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Digital Payments and Financial Inclusion: Evolutionary Impact on Underserved Populations

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Abstract:
The impact of digital payment innovations on the financial environment is that it has increased access to formal financial services among underserved populations in the past. This review paper is a critical analysis of the development of digital payments and their effect on financial inclusion, which gathers evidence spanning different regions and approaches. The literature indicates that mobile money and other digital payment systems have greatly reduced financial access barriers, allowing millions of unbanked people to get an account, transact cheaply, and become financially resilient (Suri and Jack, 2016; Bachas et al., 2021). Vulnerable populations like rural households with low incomes and women have also been helped especially in the form of more convenience, security, and economic empowerment (Heath and Riley, 2024). Meanwhile, the accelerated digitalization of finance is a challenging issue: there is still an absence of digital literacy and infrastructure, the regulatory framework is out-of-date with innovation, and the issue of consumer protection and financial stability is also of concern (Trotta et al., 2026; Sant'Anna and Figueiredo, 2024). Critically discussing the results of studies on the global case and cross-country studies and systematic reviews, this paper will unveil the enormous inclusive opportunities of digital payments as well as highlight the challenges that have to be overcome to make financial integration equitable and sustainable. The review ends with recommendations of the need to invest in digital infrastructure, focused literacy programs, and balanced regulation to ensure that the positive effects of digital payments are maximized, as well as prevent any risks.

Keywords: Digital Payments, Financial Inclusions, Fintech Innovation, Underserved Population

Introduction:

Financial inclusion is the access of people to affordable and relevant financial services - one of the requirements of economic inclusion and alleviation of poverty. Historically, huge sections of the population in developing areas have not been reached by formal finance because of the high cost factor, distance, and documentation. Digital payment technologies are innovations that are overcoming these obstacles in the last ten years and making financial services available to underserved groups (Shahen and Sharaf, 2025). Electronic or mobile transactions Digital payments include any transaction conducted via electronic or mobile media - mobile money transfer, e-wallet, online banking and contactless cards. The technologies build on the ubiquity of mobile phones and internet connections to penetrate into some of the communities that brick-and-mortar banks were historically unable to reach. Mobile money in specific has

changed the game in places such as Sub-Saharan Africa and South Asia where phone-based accounts have become the first point of access to the formal finance among many households (Kouladoum et al., 2022; Hasan et al., 2022). The inclusion aspect of digital payments has been acknowledged by the global policy community: official organizations like the G20 and World Bank have introduced programmes to encourage the use of digital financial services as a bridge to the inclusion gap. Consequently, hundreds of millions of hitherto unbanked adults have been able to obtain an account or be able to transact digitally over the last several years. In fact, according to global survey data, among adults in developing economies, the proportion of people making digital payments increased by 22 percentage points, compared to an increase of 6 percentage points in traditional account ownership between 2014 and 2021. Outside factors like the COVID-19 pandemic have been able to accelerate this surge because remote transactions are now mandatory, and changes toward cash to online platforms are stimulated (Lye et al., 2025, p. 155). Though this has been done, there are still pertinent questions regarding how far and how fair is the implications of digital finance. Researchers have initiated strenuous analysis of whether the transition to digital payments actually changes to significant financial inclusion outcome through the poor or whether some vulnerable groups are marginalized or even exposed to new risks (Trotta et al., 2026; Sant'Anna & Figueiredo, 2024). The present review thus seeks to summarize the changing body of literature on the topic of digital payments and financial inclusion, assessing the empirical data about its positive and negative aspects. We provide results of the impact of digital payments on the access and use of financial services by underserved populations in various situations after defining the procedure of selecting and analyzing the relevant studies. After that, we explore the main themes - such as gender empowerment, poverty effects, as well as new issues - and finally, we will draw conclusions about the implications to policy and research in future. The paper offers an insight into the actual-world evolutional effect of digital payments by developing a critical approach based on peer-reviewed research and outlines what must be done to make digital financial inclusion both inclusive and sustainable in the future.

