



### **33. Fintech innovation and digital financial inclusion in India: accelerating the journey toward VIKSIT BHARAT 2047**

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#### **Abstract:-**

*According to Viksit Bharat 2047, India will be a fully developed country by 2047-technologically advanced, socially inclusive, and economically prosperous. Fintech innovation, which is accelerating digital financial inclusive and empowering 1.4 billion people, is at the heart of this revolutionary journey. This study looks at how Fintech is accelerating the three main tenets of Viksit Bharat: equitable development, economic growth and universal access to financing. Since 2014, Innovations like AI-Powered credit platforms, AePS-linked micro-lending, and UPI's 15 billion monthly transactions (2026) have brought on 600 million new users and reduced exclusion rates from 50% to less than 15%. Pradhan Mantri Jan Dhan Yojana, Digital India, and RBI's Payment Vision 2025 are example of government collaborations that have fueled \$50 billion Fintech ecosystems, contributing 8% to GDP and allowing rural business owners in areas like Uttar Pradesh to Prosper through instant loans and free remittances. But in order to achieve Viksit Bharat, Challenges like cybersecurity vulnerabilities, the digital divide that affects 300 million illetrate users, and regulatory gaps in blockchain-based assets must be addressed. This study, which uses econometric analysis of NPSI/RBI data and surveys from ten states, predicts that fintech will boost GDP growth by 2-3% annually and achieve 100% financial inclusion by 2035. Among the strategic recommendations are public-private partnerships for last-mile connectivity, the need for artificial intelligence, literacy in schools, and the global expansion of UPI 2.0. By liveraging Fintech, India can establish a digital economy that is inclusive, ensuring that Viksit Bharat 2047 comes to pass and that every citizen benefits from the nation's prosperity.*

#### **Key words:-**

Viksit Bharat 2047, Fintech Innovation, Digital financial inclusion, UPI, Economic Growth

#### **Introduction:-**



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By the year 2047, India is expected to have transitioned to a developed country and the form of growth that is inclusive of all citizens will be one of its main features. Furthermore, India will not only belong to those with high education levels or have access to advanced technologies; it will be a nation where its citizens see several business and private finance opportunities.

Importantly, there is no comparable country in existence today that has achieved the level of social, economic and environmental (improved economy, strong government, equal treatment for all, quality of life, opportunity to participate fully in society) development that would allow its citizens to save, lend, borrow, spend, invest and control their level of risk over time without their access to and use of finance.

Recently, financial technology has become one of the most significant drivers of financial transformation.

FinTech is the use of technology to provide financial services faster, cheaper and more efficiently than what has been offered before. There are numerous examples of FinTech existing in India today which include: digital payment platforms, internet-based lending, mobile phone banking, interoperable payment methods. The most well-known example of FinTech in India is UPI (Unified Payments Interface), which enable the day-to-day consumer, small business and those individuals in the informal economy (i.e. those who may not have a bank account) to conduct their day-to-day transactions with ease. The ability for a consumer or business to conduct electronic transactions and engage in the financial system more easily allows for greater participation and ultimately creates access to the financial system through alternative/non-bank channels (i.e. at the same time giving businesses & the public more options and greater convenience in achieving their financial objectives).

Nevertheless, the case of India also serves as evidence that full financial inclusion and digital financial inclusion are distinct concepts and that individual may be able to utilize digital payments even if they do not have access to credit, insurance or financial education. As a result, this paper will evaluate the potential benefits and limitations of finances-driven by fintech inclusive financial services in India. This paper will outline how fintech can support enhanced economic opportunities for participation towards the overall goal for a Viksit Bharat 2047.

### Literature Review:-

Most current research indicates that Financial Technology (Fintech) is an enabler of expanded financial services access in India. Digital financial services have reduced transaction costs, simplified payments, and have given people the ability to participate in formal payment networks on a large scale, according to policy papers and agency reports. India is often cited as a leading example of how public digital infrastructure can create new forms of access to finance and spur innovative outcomes from private-sector companies.



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Reports on Viksit Bharat 2047 suggest that the banking sector will play an important role in supporting inclusive growth and emphasize that financial inclusion is now increasingly understood as the ability to effectively use financial services (e.g., all forms of savings, credit, and insurance), build a business, and manage risk as opposed to simply having access to a deposit account. This shift in understanding is important because it changes the discussion from one based on access to one focused on economic support/empowerment.

