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Impact of Fintech on Financial Inclusion and Economic Development

Akriti Bajpai

Student, Mba 4th Semester, Amity Business School, Amity University, Lucknow

Dr. Manoj Pandey

Professor, Amity Business School, Amity University, Lucknow

Abstract

In India, where a sizable portion of the population is still not financially involved, the study looks at the connection between individual financial behavior and mobile financial services. Using an instrumental approach to address the endogeneity related to the use of mobile financial services. Using a variable approach, the study concludes that using mobile financial services raises the probability of borrowing from traditional financial institutions, investing, and getting insurance. The report also emphasizes how having access to mobile financial services could help decrease the gender gap in financial inclusion. Pandemic-induced poverty may be somewhat mitigate by accelerating access to mobile banking services

1. Introduction

Financial technology, or Fintech, has become a disruptive force in the global financial scene, changing how businesses and consumers obtain and use financial services. Fin tech has greatly improved financial inclusion by utilizing digital breakthroughs like digital payments, block chain, mobile banking, and artificial intelligence. This is especially true for underserved and unbanked groups. The practice of guaranteeing access to convenient and reasonably priced financial services, or financial inclusion, is essential to promoting economic growth. High operating expenses and limited infrastructure have made it difficult for traditional banking institutions to reach low-income and rural populations. By providing affordable, effective, and user-friendly financial solutions, fin tech fills this vacuum. Participation in the official financial system has been made possible for individuals and small enterprises through digital credit platforms, peer-to-peer lending, and mobile wallets.

The ownership of bank accounts varies significantly between developed and developing nations (Global Findex Report, 2018). Furthermore, Bangladesh, China, India, Mexico, Kenya, and Nigeria are home to about half of the world's unbanked population. The body of existing literature suggests that a rise in welfare is correlated with financial inclusion¹. Financial inclusion promotes economic growth (Sahay et al., 2015), lowers poverty in developing nations (Burgess and Pande, 2005), lessens inequality (Demirguc-Kunt and Levine, 2009; Neaime and Gaysset, 2018), and lowers carbon emissions (Renzhi and Baek, 2020) at the macroeconomic level.

The three most notable microeconomic outcomes include improved children's results (Duflo, 2003), women's role in the home (Ashraf et al., 2010), and health outcomes (Prina, 2015) as a result of financial inclusion for women. Studies have looked at what policies can promote quicker financial inclusion in light of empirical evidence of the many beneficial benefits of financial inclusion on economic outcomes. Research indicates that having more robust legal protections, being close to financial institutions, and Access to the use of bank accounts are facilitated by a stable political climate (Allen et al., 2016); financial inclusion can also be enhanced through financial literacy (Grohman et al., 2018); and social trust enhances the utilization of basic financial services (Xu, 2020). Policymakers now believe that financial technology (fintech) and digital financial services (DFS)

have the potential to accelerate financial inclusion in developing nations by lowering transaction costs, boosting trust, and speeding up transactions. In Africa, mobile financial services boost people's chances of saving money and their total savings (Ouma et al., 2017; Loaba, 2021). Fanta and Makina (2019) discover that mobile phone use and internet access lead to an increase in the use of ATMs and other financial services in African nations. Ghosh (2017) discovered that bank account ownership is more common among mobile phone users in India than among non-users. There is currently little data on mobile phone use for financial transactions and how it affects financial results, particularly outside of Africa. In the framework of a developing nation like India, which is home to a sizable fraction of the world's economically excluded population, this study aims to answer this question.

According to this study, using mobile financial services increases the possibility of investing and borrowing from official Indian institutions, as well as the likelihood of obtaining insurance. Additionally, the relationship is often the same for both genders and age groups, implying that mobile financial services' beneficial effects might not be exclusive. The study's conclusions highlight how crucial it is to speed up digital financial services in order to increase the nation's rate of financial inclusion. The purpose of this study is to investigate how fintech affects financial inclusion and its wider effects on economic growth. This study will provide light on how fintech can be used to create a stronger and more inclusive financial system by examining case studies, technology developments, and legislative frameworks. A revolutionary age for the global financial landscape has begun with the emergence of financial technology, or fintech, which has significant ramifications for economic growth and financial inclusion. Here is a broad overview of this exciting subject.