Literature Review:

The interplay between digital financial services and inclusion has been studied in a rich literature with case studies in developing countries, cross country studies, and systematic reviews. On balance, these signs show that the spread of formal finance has been greatly increased by digital payments, although the results are not uniform across geographies and demographics. Africa case studies give prominence to possibly the most dramatic gains of inclusion. Researching in pioneer on the M-Pesa mobile money system in Kenya discovered that the higher the access to mobile payment agents, the more per capita the system was consumed, and the greater was the percentage of Kenyan households lifted out of abject poverty, with larger gains to female headed households (Suri & Jack, 2016). These poverty-reducing impacts can be attributed to the fact that mobile money has helped in the process of remittances, savings and financial independence of people who were once dependent on cash. On the same note, cross-country analyses of African experience show that mobile money uptake is associated with higher financial account ownership and usage, which have led to the developmental outcome of positively impacting the living standards and income growth (Ahmad et al., 2020). In South Asia, efficiency in India has been linked to its push towards digital payments, such as Aadhaar-linked bank accounts and mobile payment interfaces, and has been linked to the reduction of rural-urban inclusion disparities (Ravikumar, 2019 as cited in Shahen and Sharaf, 2025). These positive effects are also supported by experimental studies. In Niger, cash payments were made through mobile phones, so a randomized trial compared cash transfer recipients receiving payments

through mobile phones with control groups that received payments manually. The mobile money group reported a 9-16% greater dietary diversity in the household and more frequent meals, which is explained by time saved on traveling as well as an improved ability to manage money (Aker et al., 2016). It is important to note that the bargaining power among women in the mobile transfer households was greater in spending decisions and this is an example of how digital payments can empower users in households. In another study in Tanzania, it was demonstrated that women entrepreneurs who received microloans disbursed in cash as opposed to mobile money increased their investments in their businesses and profits, and the corresponding increase in their financial independence (Heath and Riley, 2024). The results can be compared to the general findings that digital finance technologies may be particularly helpful to women as they allow them to be more private, secure, and have more control over money (Lye et al., 2025, p. 153; Shahen and Sharaf, 2025). Macroeconomic and survey evidence are other scale evidences. Based on panel data of Sub-Saharan Africa, Kouladoum et al. (2022) discovered that the higher the availability of digital technologies (including mobile phone penetration and internet access) the more countries have higher rates of account ownership and use of digital payments. Most importantly, their findings show that the access to the formal financial system by the rural and low-income populations has become possible with the assistance of digital financial services, but they warn that the lack of infrastructure and network connectivity remains the barrier to the full inclusion of the rural population in remote territories. In China, research indicates that the emergence of fintech and digital payments (e.g. Alipay, WeChat Pay) has helped to bridge the gap with underserved groups: Hasan et al. (2022) report how digital financial services have growth in poorer and rural areas, which has helped to benefit China at large in terms of financial inclusion and lessened regional inequalities. It is true that the World Bank data on the world indicates that mobile money has been an enabler of being included in the low-income areas, as of 2021, 1 in 3 adults in Sub-Saharan Africa had a mobile money account, which is approximately the same as those with a bank account. Simultaneously, the literature admits the remained gaps and challenges. It is observed in a number of studies that the advantages of digital payments have not been distributed equally. The issue of the digital divide keeps being raised: when people do not have access to mobile phones, the internet version, or the most basic digital literacy, they might not be able to utilize digital financial services and, therefore, stay excluded (Trotta et al., 2026; Lye et al., 2025, p. 159). To illustrate, the cohorts of older people, less educated people, and societies in the regions with weak network coverage are more likely to be behind adopting digital payments (Lye et al., 2025, pp. 161-164). The remaining gender discrepancies stand despite the improvements – women around the world are still less likely to adopt digital financial tools than men, which can be explained by differences in phone ownership, but socio-cultural barriers continue to widen the divide, but some countries made some progress by launching digital government payments during COVID-19. Moreover, some authors have sounded alarm at the possible drawbacks of digital finance development. These are consumer risks like fraud and breach of data privacy, an increase in predatory digital lending with concurrent over-indebtedness, and general concerns on financial stability in case fintech credit grows without proper regulation (Ozili, 2018; Sant'Anna and Figueiredo, 2024). Although literature continues to agree that digital payments are mostly an inclusion force, these criticisms remind the world that a balanced viewpoint is required that also assumes what challenges hinder their practicality to the poorest. Table 1 presents a set of major studies that are an illustration of the various approaches to methodology and results in this area.

