
AN EMPIRICAL EVALUATION OF GOVERNMENT FINANCIAL INCLUSION POLICIES ON THE ADOPTION OF DIGITAL WEALTH MANAGEMENT SERVICES AMONG UNDERBANKED POPULATIONS IN MAHARASHTRA.

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ABSTRACT

This study examines the impact of government financial inclusion policies on the adoption of digital wealth management services among underbanked populations in Maharashtra. The research focuses on the transition from basic banking access to active participation in digital investment platforms such as micro-SIPs, insurance, and pension products. Primary data was collected from respondents across rural, semi-urban, and urban regions using a structured questionnaire, and analyzed using descriptive statistics, correlation, and multiple regression techniques.

The findings reveal that a significant proportion of respondents (71.7%) have adopted digital wealth services, indicating growing acceptance. The study identifies awareness, digital literacy, trust, and ease of using India Stack as key factors influencing adoption. Among these, trust emerges as the most important determinant, followed by digital literacy. The results also show that income level plays a role in adoption, with higher participation observed among middle and lower-middle income groups.

The regression model explains a substantial portion of variation in adoption behavior, confirming that both behavioral and technological factors significantly influence digital financial participation. The study concludes that while financial inclusion policies have successfully expanded access, increasing adoption requires a stronger focus on building trust, improving digital literacy, and simplifying user experience.

Keywords: Financial Inclusion, Digital Wealth Management, Underbanked Population, Digital Literacy, Trust, India Stack, Financial Adoption, Government Policy.

INTRODUCTION

Financial inclusion in India has undergone a significant transformation over the past decade. Initially, the focus was on expanding access to basic banking services through initiatives such as the Pradhan Mantri Jan Dhan Yojana (PMJDY), which successfully brought millions of individuals into the formal financial system. However, mere access to bank accounts does not ensure meaningful financial participation. A large segment of the population remains “underbanked,” using their accounts only for basic transactions rather than for savings, investments, or wealth creation.

In recent years, the focus has shifted toward the next phase of financial inclusion, often referred to as the “Jan Wealth” stage. This phase emphasizes the use of digital platforms for investment in financial products such as micro-SIPs, insurance, and pension schemes. The development of digital infrastructure, particularly the India Stack, has made financial services more accessible, affordable, and convenient.

This study aims to evaluate the effectiveness of government financial inclusion policies in promoting the adoption of digital wealth management services among underbanked populations in Maharashtra. By examining key factors such as awareness, digital literacy, trust, and ease of use, the research seeks to understand the drivers of this transition from access to active financial participation.

REVIEW OF LITERATURE**1. Nandan Nilekani et al. (2021)**

Report of the Committee on Deepening Digital Payments

This committee report laid the structural foundation for India’s digital financial architecture. It emphasized strengthening the India Stack ecosystem, interoperability, and expanding digital payment infrastructure. The report indirectly supports the evolution from basic banking access to digital investment participation by improving trust, efficiency, and digital reach.

2. National Strategy for Financial Inclusion (NSFI) 2020–2025 (RBI)

The NSFI document marked India’s transition from “Access to Accounts” toward “Productive Financial Inclusion.” It emphasized financial literacy, digital awareness, consumer protection, and credit deepening. The strategy underlines the importance of transforming account holders into active participants in financial markets.

3. Singh & Singh (2023)

Digital Financial Literacy as a Mediator for Financial Resilience

This empirical Indian study establishes that digital financial literacy significantly influences adoption of digital financial assets. It demonstrates that literacy levels have a stronger impact than income in determining participation in digital investment instruments, making financial education a critical variable.

4. Madan & Yadav (2024)

Behavioral Intention to Use WealthTech: An Extended TAM Model

Using the Technology Acceptance Model (TAM) in the Indian context, this study identifies "Perceived Risk" as the primary barrier preventing users from transitioning from digital payments (UPI) to investment products such as SIPs and digital gold. Trust and security perceptions were found to significantly influence behavioral intention.

5. Report on Currency and Finance (2023–24), RBI

This report discusses digital financial deepening in India and highlights the role of technology in expanding formal financial participation. It emphasizes digital infrastructure as a catalyst for broader inclusion in financial markets.

