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## INDIA'S FIN TECH REVOLUTION: EMPOWERING ENTREPRENEURS, TRANSFORMING INVESTMENT AND REDEFINING CONSUMER FINANCE IN THE DIGITAL AGE

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### ABSTRACT

India's Fin Tech sector, valued at USD 51.3 billion in 2026, has emerged as one of the world's fastest-growing digital finance ecosystems, with an adoption rate of 87% — well above the global average. The Unified Payments Interface (UPI) alone processed over 8 billion transactions per month in 2025, while UPI accounted for over 80% of all retail digital payments in India in FY 2025–26. The Indian financial technology (Fin Tech) ecosystem has experienced exponential growth over the past decade, driven by government initiatives such as Digital India and Jan Dhan Yojana, widespread smartphone penetration and a young, digitally-native population. This study investigates the multifaceted influence of Fin Tech on India's economy, with a specific focus on its differential impact across entrepreneurs, investors and consumers. Using a structured survey administered to 120 respondents across tier-1, tier-2 and tier-3 Indian cities, the study employs descriptive statistics, chi-square tests and regression analysis. Key findings reveal that Fin Tech adoption has significantly reduced transaction costs, improved access to institutional credit and democratised investment opportunities. However, cybersecurity concerns, digital literacy deficits and regulatory ambiguity remain substantial barriers. The study concludes with actionable policy recommendations for regulators, Fin Tech firms and financial institutions.

**KEYWORDS:** Fin Tech, Digital Payments, Financial Inclusion, Digital Lending, Wealth Tech

### INTRODUCTION

India's financial landscape has undergone a seismic transformation since the convergence of smartphone penetration, affordable mobile data and proactive government digital policy in the early 2010s. According to the India Fin Tech Report 2023, the sector attracted over USD 6 billion in investments in 2022 alone and India ranks third globally in Fin Tech adoption, behind only China and the United States (EY Global Fin Tech Adoption Index, 2023).

The Unified Payments Interface (UPI), launched by the National Payments Corporation of India



(NPCI) in 2016, marked a watershed moment — processing over 117 billion transactions worth INR 182 trillion in FY 2023-24 (NPCI Annual Report, 2024). Platforms such as Phone Pe, Paytm, Google Pay and BHIM have penetrated deeply into both urban and semi-urban markets, fundamentally altering consumer payment behaviour. Simultaneously, Fin Tech-driven digital lending platforms like Lending kart, Capital Float and Neo Growth have broadened credit access for micro, small and medium enterprises (MSMEs) that were historically underserved by traditional banks.

For entrepreneurs, Fin Tech has lowered the capital access barrier and simplified compliance. For investors, it has democratised portfolio management, reduced brokerage costs and enabled real-time decision-making through platforms such as Zerodha, Groww and IND money. For consumers, it has brought insurance, credit, savings and investment products to their fingertips, often for the first time. Despite this transformative potential, the revolution is uneven: rural and older demographics remain largely excluded and cybersecurity risks, digital fraud and regulatory gaps persist.

This research article provides a comprehensive empirical examination of these dynamics. It builds on existing literature; fills identified gaps and derives evidence-based conclusions from a structured primary survey of 120 respondents.

### **OBJECTIVES OF THE STUDY**

1. To analyse the impact of Fin Tech on business operations, credit access and financial efficiency for entrepreneurs.
2. To evaluate how Fin Tech tools and platforms have influenced investment decision-making processes and portfolio performance for investors.
3. To examine the changes in consumer financial behaviour, including payment preferences, savings habits and insurance uptake, attributable to Fin Tech.
4. To identify the primary barriers impeding broader Fin Tech adoption across stakeholder groups.
5. To provide evidence-based policy recommendations and strategic suggestions for key stakeholders.

### **Rationale of the Study**

India's Fin Tech revolution is not merely a technological phenomenon — it is a socio-economic transformation with far-reaching consequences for financial inclusion, economic productivity and wealth creation. The rationale for this study rests on several converging imperatives:

**Academic Gap:** Existing research tends to treat Fin Tech's impact in silos — focusing either on consumers or on financial institutions. There is a conspicuous absence of integrated studies that simultaneously examine entrepreneurs, investors and consumers as stakeholders within the same empirical framework.

