



Driving Financial Inclusion: The Dual Impact of Financial Technology on India's Public and Private Sector Banks

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Abstract

Financial technology (FinTech) has significantly transformed the Indian banking sector by improving the accessibility, efficiency, and delivery of financial services. This study examines the dual impact of FinTech on public and private sector banks in India, with a particular focus on its contribution to financial inclusion. The increasing adoption of digital banking, mobile banking applications, Unified Payments Interface (UPI), artificial intelligence, biometric authentication, digital lending, and data analytics has enabled banks to provide faster and more convenient services to a wider section of society. Public sector banks have utilized FinTech to expand banking access among rural populations, low-income groups, and underserved communities through digital payments, direct benefit transfers, and affordable financial services. Private sector banks, on the other hand, have focused strongly on technological innovation, personalized services, automation, and digital customer engagement to enhance operational efficiency and competitiveness. Despite these advantages, FinTech also creates challenges, including cybersecurity risks, digital illiteracy, privacy concerns, financial fraud, and unequal access to digital infrastructure. The study highlights that while technological advancement has strengthened financial inclusion, its benefits depend on digital awareness, secure infrastructure, regulatory support, and affordable access. A balanced approach involving banks, FinTech companies, government institutions, and regulators is therefore essential. The study concludes that effective and inclusive FinTech adoption can bridge financial gaps, improve banking services, and contribute substantially to India's broader goals of sustainable and inclusive economic development.

Keywords: Financial Technology, FinTech, Financial Inclusion, Public Sector Banks, Private Sector Banks, Digital Banking, UPI, Digital Payments, Cybersecurity, India.

