

India's Demographic Transition and Financial Inclusion: Age, Account Ownership and Digital Payment Use, 2011–2024

Ms. Nisha Gupta Kalamkar

Assistant Professor, Commerce - B.F.M.
Vidyalankar School of Information Technology

Abstract

India is currently confronted with the dual challenge of benefitting from the demographic dividend while also experiencing the effects of population ageing. At the same time, this has implications for not only labor markets, social security, and health, but also financial services, in particular, their demand, supply, and use. This paper seeks to discuss the association between age and financial inclusion using selected findings from the secondary analysis of the Global Findex database performed for the years 2011, 2014, 2017, 2021, and 2024, supplemented with selected statistics from the United Nations and UNFPA. The paper focuses on three main areas: account ownership, age differential access to financial services, and transition from access to active use, with an emphasis on India as a country with a significant proportion of young people and an aging population. Between 2011 and 2024, India's account ownership rate grew by 53.8% from 35.2% to 89.0%. Female account ownership grew at a faster rate than male account ownership, increasing by 57.8% from 26.5% to 89.2% and by 50.8% from 43.7% to 88.8%, respectively. However, India's access to financial services does not equal its usage of these services; and while 68% of young people (aged 15-24) in India own an account compared to 82% of adults aged 25+, only 54% of India's account owners made or received a digital payment in 2024. The paper recommends that India's post-access financial inclusion agenda focus on products, financial literacy, active account usage, retirement savings, and consumer protection, among others, noting that demographic transition should also be viewed as a financial-services transition, necessitating distinct policies for youths, working-age adults, and retirees.

Keywords: demographic transition, financial inclusion, ageing, digital payments, account ownership, India, financial services, youth.

1. Introduction

India's demographic structure is shifting significantly. While the country maintains a substantial youthful and working-age population, which offers the potential of a large demographic dividend, reduced fertility and increased longevity will see a rise in the proportion of older persons. UNFPA India states that India's population aged 60 years and above is set to constitute nearly one-fifth of the population by 2050, making ageing an increasingly important economic and policy issue. The United Nations' World Population Prospects 2024 highlights population ageing, fertility decline and changing age structures in the context of the demographic-transition framework as well.

Financial need and capability are different throughout the life course and financial systems must adapt to

support people's evolving needs. Young adults may need entry-level accounts, digital payment services, financial education and products that help them start saving and investing. Working-age adults grapple with borrowing, insurance, housing, education and wealth-accumulation decisions. Older persons are more likely to need retirement-income products, safe savings, health-financing mechanisms, pension-linked services and accessible channels that reduce reliance on complex digital interfaces. As such, a financial system geared to meeting the needs of one particular 'average customer' may not effectively respond to the diversification of demographics.

India has made substantial progress in financial access. Global Findex data demonstrate that account ownership has risen from 35.2 percent in 2011 to 89.0 percent in 2024. This is among the most significant transformations in India's financial landscape during the period. However, while high account ownership may suggest high usage, the 2024 Global Findex data highlight that digital payment use remains considerably lower than account ownership, especially among younger and other vulnerable groups.

The central argument behind this paper is therefore that India's demographic transition should be considered in tandem with its financial-inclusion transition. The challenge posed by India's changing demographics is therefore no longer about whether people have bank accounts, but whether financial institutions, fintech providers and public programmes can turn broad access into meaningful, safe and age-appropriate financial participation.

2. Research Gap

Existing research on India's demographic transition has mostly focused on employment, dependency, health, migration, urbanisation, social security and the demographic dividend. Financial-inclusion research, on the other hand, has often focussed on gender, income, rural–urban differences, digitalisation and access to bank accounts. These two bodies of literature intersect, but the implications for financial-service demand remain relatively under-integrated.

One key challenge comes from the distinction between access and usage. The expansion of bank accounts can lead to an impression of near-universal inclusion, while inactive accounts, limited digital use, cash reliance and low retirement-savings tendencies can limit financial well-being. A demographic lens makes such a distinction particularly relevant because different generations can experience the same financial infrastructure in different ways.

This paper contributes by synthesising three lines of evidence: long-run account ownership, age-related differences in access and digital payment use and the projected expansion of India's older population. By interpreting demographic structure as a determinant of the future demand for financial services, rather than a background variable, this paper offers new insights into the next stages of financial inclusion.