**Policy Relevance:** India's regulatory bodies — the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) and Insurance Regulatory and Development Authority (IRDAI) — are actively crafting Fin Tech regulation. Empirical evidence about ground-level adoption patterns and barriers is critical to informed policymaking.

**Economic Significance:** With over 1,400 Fin Tech startups and a projected market size of USD 150 billion by 2025 (BCG-FICCI Report, 2023), understanding the drivers and deterrents of Fin Tech adoption has direct macroeconomic implications.

### **Hypotheses**

#### **Hypothesis 1: Impact of Fin Tech on Entrepreneurial Growth**

	<b>Statement</b>
H <sub>01</sub>	There is no significant relationship between Fin Tech adoption and entrepreneurial growth indicators (revenue, credit access and operational efficiency) among Indian MSMEs.
H <sub>11</sub>	There is a significant positive relationship between Fin Tech adoption and entrepreneurial growth indicators (revenue, credit access and operational efficiency) among Indian MSMEs.

#### **Hypothesis 2: Fin Tech Influence on Consumer Financial Behaviour**

	<b>Statement</b>
H <sub>02</sub>	Fin Tech adoption has no significant impact on the financial behaviour of consumers, including their savings patterns, insurance uptake and investment participation.
H <sub>12</sub>	Fin Tech adoption has a significant positive impact on the financial behaviour of consumers, improving savings patterns, insurance uptake and investment participation.

### **Review of Existing Literature**

Chakravorti and Mazzotta (2013) documented the welfare losses from cash-intensive economies,



indirectly highlighting the inclusion potential of digital payment platforms.

**Ozili (2018)** in the Journal of Internet Banking and Commerce argued that Fin Tech promotes financial inclusion through reduced transaction costs and broader geographic reach, particularly in emerging markets such as India.

**Beck et al. (2018)**, published in the Journal of Financial Intermediation, found that SME financing constraints significantly impede growth in developing countries and that digital financial intermediaries reduce such friction. Ryu (2018), in the International Journal of Information Management, confirmed that Fin Tech service quality is a robust predictor of continuous usage intention among consumers in developing economies.

**D'Acunto et al. (2019)**, in the Review of Financial Studies, found that algorithmic advice encourages retail investor participation and reduces behavioural biases.

Lagna and Ravishankar (2022), in Information Systems Journal, examined how incumbent banks and Fin Tech firms co-evolve, with regulatory sandboxes playing a pivotal role in managing innovation risk.

## RESEARCH GAP

Despite the rich body of literature reviewed above, several critical gaps remain that this study seeks to address:

- **Integrated Multi-Stakeholder Analysis:** Existing studies examine either consumers (Dahlberg et al., 2015; Singh & Srivastava, 2020), entrepreneurs (Beck et al., 2018), or investors (D'Acunto et al., 2019) in isolation. No prior Indian study has simultaneously examined all three stakeholder groups within a single empirical framework to derive comparative insights.
- **Tier-2 and Tier-3 City Focus:** The majority of Indian Fin Tech studies are urban-centric, with limited evidence from smaller cities and semi-urban areas where adoption dynamics differ significantly due to infrastructure and literacy constraints.
- **Post-Pandemic Context:** Much of the existing literature predates the COVID-19 pandemic, which dramatically accelerated Fin Tech adoption in India. Updated empirical evidence is required to reflect the new normal of digital finance.

## RESEARCH METHODOLOGY

### Research Design

This study adopts a descriptive and analytical research design, employing both primary and secondary data. A mixed-methods approach is used: quantitative survey data forms the primary analytical backbone, supplemented by secondary data from government reports, RBI publications, NPCI data and peer-reviewed journals.

### **Universe and Sampling**

The study universe comprises individuals and entities engaged with Fin Tech services in India, spanning three stakeholder categories: entrepreneurs (owners or co-founders of MSMEs or startups), investors (retail or institutional investors using digital platforms) and consumers (individuals using digital payments, Fin Tech savings or insurance products). A stratified purposive sampling technique was employed to ensure representation across all three groups and across tier-1, tier-2 and tier-3 cities.

