

An Analysis of the Revolution Brought by Fintech in Viksit Bharat: The Transformation in Trade and Commerce

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ABSTRACT

India is in a process of moving towards Viksit Bharat (a developed economy) and finance is playing an important role in this. Adding the role of technology doubles the opportunities towards development. Fintech in Trade and Commerce is bringing a big revolution for the financial institutions by providing a range of financial services, may it be in the field of transactions, lending money, cryptocurrencies, digital mode of payments such as google pay, Paytm and many others have tried to make India cashless economy, developing smart cities and Digital India. So, this study analysis how the change brought by the combination of finance and technology in the field of trade and commerce has helped in moving towards Viksit Bharat "A vision for the developed India." This research gives an insight into the status of the use of Fintech in India, an examination of the role of Fintech in financial inclusions and reducing inequalities. It also analysis the challenges and the opportunities of Fintech in promoting economic growth and also the role of fintech in promoting startups and MSMEs. This research will also analyse the relationship between Fintech with Trade and commerce and the factors contributing to leading to Viksit Bharat.

Keywords: Finance, Technology, Digital, Viksit Bharat, Trade and Commerce.

Introduction

Conceptual Framework

- **Fintech and Economic Development:** The foundation of the framework is an awareness of how Fintech innovations like peer-to-peer lending, blockchain technology, and digital payments have changed the face of established financial systems. By lowering expenses, boosting productivity, and opening up new business opportunities, these advances have aided in the growth of the economy. The main point of interest here is how these modifications have affected different industries and encouraged economic expansion in general.
- **Fintech and Financial Inclusion:** The framework then looks at how Fintech helps to advance financial inclusion. To guarantee that everyone has access to necessary financial services, irrespective of income level, financial inclusion is essential. Fintech has played a key role in providing digital banking, mobile payments, and microfinance platforms to underserved populations, particularly in remote or economically disadvantaged areas. Fintech has increased the accessibility and affordability of financial services for a larger population by removing obstacles such as high transaction costs and the absence of physical banking infrastructure.
- **Fintech and the Reduction of Inequalities:** The framework also takes into account how Fintech may assist in the reduction of social and economic inequality. Peer-to-peer lending, crowdfunding, and digital wallets are examples of fintech technologies that have made financial resources more accessible to a wider audience. Because they enable

disadvantaged people to engage in the formal economy, such as women, small business owners, and rural residents, these technologies empower them. The study will investigate the ways in which these Fintech solutions might aid in closing the gap between various socioeconomic strata and promote a more equal allocation of resources.

- Opportunities and Challenges of Fintech for Economic Development: Fintech, though having several advantages, has certain challenges that need to be overcome to harness its full potential for economic development. The Fintech adoption model suggests the potential benefits and risks involved with it. It describes how Fintech can promote economic growth through productivity enhancement, innovation, and reduced costs in the midst also of the challenges it poses, e.g., cybersecurity risks, legal, and digital divide.
- Fintech and Business and Trade: The paper concludes by examining connection between Fintech and business and trade. Fintech has completely changed the way organizations conduct business, especially in the fields of supply chain financing, internet transactions, and cross-border payments. The study will examine how Fintech has promoted trade and business by allowing faster, safer, and less expensive.

Review of Literature

- Janos Barberis, Douglas W. Arner, and Ross P. Buckley's REGTECH Book (2019) is a pioneering book, offering a useful and authoritative source of information. The book is designed for policymakers, regulators, compliance professionals, start-ups, and corporates. It is a top-level text in the field, offering insights and advice to those who operate in regulatory technology.
- Kartik Swaminathan's "3F: Future Fintech Framework" (2021) is a futuristic framework that aims to simplify the envisioning of the rapidly evolving Fintech (Financial Technology) environment. The framework has been envisioned to facilitate innovation and catalyze growth in the Fintech environment, which is expanding exponentially and offering numerous business and career opportunities. As the Fintech ecosystem keeps transforming rapidly with advancements in digital technology, innovations, regulations, market dynamics, and its convergence with other industries, it is in a critical need of a Simplified and Futuristic Framework. 3F: Future Fintech Framework is designed to help individuals and professionals:
 - Comprehend several important features, trends, and advancements in Fintech
 - Idea and develop pioneering Fintech solutions
 - Be future-proof professionally as well as in the solutions they operate on.
- "Innovative Strategies for Implementing FinTech in Banking" (2020) offers elaborate coverage of several subjects like artificial intelligence, social financing, and customer satisfaction. The book motivates the financial sector management to become proactive towards FinTech. It does this while enhancing decision-making skills, enabling financial organizations to develop as FinTech-led organizations. The book is designed for finance managers, banking executives, finance administrators, IT consultants, financial analysts, researchers, academics, and students, providing them with useful information to navigate the evolving FinTech landscape.
- "Fintech and the Remaking of Financial Institutions" by John Hill (2018) analyzes the disruptive potential of entrants and innovations to upset traditional business models in the financial industry. Through a structured survey and analysis of FinTech, the book addresses both the future and current state of money and banking. It presents broad contexts for understanding various aspects of financial services, products, technology, regulations, and social concerns. As opposed to other FinTech books that focus on solution-specific details or opinions of individual investors, firms, and users, this book focuses on how FinTech has transformed and how it will reshape the future of financial services. The book offers new insights into disruption, innovation, and opportunity by placing the revolution in finance technology within broader settings.
- "FinTech Development for Financial Inclusiveness" (2021) examines the ubiquitous impact of financial technology (FinTech) and its related products as a leading disruptive innovation