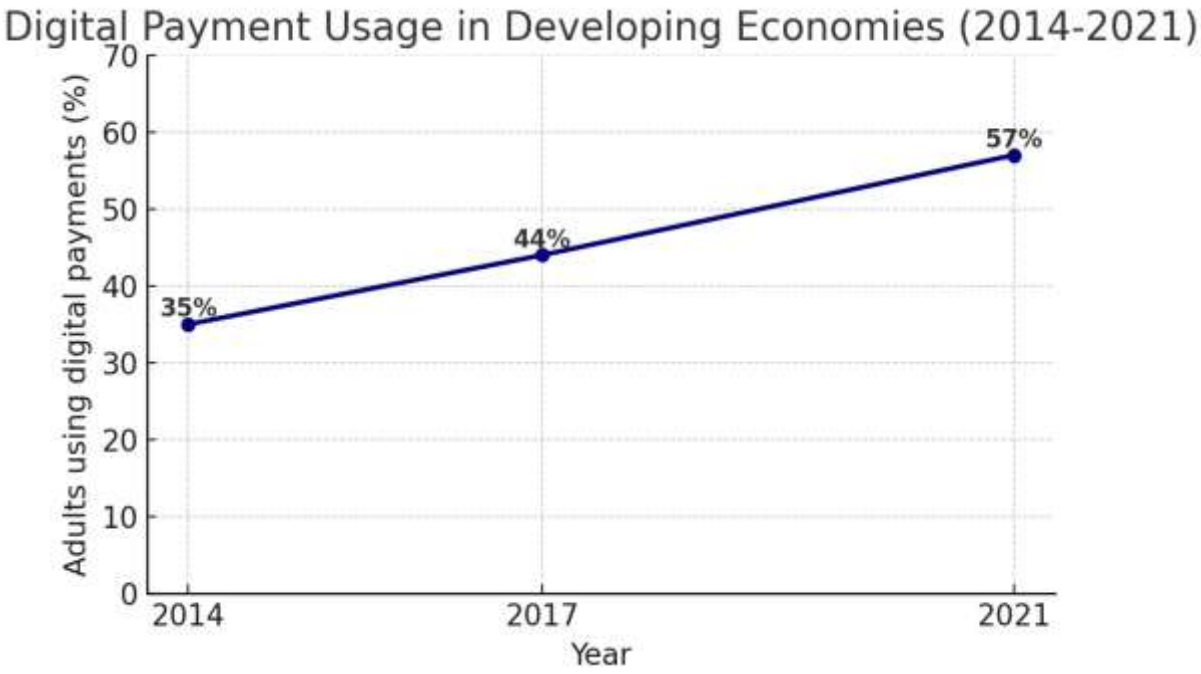

Figure 1. Trend in share of adults using digital payments in developing economies. The proportion of people making or receiving digital payments has climbed steadily, highlighting rapid adoption over the past decade.

