



KONGUNADU ARTS AND SCIENCE COLLEGE

(Autonomous)

Re-accredited by NAAC with A + Grade - 4th cycle, College of Excellence – UGC
Coimbatore - 641 029, Tamil Nadu, India.

INDIAN COUNCIL OF SOCIAL SCIENCE RESEARCH

Southern Regional Centre (ICSSR – SRC), Ministry of Education, Hyderabad
Sponsored

NATIONAL SEMINAR

on

**“DRIVING DIGITAL INNOVATION IN COMMERCE:
A VISION FOR VIKSIT BHARAT @ 2047”**

03.03.2026



EDITOR'S

Dr. B. Divya Priya
Dr. C Brindha



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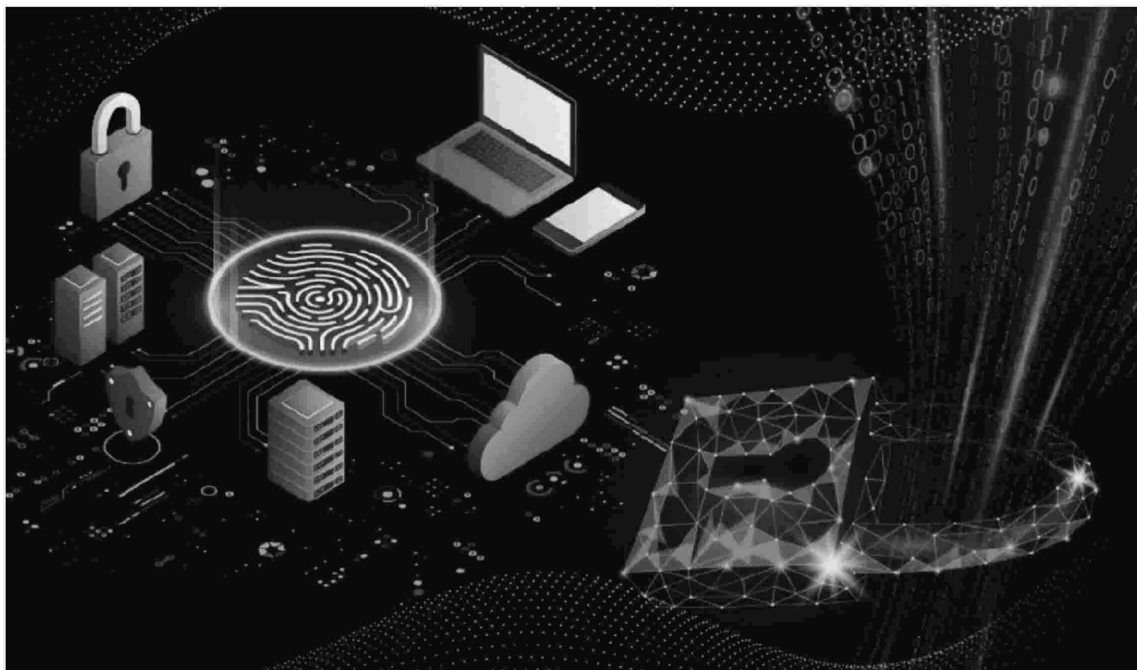
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FINTECH INNOVATIONS AND FINANCIAL INCLUSION STRATEGIES: A STUDY WITH SPECIAL REFERENCE TO COIMBATORE DISTRICT

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ABSTRACT

Financial Technology (FinTech) has become a powerful instrument in accelerating financial inclusion by improving access to banking, digital payments, credit services, and insurance facilities. India's rapid digital transformation, driven by UPI, mobile banking, and fintech-based lending platforms, has increased financial participation among underserved groups. However, the level of adoption and its inclusive impact varies across regions. This study examines the role of FinTech innovations in promoting financial inclusion in Coimbatore District, Tamil Nadu. The study is based on primary data collected from 450 respondents across urban and rural areas of Coimbatore through a structured questionnaire. The study investigates awareness, adoption, benefits, barriers, and socio-economic impact of FinTech usage. The findings reveal that although awareness and usage of digital payments are high, rural respondents face challenges such as digital illiteracy, connectivity issues, and security concerns. The study suggests strengthening digital literacy programs, improving internet infrastructure, enhancing consumer protection, and promoting vernacular-based fintech solutions. This research contributes to understanding localized fintech adoption patterns and offers strategies aligned with the vision of achieving inclusive digital economic growth towards Viksit Bharat @ 2047.

