



FinTech *for the* Last Mile

Financial Inclusion in the Era of Amrit Kaal

Dr. B. Indira Priyadharshini

Mr. A. Prakalathan

Dr. D. Saranya

Dr. M. Nirmala

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

Dr. B. Indira Priyadharshini

Assistant Professor

Department of Commerce (CA), NGM College, Pollachi

Mr. A. Prakalathan

Assistant Professor

Department of Commerce (CA), NGM College, Pollachi

Dr. D. Saranya

Assistant Professor

Department of Commerce (CA), NGM College, Pollachi

Dr. M. Nirmala

Assistant Professor

Department of Commerce (CA), NGM College, Pollachi

First Edition : January 2026

ISBN : 978-93-94004-59-7

Price : Rs. 850/-

Copyright All rights reserved. No part of this book may be reproduced, stored in a retrieval system or transmitted, in any form or by any means, mechanical, photocopying, recording or otherwise, without prior written permission of the author.

Printed at

CAUVERITECH Computerised Print Shop

21/2, Rajamill Road, Pollachi – 642 001.

Ph : 04259 – 221734

E-Mail : cauveritech@gmail.com

19.	DIGITAL MICRO-LENDING AS A TOOL FOR POVERTY ALLEVIATION <i>Dr. G. Vignesh & Ms. D. Sandhiya</i>	138
20.	PROTECTING DATA RIGHTS OF MARGINALIZED GROUPS: PRIVACY, SECURITY & KYC <i>Dr. G. Vignesh & Ms. S. Jeevitha</i>	144
21.	SAFEGUARDING CONSUMERS IN THE DIGITAL ERA <i>Dr. G. Vignesh & Ms. B. Sri Durga</i>	149
22.	INTEGRATING COGNITIVE AND EMOTIONAL INTELLIGENCE FOR IMPROVED STUDENT OUTCOMES <i>Dr. R. Nandhakumar</i>	154
23.	INSTITUTIONAL GOVERNANCE OF INDIA STACK AND ITS ROLE IN DIGITAL INCLUSION <i>Ms. P. Roshini</i>	169
24.	HUMAN-CENTRIC DELIVERY MODELS : BUSINESS CORRESPONDENTS AND COMMUNITY AGENTS <i>Mr. A. Sivabalan</i>	175
25.	FINANCIAL INCLUSION – USAGE OF MOBILE BANKING APPS AND UPI- A STUDY AT POLLACHI TOWN <i>Mr. T. Sivagnana Selvakumar</i>	180
26.	BRIDGING THE DIGITAL DIVIDE : DIGITAL FINANCIAL INCLUSION FOR MARGINALIZED COMMUNITIES IN THE ERA OF AMRIT KALAL - SUSTAINABLE AND GREEN FINANCE THROUGH DIGITAL CHANNELS <i>Ms. S.S. Shanthi</i>	194
27.	AN EMPIRICAL STUDY ON DIGITAL FINANCIAL INCLUSION AMONG MARGINALIZED COMMUNITIES IN THE ERA OF AMRIT KAAL <i>Ms. P. Divyabharathi</i>	204
28.	DIGITAL CONSUMERISM AND CROSS-CULTURAL BUYING BEHAVIOUR : A STUDY AMONG YOUNG ONLINE SHOPPERS IN TIRUCHIRAPPALLI <i>Rev. Sr. J. Jeyaseeli</i>	211
29.	BRIDGING THE DIGITAL LITERACY GAP : THE ROLE OF SELF-EFFICACY IN GEN Z'S FINANCIAL PRACTICES <i>Mr. A. Saravanan & Dr. G. John</i>	223

DIGITAL MICRO-LENDING AS A TOOL FOR POVERTY ALLEVIATION

Dr. G. VIGNESH

Associate Professor & Head – PG Department of Commerce IB, NGM College

Ms. D. SANDHIYA, Student, PG Department of Commerce IB, NGM College

ABSTRACT

Digital micro-lending has gained prominence as an innovative financial mechanism to enhance social security and financial inclusion among the poor. By utilizing digital platforms, mobile technologies, and financial solutions, digital micro-lending enables low-income and marginalized populations to access small-scale credit with greater speed, convenience, and reduced transaction costs. This form of lending plays a crucial role in addressing the financial vulnerabilities of the poor, particularly those engaged in informal employment who often lack access to formal social security systems.

