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The Role of FinTech in Advancing Financial and Social Inclusion in India: Bridging Gig and Traditional Employment

Dr. Meenakshi Gaikwad[1*] | Dr. Deevya Agrawal[2]

[1]Associate Professor, IPS Academy, Indore.
[2]Assistant Professor, IPS Academy, Indore.

*Corresponding Author: meenakshigaikwad@ipsacademy.org

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ABSTRACT

There have been revolutionary changes in the Indian financial sector owing to the emergence of FinTech solutions. In this research paper, an exploration is being done about the contribution of FinTech towards the promotion of financial and social inclusion, taking into consideration the impact it makes in the lives of gig workers and traditional workers. By considering secondary data sources, such as World Bank's Global Findex database (2021) and the Reserve Bank of India's Financial Inclusion Index (2024-2025), the paper tries to bring out some interesting trends in relation to access, use, and quality of financial services. The findings reveal an encouraging trend towards the ownership of financial accounts and use of digital payments; however, there are certain gaps which need to be addressed. It is evident that the success of FinTech in terms of inclusivity involves addressing matters related to social inequality, strengthening digital infrastructure, and creating digital financial products for workers.

***Keywords**: FinTech, Financial Inclusion, Gig Economy, Traditional Employment, Digital Transformation, India, Sustainable Development.*

Introduction

In recent times, India has seen a digital transformation of its financial industry due to the contribution of various FinTech products. Right from mobile money transfers, online loans, and investment, the FinTech products have completely transformed how people participate in the economic cycle. This has become all the more crucial in a nation where more than 60% of the population has been historically underserved by financial institutions. Through the FinTech industry in India with schemes such as Unified Payments Interface, Aadhaar Enabled Payments, and Jan Dhan Yojana, there has been created a medium through which people can be a part of the financial world.

However, inclusivity is not only about availability but also about participation and opportunity. In this context, both gig workers and conventional employees have emerged as pillars of the emerging economy in India. Gig workers, who include delivery executives and ride-share drivers to freelancers, are working in the dynamic tech-enabled labor market. On the other hand, traditional employees still continue to work within the structured salary system. It becomes very important to understand the impact of FinTech on the behavior of both these sections.

Literature Review

FinTech stands for the marriage of finance and technology in order to achieve cheaper, faster, and convenient financial services. FinTech is noted globally for offering an equal level of access to banking, credit, and insurance in particular in developing countries. In India, the FinTech development has been facilitated by the India Stack—a digital infrastructure framework that includes Aadhaar, UPI, and DigiLocker among others. These solutions have helped reduce transaction costs and increase transparency to formalize participation in the economy.

According to scholars, there are five 'Ds' of FinTech: digitization, disruption, democratization, decentralization, and data. Each of these dimensions has connections with social inclusion. Digitization implies greater access to financial services through mobile phones, while democratization allows people who did not use banks before to take part in digital economies. Social inclusion concept also comprises seven pillars, namely access, attitude, choice, partnerships, communication, policy, and opportunity. All these pillars may be reinforced with FinTech but certain challenges exist.

FinTech and Employment Transformation in India

The evolution of the employment market in India has taken place in parallel with the emergence of FinTech. With apps like Swiggy, Ola, and Urban Company, the rise of gig economy has enabled financial inclusion for informal workers. Financial innovations like immediate payment of salary, micro-savings, and 'pay later' have been used to provide financial security to informal workers. Likewise, traditional workers have also found opportunities in terms of loans, insurance, and salary bank account.

However, this inclusion process has been lopsided in nature. Although gig workers are able to get digital payments, they still fall out of credit and social security systems. This can be achieved through FinTech in the form of financial products that help income smoothing, low-cost insurance, and credit scoring with skills. In case of traditional workers, FinTech facilitates effective financial planning and saving through automation.

Methodology and Data Sources

This research makes use of a descriptive research design that makes exclusive use of secondary data from publicly available sources. The data has been obtained from the World Bank's Global Findex Database (2021), Financial Inclusion Index Reports of Reserve Bank of India (2024-2025), and relevant policy documents by RBI and NITI Aayog. The data includes such variables as financial account ownership, digital payments, gender gap, and rural-urban disparities in terms of financial inclusion. The results have been analyzed using a comparative approach that takes into consideration trends in both gig and traditional employment sectors.

Findings and Data Interpretation

Table 1 presents key financial inclusion indicators from the Global Findex Database (2021).