Table 1. Key Studies on Digital Payments and Underserved Populations

Study (Year)	Context & Methodology	Key Findings on Inclusion
Suri & Jack (2016, Kenya)	Longitudinal study of mobile money expansion in Kenya (survey and economic data).	Mobile money access significantly increased per capita consumption and lifted ~2% of households out of extreme poverty, with especially strong impacts for women.
Aker et al. (2016, Niger)	Randomized controlled trial of cash transfers delivered via mobile money vs. cash.	Households receiving transfers by mobile phone had 9–16% greater diet diversity and improved food security. Time saved on travel and increased privacy empowered women in financial decisions.
Heath & Riley (2024, Tanzania)	Field experiment shifting microloan disbursements from cash to digital (mobile money).	Switching to digital loans led to higher business investment and profits for female borrowers, enhancing women's economic empowerment and control over finances (evidence of increased enterprise outcomes).
Bachas et al. (2021, Mexico)	Natural experiment analyzing government debit card rollout to unbanked transfer recipients (administrative account data).	Providing debit cards to welfare recipients (who already had basic accounts) prompted a 2% of income increase in savings over two years. Lower withdrawal costs and frequent balance checks built trust and led to greater account usage rather than cash reliance.

Study (Year)	Context & Methodology	Key Findings on Inclusion
Kouladoum et al. (2022, Sub-Saharan Africa)	Econometric analysis of 42 African countries (2011–2019) examining digital infrastructure and inclusion indicators.	Digital technology adoption (mobile and internet) is associated with higher financial inclusion rates in underserved African populations. However, gaps in network coverage and digital literacy still limit rural inclusion, requiring infrastructure investment (noted as an ongoing barrier).
Hasan et al. (2022, China)	Case study of China's digital finance growth (inclusive finance index & regional data analysis).	Rapid expansion of digital payments (via fintech platforms) helped bring unbanked and rural residents into the financial system. Digital finance development in China is linked to a narrowing urban–rural inclusion gap and greater usage of financial services among previously excluded groups.

Methodology (Review Approach):

The interplay between digital financial services and inclusion has been studied in a rich literature with case studies in developing countries, cross country studies, and systematic reviews. On balance, these signs show that the spread of formal finance has been greatly increased by digital payments, although the results are not uniform across geographies and demographics. Africa case studies give prominence to possibly the most dramatic gains of inclusion. Researching in pioneer on the M-Pesa mobile money system in Kenya discovered that the higher the access to mobile payment agents, the more per capita the system was consumed, and the greater was the percentage of Kenyan households lifted out of abject poverty, with larger gains to female headed households (Suri & Jack, 2016). These poverty-reducing impacts can be attributed to the fact that mobile money has helped in the process of remittances, savings and financial independence of people who were once dependent on cash. On the same note, cross-country analyses of African experience show that mobile money uptake is associated with higher financial account ownership and usage, which have led to the developmental outcome of positively impacting the living standards and income growth (Ahmad et al., 2020). In South Asia, efficiency in India has been linked to its push towards digital payments, such as Aadhaar-linked bank accounts and mobile payment interfaces, and has been linked to the reduction of rural-urban inclusion disparities (Ravikumar, 2019 as cited in Shahen and Sharaf, 2025). These positive effects are also supported by experimental studies. In Niger, cash payments were made through mobile phones, so a randomized trial compared cash transfer recipients receiving payments through mobile phones with control groups that received payments manually. The mobile money group reported a 9-16% greater dietary diversity in the household and more frequent meals, which is explained by time saved on traveling as well as an improved ability to manage money (Aker et al., 2016). It is important to note that the bargaining power among women in the mobile transfer households was greater in spending decisions and this is an example of how digital payments can empower users in households. In another study in Tanzania, it was demonstrated that women entrepreneurs who received microloans disbursed in cash as opposed to mobile money increased their investments in their businesses and profits, and the corresponding increase in their financial independence (Heath and Riley, 2024). The results can be compared to the general findings that digital finance technologies may be particularly helpful to women as they allow them to be more private, secure, and have more control over money (Lye et al., 2025, p. 153;