Keywords: FinTech- Financial Inclusion-UPI-Digital Payments - Technology

INTRODUCTION

Financial inclusion plays a crucial role in ensuring equitable economic growth and social development. It refers to the accessibility and usage of affordable financial services such as savings, credit, insurance, and payment systems by all sections of society, particularly marginalized and low-income groups. In recent years, the rapid growth of FinTech innovations has significantly reshaped the financial landscape by offering convenient, technology-driven solutions for individuals and businesses. India has emerged as one of the fastest-growing digital economies in the world, supported by initiatives such as Digital India, Jan Dhan Yojana, Aadhaar integration, and Unified Payments Interface (UPI). These developments have enabled millions to participate in formal financial systems. However, challenges such as lack of awareness, low digital literacy, and fear of cyber fraud continue to limit the full utilization of FinTech services. Coimbatore District, known for its industrial and entrepreneurial ecosystem, provides an ideal setting for studying the adoption of FinTech solutions. This study examines how FinTech contributes to financial inclusion in Coimbatore district and identifies the challenges faced by users in adopting digital financial services.

REVIEW OF LITERATURE

Gomber et al. (2018) highlighted that FinTech has significantly improved the efficiency of financial systems by providing cost-effective services such as mobile payments, peer-to-peer lending, and digital banking. The study also emphasized that FinTech reduces transaction costs and expands access to financial services, particularly for unbanked individuals. Thakor (2020) explained that FinTech creates alternative channels for financial intermediation and strengthens financial inclusion by offering innovative products that bypass traditional banking limitations. Ozili (2018) argued that financial inclusion is positively influenced by digital financial services such as mobile money and electronic banking. The study stated that digital innovation helps in reaching low-income groups by eliminating geographical barriers and reducing dependency on physical bank branches. Further, the research stressed that government support and digital infrastructure play a crucial role in ensuring inclusive growth. Demir et al. (2022) examined the relationship between FinTech development and income inequality and found that FinTech contributes to reducing inequality by expanding access to financial services. The study observed that FinTech adoption improves financial accessibility and enables marginalized groups to participate in formal economic activities. Sahay et al. (2020) reported that FinTech promotes inclusive growth by offering low-cost digital financial services, but also warned about risks such as cyber threats, consumer exploitation, and regulatory gaps. Sharma and Kukreja (2013) identified that awareness and access to banking facilities are key determinants of financial inclusion. Their study emphasized that digital banking services can strengthen inclusion if supported by literacy programs. Singh and Sahni (2020) noted that India's

digital payment ecosystem, particularly UPI, has accelerated financial participation among individuals and MSMEs. Their findings suggest that digital payments reduce dependency on cash transactions and improve transparency in financial dealings. Banna et al. (2021) found that digital financial inclusion is influenced by factors such as mobile accessibility, education, and trust in technology. The study revealed that even when digital tools are available, adoption remains low if users lack confidence and awareness. Similarly, Ryu (2018) analyzed consumer adoption of fintech services and concluded that perceived security and trust significantly affect user intention to adopt digital financial services. Claessens et al. (2018) emphasized that FinTech innovation supports inclusion by introducing digital payment systems and alternative lending models. However, the study noted that effective regulatory frameworks are necessary to prevent fraud and ensure consumer protection. Philippon (2016) argued that technological innovations reduce financial intermediation costs and increase accessibility, but cautioned that inclusion outcomes depend on governance, digital literacy, and market competition. Ha et al. (2025) conducted a systematic review and identified that FinTech has become a major contributor to inclusion through mobile banking, digital credit, and digital insurance. The review highlighted that barriers such as digital literacy, regulatory challenges, and cybercrime restrict the full benefits of fintech inclusion.

STATEMENT OF THE PROBLEM

Although India has achieved remarkable progress in digital financial infrastructure and payment systems, financial inclusion remains uneven across geographical regions and socio-economic groups. Even in economically active districts like Coimbatore, many rural and semi-urban populations face challenges in accessing and effectively utilizing FinTech services. Factors such as lack of digital literacy, unreliable connectivity, low trust in digital transactions, fear of cyber fraud, and language barriers restrict the adoption of fintech-based financial products. Moreover, limited empirical research is available focusing specifically on Coimbatore district regarding the actual impact of FinTech on inclusion indicators such as access, usage, savings habits, and credit availability. Therefore, this study attempts to analyze the awareness, adoption, impact, and challenges of FinTech innovations in Coimbatore district and suggests suitable strategies for enhancing financial inclusion.