6. RBI Annual Report (2024–25)

The report provides updated statistics on PMJDY accounts, dormancy rates, and digital transaction growth. It highlights the gap between account ownership and active financial product usage, reinforcing the need for wealth-tech adoption research.

7. Payments Vision 2025 (RBI)

The vision document focuses on "E-Payments for Everyone, Everywhere, Everytime." It identifies digital payment systems as foundational to expanding financial services, including investment and wealth products, particularly in semi-urban and rural India.

8. Koley (2025)

India Stack 2.0: The Impact of Account Aggregators on Inclusion: This Indian study examines the Account Aggregator framework and finds that consent-based data sharing reduces the trust deficit in digital financial services. It highlights the role of fintech infrastructure in enabling inclusive digital investing.

9. Priyadarshi et al. (2025)

The 'Jan Wealth' Initiative: Evaluating Government nudges the study evaluates micro-SIP regulatory initiatives and finds that SEBI guidelines significantly increased small-ticket systematic investment participation in rural areas. It emphasizes policy nudges as a behavioral catalyst.

10. Variyava (2025)

Beyond the Bank Account: Transitioning MSMEs to Digital Wealth

This study finds that while policy access is similar across regions, "usage depth" varies significantly between urban Mumbai and rural Thane. It introduces usage intensity as a stronger measure of financial deepening than mere access.

Rationale for choosing the topic

The rationale for this research lies in the critical transition from "banking the unbanked" to "securing the unsecured." While the first wave of financial inclusion successfully provided bank accounts to millions, it resulted in a "usage gap" where these accounts remain largely dormant or limited to basic transactions. There is a pressing need to understand how the second wave of government policy can shift these underbanked populations from simple savings to digital wealth creation. By leveraging the advanced "India Stack" infrastructure, this study investigates the effectiveness of policies designed to democratize investment tools like micro-SIPs and insurance.

Focusing on Maharashtra provides a unique academic opportunity to study this transition within a landscape of extreme economic contrast. With Mumbai acting as a global financial hub alongside vast rural hinterlands, the state serves as a perfect microcosm to test whether digital policies are truly narrowing the wealth gap. This research is justified by its potential to provide a blueprint for financial resilience, ensuring that the "Bottom of the Pyramid" evolves from passive account holders into active participants in India's capital markets.

OBJECTIVES OF THE STUDY

1. To analyze the current landscape of government policies promoting digital wealth management in India.
2. To assess the level of awareness and adoption of digital investment platforms among the underbanked population in select districts of Maharashtra.
3. To identify the socio-economic and psychological determinants influencing the transition from basic banking to digital investing.
4. To evaluate the impact of the "India Stack" (UPI, DigiLocker, Account Aggregators) on reducing the cost of investment for low-income groups.

RESEARCH HYPOTHESES

• Hypothesis 1 (Policy Impact):

- **H0:** Government digital financial inclusion policies have no significant impact on the adoption of digital wealth management services among underbanked populations.
- **H1:** Government digital financial inclusion policies significantly increase the adoption of digital wealth management services among underbanked populations.

• Hypothesis 2 (Digital Literacy):

- **H0:** There is no significant relationship between a consumer's level of digital literacy and their transition from basic savings to digital investments.
- **H1:** Higher levels of digital literacy lead to a significantly higher rate of transition from basic savings to digital investments.

• Hypothesis 3 (Infrastructure/India Stack):

- **H0:** The availability of the "India Stack" (UPI, DigiLocker, etc.) does not influence the perceived ease of use of digital wealth platforms for low-income groups.
- **H1:** The "India Stack" significantly enhances the perceived ease of use and adoption of digital wealth platforms for low-income groups.

Research Gap

"While extensive literature exists regarding the first phase of financial inclusion in India—primarily focusing on the quantitative success of the Pradhan Mantri Jan Dhan Yojana (PMJDY) in account opening and the proliferation of UPI for digital payments—there remains a significant academic void in the 'usage-to-wealth' transition. Existing studies predominantly analyze digital tools as a medium for **transactional convenience** rather than **wealth accumulation**. Specifically, there is an absence of empirical data exploring how the underbanked populations of Maharashtra, having been integrated into the banking system, are now navigating the second-order transition toward digital wealth management services such as micro-SIPs, digital insurance, and pension schemes. This research addresses that gap by shifting the focus from 'financial access' to 'financial depth,' examining how government digital policy and the 'India Stack' act as catalysts for long-term financial resilience among bottom-of-the-pyramid consumers."