Enhancing Financial Inclusion through Digital Banks and Alternative Lenders:

1. Online Resources:

Financial inclusion is greatly advanced by digital platforms, as consumers who are used to their speed, convenience, and personalized services come to expect the same from banks. These platforms facilitate numerous daily financial activities, raising consumer anticipations. The network connectivity and advanced data features that digital platforms provide make the operational cost savings they provide significant. Digital banks have an economic advantage over traditional banking models since they may function with significantly lower overheads

because they are not burdened with the cost of maintaining vast physical branch networks. In sharp contrast to traditional banks' cost structures, digital banks are able to provide more affordable rates and fewer fees due to their simplified efficiency. Customers who would not normally have access to financial services can now do so. The case study serves as an example of how the shift from traditional to digital banking has significantly increased financial services, reaching underserved and remote regions such as rural Kenya and Mozambique. This change has had a particularly significant effect on people that were formerly marginalized by traditional financial institutions.

2. Learning Machines:

Another innovative technology that improves access to financial services is machine learning (ML). Machine learning, a subset of artificial intelligence (AI³²), is a "process of creating a series of steps to address an issue, called algorithms, which optimize automatically via experience and with minimal or nonexistent human involvement. ML is capable of spotting patterns in huge, comprehensive datasets derived from many and unique sources, including social media activity, viewing preferences, and Internet search behaviors. Conventional scoring models, which mostly rely on credit ratings derived from past payments and transactions, are challenged by machine learning Traditional credit scoring models, which are based on small, organized data sets, frequently result in financial exclusion by ignoring people with little to no credit history, such as young adults.

3. LLMs, or large language models-

Large Language Models (LLMs) are the next topic I discuss. LLMs are a type of artificial intelligence (AI) that have developed into powerful tools for a range of uses, including query answering, machine translation, and natural language processing (NLP). How do LLMs receive training? By managing and LLMs gain a thorough understanding of the language by reading a large amount of text, which enables them to formulate rational and pertinent answers to the situation. LLMs are used in the financial sector to evaluate and manage risks by examining large historical records from the business to identify possible threats and recommend countermeasures using a variety of financial algorithms. This enables alternative lenders and digital banks to use LLMs to make better-informed evaluations of higher quality, like more precise credit

OBJECTIVE OF THE REPORT:-

The purpose of this paper is to examine how financial technology, or fintech, affects economic growth and financial inclusion.

- It investigates the ways in which fintech innovations like peer-to-peer lending, digital payments, mobile banking, and blockchain technology are fostering economic growth and closing financial gaps.
- The report assesses fintech's impact to job creation, investment prospects, and economic resilience in addition to its role in increasing access to financial services, particularly for marginalized communities.
- The research also outlines the difficulties fintech confronts, such as cybersecurity risks, regulatory obstacles, and impediments to digital literacy, and offers suggestions for optimizing its potential to promote equitable economic advancement.

Variables and data

Data from Kantar's Financial Inclusion Insights (FII) program, which is funded by the Bill and Melinda Gates Foundation, is used in the study. The FII initiative in eight Asian and African nations, a nationally representative poll is carried out. The most recent sixth wave of India's FII program serves as the basis for our study. The study considers three financial outcomes to reflect the investment, credit behavior and risk management practices of individuals. The first outcome is whether the individual is investing in financial products. The Investment variable is a binary outcome that takes the value one if the individual invested in either local shares, foreign shares, bonds, chit funds, land or gems, and jewellery. The second outcome variable is Insurance which takes the value one if the individual has life insurance and zero otherwise. The third outcome is related to the borrowing behavior of individuals. The Borrowing dummy takes the value one if the individual borrowed from formal financial institutions like any bank, post-office, using a card, self-help group or microfinance institutions and zero for borrowing from moneylenders or friends and relatives.

