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A Study on Adoption and Challenges in Accessibility of Financial Services: Fintech Perspective

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Abstract: Financial technology, or Fintech, has developed rapidly and radically changed the face of finance by providing innovative solutions for payments, lending, wealth management, and so on. But the usage of Fintech services is not homogeneous and differs from group to group based on various factors such as age, income, education, and digital skills. This research examines the adoption behavior of Fintech services in Bengaluru, one of India's top technology cities, to determine how various demographic groups use these financial products. The research also determines the major impediments to Fintech adoption, such as unawareness, trust, regulatory issues, and technological problems. Based on these findings, the research formulates strategic suggestions to improve Fintech adoption and narrow the digital financial gap. The conclusions intend to offer significant recommendations to policymakers, banks, and Fintech firms to support inclusive financial development in Bengaluru.

Key Words: Fintech, financial accessibility, digital payments, Bengaluru, financial inclusion.

1. INTRODUCTION

Technology has transformed the financial landscape, with Fintech emerging as a disruptive force driving innovation and inclusivity. In India, where financial exclusion remains a challenge, Fintech solutions have bridged gaps in access to financial services. Bengaluru, a leading Fintech hub, exemplifies this transformation by hosting innovative platforms that enable seamless financial transactions. This paper investigates the role of Fintech in enhancing financial accessibility in Bengaluru, focusing on adoption patterns and challenges.

2. REVIEW OF LITERATURE

Thakur, R., & Srivastava, M. (2017): The study by Thakur and Srivastava focuses on mobile payment adoption in India. It identifies that the ease of use and perceived risk are significant drivers for individuals when considering Fintech solutions. In Bengaluru, where a high proportion of tech-savvy individuals reside, the widespread acceptance of mobile payments can significantly enhance financial inclusion, especially for underserved communities. The role of mobile payments is pivotal in providing low-cost and instant financial transactions, which increases access to financial services in areas that might otherwise lack traditional banking infrastructure. Hyun, J. S., & Ryu, K. (2018): Hyun and Ryu examined the benefits and risks associated with Fintech adoption. They noted that convenience plays a positive role in increasing willingness to adopt Fintech, while legal risks can create significant barriers. In Bengaluru, where technology adoption is widespread, providing a secure and risk-free environment is essential for Fintech to expand accessibility. Legal frameworks supporting digital payments, online lending, and other Fintech services can foster trust and widen accessibility, particularly for the underbanked and marginalized groups. Sidhnani, K. B. (2018): Sidhnani explored the role of technology in promoting financial inclusion from the banking sector's perspective. The study emphasizes that internet banking is a key enabler of financial inclusion. In Bengaluru, where the tech industry is booming, the growth of internet banking has made financial services more accessible. It allows individuals in both urban and rural parts of the city to perform banking activities without the need to physically visit a branch, significantly reducing barriers to entry for many. Singh, S., Sahni, M. M., & Kovid, R. K. (2020): This study applied the Technology Acceptance Model to analyze Fintech adoption in India. It suggests that perceived usefulness and social influence are crucial elements in the decision to adopt Fintech. In Bengaluru, where the population is exposed to various technological innovations and peer influence, these factors play a critical role in pushing the

adoption of Fintech. Peer networks, particularly in professional and educational circles, can drive the shift toward Fintech platforms. Arora, B. (2021): Arora's research highlights the importance of affordability and accessibility in driving Fintech adoption. For a city like Bengaluru, where there is a high demand for efficient, affordable financial services, Fintech solutions offer an opportunity to deliver affordable services through mobile apps and digital wallets. The affordability of Fintech services makes them appealing to lower-income individuals who may have limited access to traditional banking services. Rauniyar, K., Rauniyar, K., & Sah, D. K. (2021): This framework emphasizes that Fintech innovations can help bridge gaps in digital financial inclusion by enhancing access to financial services in underserved regions. In Bengaluru, this is particularly relevant as the city has a high digital literacy rate but still experiences gaps in financial inclusion among certain groups, including migrant workers and low-income residents. Digital innovations like mobile lending, insurance, and microfinance platforms can fill this gap.