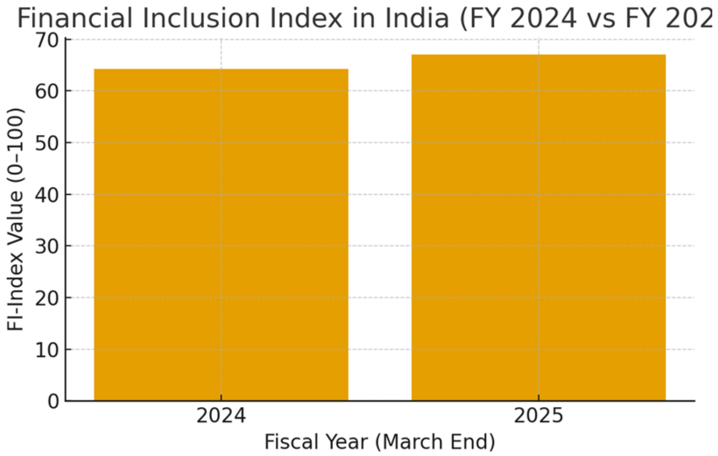
Indicator	Value	Source
Adults with a financial account	78%	World Bank Global Findex 2021
Adults who used their account to make or receive a digital payment	35%	World Bank Global Findex 2021
Gender gap in digital payment usage (women vs men)	13 percentage points	World Bank Global Findex 2021
Rural vs Urban digital payment usage among account holders	Urban: 52%, Rural: 39%	World Bank Global Findex 2021

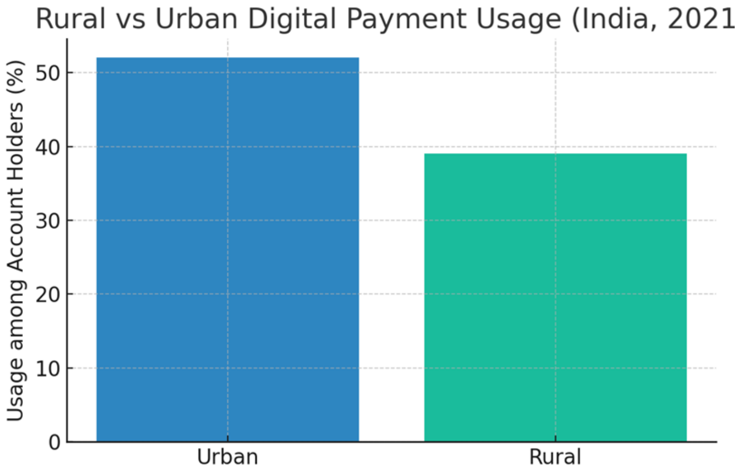
The statistics reveal that, although 78% of adult population in India has access to financial services, the utilization of digital payment systems is limited to only 35%. The disparity between gender of 13 percent points and urban-rural division are examples of the continuing issue of access equity.

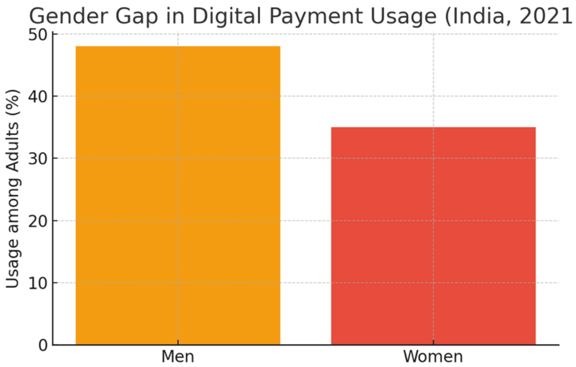
Table 2: Composite Financial Inclusion Index in India (FY 2024–2025)

Fiscal Year End (March)	FI-Index Value (0–100)	% Change from Previous Year
2024	64.2	—
2025	67.0	+4.3%

According to the RBI Financial Inclusion Index, there has been an upward shift in the index score from 64.2 in 2024 to 67.0 in 2025. However, it needs to be pointed out that much more is required to achieve complete financial inclusion.







Discussion: Implications for Gig and Traditional Workers

FinTech and employment are interconnected in numerous ways where there is both positive and negative disparity. The people engaged in the gig economy can use the convenience of mobile payment, which ensures immediate payment without depending on the availability of cash or cash transfers, providing safety in payment. Paytm, PhonePe, and Google Pay have gained importance in the case of payment transactions in the gig economy. However, when it comes to gig economy workers, the unpredictable income is the barrier to access the credit and insurance facilities.

However, with respect to employees who work in conventional jobs, the integration of FinTech with the formal banking system has ensured savings, automatic salary payment, and personal loans. In both the cases, FinTech has provided transparency and efficiency, thereby contributing towards digital inclusion in India. But for actual inclusion, socio-economic disparity and data privacy issues need to be resolved.

Challenges and Policy Gaps

While the FinTech sector has flourished in India, several challenges still remain. Factors such as the absence of digital literacy and affordability pose a challenge in rural India, which is characterized by poor internet connectivity. The gender bias is another challenge that is characterized by a situation where women lack financial independence as well as smartphone ownership. Gig economy informality exposes workers to vulnerabilities without pensions or insurance.

Cybersecurity and privacy issues might hinder the development of the FinTech industry. Trust among the consumers will need good governance and ethics in the application of AI technology, as well as addressing consumer grievances. Cooperation between the government and digital platform companies is needed for sustainability.

Conclusion and Recommendations

FinTech has emerged to be an essential driver of growth in addition to empowerment in India. Since FinTech has the capability to mainstream both gig workers and regular employees in the economy, it has a strong chance of becoming an important facilitator of growth. However, for this to take place, efforts must constantly be made by policymakers through innovative policies, digital literacy, and infrastructure. In order for the realization of an inclusive and sustainable Bharat, it is imperative that finance innovation and social equity go hand-in-hand.

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