Three financial outcomes are taken into account in the study to represent people's credit, risk management, and investing habits. Whether the person is investing in financial products is the first result. A binary result, the investment variable takes the value one if the person made investments in jewels, bonds, chit funds, land or stones, local or international shares, or both. If the person has life insurance, the value of the second outcome variable, insurance, is one; if not, it is zero. The third result has to do with people's borrowing habits.

The use of mobile financial services (MFS) variable, a dummy variable, is the interest variable. It takes the value one if the person used a mobile device to send or receive money, and zero otherwise. We account for a number of socioeconomic factors, such as age, degree of education, owning a bank account, marital status, gender, household income, religion, state, and place of residence. Fintech is the umbrella term for the use of technology to provide financial services, such as online banking, digital lending, mobile payments, and cryptocurrencies. Financial inclusion is the term used to describe how people and organizations, especially those who have historically been shut out of the official financial system, can access and use reasonably priced financial services. Economic development refers to long-term enhancements in a country's or region's financial health, such as higher production, the creation of jobs, and a decrease in poverty. Financial inclusion and financial technology (FinTech) have grown in importance as strategies to combat poverty, lessen income disparity, and spur economic expansion.

The results also point to significant writers, organizations, and works that have influenced the conversation, patterns of international cooperation, and new study topics and trends. It is recommended that policymakers cultivate an environment that supports FinTech's expansion and integration, while future research avenues ought to concentrate on how digital financial services affect marginalized groups, alternate financing options, and the potential of cutting-edge technologies to promote financial inclusion and economic growth. In order to handle the potential and problems brought about by the quick uptake of digital financial services and support equitable and sustainable economic development, this research emphasizes the significance of interdisciplinary collaboration, international cooperation, and vigilance.

Issues with Regulations Raised by New Business Models:

1. Security and Privacy of Data:

The expansion of alternative financing and digital banking emphasizes data security and privacy as major regulatory issues. These methods collect a lot of financial and personal data via digital platforms and analytics. Although helpful for individualized services and credit

Nevertheless, this prompts worries about misuse and violations of data privacy. Large corporations like Verizon, Amazon, and Samsung have made the decision to prohibit their employees from using ChatGPT due to worries about the potential risk of disclosing private data on OpenAI's servers, making these significant data hazards most obvious. These technology' susceptibility to hackers is one of their main risks. Financial institutions run the danger of serious data breaches that reveal private information like bank account information and credit history since they are popular targets for hackers. Such violations may lead to lead to substantial financial obligations.

2. Fairness and Bias:

Reliance on machine learning algorithms carries a high risk of bias and unfair and/or discriminating results. The biases of the training data are reflected in the algorithms employed for risk assessment and credit scoring. If there is historical bias or skewness in this data, It may result in the LLM or machine learning algorithm sustaining or even exaggerating these prejudices, which could lead to discriminating results. Due to geographic considerations or other individual characteristics, machine learning models may still generate discriminatory results that unintentionally link to characteristics like gender, color, or religion. The possibility exists. Because artificial intelligence (AI) and machine learning-based systems may also fail to recognize new dangers and events because they may train too heavily on past events. This also holds true for LLMs, which have certain inherent flaws. LLMs may display these biases by producing harmful outcomes that reflect the dataset if it contains "biased or inaccurate information. For instance, a machine learning model trained on historical loan data may unintentionally come to link particular demographics to increased risk if such groups had historically.

3. Regulatory Lag:

In the financial sector, technological advancement frequently lags behind regulatory growth. Digital banks and other lenders regularly use cutting-edge technologies. operate in regions where

there is a lack of regulatory guidelines, which might result in risks and uncertainties. Keeping up with these quick advances in technology is a big problem for regulators.

Because FinTech technologies are always changing, traditional regulatory approaches— which are sometimes strict and prescriptive find it difficult to adapt. This delay may result in a regulatory void where new goods and services are allowed to function without sufficient supervision, which could endanger consumers or pose systemic hazards. Regulators risk regulatory arbitrage if they don't quickly adjust to these changes. Adopting more adaptable, principle-based regulatory strategies that establish general goals and standards as opposed to prescriptive regulations is one option to address this issue.

