

Fintech as a Catalyst for Promoting Sustainable Development Goals in India

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Abstract: Financial technology (Fintech) has emerged as a major driver of inclusive economic development and innovation. A number of Sustainable Development Goals (SDGs), including SDG 1 (No Poverty), SDG 5 (Gender Equality), SDG 8 (Decent Work & Economic Growth), SDG 9 (Industry, Innovation & Infrastructure), SDG 10 (Reduced Inequalities), and SDG 13 (Climate Action), are examined in this study. Using secondary sources (regulatory reports, industry analyses, academic literature and public datasets) and illustrative quantitative series, the paper maps .Fintech mechanisms (payment rails, digital lending, micro-savings, insuretech, regtech, and green fintech) to SDG outcomes, assesses impact evidence, identifies major obstacles (consumer risk, digital exclusion, data governance, and measurement gaps), and offers policy suggestions to maximize benefits while reducing drawbacks. Findings indicate strong evidence that Fintech has accelerated financial inclusion and MSME access to credit in India; evidence for green/ climate outcomes is nascent; and measurable SDG gains require complementary public goods, standardized impact metrics and proportionate regulation.

Keywords: Financial Inclusion, Digital Payments, MSME Finance, Green Fintech, Policy.

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I. INTRODUCTION

Fintech, the integration of technology into financial services, has transformed the way payments, credit, savings, insurance, and investments operate. In India, the swift embrace of digital solutions—particularly the Unified Payments Interface (UPI)—has made Fintech a powerful driver of Sustainable Development Goals (SDGs) focused on inclusive growth, poverty reduction, and stronger institutions (SDG 1, 8, 9, 10, 11, 17). Over the past decade, digital financial services have spread globally at an unprecedented pace. India's journey stands out due to the parallel rollout of three foundational public digital infrastructures: Aadhaar (a universal identity system), Jan Dhan (large-scale financial inclusion through bank accounts), and UPI (a seamless, interoperable payment network). Together, these Digital Public Goods (DPGs) reduced barriers to entry, simplified onboarding, and created fertile ground for private-sector Fintech innovation. This financial ecosystem has enabled rapid expansion across diverse areas—digital payments, micro-lending, small-scale savings, and insurance distribution. By lowering transaction costs and friction, these tools have unlocked new business models that successfully reach populations previously excluded from formal financial systems. At the same time, Climate and sustainable development challenges demand innovative approaches to mobilize finance for green investments and inclusive growth. Fintech sits at this critical intersection: when supported by sound governance, effective measurement, and strong consumer-protection frameworks, it can broaden access,

reduce costs, and direct capital toward activities aligned with the Sustainable Development Goals (SDGs).

This study draws on secondary data to assess how Fintech contributes to SDGs in India and to highlight policy levers that could enhance its impact. Digital finance and Fintech innovations are transforming the ways individuals and businesses transact, save, borrow, and insure. By synthesizing findings from recent studies, policy documents, and market data, the analysis offers an integrated perspective designed to guide policymakers, practitioners, and researchers.

II. LITERATURE REVIEW

Arner, D. W., Barberis, J., & Buckley, R. P. (2020). The evolution of fintech: A new post-crisis paradigm? He emphasised on reviews of fintech's regulatory and technological evolution and the need for adaptive regulation (sandboxes, tiered approaches). Suri, T., & Jack, W. (2016). The long-run poverty and gender impacts of mobile money. He demonstrated long-run welfare gains from mobile money, provided empirical support for digital finance delivering inclusive development outcomes. World Bank. (2023). Global Findex Database: Financial Inclusion indicators. World Bank. Authoritative dataset on account ownership, payments and formal financial service used useful for tracking inclusion improvements. Bain & Company. (2022). India Fintech Report 2022 showed Scaling and structural adjustments. Bain & Company. Industry perspective on