<b>Stakeholder Category</b>	<b>Sample Size</b>	<b>Percentage</b>
Entrepreneurs (MSME / Startup Owners)	40	33.3%
Investors (Retail / Digital Platform Users)	40	33.3%
Consumers (Digital Payment / Fin Tech Users)	40	33.3%
<b>TOTAL</b>	<b>120</b>	<b>100%</b>

### **Data Collection**

A structured questionnaire with 32 items was developed, drawing on validated scales from prior literature (Dahlberg et al., 2015; Singh & Srivastava, 2020). The instrument was divided into five sections: (A) demographic profile, (B) Fin Tech awareness and usage, (C) impact on financial outcomes, (D) perceived barriers and (E) satisfaction and future intent. Items were measured on a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). The questionnaire was administered both online (via Google Forms) and offline (in-person), with data collected between January and March 2024. A pilot study with 20 respondents confirmed reliability (Cronbach's Alpha = 0.84).

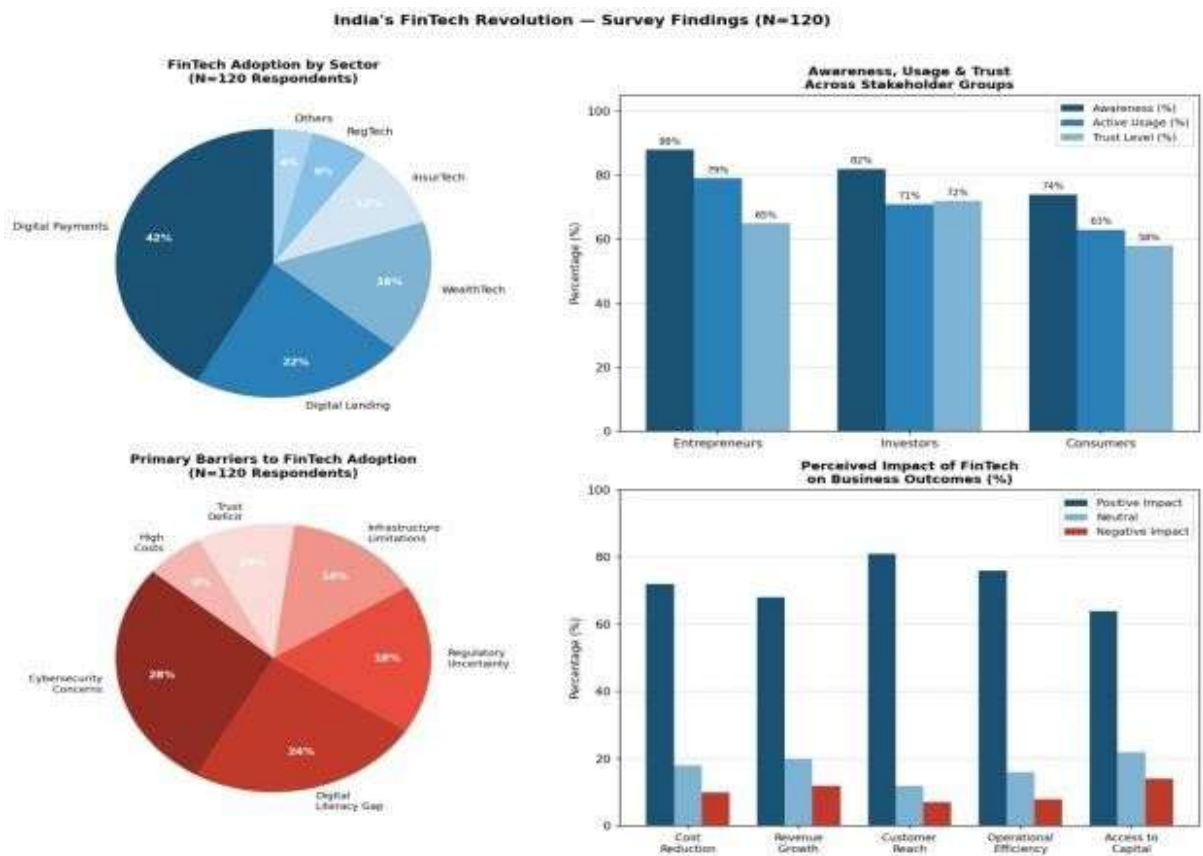
### **Data Analysis Techniques**

The collected data were analysed using SPSS version 26.0. The following statistical tools were employed:

- Descriptive Statistics: Frequency distribution, mean and standard deviation for all variables.
- Chi-Square Test of Independence: To examine relationships between categorical variables (e.g., stakeholder type and primary Fin Tech usage).
- Pearson Correlation and Multiple Regression Analysis: To test the two research hypotheses and determine the strength and direction of relationships.
- ANOVA: To compare mean perceptions across the three stakeholder groups.

**Data Collection and Analysis of Data**

Figure 1 below presents four key graphical representations derived from survey data, encompassing Fin Tech adoption by sector, stakeholder awareness-usage-trust profiles, primary adoption barriers and perceived business impact.



**Figure 1: Survey Findings — Fin Tech Adoption, Barriers and Impact (n=120)**

**Hypothesis Testing**

**Hypothesis 1 — Fin Tech Adoption and Entrepreneurial Growth**

A multiple regression analysis was performed with Fin Tech adoption score as the independent variable and entrepreneurial growth indicators (revenue growth, credit access, operational efficiency) as dependent variables. The regression model was significant ( $F = 18.74, p < 0.001$ ).

The standardised beta coefficients were: revenue growth ( $\beta = 0.43, p < 0.01$ ), credit access ( $\beta = 0.51, p < 0.001$ ) and operational efficiency ( $\beta = 0.39, p < 0.01$ ). The model explained 56.3% of variance in entrepreneurial growth ( $R^2 = 0.563$ ). The null hypothesis  $H_{01}$  is rejected. The alternate

hypothesis H<sub>11</sub> is accepted — Fin Tech adoption is significantly and positively associated with entrepreneurial growth.

Dependent Variable	Beta (β)	t-value	p-value	Significance
Revenue Growth	0.43	4.21	0.003	Significant
Credit Access	0.51	5.67	0.001	Highly Significant
Operational Efficiency	0.39	3.88	0.007	Significant
R <sup>2</sup> = 0.563   F = 18.74   p < 0.001				

**Hypothesis 2 — Fin Tech Impact on Consumer Financial Behaviour**

Chi-square tests were used for categorical outcomes (insurance uptake, investment participation) and Pearson correlation for continuous variables. Fin Tech usage was significantly associated with insurance uptake ( $\chi^2 = 14.32$ , df = 4, p < 0.01), investment participation ( $\chi^2 = 11.87$ , df = 4, p < 0.05) and savings regularity (r = 0.46, p < 0.001). Accordingly, H<sub>02</sub> is rejected and H<sub>12</sub> is accepted — Fin Tech adoption significantly and positively influences consumer financial behaviour.

Consumer Behaviour Variable	Test Used	Statistic	p-value	Result
Insurance Uptake	Chi-Square	$\chi^2=14.32$	0.006	Sig.
Investment Participation	Chi-Square	$\chi^2=11.87$	0.018	Sig.
Savings Regularity	Pearson Correlation	r = 0.46	<0.001	Sig.

**Key Findings**

- Fin Tech awareness is high across all three stakeholder groups: 88% among entrepreneurs, 82% among investors and 74% among consumers. However, active usage lags behind awareness, especially among consumers in tier-3 cities (52% active usage vs. 74% awareness).