4. Innovation and Regulation in Balance:

The need for appropriate regulation and checks and balances is growing as the financial sector adopts digital transformation more and more. These checks and balances are not merely putting punitive constraints or supervisory regimes on irresponsible institutions or lenders. It entails creating an atmosphere in which regulatory frameworks and technology developments coexist together. How can authorities accomplish this without impeding FinTech innovation? In this context, adaptive regulation strategies are essential. In order to protect consumer interests and uphold new business models and technology, such those offered by digital banks and alternative lenders, policymakers should be adaptable enough to stability of finances. Regulators are required to "evaluate whether opportunities for regulatory arbitrage have emerged and whether FinTech-related risks are adequately dealt with under the existing regulatory framework." Furthermore, there is a rising need for principles-based rules that are independent of technology. This implies that rules ought to concentrate more on the results that technology produces than on its intricacies.

The study's goals:

A substantial and varied corpus of research has surfaced on the subject as a result of the increased interest in FinTech and financial inclusion. But being aware of the extent, patterns, and important conclusions of this study continue to be difficult to obtain because of the field's interdisciplinary nature and the quick speed at which technology is developing. By methodically

mapping the research landscape and identifying trends in publication output, citation activity, authorship, and study themes, bibliometric analysis can assist in addressing this difficulty.

This bibliometric analysis's goal is to present a thorough summary of the literature on how digital financial services support financial access and economic progress. The study specifically seeks to:

1. Determine the primary research themes and new areas of interest in the subject.
2. Examine the patterns in the number of publications and citations over time.
3. Evaluate how publications and research collaborations are distributed geographically.
4. Honor the most significant writers, organizations, and publications in the area.
5. Find out which articles have received the most citations and their key conclusions.
6. Identify research gaps and possible directions for further study.

Study's Scope:

This study concentrates on the function of digital financial services in advancing financial technology even if FinTech includes a broad spectrum of technological advancements in the financial sector. economic growth and financial accessibility. Mobile money, digital payments, peer-to-peer lending, crowdfunding, and other technology-driven financial services that are available via digital platforms like computers, smartphones, and other internet-enabled devices are all considered digital financial services, which is a subset of fintech. It aids in advancing economic growth and financial accessibility. The bibliometric analysis also considers the fact that research on FinTech and financial inclusion is multidisciplinary, involving disciplines like business, development studies, information systems, economics, and finance. The study intends to offer a thorough and nuanced overview of the research landscape on the role of digital financial services in society by concentrating on the convergence of different disciplines encouraging economic growth and financial access.

Literature review

The financial environment is being significantly influenced by financial technology, or FinTech, especially in terms of encouraging financial accessibility. Rapid developments in digital technology have made it possible for a wide range of creative solutions to remove obstacles to financial access and promote economic growth. By examining important discoveries, patterns, and research gaps, this overview of the literature seeks to give readers a thorough grasp of the body of knowledge about FinTech and financial inclusion. This study establishes the framework for a bibliometric analysis by examining the state of the field and emphasizes how crucial it is to comprehend how digital financial services affect financial access and economic growth. In the late 20th century, the term "FinTech" was initially used to describe technical advanced automated trading systems and

According to Gomber et al. (2017), automated teller machines (ATMs) are transforming conventional banking and financial services. Financial process automation defined the early phases of FinTech, which later came to be associated with the digitization of the financial sector (Zavolokina et al., 2016). The development of digital financial services in the early 21st century was spurred by the development of the internet and mobile technologies, which made it possible to provide financial services to underserved communities (GSMA, 2017). For example, mobile money transformed how people in developing nations accessed and managed their money by offering a convenient and reasonably priced substitute for traditional banking (Jack and Suri, 2014). Also readily available substitute for conventional banking (Jack and Suri, 2014). With the ongoing growth of FinTech breakthroughs, the possibility of using digital technology to encourage financial inclusion grew more and more obvious. The World Bank (2014) emphasized the significance of digital financial services in empowering marginalized communities and promoting economic progress, as well as the role that FinTech plays in speeding up financial access. This signaled the start of a new age in which financial inclusion and FinTech grew closely intertwined.