3. SCOPE OF THE STUDY

Although India has made significant advances in financial inclusion with bank accounts, cutting-edge digital payments, and direct transfers, the financial services sector is still figuring out how to properly include the next generation. A considerable portion of India's population remains unbanked, indicating that the financial inclusion sector has a sizable unrealized economic potential. To improve financial performance and inclusivity, fintech should have certain attributes.

4. RESEARCH GAP

While Fintech has seen rapid growth globally, there is limited research specifically addressing its role in promoting financial accessibility in Bengaluru. Existing studies focus broadly on the Indian Fintech ecosystem but fail to analyze regional disparities, adoption patterns, and barriers unique to Bengaluru. Additionally, the interplay between demographic factors and Fintech usage remains underexplored. This study aims to fill these gaps by providing an in-depth analysis of Fintech's impact on financial inclusion in Bengaluru and identifying key challenges to its adoption.

5. RESEARCH OBJECTIVES

To analyze the adoption patterns of Fintech services among different demographic groups in Bengaluru. To identify barriers to Fintech adoption and suggest strategies to overcome them.

6. METHODOLOGY

The study follows a descriptive research design, combining primary and secondary data sources. Data was collected through structured questionnaires administered to 206 respondents, covering diverse demographic segments. Statistical tools, including Kruskal-Wallis and Chi-square tests, were employed to analyze the data, ensuring robust findings supported by reliability tests (Cronbach's alpha > 0.70)

TABLE 1. Reliability Statistic

Variable	Number of Items (N)	Cronbach's Alpha
Level of Knowledge	7	0.883
Preference	5	0.810
Fintech Usage	6	0.884

7. HYPOTHESIS AND TESTING

❖ Education Level and Knowledge about Fintech

H₀: There is no significant relationship between education level and knowledge about Fintech.

H₁: There is a significant relationship between education level and knowledge about Fintech.

❖ Age and Knowledge about Fintech

H₀: There is no relationship between age and knowledge about Fintech.

H₁: There is a relationship between age and knowledge about Fintech.

❖ Income Level and Preference for Handling Financial Services

H₀: There is no significant difference in preference for handling financial services based on income level.

H₁: There is a significant difference in preference for handling financial services based on income level.

❖ Gender and Fintech Usage (Sending Money)

H₀: There is no association between gender and the use of Fintech apps for sending money.

H₁: There is an association between gender and the use of Fintech apps for sending money.

❖ **Gender and Fintech Usage (Investing in Stocks/Bonds)**

H₀: There is no association between gender and the use of Fintech apps for investing in stocks or bonds.

H₁: There is a significant association between gender and the use of Fintech apps for investing in stocks or bonds.

❖ **Gender and Fintech Usage (Accessing Financial Advice)**

H₀: There is no association between gender and the use of Fintech apps for accessing financial advice.

H₁: There is an association between gender and the use of Fintech apps for accessing financial advice.

❖ **Occupation and Fintech Usage (Paperless Transactions)**

H₀: There is no association between occupation and the use of Fintech apps for paperless transactions.

H₁: There is an association between occupation and the use of Fintech apps for paperless transactions.

❖ **Occupation and Fintech Usage (Savings)**

H₀: There is no association between occupation and the use of Fintech apps for savings.

H₁: There is an association between occupation and the use of Fintech apps for savings.

❖ **Occupation and Fintech Usage (UPI Transactions)**

H₀: There is no association between occupation and the use of Fintech apps for UPI transactions.

H₁: There is an association between occupation and the use of Fintech apps for UPI transactions.

TABLE 2

Hypothesis	Test Name	Variable Name	df	Asymp. Sig.	Interpretation
Relationship between Education Level and Knowledge about Fintech	Kruskal-Wallis H	Level of Knowledge	3	0.628	No significant relationship (H ₀ supported)
Relationship between Age and Knowledge about Fintech	Kruskal-Wallis H	Level of Knowledge	4	<0.001	Significant relationship (H ₀ rejected)
Income Level and Preference for Handling Financial Services	Kruskal-Wallis H	Preference	3	0.415	No significant difference (H ₀ supported)