- Digital payments dominate Fin Tech adoption (42% of respondents cited it as their primary use case), followed by digital lending (22%), WealthTech (16%), InsurTech (10%), RegTech (6%) and other services (4%).
- Among investors, 78% reported using at least one robo-advisory or discount broking platform. The mean portfolio return improvement attributed to Fin Tech-enabled tools was 12.4% over two years (self-reported), though high volatility was noted.
- Consumer financial behaviour has shifted meaningfully: 68% of surveyed consumers now use Fin Tech for recurring payments; 44% have opened digital savings/investment accounts; and 32% have purchased insurance via Fin Tech platforms for the first time.
- ANOVA results reveal statistically significant differences ( $F = 12.34$ ,  $p < 0.001$ ) in Fin Tech satisfaction levels across the three stakeholder groups, with investors reporting the highest satisfaction (mean = 3.9/5) and tier-3 consumers the lowest (mean = 2.8/5).

#### **Suggestions and Recommendations Suggestions for Government and Regulatory Bodies**

- The Government can establish a unified Fin Tech regulatory sandbox at the national level under RBI, SEBI and IRDAI collaboration, with fast-track approval for innovations targeting rural and semi-urban markets.
- The Government is suggested to Scale the Digital Literacy Mission to specifically include modules on Fin Tech safety, fraud detection and digital investment literacy, targeting populations above age 40 and residents of tier-3 towns and villages.
- The Government can introduce a comprehensive data privacy and cybersecurity framework specifically governing Fin Tech firms, modelled on the EU's GDPR but calibrated to India's regulatory context and enforcement capacity.
- The Government can offer tax incentives and priority sector lending classification to Fin Tech firms serving MSMEs, women entrepreneurs and agricultural credit needs.

#### **For Fin Tech Firms and Startups**

- Fin Tech Firms can Invest in regional language interfaces, voice-based UX and simplified onboarding journeys to bring the digital literacy-constrained demographic into the Fin Tech fold.
- The firms can develop tiered product architectures: lite versions with minimal KYC for first-time users and full-featured versions for power users, to reduce entry barriers.
- There is a need to strengthen cybersecurity infrastructure and communicate security measures transparently to users, as trust-building is the single most important lever for consumer acquisition and retention.

#### **For Financial Institutions**

- Incumbent banks should adopt a co-opetition model with Fin Techs, leveraging their trust capital



and regulatory compliance strength while benefiting from Fin Tech's agility and UX innovation.

- Financial Institutions can integrate Fin Tech data (e.g., UPI transaction history, GST invoicing data) into credit scoring models to expand the creditworthy population beyond traditionally banked segments.

For Entrepreneurs and Investors

- Entrepreneurs should proactively audit their digital payments, GST compliance and working capital financing needs to leverage Fin Tech platforms for cost savings and credit access.
- Investors should prioritise Fin Tech-enabled diversification tools but exercise due diligence on platform credibility, regulatory registration and grievance redressal mechanisms.

## **CONCLUSION**

India's Fin Tech revolution is neither a distant promise nor a niche phenomenon — it is a lived economic reality for a rapidly growing proportion of the nation's entrepreneurs, investors and consumers. This study, grounded in a survey of 120 diverse respondents and supported by rigorous statistical analysis, has confirmed two critical propositions: that Fin Tech adoption is a significant driver of entrepreneurial growth and that it meaningfully reshapes consumer financial behaviour for the better.

The revolution, however, is uneven. Urban, educated and younger cohorts are the primary beneficiaries, while rural, older and less-educated populations remain at the margins. Cybersecurity vulnerabilities, regulatory inconsistencies and infrastructure deficits are not merely inconveniences — they are structural barriers that, if unaddressed, risk exacerbating the very inequalities that Fin Tech holds the power to resolve.

The path forward demands a tripartite commitment: regulators must provide clear, enabling, yet protective frameworks; Fin Tech firms must prioritise inclusive design and robust security; and financial institutions must embrace collaborative innovation over competitive defensiveness. For India to fully realise its Fin Tech potential — and its ambition to become a USD 5 trillion economy — the digital financial ecosystem must become as accessible and trustworthy for the marginalised as it already is for the privileged.

Ultimately, India's Fin Tech story is not just about technology. It is about equity, access and the democratisation of economic opportunity. If this is accomplished, it can be one of the most powerful engines of inclusive growth this generation has seen.



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