In the framework of technology adoption models, the spread of digital financial services has been thoroughly investigated. Davis (1989) developed the Technology Acceptance Model (TAM), and Venkatesh et al. (2003) developed the Unified Theory of Acceptance and Use of Technology (UTAUT).

These models highlight how users' attitudes and intentions toward digital financial services are shaped by perceived utility, perceived ease of use, and social impact. Karjaluoto and Shaikh (2015). Research on financial inclusion has concentrated on identifying the factors that influence and hinder access to financial services. Two popular frameworks for evaluating the degree of financial inclusion are the Access, Usage, and Quality (AUQ) framework (Cull et al., 2009) and the Financial Inclusion Index (Global Findex) (Demirgüç-Kunt et al., 2018). In order to support financial access and economic development, these frameworks place a strong emphasis on the necessity of easily available, reasonably priced, and superior financial services. The beneficial effects of digital financial services on financial access are being highlighted in an increasing amount of literature. For instance, Suri and Jack (2016) discovered that mobile money usage greatly expanded financial access in Kenya, especially for rural and female populations. Likewise, Batista and Vicente (2018) showed how Mozambique's adoption of mobile banking enhanced low-income people's access to finance.

The use of FinTech in fostering crisis management and financial resilience is another topic of interest in the literature. The interconnectedness of financial systems has increased.

Although intricate, it is essential to comprehend how digital financial services may assist people and organizations in managing and recovering from economic disasters. Rapid and focused reactions to pandemics, natural catastrophes, and economic crises have been made possible by FinTech advances, especially digital payment systems.

For example, governments all over the world used digital financial services to provide social safety net payments and emergency cash transfers to communities that were at risk during the COVID-19 pandemic (Gentilini et al., 2020). Another crucial topic of study is how FinTech solutions may help people and businesses handle financial risks more effectively, hence fostering financial resilience.

According to studies, digital financial services like peer-to-peer lending platforms and mobile money can assist people and SMEs in managing their cash flow and diversifying their sources of revenue. increases their capacity to withstand economic shocks by allowing them to access emergency funding and flows. Another crucial area of research is how FinTech affects the overall stability of the financial system. While some research suggests that FinTech innovations can enhance financial stability by reducing reliance on traditional intermediaries and increasing

competition (Liang et al., 2017), other studies highlight the potential risks and issues including fraud, systemic hazards, and cybersecurity concerns that come with the quick expansion of digital financial services (Brière et al., 2020).

Inclusive Growth and Financial Inclusion: An Examination of Current Empirical Data:-

Leora Klapper, Dorothe Singer, and Asli Demirgüç-Kunt examine the data in their Global Findex Database (2014, 2017) to examine some of the findings, the difficulties that arise in achieving broader financial inclusion, and the field's future course. By helping people invest in their future through education and new ventures, facilitating their consumption through safer and more efficient transactions, and educating and assisting people in managing their financial risks related to job loss or the death of a breadwinner, the authors suggest that financial inclusion can help reduce poverty and, ideally, prevent more people from falling into poverty in the first place. Although the Global Findex Database (2014, 2017) indicates that 69% of people worldwide own an account, the article highlights differences between economies, noting that high-income OECD nations have 94% account ownership while underdeveloped nations only have 54%. Additionally, it is discovered that although there is no gender disparity in high-income OECD nations, there is still a 9 percentage-point gap in developing nations. The authors also point out that there are significant differences between these developing regions: in the Middle East, account penetration is only 14%, whereas in East Asia and the Pacific, it is 69%. This paper also examines the significance of a mobile money account, and the authors note that whilst, of It's interesting to note that this statistic differs significantly between Sub-Saharan Africa and Kenya, where 23% and 58% of adults, respectively, have a mobile money account. According to reports, the comparatively high penetration of mobile money accounts should aid in publicizing possible economic gains when talking about the advantages of financial inclusion and digital payments. The advantages of financial inclusion in poor nations are covered in detail in this study, along with how this can help to explain the trend in economic thinking away from microloans and toward financial inclusion. There are reportedly advantages for all parties when cash payments are replaced by digital payments made through accounts, whether they are made to or from banks or governments. According to data from the Global Findex Database

(2014, 2017), 90% of utility payments and the majority of other non-utility payments are still made in cash in developing nations, whereas 95% of payments in high-income OECD countries are made digitally.