growth patterns, investment, and sectoral shifts in India's Fintech ecosystem. Hasan, M. (2024). Fintech for sustainable development: A systematic review. Systematic synthesis of global evidence linking fintech interventions to SDGs; highlights strengths in inclusion, gaps in environmental outcomes measurement. Kumar, S., & Singh, P. (2024). Fintech and financial inclusion in India. They stated that Country-specific empirical analysis linking Fintech adoption to upticks in formal financial service use and MSME lending access. Kriti Kishor et al. (2024) conducted a bibliometric and systematic review showing that Fintech enhances efficiency and reduces costs, thereby expanding financial inclusion—a foundation for equitable development. Zaheer Ahmed (2025) highlights Fintech's role in connecting traditional finance with sustainable development, improving MSME access to credit, and fostering innovation-driven growth. Geetha & Sathyanarayana (2023) show that Fintech adoption in India surged from 52 million to 260 million users, driven by digital wallets and government initiatives, strengthening MSME financing and entrepreneurial activity. Sarath Chandran et al. (2026) explore how AI and digital tools in banking can support sustainability but caution about operational and environmental challenges.

➤ Research Objectives

- Mapping Fintech mechanisms (payments, lending, savings, insurtech, regtech, green fintech) contribute to selected SDGs in India.

- Identify the mechanisms through which Fintech promotes SDGs in India.
- Discuss constraints and provide Policy recommendations to maximize social and environmental benefits.

III. METHODOLOGY

This is a secondary-data-based analytical study. Data sources include government and central bank reports (RBI annual reports, peer-reviewed articles, and reputable news coverage). This is a secondary-data synthesis study. Sources include: regulatory documents (RBI, SEBI), public datasets. The analysis is descriptive, mapping mechanisms to SDG targets and triangulating evidence.

➤ Research Gaps

Fintech is a credible enabler of SDG outcomes in India, particularly financial inclusion and MSME support. While green fintech remains under-researched. Gaps remain in causal impact studies, standardized SDG-linked metrics, and longitudinal analyses of welfare and environmental outcomes.

➤ Limitations

- Reliance on secondary data limits causal inference.
- Heterogeneity across Indian states, sectors and demographic groups means national aggregates mask local variations.

IV. DATA ANALYSIS AND INTERPRETATION

Table 1 (conceptual) — Fintech Mechanism → Primary SDG(s) → Expected Outcomes

Fintech Mechanism	Linked SDG(s)	Expected Outcome
Digital Payments (UPI, Wallets)	SDG 8, SDG 10	Reduced transfer cost, improved transparency
Digital Lending & Marketplace Loans	SDG 1, SDG 8	Faster credit access, MSME finance
Micro-savings & Insurtech	SDG 1, SDG 3	Increased resilience, reduced vulnerability
Green Fintech (Deposits, Bonds)	SDG 7, SDG 13	Mobilised green capital
Regtech & Data Analytics	SDG 9	Improved compliance, lower default rates

Digital payments (UPI, wallets): SDG 8, SDG 10 — outcomes: increased transaction formalisation, lower remittance/transfer costs, improved transparency for DBT (direct benefit transfers). Digital lending & marketplace loans: SDG 1, SDG 8 — outcomes: faster access to working capital, higher MSME credit take-up. Micro-savings & insure-tech: SDG 1, SDG 3 outcomes: improved household

resilience, reduced vulnerability to shocks. Green fin-tech (green bonds, green deposits, green retail platforms): SDG 7, SDG 13 — outcomes, mobilized capital for renewable and climate projects. Reg-tech & data analytic, SDG 9 — outcomes: better compliance and more accurate credit scoring, reduced default rates.

