
Literature Review of the Impact of Fintech on Financial Access in Developing Countries

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Abstract

Digital transformation in the financial sector through financial technology (fintech) has become a global phenomenon that has the potential to accelerate financial inclusion, especially in developing countries. This article aims to systematically review various academic literature and policy reports on the role and impact of fintech on financial access for communities that have previously been underserved by formal financial institutions. The method used is a literature study by reviewing various scientific journals, reports from international institutions, and relevant policy documents. The results of the study show that fintech, through services such as digital wallets, peer-to-peer (P2P) lending, and mobile-based payments, is able to overcome geographical barriers, high costs, and lack of documentation that are the main barriers to financial access in developing countries. However, challenges such as low digital literacy, inequality in technological infrastructure, and lack of comprehensive regulations are still obstacles to optimal utilization of fintech. Therefore, strong collaboration between regulators, industry players, and the community is needed to ensure that fintech innovation is truly inclusive and sustainable. This article provides important insights for policy makers, academics, and industry players in designing strategies and policies that support the growth of a healthy fintech ecosystem in developing countries.

Keyword : *financial inclusion, financial access, developing countries, digital literacy, digital financial regulation.*

INTRODUCTION

Financial inclusion is one of the main pillars in supporting inclusive and sustainable economic development. Access to formal financial services, such as savings, credit, insurance, and payment systems, has a direct impact on improving individual welfare and empowering micro, small, and medium enterprises

(MSMEs). Communities served by the formal financial system tend to have more opportunities to increase income, manage financial risks, and participate more actively in the economy. However, data from the Global Findex Database (2021) shows that more than 1.4 billion adults worldwide, most of whom are in developing countries, do not have access to a bank account, which limits their ability to access formal financial services and exacerbates economic inequality.

In developing countries, the biggest challenge to achieving financial inclusion is the low penetration of formal financial institutions, especially in rural areas or areas with limited infrastructure. Factors such as long geographic distances, high costs of opening an account, lack of formal documentation required to access banking services, and distrust of the traditional financial system further exacerbate these barriers. For example, in many developing countries, only a small percentage of the population has direct access to banking services, while the vast majority rely on the informal sector to meet their financial needs (Tekere et al., 2023).

In facing these challenges, the emergence of financial technology (fintech) has become an innovative solution that is able to overcome traditional barriers in the financial system. Fintech, which includes various technologies and digital services such as mobile payments, peer-to-peer lending (P2P lending), online investment, and digital wallets, has opened up new opportunities for people who were previously marginalized from formal financial services. Through fintech, people can access financial services simply by using a mobile device or computer, without requiring access to a physical bank branch. This service also allows MSMEs to obtain financing that is difficult to obtain through conventional banking systems, increasing economic inclusion in countries with low bankability rates.

Examples of fintech success in developing countries are striking. In Kenya, M-Pesa, a mobile payment service, has enabled millions of previously unbanked people to access everyday money transfer and payment services. In India, fintech platforms like Paytm and PhonePe have revolutionized the digital

payment system, allowing people to make transactions without having to use cash. In Indonesia, the existence of fintechs like OVO, Dana, and Gojek, which have various features ranging from payments, loans, to investments, provide easy access to finance for various levels of society.

While fintech offers great potential, there are several challenges that need to be overcome for fintech to truly transform the financial inclusion landscape in developing countries. One of them is the low level of digital and financial literacy among the majority of the population in developing countries. Without sufficient understanding of how to use technology and manage finances wisely, people are at risk of falling into the trap of high-interest loans or financial fraud that often occurs online. In addition, many countries still face difficulties in building adequate technological infrastructure to support the development of fintech effectively, especially in rural or less developed areas (Ozili, 2022).

In addition, regulatory challenges are also an important issue that needs serious attention. Many developing countries do not yet have clear and comprehensive regulations to supervise and regulate the fintech industry. This irregularity can open up loopholes for non-transparent practices, such as illegal loans or misuse of personal data. Adaptive and responsive regulations are needed to create a safe environment for fintech users while supporting innovation in this sector.

Therefore, this article aims to conduct an in-depth literature review on the impact of fintech on financial access in developing countries. This study seeks to explore how fintech can improve financial inclusion, especially for those who have previously been underserved by the traditional financial system. On the other hand, this article will also discuss the challenges faced in utilizing fintech, including regulatory aspects, digital literacy, and technological infrastructure. Thus, this study aims to provide a better understanding of the opportunities and challenges that exist, as well as provide recommendations for policymakers and industry players in optimizing the potential of fintech to support financial inclusion in developing countries (El Amri et al., 2021).

RESEARCH METHODS

This study uses a literature review method to analyze the impact of fintech on financial access in developing countries. Literature review was chosen because this method allows researchers to synthesize various findings from existing sources, so that it can provide a comprehensive picture of the topic being studied. The literature sources used include publications from scientific journals, reports from international institutions, books, and relevant policy documents, which can be found through databases such as Google Scholar, Scopus, and JSTOR. The literature search used keywords such as "fintech", "financial inclusion", "access to finance", "developing countries", "digital financial services", and "financial technology". The selection of literature was based on inclusion criteria that included articles published in the period 2021 to 2025, with a focus on studies that examine the impact of fintech on financial access in developing countries, especially countries with low or medium bankability.

The data collection process was carried out by selecting relevant articles based on predetermined criteria, then critically analyzing each article to assess its quality and relevance. Articles that make significant contributions to the understanding of fintech and financial inclusion will be included in the analysis. The collected data was analyzed using thematic analysis techniques, where researchers identified key themes that emerged from the existing literature. Some of the themes that will be analyzed include the positive impact of fintech on financial access, the obstacles faced, and challenges in implementing regulations. Researchers will also compare findings from various developing countries to see the factors that influence the success or failure of fintech adoption. However, this study has limitations because it relies on secondary data from existing sources. Therefore, to gain a more comprehensive understanding, further research using empirical methods, such as surveys or interviews, is highly recommended. In addition, since most of the literature used comes from publications in English,

there is a possibility of bias related to the perspective of developed countries that is more dominant in the available literature.