3. Objectives of the Study

- To examine the trajectory of financial account ownership in India between 2011 and 2024.
- To analyse age-related differences in financial-account ownership and digital payment use.
- To identify the emerging access–usage gap in India's financial-inclusion landscape.
- To interpret these patterns in the context of India's demographic transition and population ageing.
- To propose policy and financial-service strategies for different stages of the life course.

4. Research Questions

- How has financial account ownership changed in India between 2011 and 2024?

- How large is the difference in account ownership between younger and older adults?
- Does increased account ownership translate into comparable levels of digital financial usage?
- What do these patterns imply for financial-service providers and public policy in an ageing India?

5. Review of Literature and Conceptual Framework

5.1 Demographic transition and the life-course perspective

Demographic transition theory describes movement from high fertility and mortality towards lower fertility and mortality and longer life expectancy. The changes in age structure that follow can have implications for the balance between children, working-age adults and older persons. For India, this transition involves a dual policy challenge: maximising the economic contribution of the working-age population while making institutions ready for a larger older population.

The life-cycle perspective in economics also suggests that individuals' saving, consumption and asset-allocation decisions change with age. The life-cycle hypothesis associated with Modigliani and Brumberg (1954) provides one conceptual foundation for investigating how demographic structure can influence financial behaviour. Although actual household behaviour is more complex than the simple life-cycle model, the framework highlights why age is relevant to savings, borrowing, wealth accumulation and retirement preparation.

5.2 Financial inclusion as access plus effective use

Financial inclusion is a concept that goes beyond bank-account ownership to include access to appropriate and affordable financial products, regular usage, payments, savings, credit and risk management. The World Bank's Global Findex provides demand-side evidence on how adults access and use financial services. The 2025 edition of the Global Findex incorporates 2024 survey data and includes stronger coverage of mobile connectivity, digital payments, digital safety and the frequency of financial transactions.

The access–usage distinction is especially relevant to India. The Global Findex 2025 reports that account ownership reached 89 percent in 2024 while digital-payment use among account owners was around 54 percent. This indicates that a substantial proportion of account owners still do not use their accounts for digital payments. Financial inclusion therefore needs to be assessed in terms of functional participation.

5.3 Demographic change and financial services

Demographic change can affect both the demand for and the design of financial products. Youth populations need accessible entry points into formal finance and opportunities to develop financial capability. Working-age adults need products for wealth accumulation, housing, education, insurance and retirement. Older adults need products and channels that focus on security, liquidity, predictable income, health-related financial resilience and protection against fraud.

The implication is that financial institutions should adopt increasing segmentation based on age. Such segmentation should not be used as discriminatory pricing or exclusion but should support appropriate product design, communication, accessibility and consumer protection.

6. Methodology

6.1 Research design

This study adopts a descriptive and analytical secondary-data design. It uses publicly available Global Findex indicators for India for 2011, 2014, 2017, 2021 and 2024, with particular attention to account

ownership, sex, age and digital payment usage. The demographic context is drawn from UN DESA's World Population Prospects 2024 and UNFPA India publications.

6.2 Data sources

The principal financial-inclusion source is the World Bank's Global Findex Database. India's 2024 microdata are identified as IND_2024_FINDEX_v02_M while the World Bank's public indicator series provides comparable account-ownership measures across the 2011–2024 waves. The 2024 survey was conducted between May and December 2024, forming the basis of the Global Findex Database 2025.

6.3 Analytical approach

The analysis uses percentage-point changes, relative changes, age gaps and access–usage comparisons. With the exception of the 2024 survey, the publicly reported country-level series are survey estimates rather than a continuous annual panel, so this paper does not make claims of causality or estimate a time-series regression. The objective is to identify structural patterns that can inform policy and future micro-level research.

6.4 Key variables

Dimension	Measure	Interpretation
Financial access	Account ownership	Percentage of adults with an account at a financial institution or mobile-money provider.
Age	Young adults: 15–24; older adults: 25+	Captures age-related differences in formal financial access.
Digital use	Made or received digital payment	Captures functional use of formal/digital financial infrastructure.
Gender	Female and male account ownership	Assesses the changing gender dimension of access.
Demographic context	60+ population share and projections	Links financial-service demand to population ageing.