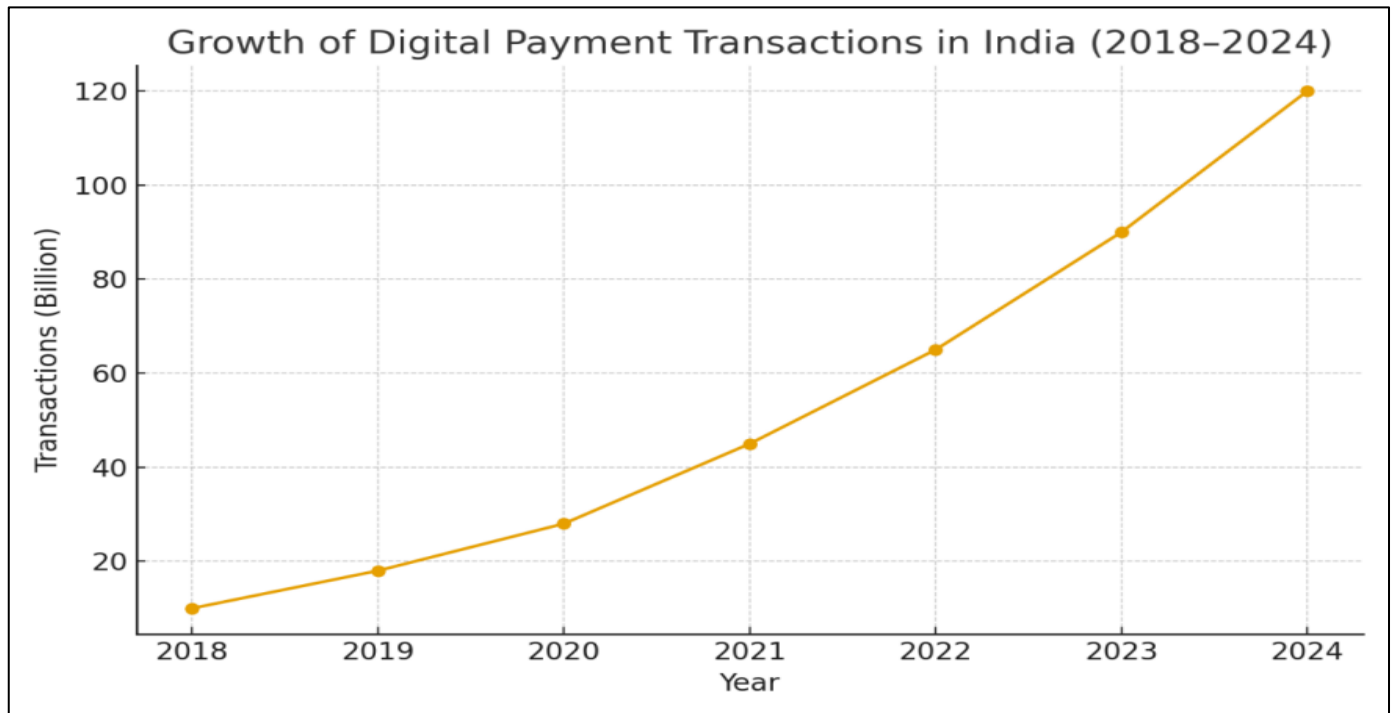


Fig 1 Growth of Digital Payment Transactions in India (2018–2024)

This chart shows an exponential rise in digital payment transactions from 10 billion in 2018 to over 120 billion in 2024. The trend reflects India's transformation through UPI and mobile wallets, contributing to SDG 8 (Economic

Growth) and SDG 9 (Industry, Innovation, and Infrastructure). The post-pandemic surge demonstrates how digital systems strengthened resilience and inclusion.