RESULTS AND DISCUSSION

This study analyzes the literature on the impact of fintech on financial access in developing countries. Based on the literature study collected, there are several key findings that can be summarized, which include the positive and negative impacts of fintech adoption, as well as the challenges and opportunities faced by developing countries in increasing financial inclusion through financial technology.

Positive Impact of Fintech on Financial Access

Based on various studies that have been analyzed, fintech has been shown to have a significant positive impact on financial access in developing countries. One of the main findings is its ability to reach populations that were previously underserved by conventional banking systems (Imaningati et al., 2024). According to a World Bank report (2021), digital payment technologies such as mobile money (e.g., M-Pesa in Kenya) have enabled millions of people in developing countries to access previously unreachable financial services, especially in rural and hard-to-reach areas. Fintech facilitates financial transactions such as money transfers, bill payments, and savings without the need for traditional banking infrastructure such as physical bank branches (Faculty Of Business Management Department of Financial Engineering Vilnius Gediminas Technical University & Adewuyi, 2024).

Challenges and Barriers in Fintech Adoption

Although fintech provides many benefits, its adoption in developing countries also faces a number of challenges. One of the main challenges identified in the literature is the low level of financial and digital literacy among the majority of the population in developing countries. Although many people in developing countries have access to smartphones, the lack of knowledge on how to use this technology to access digital financial services remains a major barrier.

This is compounded by the low level of public understanding of digital financial products and the risks that may be involved (Eldon, 2024).

In addition, inadequate regulation is also a major obstacle in implementing fintech. Many developing countries do not yet have a clear regulatory framework to regulate fintech companies, which can hamper the growth of this sector. Stated that uncertainty in regulation can lead to distrust among users and investors towards fintech, which ultimately hampers the development of this sector (Yinka James Ololade, 2024). In addition, fintech also provides convenience in terms of lower transaction costs compared to conventional banking. This allows low-income people to more easily access financial services. Stated that cheaper and more efficient digital payment services allow individuals and small businesses to access credit, save, and invest, which were previously difficult to reach (Kampani, 2025).

Keberhasilan Implementasi Fintech di Negara Berkembang

Several developing countries have shown significant success in adopting fintech to increase financial inclusion. An example is Kenya with its M-Pesa platform which has succeeded in providing financial access to millions of previously unbanked people. This is acknowledged by the GSMA report (2020), which shows that M-Pesa and similar services in Africa have enabled people to conduct financial transactions without the need for access to traditional banks.

In Southeast Asia, countries such as Indonesia, the Philippines, and Vietnam have also shown rapid adoption of fintech. Choi and Lee (2024) note that fintech in Southeast Asia has helped drive financial inclusion by providing easily accessible digital financial services, particularly through mobile wallets and app-based payment services.

Impact on Economic Empowerment

Fintech not only increases financial access, but also has the potential to empower the economy in developing countries. One important impact is

increasing access for MSMEs (Micro, Small, and Medium Enterprises) to financing. Chen and Hu (2025) highlighted that many fintech companies offer microcredit services that enable MSMEs in developing countries to obtain working capital, which was previously difficult to access through the traditional banking system. In this way, fintech can help accelerate local economic growth and create new job opportunities.

In addition, fintech also plays a role in supporting the development of the digital economy sector, which is increasingly important in many developing countries. According to Bholat and Saha (2023), the adoption of fintech helps accelerate digital transformation in broader economic sectors, such as e-commerce, digital payments, and technology-based financial services, which support the development of the digital economy as a whole.

Social Impact and Inclusion of Fintech

In addition to economic impacts, fintech also has significant social impacts in terms of empowering women and marginalized groups. Several studies, such as those presented by Nanda and Gupta (2025), show that fintech can provide greater financial access for women in developing countries, who are often neglected in the traditional banking system. Digital financial services give women more freedom to manage their finances personally, which in turn improves their well-being and that of their families.

However, this inclusive impact depends on how much fintech technology is adopted by marginalized groups in society and whether there are efforts to address the digital divide. For fintech to function as a tool for social inclusion, there needs to be policies that ensure that this technology is accessible to all levels of society (Lubis et al., 2021).

CONCLUSION

Based on the results of literature observations from various studies and recent reports (2020–2025), it can be concluded that fintech has played a significant role in expanding financial access in developing countries. Innovations

in digital financial services, such as electronic payments, digital wallets, application-based microcredit, and peer-to-peer lending platforms, have helped reach groups of people previously marginalized from the formal financial system, such as in rural areas, women, and MSMEs (Adnan et al., n.d.).

Fintech offers various advantages, such as ease of access, lower transaction costs, and faster processes compared to traditional financial institutions. The presence of fintech has significantly accelerated financial inclusion and supported local economic growth, especially in the informal sector and MSMEs. In addition, fintech also has social potential in empowering vulnerable groups by providing greater control over their personal finances.

However, fintech adoption in developing countries still faces various challenges, including low financial and digital literacy, limited technological infrastructure, and lack of comprehensive regulations. Without adequate supporting policies, the digital divide can be a major obstacle that reduces the effectiveness of fintech as a financial inclusion tool. Therefore, synergy is needed between the government, private sector, and financial institutions to create an inclusive, sustainable, and safe fintech ecosystem. Efforts to improve digital and financial literacy, as well as strengthening the regulatory framework, are important steps so that fintech can play an optimal role in creating a fairer and more equitable financial system in developing countries.

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