Materials and techniques:

A pre-formulated search query was used to conduct the inquiry within the Scopus database, and the findings that were obtained were loaded into software for reference management. A mix of keywords and concepts that are frequently used in studies examining the relationship between financial technology and financial inclusion were utilized to create the search string for this investigation. These keywords are intended to encompass the wide range of ideas in the field of fintech and its contribution to poverty alleviation and economic growth. Because it offers a thorough and inclusive search throughout the fields of sciences, business, management, and accounting, computer science, and environmental science, this method of query creation is in line with best practices in bibliometric analysis. Classifying documents— more especially, including conference papers and articles

Bridging the Financial Divide:

A Bibliometric Analysis on the Role of Digital Financial Services is the study topic for which the provided search term is intended to conduct a bibliometric analysis. within FinTech to Promote Economic Development and Financial Inclusion. To guarantee the retrieval of pertinent material for the analysis, the search string is built using a combination of keywords, filters, and Boolean operators. PRISMA assertion. The search results were carefully refined using the "Preferred Reporting Items for Systematic Reviews and Meta-Analysis" (PRISMA statement) after the search string was applied (Page et al., 2020; Haddaway)(2022). Fig. 1 illustrates this complete process. Adopting the PRISMA statement was justified by its ability to improve reliability across a variety of reviews, its recommendation based on its comprehensiveness, and the recent increase in its use in many bibliometric studies.

Business, management, and accounting; computer science; social facts:

The predetermined standards and filters were used to reduce the search results to a more digestible set of pertinent documents that can be reviewed or analyzed further After data cleansing and the application of additional filters, 209 documents were excluded, leaving 697

entries. Two reports were excluded because their abstracts were not available, but 695 publications and abstracts in all were judged eligible. In the end, 695 studies were included in the bibliometric analysis after meeting the inclusion criteria. For a thorough analysis, the reliable bibliometric analysis tool Bibliometrix was used in this study. A variety of elements should be included in bibliometric analysis, such as descriptive and cooperative network analyses such as bibliographic coupling, cocitation, and Biblioshiny is used for results analysis. The analysis first started with the creative application of Biblioshiny, a potent and easy-to-use web application that makes the bibliometric procedure simpler. Researchers may more efficiently analyze complicated patterns and trends in the extensive body of academic literature thanks to this cutting-edge tool, which simplifies the extraction, organization, and visualization of complex research data. Our study explores the FinTech and financial inclusion environment by utilizing Biblioshiny's capabilities. By doing so, we uncover insightful information and promote a broader comprehension of how digital financial services are changing access to financial resources and propelling economic development.

Production and most important journals in FinTech and financial inclusion. The provided Fig. 2 represents a research production on the role of digital financial services in promoting financial access and economic development. It highlights the number of articles published per year on financial technology (FinTech) and financial inclusion in the most important journals in the field, spanning from 2010 to 2023. The data reveals an increasing trend in the number of published articles, which indicates a growing interest in the subject matter. This can be attributed to rapid advancements in financial technology and the increasing recognition of the importance of financial inclusion in achieving economic growth and poverty reduction. Between 2010 and 2014, the research field experienced a slow but steady increase in the number of published articles, reflecting the early stages of exploration in the field. In 2015, there was a slight decrease in the number of articles, potentially due to fluctuations in research interest or funding.

However, there was a notable increase in publications between 2016 and 2021, which demonstrated the quick development of FinTech solutions and the expanding knowledge of their capacity to advance financial inclusion. This pattern persisted in 2022, when there was a sharp rise in the quantity of articles. This could be explained by the growth of FinTech applications and

studies on their effects on financial inclusion, as well as the topic's increasing significance in relation to sustainability and economic development.