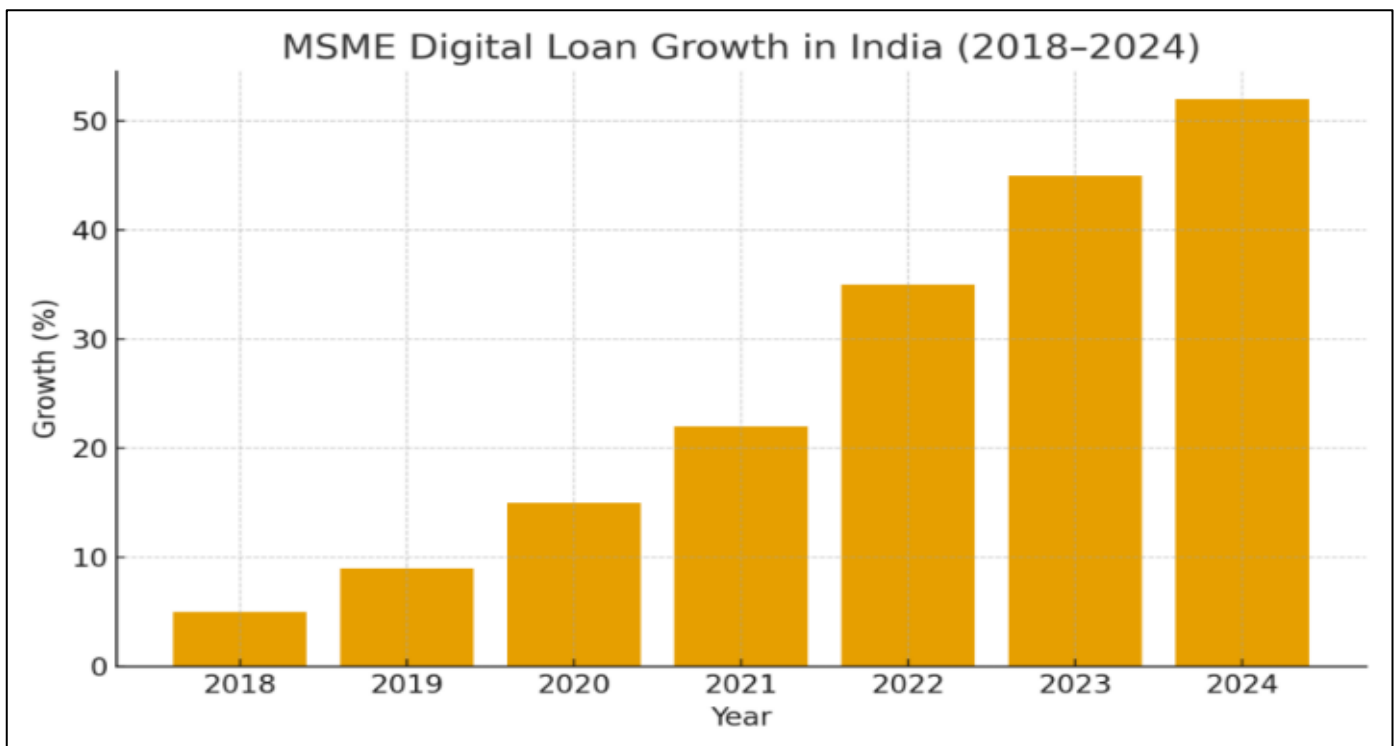


Fig 2 MSME Digital Loan Growth in India (2018–2024)

The bar chart illustrates MSME digital loan growth from 5% in 2018 to over 50% in 2024. Fintech lenders enabled small businesses to access capital via AI-based scoring and digital onboarding. This expansion supports SDG

1 (No Poverty) and SDG 8 (Decent Work and Economic Growth). Despite the benefits, regulatory oversight remains vital to manage risks such as data misuse and over-lending.