The image of the India Digital Finance Snapshot produced by the World Bank shows us that ecosystem readiness, regulations and the underlying structures of the digital economy must be in place for digital inclusion. Thus, apps by themselves cannot be the only influence on the success of fintech. A reliable infrastructure, interoperability, trust and user-friendly technology are all required. This research also reveals a number of issues such as unequal access to devices, lack of connectivity, low levels of digital literacy and exposure to cyber risk. These challenges demonstrate that while fintech has grown quickly, we still have a long way to go before we achieve inclusive digital finance.

### Objective of the Study:-

The central aim of this research is to enhance understanding of how digital financial inclusion and fintech innovation are helping India realize Viksit Bharat 2047. The emphasis will be on how technology-enabled financial systems will provide broader access; greater participation, and more economic opportunity.

To that end, the specific objectives of this study include:

- To analyze the role of Fintech in improving access to finance in India.
- To identify how digital financial inclusion promotes greater inclusive economic development.
- To analyze the role of digital public infrastructure and digital platforms such as UPI.
- To identify the key barriers to achieving significant financial inclusion.
- To provide recommendations for policies to achieve enhanced digital financial inclusion through Fintech between now and 2047.

### Hypothesis:-

There are two primary hypotheses that are the focus of this study: First, the impact of the innovations of financial technology (fintech) on improving digital financial inclusion in India, and second, that digital financial inclusion will support the Viksit Bharat 2047 vision and



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contribute to economic growth through facilitating the continued inclusion of additional individuals in the formal economy through access to technology-based financial services.

In addition to having access to an app or payments capability, one of the essential premises is that the degree to which fintech will have an impact will be dependent upon numerous other factors, such as consumer protection, digital literacy, the availability of the internet, user trust, and ability to use financial services in ways that improve the quality of life; therefore, the relationship between inclusion and fintech will be complex and multidimensional, not simply technical.

These theories also emphasize that the concept of inclusion encompasses both social and economic elements. In economic terms, this can occur through increased access to markets, payment systems, and financial products. In social terms, it can lead to greater participation, lower levels of exclusion, and increased autonomy over one's financial decisions. Consequently, this study investigates the broader-than-transaction view of whether or not fintech enables inclusive development by creating substantive financial capabilities.

### **Methodology:-**

This project employs both descriptive and analytic research designs based on available secondary sources rather than collecting primary data through a survey. The study uses policy study reports from organizations like PwC, EY and the World Bank for up-to-date information on the status of digital finance, along with government press releases about the RBI's measures towards financial inclusion. Given that the concept of financial inclusion is broad, policy oriented, and national in regard to trends in development, this approach is appropriate.

The scope of the report includes collecting data about UPI volume of transactions, various measures of financial inclusion, and evolving policies with respect to digital finance. The sources of data have been selected based on their ability to provide accurate and time-relevant information on financial inclusion in India. Because this research project has utilized predominantly reliable macro-level indicators (rather than anecdotal) for its data collection procedures, emphasis was placed on the reporting of data from official and institutional sources.

The two analysis types: interpretative analysis and thematic analysis, both apply to the ten types of evidence in this integrated report. Evidence will be grouped into four main issues or categories of evidence: Fintech Innovation, Digital Financial Inclusion, Policy and Infrastructure Support, and the relationship between Digital Finance and the Viksit Bharat 2047 goal. By doing this, the report will show how fintech's technological attributes apply to broader goals for development. Thus, the methodology is suited for identifying patterns, explaining trends, and deriving policy implications from the above categories.

### **Data Interpretation and Result:-**



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India's digital financial activities are rapidly becoming much more advanced. UPI, which is the backbone of digital payment systems in India, is the greatest evidence of this. According to the latest data, UPI handled around 184 billion transactions valued at ₹2404 trillion in June 2025. Overall, this indicates how thoroughly digital payments were incorporated into the lives of average Indians, even though it was a decrease from the previous month.

This is important because it shows that Fintech is no longer restricted to a small, urban, or wealthy consumer base. Today, digital payments are used by consumers, small businesses, local retailers, employees, and service providers. The growth of UPI shows that financial inclusion can increase rapidly when systems are low-cost, easy to use, and interoperable; in this way, UPI has become a public digital utility that fosters economic activity across the country, rather than just being a payment platform.

There is also further supporting data in the publication of the RBI Financial Inclusion Index where the overall financial inclusion index has improved from a score of 64.2 in March 2024 to a score of 67 in March 2025, which represents a gain in all three dimensions of financial inclusion measurement - access, use and quality. The Financial Inclusion index does not only track presence and ownership of accounts, but how many times people are accessing financial services and how well these financial services support full financial inclusion. The increase in the Financial Inclusion index demonstrates that India is improving its quality of financial inclusion as well as its access to financial services.