7. Results and Analysis

7.1 Expansion of account ownership

Year	All adults (%)	Women (%)	Men (%)
2011	35.2	26.5	43.7
2014	53.1	43.1	62.8
2017	79.9	76.6	83.0
2021	77.5	77.6	77.5
2024	89.0	89.2	88.8

Source: World Bank Global Findex Database / World Bank Gender Data Portal. Figures are percentages of population aged 15 and above.

The data show a dramatic expansion of formal financial access. Overall account ownership increased by 53.8 percentage points between 2011 and 2024, rising from 35.2 percent to 89.0 percent. In terms of relative growth, the 2024 level was approximately 2.53 times that of 2011. The sharpest expansion

occurred between 2014 and 2017, when account ownership rose from 53.1 percent to 79.9 percent, reflecting the rapid expansion of formal banking access and government-led financial inclusion initiatives. The gender dimension is particularly notable, with female account ownership rising from 26.5 percent in 2011 to 89.2 percent in 2024, an increase of 62.7 percentage points. Male account ownership increased from 43.7 percent to 88.8 percent, a gain of 45.1 percentage points. The gender gap therefore narrowed substantially and was essentially eliminated in account ownership by 2024. This should be interpreted as an access achievement, not as proof of identical use of financial services.

7.2 Age remains a differentiator

Age group	Account ownership, 2024 (%)	Gap relative to young adults
15–24 years	68	Reference
25+ years	82	+14 percentage points

Source: Global Findex 2025 / World Bank indicators. The World Bank's 'older adults' indicator uses ages 25 and above; it should not be confused with the demographic definition of older persons as 60+.

The 2024 data show a 14-percentage-point account-ownership gap between young adults aged 15–24 and adults aged 25 and above. This suggests that near-universal adult account ownership can occur alongside a meaningful age gradient in formal financial access. This is consistent with the life-course interpretation of increasing financial needs and differing patterns of service use at different stages.

Importantly, the age gap should not be interpreted as evidence of higher financial capability among older people, as adults aged 25 and above encompass a very broad group of people, including young workers as well as older persons. Rather, the finding indicates that financial-service entry and usage are not uniformly distributed across the life course and a more granular age analysis is needed.

7.3 Access has expanded faster than digital usage

Indicator	2014	2024	Change
Account ownership	53.1%	89.0%	+35.9 pp
Made/received digital payment	22%	48%	+26 pp

Source for account ownership: World Bank Global Findex. Source for digital-payment trend: RIS Discussion Paper based on authors' calculations using World Bank Global Findex.

The second major finding is the divergence between access and usage. While account ownership reached 89 percent in 2024, only around 48 percent of Indian adults made or received a digital payment in the preceding year. Of those with accounts, the corresponding share was around 54 percent. Thus, the financial-inclusion challenge has shifted from opening accounts towards activating and productively using them.

The pattern is particularly relevant to an ageing society. Digital financial services can reduce transaction costs and improve convenience, but their benefits depend on digital literacy, trust, accessibility and the availability of assisted channels. The 2024 Global Findex evidence also shows a gender difference in digital-payment use among account owners, with Indian women less likely to use digital payments. This reinforces the notion that account ownership is an incomplete measure of financial participation.

7.4 Demographic ageing creates a new financial-services agenda

India's ageing trajectory raises the importance of retirement and long-term financial planning. UNFPA India projects that people aged 60 and above could account for around 20 percent of India's population by 2050. The scale and timing of this transition means that retirement planning, pension adequacy, health-related financial resilience, annuity products, insurance and safe savings cannot remain niche products. The financial-services implications are multidimensional. First, longer lives increase the duration over which retirement resources must last. Second, smaller family sizes and changing household structures may reduce the assumption that older people can solely rely on family transfers. Third, increased digitalisation may improve access while simultaneously exposing less digitally confident users to fraud, exclusion or reliance on intermediaries. Fourth, demographic change is regionally uneven, meaning that states at more advanced stages of demographic transition may need financial products suited towards an ageing population earlier than younger states.

8. Discussion

The evidence supports a transition from an 'access-first' model of financial inclusion towards a 'life-course financial inclusion' model. India has had remarkable success in bringing adults into the formal account system. The near disappearance of the gender gap in account ownership by 2024 is an important achievement. However, the persistence of an age dimension and the access–usage gap means that the next phase of inclusion cannot rely purely on expanding account numbers.

