



# FinTech *for the* Last Mile

Financial Inclusion in the Era of Amrit Kaal

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# **FinTech for the Last Mile : Financial Inclusion in the Era of Amrit Kaal**

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|     |                                                                                                                                                                        |     |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| 30. | DIGITAL CURRENCIES AND THE FUTURE OF INCLUSIVE PAYMENTS<br><b><i>Ms. M. Shanmugapriya &amp; Dr. S.B. Gayathri</i></b>                                                  | 236 |
| 31. | IMPACT OF DIGITAL WALLETS ON SUSTAINABLE LIVELIHOODS : A STUDY OF URBAN VENDORS IN TAMIL NADU<br><b><i>Dr. S. Mahalakshmi</i></b>                                      | 241 |
| 32. | THE IMPACT OF FINANCIAL TECHNOLOGY ON TOURIST EXPENDITURE PATTERNS<br><b><i>Mrs. S. Chidambara Selvi &amp; Mr. B. Nirmal</i></b>                                       | 252 |
| 33. | VIKSIT BHARAT 2047 : BUILDING A FUTURE-READY NATION<br><b><i>Dr. B. Azhagusundari</i></b>                                                                              | 263 |
| 34. | DIGITAL TRANSFORMATION IN INDIAN PUBLIC SECTOR BANKS<br><b><i>Dr. M. Jeeva &amp; Dr. B. Azhagusundari</i></b>                                                          | 271 |
| 35. | DIGITAL FINANCIAL INCLUSION AND ITS ROLE IN THE ECONOMIC EMPOWERMENT OF RURAL WOMEN<br><b><i>Dr. R. Amsaveni</i></b>                                                   | 280 |
| 36. | DIGITAL CURRENCIES AND THE FINANCIAL INCLUSIVE PAYMENTS<br><b><i>Dr. P. Gomathi Devi</i></b>                                                                           | 288 |
| 37. | FINTECH FOR THE LAST MILE : PROMOTING DIGITAL FINANCIAL INCLUSION FOR RURAL DEVELOPMENT<br><b><i>Dr. T. Suriya Prabha</i></b>                                          | 293 |
| 38. | ROLE OF PUBLIC SECTOR BANKS AND REGIONAL RURAL BANKS IN DIGITAL TRANSFORMATION<br><b><i>Ms. S. Vasundharadevi, Dr. M. V. Sathiyabama &amp; Ms. S. Midunarakavi</i></b> | 299 |
| 39. | A DESCRIPTIVE STUDY ON ADDRESSING THE GENDER GAP IN DIGITAL FINANCE<br><b><i>Mr. R. Mothilal Prasath &amp; Dr. T. Vigneshkumar</i></b>                                 | 307 |
| 40. | DIGITAL FINANCIAL INCLUSION AMONG RURAL POPULATION<br><b><i>Ms. M. Gayathri</i></b>                                                                                    | 312 |

# **DIGITAL CURRENCIES AND THE FINANCIAL INCLUSIVE PAYMENTS**

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## **ABSTRACT**

*Digital currencies are emerging as a transformative force in the global financial ecosystem, with significant potential to enhance inclusive payment systems. By leveraging digital technologies such as block chain and mobile platforms, digital currencies enable fast, low-cost, and secure transactions without dependence on traditional banking infrastructure. This makes them particularly valuable for extending financial services to unbanked and under banked populations. Central Bank Digital Currencies (CBDCs), crypto currencies, and mobile-based digital money are reshaping how individuals, businesses and governments conduct payments. Despite their advantages, challenges such as digital literacy gaps, cyber security risks, regulatory uncertainties, and infrastructure limitations remain. This study examines the role of digital currencies in promoting inclusive payments, highlights their benefits and challenges and explores future prospects for achieving equitable access to financial services.*

**Keywords:** *crypto currencies, Central Bank Digital Currencies block chain and mobile platforms*

## **Introduction**

The rapid advancement of digital technology has significantly transformed the global financial landscape. One of the most notable developments is the emergence of digital currencies, which are reshaping how payments are made and received. Digital currencies offer innovative solutions to long-standing challenges in traditional financial systems, particularly in achieving inclusive payments. Inclusive payments aim to ensure that all individuals, including the unbanked and underbanked populations, have access to affordable, secure, and efficient financial services. In this context, digital currencies are increasingly viewed as a powerful tool for promoting financial inclusion and economic participation.