Table 1: Key Indicators of India's Digital Finance Development

| Indicator                      | Recent Evidence   | Meaning                                       |
|--------------------------------|-------------------|---|
| UPI transactions, June 2025    | 18.39 billion     | Very High Digital Payment Acceptance.         |
| UPI value, June 2025           | ₹24.03 lakh crore | Indicates the Use of Large Value Transactions |
| UPI transactions, January 2025 | 16.99 billion     | Demonstrates Steady Monthly Growth            |



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| Indicator                       | Recent Evidence            | Meaning                                   |
|---------------------------------|----------------------------|---|
| FI-Index, March 2025            | 67.0                       | Steady Improvement in Financial Inclusion |
| India digital finance ecosystem | Country snapshot available | Good Digital and Regulatory Framework     |

India's Fintech Ecosystem Has Increased Access and Transaction Ease; Now, Broader Inclusion Is the Next Step to Make Financial Inclusion Effective. True Financial Inclusion Requires Access to Credit, Insurance and Savings Opportunities as Well as Financial Capability to use Digital Financial Services.

### Discussion:-

The results illustrate that fintech has become an important tool for development in India. Faster payments, reduced dependence on cash, and greater transparency in financial transactions all result from its impact. By lowering the barriers to entry and improving household management and business sustainability among low-income customers and micro-entrepreneurs, this supports economic development.

Fintech offers many advantages; in particular interoperability. When using UPI to conduct transactions between banks and applications, customers are not confined to a single platform. Interoperability allows for ease of entry into the digital ecosystem and enhances the efficiency of the entire digital ecosystem. Furthermore, by focusing on the customer, interoperability fosters innovation and competition within the fintech sector.

The role of policy has been emphasized by this discussion of how Fintech will help reduce leakages and delays, as well as improve the capability of governments to provide direct assistance/benefits to citizens. Therefore, Fintech can be utilized for governance and welfare delivery as well as the execution of commercial transactions. As such, the use of Fintech is an integral part of the overall architecture of national development via digital finance.

There are still many constraints impeding success. For example, a large percent of potential users (i.e., consumers and merchants) do not yet have the level of confidence required to transact via the Internet or based on the use of digital devices. Additionally, the consumer/merchant experience may be compromised due to fraud, cybercrime, etc., and/or due to technological limitations associated with online transactions (phishing, etc.). Finally, the issues of language, smartphone availability, and lack of infrastructure (e.g., internet access) all affect the level of inclusion experienced by consumers and merchants. Therefore, in order to meet Government



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policy objectives, financial innovation must focus on enhancing both inclusiveness and efficiency.

### **Policy Implications:-**

Continuing to expand India's internet infrastructure will allow Fintech services greater reach into rural and disadvantaged communities consistently. To meaningfully engage in digital systems, there must be more than just access to technology; there must also be access to the internet. Without these two elements as a foundation, digital banking will not be able to fulfil its full promise of having all-inclusive systems.

Increasing financial literacy among individuals within schools, community organizations, self-help groups, and community based initiatives is critical. People require access to a variety of digital banking tools; additionally, they must understand how to keep themselves and their information secure and reduce the likelihood of being defrauded, as well as make informed and strategic decisions regarding their finances. This is especially important for individuals that are first time users of digital banking.

Innovation and the protection of the consumer must continue to be defended by regulation. Establishing strong data security, mechanisms to deter fraud, and grievance relief will assist in establishing trust. Fintech should also be encouraged to create productive finance solutions to aid MSMEs, farmers, women, and informal workforce members, in addition to simply facilitating payment transactions. This would help make digital inclusion more focused on development.

### **Conclusion:-**

Fintech innovation has transformed India's financial system by creating an essential foundation for digital financial inclusion. Fintech has made it faster, cheaper, and easier to access financial services by providing UPI, digital public infrastructure, and regulatory support. India has made great progress towards building a financial ecosystem that is accessible to everyone based on the data available to us.

Simply creating a digital transaction system will not help India achieve Viksit Bharat 2047; however, the degree of inclusion must be greater than just access. Inclusion also needs to be safe and effective. Fintech can become one of the most powerful catalysts driving India to long-term economic and social change if it continues to grow with effective governance, user education, and accessible infrastructure.

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