TABLE 3

Hypothesis	Test Name	Variable Name	df	Asymp. Sig.	Interpretation
Association between Gender and Fintech Usage (Sending Money)	Pearson Chi-Square	Fintech Usage	1	0.675	No significant association
Association between Gender and Fintech Usage (Investing in Stocks/Bonds)	Pearson Chi-Square	Fintech Usage	1	<0.001*	Significant association (H ₀ rejected)
Association between Gender and Fintech Usage (Accessing Financial Advice)	Pearson Chi-Square	Fintech Usage	1	0.055	No significant association
Relationship between Occupation and Fintech Usage (Paperless Transactions)	Pearson Chi-Square	Fintech Usage	4	0.003	Significant association (H ₀ rejected)
Relationship between Occupation and Fintech Usage (Savings)	Pearson Chi-Square	Fintech Usage	4	0.002	Significant association (H ₀ rejected)
Relationship between Occupation and Fintech Usage (UPI Transactions)	Pearson Chi-Square	Fintech Usage	4	0.034	Significant association (H ₀ rejected)

8. FINDINGS OF THE STUDY

Objective Findings:

- The majority of respondents strongly agree that Fintech is changing the way people access and use financial services, with a percentage ranging from 50.97% to 57.04%.
- The percentage of respondents who disagree or strongly disagree with the statements is relatively low, ranging from 1.21% to 2.67%, indicating that the majority of respondents have a positive view of Fintech.
- These findings suggest that there is a general consensus among the respondents that Fintech is changing the financial services landscape and providing a wider range of financial services.
- While there is a moderate agreement rate that Fintech companies challenge traditional

financial institutions, the percentage of respondents who disagree or strongly disagree with this statement is low, suggesting that there is a growing awareness of the disruptive potential of Fintech.

9. CHALLENGES IN FINTECH AND ITS ACCESSIBILITY

1. **Digital Exclusion:** Addressing digital exclusion requires collaboration between governments, civil society, and businesses. Key solutions include improving internet access, promoting digital literacy, and developing user-friendly financial services. The high cost of digital services further limits accessibility, especially for low-income groups. Reports indicate India's poor digital performance among BRICS nations.
2. **Poor Rural Banking:** India has only 14.6 bank branches per 100,000 adults, with even fewer in rural areas. Rural banks face staff shortages and overcrowding, making banking costly and time-consuming for rural workers who must forgo wages and spend on transportation.
3. **Gender Inequality in Financial Inclusion:** Women face greater barriers to financial services due to cultural constraints, low literacy, and mobility restrictions. In 2017, 83% of Indian men had financial accounts compared to 77% of women, largely due to unequal access to mobile and internet services.
4. **Limited Bank Account Access:** A significant portion of the Indian population remains unbanked or underbanked, limiting access to essential financial services. With 190 million adults lacking bank accounts, India has the world's second-largest unbanked population after China.
5. **Digital Divide:** Several factors hinder digital adoption for financial inclusion, including:
 - ❖ Limited access to suitable financial products.
 - ❖ Lack of digital literacy among users.
 - ❖ Inadequate infrastructure.
 - ❖ High costs of digital technology, making it unaffordable for low-income users.

10. SUGGESTIONS

1. Develop education and awareness programs to increase fintech usage for accessing financial advice and credit services.
2. Implement financial literacy initiatives in rural areas through financial institutions and government-mandated programs in designated villages.
3. Focus on user-friendly and secure fintech platforms to improve customer satisfaction and trust.
4. Develop fintech products tailored to underserved populations, including low transaction fees, simplified interfaces, and multilingual support.
5. Foster partnerships between traditional financial institutions and fintech firms to accelerate fintech adoption.
6. Promote digital payments and mobile money solutions in rural and low-income areas through incentives, subsidies, and collaborations with local governments and non-profits.
7. Conduct research and data analysis to measure the impact of fintech on financial inclusion and user satisfaction.
8. Explore the relationship between education and fintech knowledge to design effective financial literacy programs.

11. CONCLUSION

The financial technology industry, or Fintech for short, encompasses a wide range of technologies and innovations that are revolutionizing the financial sector. Despite being a relatively new field that is still evolving, Fintech has experienced explosive growth in recent years, with investments in the sector skyrocketing as a result of its potential to disrupt traditional financial services and improve access to financial products for consumers and businesses alike. As the industry continues to mature and new innovations emerge, it is likely that Fintech will become an increasingly important part of the global economy, transforming the way we think about and interact with money.

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