction of corporates towards the financial services sector, more strengthened due to increase in fundings from inception till current round of fundings. Government Of India funds allocation to BHIM UPI, since inception, suggests vested interest of government policy towards financial services sector. Hence, rejecting Null Hypothesis (H_0), thereby accepting Substantive Hypothesis (H_A).

HYPOTHESIS #2

H_0 – No impact of COVID-19 lockdown on usage of Fin-tech apps.

H_A – Impact of COVID-19 lockdown on usage of Fin-tech apps.

The Sum total fundings during COVID-19 lockdown in 2020 stood at \$ 376.3 Million and current total fundings stand at \$ 12297 Million, suggesting a strong negative regression post COVID-19, thereby suggesting no impact of lockdown upon the fundings received by the firms, which has witnessed 31.67 times increase till date.

Hence, accepting Null Hypothesis (H_0), thereby rejecting Substantive Hypothesis (H_A).

HYPOTHESIS #3

H_0 – No change in digital literacy for Indians due to non-presence of fin-tech services.

H_A - Change in digital literacy for Indians due to presence of fin-tech services.

The regression of negative 0.12 (-0.122) suggests that the number of monthly transactions since COVID-19 lockdown have increased and show no sign of impact of a fall in digital literacy.

DISCUSSION

It can be chalked out from the mean score of monthly transactions in COVID-19 lockdown that digital literacy increased led to more reliance on the fin-tech services.

The percentage change in total fundings during inception and at the present by 3167.87% suggest an increase in valuation of the fin-tech sector as a whole.

The mean score of Total current fundings in the sector of 2459.4, for the firms under study suggest that there is positive sentiment towards rise in total valuation of the fin-tech sector.

As compared to mean score of 75.26 as initial fundings received previously the corporates and the Government of India are willing to witness an increase in the transaction contributors in terms of Millennials kids and z Generation adults.

CONCLUSION

This research has been conducted to take under study the current state of affairs in India, in terms of digital literacy and changes in financial services being offered in the country, digitally. This research has conducted a limiting measurement of past 5 years changes in financial transactions and a decadal study on the fundings change in the fin-tech sector.

The data has been put under data analysis using the correlation and regression analysis, thereby understanding the impact or no impact of COVID-19 lockdown on the financial sector offering fin-tech services to Indians.

The increase in fundings for the fin-tech sector by 31.67 times suggests that there is an utmost exchange and re-routing of profits/revenue between private players leading to increase in peer-to-peer lending, furthermore suggesting an increase in platforms offering crowd-funding.

The data analysed suggests that pandemic lockdown has not carried a limiting impact on the increase in transactions on fin-tech platforms, rather the trend of fin-tech usage is on an increase, furthermore suggesting increase in digital literacy amongst the users in India, demonstrating Indians as digitally-savvy citizens.

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