Shahen and Sharaf, 2025). Macroeconomic and survey evidence are other scale evidences. Based on panel data of Sub-Saharan Africa, Kouladoum et al. (2022) discovered that the higher the availability of digital technologies (including mobile phone penetration and internet access) the more countries have higher rates of account ownership and use of digital payments. Most importantly, their findings show that the access to the formal financial system by the rural and low-income populations has become possible with the assistance of digital financial services, but they warn that the lack of infrastructure and network connectivity remains the barrier to the full inclusion of the rural population in remote territories. In China, research indicates that the emergence of fintech and digital payments (e.g. Alipay, WeChat Pay) has helped to bridge the gap with underserved groups: Hasan et al. (2022) report how digital financial services have growth in poorer and rural areas, which has helped to benefit China at large in terms of financial inclusion and lessened regional inequalities. It is true that the World Bank data on the world indicates that mobile money has been an enabler of being included in the low-income areas, as of 2021, 1 in 3 adults in Sub-Saharan Africa had a mobile money account, which is approximately the same as those with a bank account. Simultaneously, the literature admits the remained gaps and challenges. It is observed in a number of studies that the advantages of digital payments have not been distributed equally. The issue of the digital divide keeps being raised: when people do not have access to mobile phones, the internet version, or the most basic digital literacy, they might not be able to utilize digital financial services and, therefore, stay excluded (Trotta et al., 2026; Lye et al., 2025, p. 159). To illustrate, the cohorts of older people, less educated people, and societies in the regions with weak network coverage are more likely to be behind adopting digital payments (Lye et al., 2025, pp. 161-164). The remaining gender discrepancies stand despite the improvements - women around the world are still less likely to adopt digital financial tools than men, which can be explained by differences in phone ownership, but socio-cultural barriers continue to widen the divide, but some countries made some progress by launching digital government payments during COVID-19. Moreover, some authors have sounded alarm at the possible drawbacks of digital finance development. These are consumer risks like fraud and breach of data privacy, an increase in predatory digital lending with concurrent over-indebtedness, and general concerns on financial stability in case fintech credit grows without proper regulation (Ozili, 2018; Sant'Anna and Figueiredo, 2024). Although literature continues to agree that digital payments are mostly an inclusion force, these criticisms remind the world that a balanced viewpoint is required that also assumes what challenges hinder their practicality to the poorest. Table 1 presents a set of major studies that are an illustration of the various approaches to methodology and results in this area.

Results and Synthesis:

The aggregated data leads to the conclusion that digital payment systems become an accelerator of expanding financial inclusion, but with some significant caveats. First of all, there is a significant growth in financial accounts access in areas where digital payment services were established. The tens of millions of people who have gained access to the formal financial system have mostly been in countries, which have adopted mobile money or other such innovations. As an example, in Kenya, the introduction of M-Pesa increased the proportion of people who had a national account by approximately 40 percent to more than 80 percent in the period between 2006 and 2019; and most new accounts were in the form of mobile wallets owned by previously unbanked people (Suri & Jack, 2016). The same trend is observed in most of the developing economies. The set of cross-country data proves that when the penetration of mobile phones and the fintech services extend, the proportion of adults conducting digital transactions also