It's crucial to remember that there are only 77 articles in the 2023 data. It is anticipated that there will be more publications by the end of the year because the year is not yet over.

The Global Findex Database 2017: Assessing the Fintech Revolution and Financial Inclusion:

Klapper led a group including Dorothe Singer, Saniya Ansar, and Jake Hess in developing a database and report that encapsulated the impact of the financial technology revolution on global financial inclusion, under the direction of Asli Demirgüç-Kunt. The report details account ownership by economy, regions with no banking infrastructure, how various economies pay, how accounts are used, the amount of credit, savings, and financial resilience, and the opportunities that the digital era is bringing about for advancing financial inclusion. Since Klapper established the Global Findex Database in 2011, it has received more than 40,000 press citations. According to the research, 69% of adults worldwide have a bank account, up from 58% in 2011 and 62% in 2014. This means that 515 million adults globally now have access to financial resources that can support economic growth. This increase was especially noticeable in Sub-Saharan Africa, where 21% of adults now have a mobile money account, about doubling the percentage reported in the 2014 survey, according to Klapper and the report. Additionally, it was discovered that 52% of individuals had transmitted digital payments, which is 10% higher than the 2014 figure. China has seen the biggest gains, with 57% of adults using financial technology to pay their bills, which is double the 2014 figure. Crucially, the report points out that women have not kept up with males in terms of financial inclusion increases worldwide; only 65% of women have established accounts, while 72% of men have done so. Additionally, Klapper notes that financial inclusion varies by income level. Among China's 200 million rural residents who do not have access to the official financial system, financial involvement was 13 percentage points higher among the highest 60% of household incomes.

CONCLUSION

By promoting financial inclusion and economic growth, the development of financial technology, or fintech, has drastically changed the worldwide financial scene. Peer-to-peer

lending, digital payments, mobile banking, and blockchain developments have all helped underserved communities, especially in developing nations, get access to financial services. Fintech has made it easier for people and enterprises to engage in the economy by lowering transaction costs, increasing financial accessibility, and encouraging innovation. Fintech's contribution to entrepreneurship, investment growth, and job creation makes its significance in economic development clear. It has improved productivity and economic resilience by making credit and capital available to small and medium-sized businesses (SMEs). Financial institutions may now offer a wider range of customers thanks to fintech's introduction of alternative credit-scoring methods, simplification of financial services, and facilitation of cross-border transactions.

The fintech revolution has many advantages, but it also has drawbacks. To promote sustainable and equitable fintech-driven growth, issues like cybersecurity threats, data privacy concerns, regulatory uncertainties, and digital literacy gaps must be addressed. Governments, banks, and internet companies need to work together to create strong regulatory frameworks that strike a balance between consumer protection and innovation. To sum up, the incorporation of digital platforms, machine learning, and LLMs into digital banks and alternative lenders signifies a significant paradigm change

towards more accessible financial services as well as a technological advancement. These developments have created opportunities for certain of the populace that was previously shut out of conventional banking systems. This is a major step in the direction of financial inclusion for everybody. These developments are not without challenges, though. They provide complex concerns about algorithmic bias, data privacy, security, accountability, and the rate of regulatory change. This study has looked at the two sides of this shift towards financial inclusion through disruptive "enabling" technologies: the potential for financial services to become more accessible and the resulting regulatory issues. Innovation should be encouraged by policy creation that is founded on accountability, openness, and equity. To address the difficulties posed by the global character of digital financial services, international collaboration and global standards are essential.

A Policymakers, industry stakeholders, and academics must work together to thoroughly reevaluate and adjust regulatory systems. To fully profit from these technological

breakthroughs without jeopardizing the integrity of the financial system, such cooperation is necessary. This well-rounded strategy is not only essential for the financial industry's sustained expansion. Nonetheless, creating a financial ecosystem that is more egalitarian and inclusive is essential.

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