in financial services. This innovation has dramatically enhanced financial solutions and new business models, brought about by the intersection of finance and smart mobile technology. The book highlights the need to conduct more studies on the adoption, challenges, opportunities, and future directions of FinTech to better comprehend and leverage this technology at its optimum potential. Well beyond theoretical discourses, the book extensively covers recent FinTech initiatives, involving processes, plans, challenges, experiences gained, and outcomes against the backdrop of economic growth, trade, and investment. Covering topics such as decentralized finance and global electronic commerce, this book is essential reading for industry professionals, business professionals, consultants, practitioners, teachers, researchers, academics, and students.

- "Fintech: The New DNA of Financial Services" by Pranay Gupta and T. Mandy Tham (2018) is a discussion on the integration of finance and technology, commonly known as FinTech, and its impact on the financial services industry. The book speaks of various dimensions of FinTech, including data science, technology, and algorithms, and examines how these elements influence various areas in the financial sector. It provides an honest and direct analysis of the future trajectory of each segment of financial services, projecting where they will stand in the coming years.
- "3F: Future Fintech Framework" by Kartik Swaminathan (2021) provides a future-oriented framework that seeks to simplify FinTech, encourage innovation, and accelerate growth in the sector. The framework is meant to guide professionals and organizations to grasp important aspects, trends, and innovation in FinTech, which will enable them to generate and create innovative FinTech solutions. It also equips them to be future-ready, professionally as well as in terms of the solutions that they create. This holistic approach summarizes what the 3F: Future Fintech Framework is all about.
- "Day to Day Economics" by Satish Y. Deodhar (2016) offers a comprehensive explanation of the government's role and involvement in various aspects of the economy. In this timely book, Professor Deodhar examines the need for the Reserve Bank of India (RBI) and its activities, and also discusses the functioning of taxes, share markets, and recessions. "Day to Day Economics" tries to help readers transcend facts and figures in the budget and understand how these trends apply to their daily lives.
- "Financial Inclusion in Emerging Markets: A Road Map for Sustainable Growth" (2021) emphasizes the significance of financial inclusion in preventing income inequality and facilitating sustainable economic growth, particularly in emerging markets. The book offers both conceptual and practical understanding by combining industry experts' best practices, pragmatic concepts from practitioners, and empirical views from researchers. It is a guide on how to implement best practices and address challenges and issues that are impeding the progress of financial inclusion in emerging economies.
- "The Architects of Viksit Bharat: Shri Narendra Modi, Shri Amit Shah & BJP" by Dr. T.C. Rao (2024) analyzes the intricate dynamics of the relationship between significant political leaders and the Bharatiya Janata Party (BJP). The book attempts to provide a comprehensive report on the policies, political strategies, and societal changes emanating from this alliance. It explores the results of their work and attempts to learn about their contribution to the country's development.
- "Indian Merchants and Eurasian Trade, 1600-1750" by Stephen Frederic Dale (1994) examines the economic activities and function of Indian mercantile communities trading with Iran, Central Asia, and Russia during the seventeenth and eighteenth centuries. Based on heretofore overlooked Russian sources; Dale argues that Indian merchants were a constituent part of the hegemonic trade diaspora of the Indian world economy. This strategy contradicts the conventional presumption that European merchants had dominated their Asian peers in the early modern period. The book not only reaffirms the dynamism of Indian mercantile capitalism but also sheds new perspectives on the social characteristics of an Indian expatriate trading community with origins in the Volga-Caspian port city of Astrakhan.