OBJECTIVES OF THE STUDY

The objectives of the study are:

- To examine the level of awareness and adoption of FinTech services among respondents in Coimbatore district.
- To analyze the contribution of FinTech innovations towards financial inclusion.
- To compare urban and rural respondents with respect to usage of digital payment and FinTech services.
- To identify the major barriers affecting the adoption of FinTech services.
- To assess the perceived impact of FinTech usage on savings, credit access, and economic activities.
- To suggest suitable strategies for improving FinTech-driven financial inclusion in Coimbatore district.

RESEARCH METHODOLOGY

The study is based on primary data. The data is collected through a well structured questionnaire. A sample of 450 respondents from Coimbatore District has been selected by adopting convenience sampling method. Simple Percentage has been used to analyze the data.

FINDINGS

To present the primary data more systematically, tables have been used for analysis and interpretation. The tables are based on responses collected from 450 respondents

(i) Awareness and Adoption of FinTech Services

Table: 1
Awareness and Adoption of FinTech Services

Level of Awareness	Number of Respondents	Percentage (%)
High Awareness	220	48.9
Moderate Awareness	155	34.4

Low Awareness	75	16.7
Total	450	100

From the above table it is found that most of the 48.8.1% of respondents has high level of awareness on FinTech services. However, 16.7% have low awareness, implying the need for enhanced financial technology awareness campaigns, especially in rural areas.

(ii) FinTech Contribution to Inclusion Indicators

Table: 2
FinTech Contribution to Inclusion Indicators

Inclusion Indicators	Yes (%)	No (%)
Improved Banking Access	86	14
Easier Credit Access	65	35
Increased Usage of Formal Services	76	24
Improved Savings Behaviour	68	32

From the above table it is observed that FinTech improves banking access (86%) and increased usage of formal services (76%). Easier credit access remains lower (65%) indicating that digital lending platforms have not reached all segments effectively.

(iii) Urban and Rural Comparison of FinTech Usage

Table: 3
Urban and Rural Comparison of FinTech Usage

Service	Urban (%)	Rural (%)
Mobile Banking Apps	86	62
Online Loan Platforms	84	60
Digital Payments (UPI/Wallet)	56	34
Digital Insurance	46	22

From the table it is found that urban respondents show higher adoption in all categories. The rural part exhibits lower usage due to infrastructure and awareness constraints.

(iv) Barriers in FinTech Adoption

Table: 4
Barriers in FinTech Adoption

Barriers	Number of Respondents	Percentage (%)
Lack of Digital Literacy	126	28.0
Poor Internet Connectivity	94	20.9
Security and Fraud Fear	96	21.3
Language/Interface problems	54	12.0
Lack of Trust in Platforms	80	17.8
Total	450	100

From the table it is found that digital illiteracy is the leading barrier followed by security and fraud fear, poor internet connectivity, Lack of trust in platforms and language problems.

(v) Impact of FinTech usage of Economic Activities

Table: 5
Impact of FinTech usage of Economic Activities

Impact	Agree (%)	Neutral (%)	Disagree (%)
Increased Savings Habit	72	18	10
Faster Business Transactions	76	18	6
Improved Income opportunities	60	25	15
Better Financial Planning	66	24	10

From the table it is observed that majority of the respondents agree that fintech usage improves business transactions fast followed by saving habit, better financial planning and improve income opportunities.

SUGGESTIONS

- Regular training programs should be conducted by Government, banks, and fintech firms in rural and semi-urban areas.
- Fraud prevention education and stronger authentication systems must be implemented.
- Internet facilities should be improved to enhance rural network coverage to reduce transaction failures
- Apps should include all language support and user-friendly designs for first-time users.
- Digital financial support can be set up in panchayat offices and common service centers.
- Encourage MSME entrepreneurs by providing simplified digital credit and loan platforms

CONCLUSION

FinTech innovations play a major role in strengthening financial inclusion in Coimbatore district by enhancing access to banking services, enabling digital payments, improving savings behavior, and supporting business transactions. However, barriers such as lack of digital literacy, security concerns, and connectivity issues reduce adoption in rural areas. Bridging the urban–rural gap requires a multi-dimensional approach combining digital infrastructure development, awareness training, user-friendly fintech design, and consumer protection. If such strategies are implemented effectively, Coimbatore district can serve as a model for achieving inclusive digital growth aligned with the national vision of Viksit Bharat @ 2047.

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