increases (Kouladoum et al., 2022). This trend is shown in figure 1: the share of adults who make digital payments in developing countries has increased between 2014 and 2021 by more than half, which is much bigger than the increase in population. It is worth noting that to a large extent, such growth has occurred through the adoption of digital channels by underserved groups. Mobile payments and agent banking have impacted rural villagers, smallholder farmers, and informal traders, which have traditionally had no bank access (Hasan et al., 2022). These services minimize distance factors, as they enable transaction via the mobile agents or applications in the locality as opposed to the users having to travel long distances to the bank branches. They also reduce the cost of opening an account: digital wallets are privileged with few fees and less complex KYC procedures than traditional banks, and thus are more affordable to low-income clients (Allen et al., 2016). With the increased access also comes increased consumption of a wider variety of financial services through the digital platforms. One of the most frequent insights made by researchers is that online transactions tend to act as the entry point to other financial services. An example is that payment of wages or government transfers to an account may motivate people to begin formal savings or credit history search (World Bank, 2022, p. 125). It is proven in various countries that when individuals receive the feeling of security and efficiency of the digital payments at first, they are more inclined to save or insure their accounts. The study of mobile money users in Kenya discovered that the people who had embraced the service significantly increased their savings and income sources diversification (Jack and Suri, 2014, as cited in Ahmad et al., 2020). In Mexico, which is reflected in Table 1, those beneficiaries receiving debit cards not only saved more but also checked their bank accounts on a regular basis, developing confidence in financial institutions (Bachas et al., 2021). These practices indicate the end of informal, cash-based practices in favor of the formal use of finance, which can improve financial resilience. Notably, the digital payments have been associated with boosts in economic well-being and empowerment of underserved groups of people. Various research reports record positive welfare effects which are as a result of digital financial inclusion. Mobile money networks have facilitated quicker and less costly remittances between metropolitan migrants and rural families and improved consumption and shock mitigation like droughts or healthcare crises (Suri and Jack, 2016). Credit and savings products on mobile enable micro-entrepreneurs to invest in their livelihoods; East African credit platforms though not free of risk have enabled small businesses to access working capital, which was previously unavailable (Kaffenberger and Totolo, 2018). At the household level, the shift towards the use of digital payments has enhanced privacy and control among users who might have been forced to use intermediaries or family members to facilitate the flow of cash. Mobile wallets provide women with privacy and freedom. An example of this is an experiment conducted by Heath and Riley (2024) in Tanzania; once the money was deposited directly in their mobile accounts, women gained more control over spending it, and reinvested in their businesses, something that did not occur when cash was given to them. Similarly, in India, researchers discovered that direct-benefit transfers to bank accounts (linked to biometric ID) and delivered digitally generates a lower leakage rate and provides women with more control over household spending, as it is only deposited into their accounts accessible exclusively to them (Muralidharan et al., 2016). These results emphasize the fact that financial inclusion is not only the presence of a bank account, but also the ownership of the resources. By reducing in-betweenness and cash handling by other parties, digital payments can push that power to marginalized users and empower them socially and economically (Lye et al., 2025, p. 158). Overall, the macro-level benefits that are linked to more use of digital payments include poverty and reduced income inequality. More recent studies indicate that nations that have a greater level of digital financial inclusion have more expansive gains in development. As an example, a

systematic review by Sant'Anna and Figueiredo (2024) observes that most studies reach the same conclusion, which is that fintech innovation and digital payments help to promote inclusive economic development by democratizing access to finance. Nevertheless, they also warn that causality may be complicated - digital finance is likely to thrive in the climate of supportive infrastructure and policies, which in their turn lead to the growth. So, the digital payments can be considered a potent instrument but a part of a bigger ecosystem required to be included sustainably. The results point to areas of concern that despite the overwhelming positive evidence on outcomes, digital payments have not resolved inclusion gaps. The urban-rural divide is one of the issues. Digital financial services are even more expensive to rural residents in certain areas who access them via mobile networks than to urban dwellers (Kouladoum et al., 2022). This is normally because of poor network coverage, less outlets of the agent and decreased digital literacy beyond cities. The other issue is design exclusion - some vulnerable populations like the disabled or the elderly might not be able to use the digital interface intuitively or at all. In case financial institutions transition to digital service delivery wholesale without adoptions, these groups are at risk of being abandoned. Furthermore, trust and awareness come up as vital elements. Research in various African and South Asian nations demonstrates that not all low-income people are eager to use digital finance, even where it exists, because of the risk of fraud or a lack of knowledge about the functionality of the services (Trotta et al., 2026; Morgan and Trinh, 2019). In these scenarios, just the availability of the digital methods of payment is insufficient and the user must be educated and provided with consumer protection in order to be sure to use them. Last but not least, the findings conclude by summarizing one of the warnings of various researchers: digital financial inclusion needs to be supported by effective regulation and consumer protection. The author states that although digital finance could help increase stability in terms of diversification of financial access, it may, conversely, create new systemic risks - such as when digital lenders give unsustainable loans or when tech companies controlling payments become too big to fail (Ozili, 2018). Cases of fraud and abuse of customer information in online platforms are already reported, and unless addressed, they may destroy the trust in such services by the very groups it is supposed to serve (Trotta et al., 2026). These obstacles do not dismiss the general success of digital payments to enhance inclusion, but they demonstrate that inclusion quality (secure, equitable, and responsible) is just as crucial as the amount.