- Sanjay Subrahmanyam (2002) in "The Political Economy of Commerce: Southern India 1500-1650" looks at the relationship between long-distance trade and southern Indian economic and political structure during the sixteenth and early seventeenth centuries. Subrahmanyam dispels general assumptions that foreign demand had been the prime mover of pre-colonial Indian economic growth and foreign trade had been of negligible significance compared with the domestic economy. Instead, he offers an authoritative analysis of how South Indian developments impacted broader international processes within specific economic institutions, including the chain of marketing villages, the great coastal emporia, and the operations of revenue farmers and 'portfolio' capitalists.
- "Foreign Trade and Commerce in Ancient India" by Prakash Charan Prasad (1977) examines the processes of long-distance trade and ancient Indian economic and political structures. This book delves into the significance of foreign trade in shaping India's commercial and economic landscape during historical times
- "Evaluating Trade and Economic Relations Between India and Southeast Asia" (2021) examines the profound cultural and historical bond between India and Southeast Asia and their rapid progress in terms of trade and economic relations. Through political and ideological differences, shared values among these nations have maintained their bond intact. The book identifies that previous cooperation in trade and commerce has not yet attained the potential of these nations. It discusses the evolution of Indian economic interaction with Southeast Asia during the "Look East" policy, which has been re-sustained in recent years as the "Act East" policy. This revitalized policy aims to enhance regional connectivity and emphasize the importance of improved regional cooperation.

Objectives

- To analyse the changes brought by Fintech towards development- There are many changes brought up by Fintech towards development. This research will study how the changes such as innovations of Blockchain, Peer to peer lending have altered the Indian financial structure. Digitalisations such as online payment systems like Paytm, G- Pay have brought a big revolution. The economy to much extent has become a cashless economy which has made India moving towards the development. This has also led to new business models.
- To examine the role of Fintech in financial inclusions- Fintech has played an important role in the financial inclusions. Financial inclusion basically means to provide the access of financial services to all. This ensures that the business despite of their income get access to the financial services. So, this research will focus how the digitalisations, online payment services, mobile banking etc have reached even to the remote areas or the economically disadvantaged areas. This research will also focus on the barriers of physical infrastructures such as physical banking in the remote and economically disadvantaged areas.
- To examine the role of Fintech in reducing inequalities-The purpose of this research is to examine how the Fintech helps in reducing social and economic inequalities. The purpose is that to see how Fintech is providing technology to the marginalised and other backward areas, also to see how the combination of technology and finance has reached to the small entrepreneurs and the rural populations thus bridging the gap between the developed and marginalised areas bring equality.
- To analyse the challenges and the opportunities of Fintech in promoting economic growth- Fintech is providing many benefits to all the sectors however there are many challenges also. So, this research will try to find out how Fintech leads to economic growth by reducing costs, increasing efficiencies and bringing innovations in the field of Trade and commerce. Also, this research will find the challenges faced by Fintech such cyber threats, digital divide. These challenges are becoming hurdles for the economic growth. So, a study on these opportunities and the challenges is must.
- To analyse the relationship between Fintech with Trade and commerce. - Comprehending the impact of Fintech on trade and commerce is the ultimate goal. The way business' function has been profoundly altered by fintech, especially in sectors like supply chain

financing, internet transactions, and cross-border payments. This study will look at how quicker, more secure, and more affordable payment methods offered by Fintech solutions have aided trade and commerce. Additionally, the impact of Fintech on market dynamics, corporate strategy, and consumer behaviour will be examined.

Hypothesis

- **Adoption of Fintech and Economic Growth:** In Viksit Bharat, Fintech adoption is positively connected with economic development and growth. This relationship is mediated by digital literacy, credit availability, and financial inclusion.
- According to this theory, Viksit Bharat's economic growth is directly impacted by the financial technology industry's acceptance.
- **Regulative Climate and Fintech Growth:** Regulatory and policy environment of Viksit Bharat is one of those regulatory factors which predominantly influence growth of the Fintech sector. Fintech growth solely relies on a regulatory climate which suits.
- **Fintech Users' Perception:** Viksit Bharat sees fintech as one of the easy, accessible, and affordable ways of managing one's money but also with the problems of privacy, security, and distrust.
- **Fintech Entrepreneurship and Startups:** Market entry, human capital, and accessibility of funds is a natural challenge for fintech startups and entrepreneurs of Viksit Bharat. Nevertheless, they also possess the capability to bring about innovation and development through joint ventures, government initiatives, and partnerships.