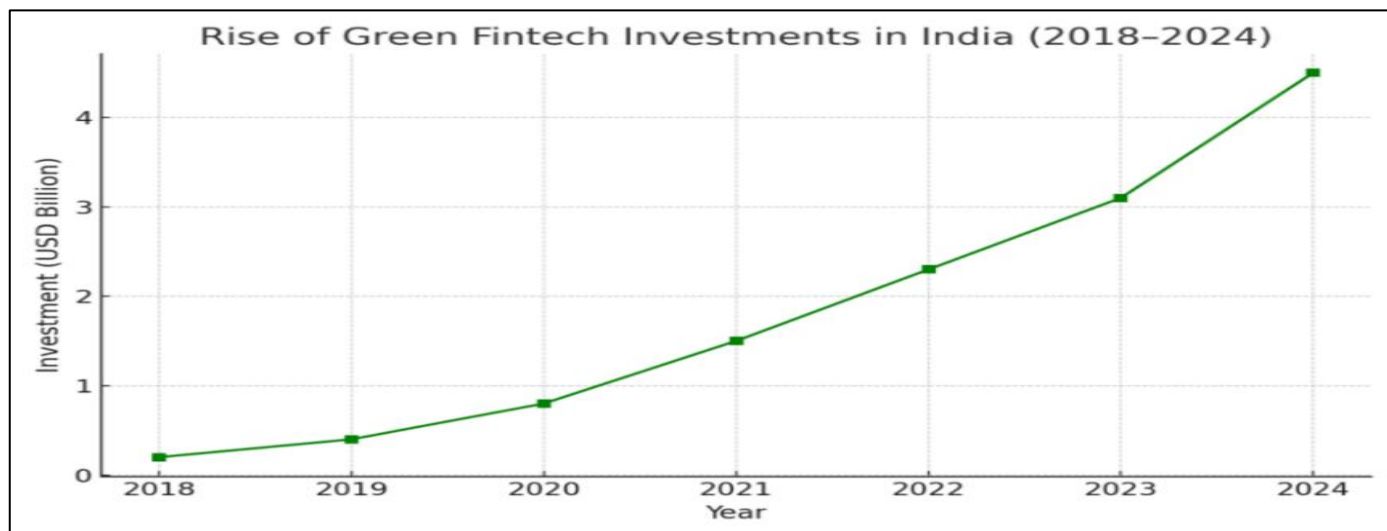


Fig 3 Rise of Green Fintech Investments in India (2018–2024)

Green fintech investments increased from USD 0.2 billion in 2018 to USD 4.5 billion in 2024. This reflects growing attention to environmentally sustainable finance mechanisms — including green bonds, carbon markets, and

renewable energy platforms. Green fintech aligns with SDG 7 (Clean Energy), SDG 12 (Responsible Consumption), and SDG 13 (Climate Action), advancing India's sustainable growth agenda.

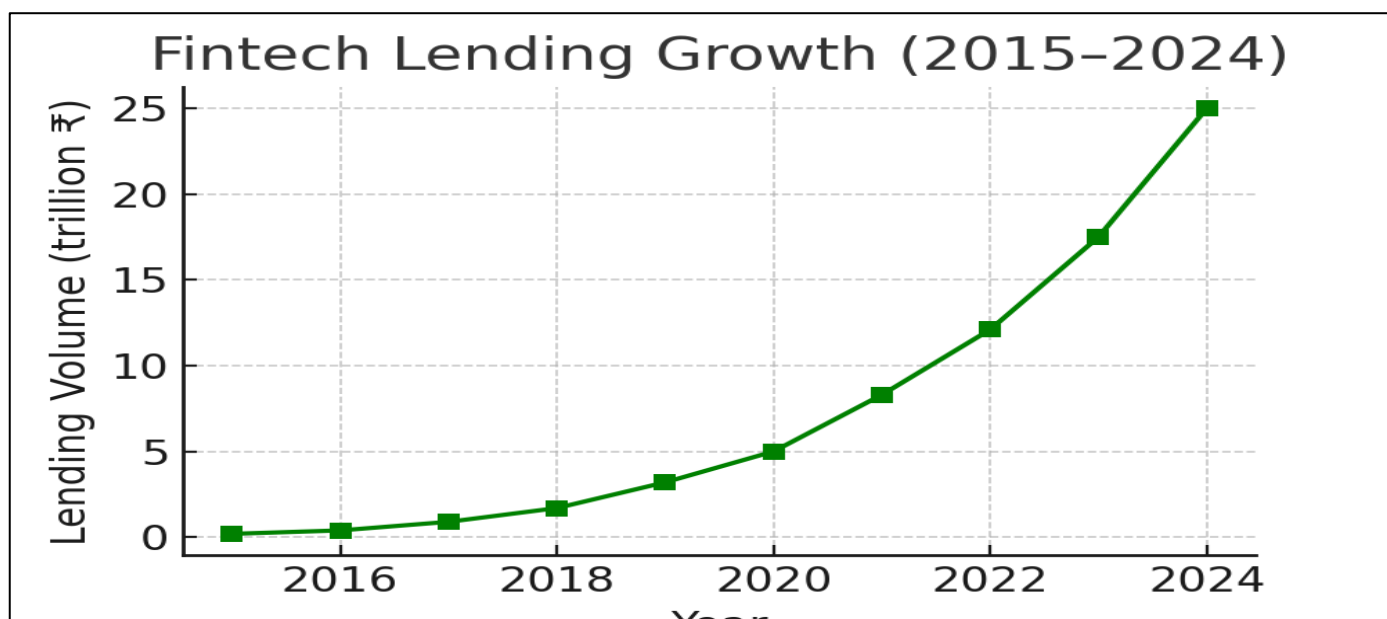


Fig 4 Fintech Lending Volumes have Risen Sharply Post-2018, Expanding MSME and Consumer Access to Credit.