The integration of digital micro-lending with social security initiatives can support income stabilization, consumption smoothing, and livelihood sustainability, especially during economic shocks and emergencies. It also facilitates greater transparency, efficiency, and outreach in the delivery of financial services. However, challenges such as digital exclusion, limited financial literacy, data privacy risks, and the potential for over-indebtedness pose significant concerns for vulnerable borrowers. This paper examines the role of digital micro-lending in strengthening social security for the poor, analysis its opportunities and limitations, and highlights the need for appropriate regulatory frameworks and inclusive digital policies to ensure equitable and sustainable outcomes.

Digital micro-lending has emerged as a critical innovation in the evolving landscape of financial inclusion and social security for the poor. With the rapid expansion of digital technologies, including mobile phones, digital payment systems, and financial applications, micro-lending services have become more accessible to low-income households, informal workers, women, and other marginalized groups who are often excluded from traditional banking systems.

Keywords : *Digital micro-lending, Financial inclusion, Social security, Fintech, Poverty alleviation, Vulnerable populations, Digital payments, Consumer protection, Financial literacy, Inclusive development*

INTRODUCTION:

Digital micro-lending has emerged as a transformative tool for expanding financial inclusion and strengthening social security mechanisms for the poor, particularly in developing countries. By leveraging mobile technology, finance forms, and digital payment systems, digital micro-lending provides small, short-term loans to individuals who are traditionally excluded from formal banking due to lack of collateral, credit history, or stable income. These digital financial services enable low-income households, informal workers, and marginalized communities to access timely credit for consumption smoothing, livelihood support, healthcare, education, and emergency needs.

In the context of social security, digital micro-lending complements government welfare schemes and social protection programs by offering flexible financial support that can bridge gaps in income and address sudden shocks. Digital platforms reduce transaction costs, enhance transparency, and improve the efficiency of service delivery, making financial assistance more accessible and affordable for the poor. Moreover, the integration of digital micro-lending with digital identities, mobile wallets, and direct benefit transfer systems has the potential to strengthen social security networks by promoting financial resilience and economic empowerment. However, while digital micro-lending offers significant opportunities, it also raises concerns related to over-indebtedness, data privacy, digital literacy, and unequal access to technology. Therefore, understanding the role of digital micro-lending within broader social security frameworks is essential to ensure that these innovations contribute effectively to poverty reduction, inclusive growth, and sustainable development.

DIGITAL MICRO-LENDING:

Digital micro-lending refers to the provision of small-value loans to individuals and micro-entrepreneurs through digital platforms such as mobile apps, online portals, and fintech services. It uses technology, data analytics, and digital payment systems to assess creditworthiness and disburse loans quickly, often without traditional collateral. This system

primarily targets low-income groups and financially excluded populations, helping them meet emergency needs, support self-employment, and manage day-to-day expenses.

FINANCIAL INCLUSION:

Financial inclusion refers to the process of ensuring access to affordable and appropriate financial services such as savings accounts, credit, insurance, and payment systems for all sections of society, especially low-income and marginalized groups. It aims to integrate the unbanked population into the formal financial system, thereby promoting economic participation and social security. Through initiatives like digital banking, mobile payments, and government welfare schemes, financial inclusion helps reduce poverty, encourage savings, support entrepreneurship, and enhance financial stability. Effective financial inclusion requires supportive policies, technological innovation, and financial literacy.

SOCIAL SECURITY:

Social security refers to the protection provided by the state or institutions to individuals and families against economic and social distress caused by events such as unemployment, old age, sickness, disability, and poverty. It includes measures like pensions, health insurance, maternity benefits, unemployment assistance, and welfare schemes. The main objective of social security is to ensure a minimum standard of living, reduce inequality, and promote social justice.

FINTECH:

Fintech, short for financial technology, refers to the use of modern technology to deliver financial services in a faster, more efficient, and user-friendly manner. It includes digital payments, mobile banking, online lending, crowdfunding, and blockchain-based services. Fintech improves access to financial services, reduces transaction costs, and enhances financial inclusion, especially for underserved populations. By combining innovation with finance, fintech has transformed traditional banking and plays a key role in the digital economy.