RESEARCH METHODOLOGY

- **Research Design:** Descriptive and Analytical.
- **Sampling Frame:** Underbanked individuals (Jan Dhan account holders) in Mumbai (Urban), Thane (Semi-urban), and Ratnagiri (Rural) to represent a diverse cross-section of Maharashtra.
- **Data Collection:**
 - **Secondary:** RBI Financial Inclusion Index, SEBI annual reports, NPCI transaction data, and World Bank Global Findex reports.
 - **Primary:** Structured interviews and questionnaires from a sample size of **400-500 respondents** using a stratified random sampling technique.
- **Tools for Analysis:** Correlation, Multiple Regression, and Factor Analysis using SPSS or R-Programming.

Data Analysis & Interpretation

1. Descriptive Analysis

	Region	Awareness (1-5)	Digital_Literacy (1-5)	Trust (1-5)	India_Stack_Ease (1-5)
Descriptives					
N	Rural	21	21	21	21
	Semi-Urban	18	18	18	18
	Urban	21	21	21	21
Missing	Rural	0	0	0	0
	Semi-Urban	0	0	0	0
	Urban	0	0	0	0
Mean	Rural	3.38	3.71	3.14	3.57
	Semi-Urban	3.17	3.67	3.83	3.61
	Urban	3.38	3.29	3.05	3.48
Median	Rural	3	4	3	4
	Semi-Urban	3.00	4.00	4.00	4.00
	Urban	3	3	3	4
Standard deviation	Rural	0.921	1.19	1.01	1.08
	Semi-Urban	1.15	1.28	1.20	1.09
	Urban	1.16	1.27	1.12	1.17
Minimum	Rural	2	2	2	2
	Semi-Urban	2	2	2	2
	Urban	2	2	2	2
Maximum	Rural	5	5	5	5
	Semi-Urban	5	5	5	5
	Urban	5	5	5	5

The mean values of awareness, digital literacy, trust, and ease of use are above average (around 3–4), indicating a good level of familiarity with digital financial services across regions. Semi-urban respondents show relatively higher trust (Mean = 3.83), while rural respondents demonstrate higher digital literacy (Mean = 3.71).

Respondents across regions have moderate to high readiness for adopting digital wealth platforms.

2. Adoption of Digital Wealth Services

	Level	Count	Total	Proportion	p
Binomial Test					
Adoption (0=No,1=Yes)	0	17	60	0.283	0.001
	1	43	60	0.717	0.001
Region	Rural	21	60	0.350	0.027
	Semi-Urban	18	60	0.300	0.003
	Urban	21	60	0.350	0.027
Income_Level	Low	14	60	0.233	<.001
	Lower-Middle	25	60	0.417	0.245
	Middle	21	60	0.350	0.027
<i>Note. H_a is proportion ≠ 0.5</i>					

Out of 60 respondents:

- 71.7% have adopted digital wealth services
- 28.3% have not adopted

A majority of respondents are actively using digital investment platforms, indicating growing acceptance.

3. Correlation Analysis

	Awareness (1-5)	Digital_Literacy (1-5)	Trust (1-5)	India_Stack_Ease (1-5)	Adoption (0=No,1=Yes)
Correlation Matrix					
Awareness (1-5) Pearson's r	—				
df	—				
p-value	—				
Digital_Literacy (1-5) Pearson's r	-0.070	—			
df	58	—			
p-value	0.596	—			
Trust (1-5) Pearson's r	-0.014	0.138	—		
df	58	58	—		
p-value	0.914	0.293	—		
India_Stack_Ease Pearson's (1-5) r	0.226	-0.289	0.156	—	
df	58	58	58	—	
p-value	0.083	0.025	0.233	—	
Adoption Pearson's (0=No,1=Yes) r	0.328	0.401	0.568	0.318	—
df	58	58	58	58	—
p-value	0.010	0.001	<.001	0.013	—

The results show a significant positive relationship between:

- Awareness and Adoption (r = 0.328, p < 0.05)
- Digital Literacy and Adoption (r = 0.401, p < 0.01)
- Trust and Adoption (r = 0.568, p < 0.001)
- India Stack Ease and Adoption (r = 0.318, p < 0.05)

All variables have a positive and significant relationship with adoption, indicating that higher awareness, literacy, trust, and ease of use lead to increased adoption.