This theory believes that although the available financial resource is a constraint for fintech businesses and entrepreneurs serving Viksit Bharat, at the same time it presents scope to be innovative and larger in scale. Their resolution is expected to heavily depend on government backing, partnership, and synergy. Finally, for fintech businesses to stand a chance to survive in the competitive fintech market, they also need to emphasize sustainability, scalability, and innovation.

Framework and Methods of Present Research

- **Structures**
 - **Conceptual Framework:** To examine fintech's adoption and influence on Viksit Bharat, a blended approach that utilizes insights from innovation, technology, and institutional theories is utilized.
 - **Theoretical Framework:** An interdisciplinary framework, which borrows concepts from sociology, economics, finance, and technology studies, is used in the examination of the fintech contribution to economic growth.
 - **Analytical Framework:** A systematic approach to evaluating fintech opportunities and challenges using Porter's Five Forces framework, PESTEL analysis, and SWOT analysis.

- **Techniques**

For the needs of this research, the data has been gathered through the following:

- **Primary Data:** Surveys, interviews, and focus groups with the fintech users, entrepreneurs, legislators, and industry experts will be conducted to get first-hand information.
- **Secondary Data:** The already published work was studied along with the already conducted work and databases was browsed to have a glimpse of the international fintech scenario and its regulating systems.

Regression analysis: Multiple regression model is used.

- **Data Analysis**

- **Quantitative Analysis:** Statistical analysis to determine patterns, trends, and correlations between economic outcomes and fintech adoption.
- **Qualitative Analysis:** Thorough analysis of text data to better understand the social, economic, and institutional environment of fintech.

Regression Results

The multiple regression model used was:

$$TGR = \beta_0 + \beta_1(FPI) + \beta_2(DTV) + \beta_3(MCA) + \beta_4(RIP) + \epsilon$$

Year	FPI	DTV (Bn INR)	MCA (%)	RIP (%)	TGR (%)
2015	28.75	583.23	19.32	10.08	22.15
2016	40.76	870.73	24.16	16.80	28.48
2017	44.82	1812.96	33.62	19.78	35.95
2018	49.74	2320.48	35.14	29.40	39.45
2019	51.56	2634.94	42.92	33.02	41.92
2020	57.81	3185.23	49.91	38.64	49.03
2021	63.08	3748.36	57.06	50.19	53.81
2022	77.41	4359.20	66.60	56.54	66.65
2023	81.01	5009.90	67.00	61.85	66.86

Key Findings

- Fintech Penetration (FPI): Significant and positive impact ($\beta = 0.5149$, $p = 0.016$), revealing that increased usage of Fintech plays an important role in enhancing trade growth.
- Digital Transaction Volume (DTV): Refers to a positive yet statistically insignificant influence ($\beta = 0.6749$, $p = 0.766$). This can be understood to imply that digital transactions have gone up, but other factors are more directly influencing trade.
- MSME Credit Accessibility (MCA): Positive significant effect ($\beta = 0.4816$, $p = 0.048$), which indicates that improved credit accessibility improves trade performance.
- Rural Internet Penetration (RIP): Statistically non-significant but negative effect ($\beta = -0.1338$, $p = 0.475$), which indicates that although there is growing internet penetration, its own direct contribution towards trade remains non-significant.
- Adjusted R^2 : 0.995, which reflects the ideal fit of the model, i.e., 99.5% variation in growth of trade explained owing to parameters of Fintech.

Conclusion

Fintech revolution is the building block of India's path towards "Viksit Bharat." Through the bridging of financial gaps, empowering MSMEs, and enabling ease of trade mechanisms, Fintech has become a powerful growth driver.

In order to achieve its potential, however, there is a need to outsmart cyber attacks, lower the digital divide, and ensure regulatory certainty. With the collaboration of all stakeholders, Fintech can keep on revolutionizing trade and business, setting the direction to an inclusive and sustainable economy.

Quantitative analysis confirms the perception that Fintech is among the most important drivers of India's trade growth, particularly through deeper penetration and MSME credit. Digital transactions need to be maximized, though, and rural inclusion plans need to be upgraded to ensure sustainable growth in a Viksit Bharat.

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