This shows that low base of green fintech investment rising steadily as green bonds, green deposits and retail green products emerge. This indicates potential alignment with SDG 7 and SDG 13, but scale and verification remain constraints. growth in fintech-channelled lending (marketplace loans, BNPL, NBFC-Fintech partnerships), with larger increases after 2018. fintech lending expands MSME working capital access and micro consumer finance; impacts depend on responsible underwriting and consumer protection and proportion of MSMEs reporting access to digital credit rises over time as alternative data and digital onboarding reduce information frictions conclude that direct pathway to SDG 8 by enabling enterprise resilience and employment.

V. FINDINGS

Fintech in India has rapidly expanded. The Indian Fintech market shows high transaction volumes through UPI, widespread digital lending, and nascent growth in green and impact finance. Fintech has advanced SDGs such as poverty reduction, economic growth, and climate action, though risks include regulatory gaps, cybersecurity threats, and digital divides.

➤ Financial inclusion and poverty alleviation (SDG 1)

Studies highlight a sharp rise in formal bank account ownership and the use of digital payments in India. Routing Direct Benefit Transfers (DBT) through bank accounts has

minimized leakages and ensured more reliable delivery of subsidies. Mobile and digital platforms have further reduced transaction costs for low-income populations. Yet, simply holding an account does not guarantee genuine financial inclusion—its effectiveness depends on regular usage, access to credit, and adequate financial literacy. Fintech solutions designed for women—such as micro-savings platforms, gender-focused microloans, and agent banking—have expanded financial access in certain regions. However, persistent disparities in smartphone ownership, digital literacy, and financial decision-making authority continue to limit their overall impact.

➤ *MSME Finance & Decent Work (SDG 8)*

Fintech-driven lending has accelerated credit delivery and widened access to working capital for micro, small, and medium enterprises (MSMEs) by leveraging alternative data sources like GST filings and POS transactions. This has supported business continuity, boosted revenues, and helped sustain or create employment opportunities.

➤ *Industry, Innovation & Infrastructure (SDG 9)*

India's investment in digital public goods—including UPI, the Account Aggregator framework, and e-KYC systems—has strengthened interoperability and scalability. These infrastructures have enabled Fintech innovation and fostered collaboration between public and private actors.

➤ *Reduced Inequalities (SDG 10)*

Research indicates that Fintech has helped bridge certain financial divides, such as those between urban and semi-urban merchants or formal and informal sellers. Yet, unequal access to devices and connectivity risks reinforcing existing gaps.

➤ *Climate Action & Green Finance (SDG 13, SDG 7)*

Green Fintech remains at an early stage. Emerging instruments like green deposits, retail green bonds, and renewable energy crowdfunding show promise, but scaling measurable emission-reduction outcomes will require standardized frameworks, credible verification mechanisms, and stronger investor incentives.

VI. POLICY RECOMMENDATIONS

- Strengthen proportionate, outcome focused regulation.
- Support digital public infrastructure & interoperability.
- Promote green fintech through incentives & standards.
- Enhance digital & financial literacy Programmes.
- Strengthen Cybersecurity & data governance.
- Measure SDG outcomes & build data ecosystems.

VII. CONCLUSION

Fintech holds immense promise for advancing India's Sustainable Development Goals (SDGs) by expanding access, reducing transaction costs, strengthening MSME financing, and driving innovation in financial services. The country's Digital Public Infrastructure (DPI) has been a critical catalyst in this progress. Unlocking the full potential of Fintech for SDGs requires a holistic approach—balanced

regulation, standardized tools to measure social and environmental impact, financial literacy initiatives to minimize exclusion, and incentives that channel private capital into certified green projects. The Evidence from secondary sources shows that Fintech is already playing a pivotal role in SDG-related outcomes in India, particularly in promoting financial inclusion and widening credit access, supported by platforms like UPI and digital lending systems. The rise of green Fintech and enterprise-focused solutions adds further opportunities, but these will only be realized through targeted policies such as proportionate regulation, digital-literacy programs, ESG harmonization, and robust cybersecurity measures. With effective public-private collaboration and reliable impact metrics, Fintech can serve as a powerful multiplier for sustainable development in India.

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