## **Role of Digital Currencies in Inclusive Payments**

Digital currencies play a vital role in promoting inclusive payments by providing affordable, fast, and accessible financial services to all sections of society, especially the unbanked and under banked. They reduce dependence on traditional banking infrastructure and enable peer-to-peer transactions through mobile phones and digital wallets. Digital currencies lower transaction costs, facilitate instant domestic and cross-border payments, and improve transparency and security. They also help governments deliver welfare benefits and subsidies directly to beneficiaries, reducing leakages. Overall, digital currencies support financial inclusion by expanding access to secure and efficient payment systems.

### **Benefits**

#### **1. Financial Inclusion**

Digital currencies allow people without bank accounts to participate in the financial system using smart phones or basic internet access, especially in rural and developing regions.

#### **2. Lower Transaction Costs**

Digital payments reduce intermediaries, leading to lower fees for remittances and cross-border transactions.

#### **3. Speed and Efficiency**

Transactions can be completed instantly or within minutes, unlike traditional banking systems that may take days.

#### **4. Transparency and Security**

Technologies like blockchain provide secure, traceable, and tamper-resistant transaction records, reducing fraud and corruption.

#### **5. Government and Social Payments**

Governments can use digital currencies to distribute subsidies, pensions, and welfare benefits directly to citizens, minimizing leakages.

## **Challenges of Digital Currencies**

### **1. Regulatory and Legal Issues**

Digital currencies often operate without clear legal frameworks. Differences in regulations across countries create uncertainty, making adoption and cross-border transactions difficult.

### **2. Security and Cyber Risks**

Digital currencies are vulnerable to hacking, phishing attacks, and fraud. Loss of private keys or cyber breaches can result in permanent financial loss.

### **3. Lack of Digital Literacy**

Many users, especially in rural and low-income areas, lack the technical knowledge required to use digital wallets and platforms safely.

### **4. Volatility and Price Instability**

Cryptocurrencies, in particular, experience high price fluctuations, making them unreliable as a medium of exchange or store of value.

### **5. Limited Infrastructure and Internet Access**

Digital currencies depend on reliable internet connectivity and smartphones, which are still not universally available.

### **6. Privacy Concerns**

While transactions are digital, some systems allow excessive data tracking, raising concerns about user privacy and surveillance.

### **7. Scalability Issues**

Many block chain networks face challenges in processing large volumes of transactions quickly and at low cost.

### **8. Environmental Impact**

Some digital currencies require energy-intensive mining processes, leading to high electricity consumption and environmental concerns.

### **9. Trust and Acceptance**

Lack of trust among users, merchants, and financial institutions slows adoption, especially where traditional cash systems dominate.

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## **Future Prospects for Achieving Equitable Access to Financial Services**

The future of equitable access to financial services is closely linked to technological innovation, supportive policies, and inclusive financial ecosystems. As digital transformation accelerates, new opportunities are emerging to bridge gaps in access faced by unbanked and under banked populations.

**Digital financial technologies** such as mobile banking, digital wallets, and central bank digital currencies (CBDCs) are expected to expand affordable and real-time access to payments, savings, and credit. These tools reduce dependency on physical bank branches and lower transaction costs, particularly benefiting rural and low-income communities.

**Policy-driven financial inclusion initiatives** will play a critical role. Governments are increasingly promoting digital identity systems, simplified KYC norms, and direct benefit transfer mechanisms. These measures help integrate marginalized groups into the formal financial system while ensuring transparency and accountability.

**Financial literacy and digital education** are set to improve equitable access. Future inclusion strategies emphasize user education, multilingual interfaces, and simplified financial products, enabling individuals to make informed financial decisions.

**Public-private partnerships** between banks, fintech firms, telecom providers, and governments will strengthen inclusive financial infrastructure. Such collaborations can enhance last-mile connectivity and deliver tailored financial solutions for small businesses, women, and informal workers.

**Data-driven and AI-enabled services** will allow financial institutions to assess creditworthiness beyond traditional metrics, opening access to loans and insurance for individuals without formal credit histories.

## **Conclusion**

Digital currencies have emerged as a powerful tool for promoting financially inclusive payment systems by expanding access to secure, fast, and low-cost financial services. They reduce dependence on traditional banking infrastructure and enable individuals, particularly the unbanked and under banked, to participate in the formal financial ecosystem.

Through mobile-based platforms and digital wallets, digital currencies support seamless transactions, cross-border payments, and efficient delivery of government benefits.

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