Discussion:

All the results of this review confirm that digital payments have played a significant role in the movement towards the realization of financial inclusion by underserved communities, but also indicate subtle issues that require critical consideration. On the upside, the evolutionary effect is indisputable - digital payment technologies have completely changed the way the unbanked interact with money. Fintech innovations have come into play where the traditional banking models failed to access the poor by providing low-cost and easy to use services. The fact that digital financial inclusion benefits are seen in the form of welfare improvements (greater savings, smoother consumption, reduction of poverty) is a notable developmental practice change. Unlike in the previous decades, when the inclusion process was based on physical brick and mortar microfinance or state banks, a rural farmer now can get a government subsidy or remittance delivered instantly on a mobile phone and use it to pay or store value. This leaping effect has addressed historical gaps on inclusion - such as gender differences in account ownership have slightly improved in economies that adopted digital G2P (government-to-person) payments during the pandemic (World Bank, 2022, p. 127). In addition, digital payments have also demonstrated their ability to remain robust and be

useful in times of crisis: during COVID-19 lockdowns, those countries that had strong digital financial infrastructure were able to transfer emergency money to their citizens easier, as well as facilitate business when face-to-face interactions were unsafe. This highlights the importance of digital inclusion to general economic resiliency and disaster recovery. Nonetheless, the critical lens of this review also points out the fact that digital inclusion is not a natural process - it is a product of a deliberate design and policy decisions. The significance of the complementary interventions and the introduction of digital payments is one of the main points of discussion. As linchpins come literacy and training. Without the knowledge as various researchers have identified, uptake may be hindered even in areas where access is available. Therefore, access can be transformed into usability with the help of financial literacy programs and the convenient design of the interface. Countries have been successful in grassroots digital literacy campaigns, usually facilitated by mobile money agents or community organizations, to train people (in particular, older or less-educated clients) on how to safely navigate mobile wallets. Also, it is necessary to foster confidence in online systems. Consumer protection measures can promote trust- e.g. disclosures of fees should be clear, remedies against fraud or error, data privacy policy. It is also capable of expanding organically since individuals will enjoy trustworthy service after some time. This can be taught by the example of Mexico, which experimented with the use of debit cards (Bachas et al., 2021): the first beneficiaries took all the money at once because of the lack of trust, but as they started getting convinced that the money was not in danger in the account, they started having balances. Such a process of building trust can open the next tier level of benefits of inclusion (saving and use of credits) when basic payments are established. The necessity not to create new variants of exclusion is one more topic of the discussion. The digital finance should be designed to be inclusive, otherwise it can perpetuate inequality. As an example, when fintech algorithms that aid the lending process discriminate against certain groups (because of biased data), or when the digital merchant payment process targets more prominent urban businesses, the underserved groups may not receive the full benefit. Inclusive product design and providing more digital infrastructure in remote and marginalized locations should be used to ensure that policymakers and providers are vigilant. Partnerships between companies and the government may work well - e.g. certain governments have encouraged mobile companies to reach rural villages and to deploy common networks of agents, so that there is access over the last mile. Regulatory balancing acts are also mentioned in the discussion. Regulators have the challenge of how to stimulate fintech innovation to be incorporated and taming risks. In certain jurisdictions, some jurisdictions have sandboxed and piloted new digital financial services under supervision. Proportional regulation (e.g. tiered KYC requirements permitting low-value accounts to be easily opened) have been proven to speed up inclusion without posing undue risk to the financial system (Allen et al., 2016). Conversely, the emergence of big tech in payments has brought up concerns of competition and interoperability - regulators might have to make sure that the digital payment ecosystem is open and that customers can use it to send and receive payments across various platforms without issues, which is critical to its mass adoption by small merchants and consumers. Arguably, the best thing to learn in this review is that technology is a requisite but not a sufficient condition to financial inclusion. The fact that mobile phones and apps exist gives the possibility of inclusion, yet it is social, economic and institutional influences that determine how that can turn into reality and make a difference. Any cultural norms such as whether women should be enabled to manage finances can have consequences regardless of the technology (as in different outcomes in different regions in Lye et al. (2025), with digital literacy enhancing inclusion in Africa but with a less significant impact in some regions of Asia because of social restrictions). Contextual economy is also important - digital finance will have larger implications in a cash-