POVERTY ALLEVIATION:

Poverty alleviation refers to the policies, programs, and strategies aimed at reducing poverty and improving the living standards of poor and

vulnerable sections of society. It focuses on providing basic needs such as food, shelter, education, healthcare, and employment opportunities. Government initiatives, social security schemes, skill development, financial inclusion, and income-generating activities play a major role in poverty alleviation. The ultimate goal is to empower individuals, reduce inequality, and promote sustainable economic and social development.

VULNERABLE POPULATIONS:

Vulnerable populations refer to groups of people who are at a higher risk of social, economic, or health disadvantages due to factors such as poverty, age, gender, disability, unemployment, or social exclusion. This includes children, the elderly, persons with disabilities, migrants, informal workers, and low-income households. These groups often face limited access to education, healthcare, financial services, and social protection. Addressing the needs of vulnerable populations through targeted welfare policies, social security measures, and inclusive development programs is essential for reducing inequality and promoting social justice.

DIGITAL PAYMENTS:

Digital payments refer to the transfer of money through electronic modes without the use of cash. They include methods such as mobile wallets, UPI, debit and credit cards, internet banking, and QR code payments. Digital payments offer convenience, speed, and transparency, reducing transaction costs and improving efficiency. They promote financial inclusion by enabling easy access to financial services, support government initiatives like direct benefit transfers, and help reduce corruption and cash-related risks in the economy.

CONSUMER PROTECTION:

Consumer protection refers to the laws, regulations, and measures designed to safeguard consumers from unfair trade practices, fraud, misleading advertisements, and exploitation. It ensures the rights of consumers such as the right to safety, information, choice, and redressal. Effective consumer protection promotes transparency, accountability, and ethical behavior among businesses. In the digital economy, strong consumer protection is essential to address issues like data privacy, online fraud, and unfair contract terms, thereby building trust and confidence among consumers.

FINANCIAL LITERACY:

Financial literacy refers to the ability of individuals to understand and effectively use financial knowledge and skills related to budgeting, saving, investing, borrowing, and managing money. It helps people make informed financial decisions, avoid excessive debt, and plan for future needs. Financial literacy is especially important for low-income and vulnerable groups to improve financial stability and participation in the formal financial system. Enhanced financial literacy supports financial inclusion, consumer protection, and overall economic well-being.

INCLUSIVE DEVELOPMENT:

Inclusive development refers to a development approach that ensures economic growth benefits all sections of society, especially the poor and marginalized groups. It focuses on equal access to opportunities, resources, and services such as education, healthcare, employment, and finance. Inclusive development aims to reduce inequality, promote social justice, and improve the quality of life for vulnerable populations. By integrating economic growth with social welfare, inclusive development supports sustainable and balanced national progress.

CONCLUSION:

Digital micro-lending represents a significant shift in the way financial services are delivered to the poor and marginalized sections of society. By combining technology with finance, it has reduced traditional barriers such as lack of collateral, complex procedures, and geographical limitations, thereby enabling wider access to credit. Alongside financial inclusion, digital micro-lending supports social security by helping individuals manage income shocks, meet emergency expenses, and sustain livelihood activities, especially in the informal sector. Never the less, the rapid growth of digital lending also raises concerns related to borrower protection, transparency, and long-term financial sustainability. Issues such as aggressive recovery practices, misuse of personal data, and limited awareness among borrowers highlight the need for effective regulation and oversight. Strengthening consumer protection frameworks and promoting financial literacy are crucial to ensure that borrowers can make informed decisions and avoid debt traps. In the broader development context, digital micro-lending should not be viewed as a standalone solution but as a complementary tool to social security systems, poverty alleviation programs, and inclusive development strategies. When aligned with

government welfare initiatives, digital identification systems, and digital payment infrastructure, it can enhance efficiency, accountability, and reach.

REFERENCE:

1. World Bank (2014). Global Financial Development Report: Financial Inclusion. World Bank Publications, Washington, DC.
2. Reserve Bank of India (RBI) (2022). Report on Trend and Progress of Banking in India. RBI, Mumbai.
3. OECD (2018). Financial Consumer Protection and Financial Inclusion. Organisation for Economic Co-operation and Development, Paris.
4. United Nations (2016). Leaving No One Behind: The Imperative of Inclusive Development. United Nations Development Programme (UNDP).
5. Ghosh, S. (2019). "Digital Finance and Financial Inclusion in India." *Journal of Social and Economic Development*, Vol. 21, No. 1.