A life-course approach appreciates that financial needs change as people move from education into employment, family formation, wealth accumulation and retirement. For young adults, the policy objective should be early and meaningful engagement rather than merely possession of an account. For working-age adults, products should support saving, insurance, investment and retirement planning. For older adults, institutions should focus on secure income, simple interfaces, assisted digital services, fraud protection and easy access to human support.

The findings also raise an important question about how financial institutions measure success. An account that is opened but rarely used can satisfy an access metric without producing equivalent welfare gains. Therefore, future financial-inclusion dashboards should combine ownership with activity, savings behaviour, digital-payment use, financial resilience and consumer-protection outcomes.

9. Policy Implications

9.1 Move from account ownership to active-account inclusion

Policy evaluation should distinguish between accounts opened, active accounts and meaningful financial use. Financial institutions and public programmes should monitor dormant-account rates and identify barriers to regular use without penalising customers who have legitimate reasons for low transaction frequency.

9.2 Build age-sensitive financial products

Banks, insurers, pension providers, mutual funds and fintech firms should develop age-appropriate product journeys. Youth-focused products can focus on low-cost entry, saving habits and financial education; working-age products can integrate insurance, investment and retirement planning; and products for older customers can focus on predictable income, liquidity, security and assisted service.

9.3 Strengthen digital financial capability

Digital-payment expansion should be accompanied by practical financial and digital literacy. Training

should cover PIN and password safety, fraud recognition, complaint mechanisms, transaction verification and responsible use of credit. Older users and first-time digital users may benefit from assisted service models through branches, business correspondents, community institutions and trusted intermediaries.

9.4 Integrate retirement planning into financial inclusion

India's ageing trajectory requires retirement planning to become a mainstream financial-service objective. Public and private providers should simplify pension, annuity, systematic savings and health-insurance choices and improve communication around longevity risk.

9.5 Use demographic segmentation in financial-service planning

Financial inclusion strategies should incorporate existing state-level demographic differences. States with faster ageing may need greater emphasis on pensions, healthcare financing and elder-friendly banking, while younger states may need stronger youth saving, employment-linked accounts and financial-capability interventions.

9.6 Strengthen consumer protection

As digital use increases, consumer protection should be a core component of inclusion. Accessible grievance redress, transparent pricing, fraud-prevention systems and clear communication are essential to ensuring that digital expansion improves financial well-being.

10. Conclusion

India's demographic transition and financial-inclusion transition are increasingly intertwined. Between 2011 and 2024, account ownership rose from 35.2 percent to 89.0 percent, demonstrating the scale of India's progress in formal financial access. Female account ownership expanded particularly strongly, narrowing the historical gender gap. At the same time, age differences are visible, with young adults aged 15–24 showing lower account ownership than adults aged 25 and above.

The more important challenge for the next phase is the conversion of access into active, safe and useful usage. With digital-payment use still well below account ownership, India faces an access–usage gap that needs to focus on financial capability, trust, consumer protection and product design. The projected growth of the 60+ population makes this challenge more urgent because financial institutions must prepare not only for a young and productive India but also for a substantially larger older population.

The paper proposes a shift towards life-course financial inclusion because such an approach treats demographic structure as a strategic input into financial-service design and policy. The future of financial inclusion in India should be measured not simply by how many accounts exist, but by whether different generations can use appropriate financial services to save, invest, manage risk, receive income and maintain financial security.

11. Limitations and Scope for Future Research

This study is based on secondary, nationally representative survey indicators and therefore cannot establish causal relationships between age, demographic change and financial behaviour. The publicly reported age indicator also aggregates all persons aged 25 and above together, which is too broad for a detailed study of the 60+ population. Future research should use individual-level Global Findex microdata, LASI, AIDIS or other suitable datasets to estimate age-specific models of account ownership, digital-payment use, retirement saving and financial resilience. A state-level study would also be valuable because India's demographic transition is highly uneven across regions.

A further extension would be to examine whether financial inclusion moderates the economic consequences of ageing. For example, future work could investigate whether formal savings, pensions, insurance and digital access reduces vulnerability among older households, or whether digitalisation creates new forms of exclusion. Such analysis would provide stronger evidence for designing India's next generation of demographic and financial policies.

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