based economy than where individuals were already accessing a bank. Context-specific strategies are meaningful therefore. Altogether, although it is undeniable that digital payments are shifting the needle towards global financial inclusion, the present discussion states that further development will only be possible through a holistic strategy. The stakeholders are expected to prioritize on the implementation of digital services, as well as the development of the ecosystem around it - user capability, trust, high-level consumer protection, and connectivity infrastructure. The complete potential of digital financial inclusion, in which every layer of society can engage in and enjoy the formal economy, would only be achievable by tackling these inter-connected problems.

Conclusion:

The development of digital payments in the last ten years has been significant in the delivery of financial services to the underserved people of the world. This literature review identifies strong support that innovations like mobile money, e-wallet and other payment systems using fintech have greatly increased financial inclusion by reducing the traditional barriers of cost, distance and documentation. Digital means to save, send, and receive money in countries all across Africa, Asia, and Latin America have seen millions of people who previously only used cash to conduct their transactions, and tangible improvements in their economic security and opportunities (Suri & Jack, 2016; Bachas et al., 2021). Marginalized populations, such as low-income rural residents and women, in particular, have become empowered through digital payments, which allowed them to more easily control their funds and linked them to larger economic systems (Heath and Riley, 2024). Simultaneously, this critical review warns of complacency in thinking that digital finance necessarily means full inclusion. Weaknesses still exist, and it is especially difficult to access the most remote or underprivileged groups who might face the lack of needed access or expertise to use digital services (Trotta et al., 2026). The threat of the so-called digital divide in financial inclusion is not unfounded as people who are disconnected or lack literacy will stay behind as the general inclusion rates increase. Moreover, the increase in the development of digital financial services gives rise to new consumer protection and financial stability considerations (Ozili, 2018; Sant'Anna and Figueiredo, 2024). In order to make the benefits of digital payments sustainable and fair, stakeholders need to invest in infrastructure support (including mobile networks, identification systems, etc.), further user education and trust, and introduce intelligent regulations that should encourage innovation and protect users at the same time. Finally, the usage of digital payments turned out to be the potent means of inclusive finance - the one that has already brought a change in the lives and will keep on doing so as the technology develops - yet to make it actually efficient, specific actions will be required in order to mitigate the human and institutional factors which are considered to be the building blocks in the true financial inclusion. The current dilemma facing policymakers, practitioners and researchers is to take advantage of the successes that are recorded in the literature and seal the gaps that are still evident so that the digital financial revolution can be used to the advantage of all the members of the society, and most importantly, the poorest in the society. Going forward, the research should still be undertaken to measure the long-term effects of digital inclusion programs and seek novel solutions (digital literacy programs, gender-sensitive product designs, and publicly-sponsored partnerships with the infrastructure) to surmount the impediments identified. In this way, we will be one step nearer to a world in which all people, irrespective of income or place of residence, have access to the instruments to be able to engage in and benefit under the official financial structure.

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