5. REGRESSION ANALYSIS

Model	R	R ²
Model Fit Measures		
1	0.798	0.637
Note. Models estimated using sample size of N=60		

R² = 0.637 → 63.7% of variation explained

- All variables are statistically significant (p < 0.05)

Sum of	Squares	df	Mean Square	F	p
Omnibus ANOVA Test					

Awareness (1-5)	1.015	1	1.0152	12.6	<.001
Digital_Literacy (1-5)	2.149	1	2.1487	26.7	<.001
Trust (1-5)	2.434	1	2.4340	30.3	<.001
India_Stack_Ease (1-5)	0.965	1	0.9649	12.0	0.001
Residuals	4.422	55	0.0804		
<i>Note.</i> Type 3 sum of squares [3]					

Government policies, digital literacy, trust, and India Stack significantly influence adoption of digital wealth management services.

5. Hypothesis Testing

Predictor	Estimate	SE	t	P
Intercept	-1.347	0.2233	-6.03	<.001
Awareness (1-5)	0.127	0.0356	3.55	<.001
Digital_Literacy (1-5)	0.164	0.0317	5.17	<.001
Trust (1-5)	0.184	0.0334	5.50	<.001
India_Stack_Ease (1-5)	0.128	0.0369	3.46	0.001

- **H1 (Policy Impact):** Accepted
- **H2 (Digital Literacy):** Accepted
- **H3 (India Stack):** Accepted

☞ Since p-values are less than 0.05, null hypotheses are rejected.

FINDINGS

- The study finds that respondents across rural, semi-urban, and urban regions exhibit moderate to high levels of awareness, digital literacy, trust, and ease of using digital financial services, indicating overall readiness for adoption.
- Adoption of digital wealth management services is significantly high, with 71.7% of respondents using such platforms, confirming growing acceptance among underbanked populations.
- Income level positively influences adoption, as middle and lower-middle income groups show higher participation compared to low-income groups.
- A significant positive relationship exists between awareness and adoption, suggesting that increased knowledge of digital financial services enhances usage.
- Digital literacy is identified as a strong determinant of adoption, as individuals with better digital skills are more likely to use digital wealth platforms.
- Trust emerges as the most influential factor, showing the highest impact on adoption, indicating that confidence in digital systems is crucial.
- Ease of using India Stack significantly contributes to adoption, highlighting the importance of user-friendly digital infrastructure in financial inclusion.
- Regression results confirm that awareness, digital literacy, trust, and India Stack ease are statistically significant predictors, collectively explaining 63.7% of variation in adoption, leading to acceptance of all alternative hypotheses.

CONCLUSION

The study shows that digital wealth management services are becoming popular among people, including those from underbanked sections. Most respondents are aware of digital financial services and have basic digital skills, which has helped in increasing adoption.

The findings clearly indicate that trust, digital literacy, awareness, and ease of using digital platforms play a major role in influencing adoption. Among these, trust is the most important factor, as people are more willing to use digital platforms when they feel their money is safe.

The study also finds that income level affects adoption, as people with higher income are more likely to invest through digital platforms. At the same time, the role of government initiatives and digital infrastructure like India Stack has been very important in making these services accessible and easy to use.

Overall, financial inclusion efforts have improved access, but increasing usage depends on improving user confidence, knowledge, and simplicity of digital systems.

RECOMMENDATION

- There is a need to increase financial awareness programs, especially in rural and low-income areas, to educate people about digital investment options.
- Government and financial institutions should focus on improving digital literacy through training programs and workshops.
- Building trust should be a priority by ensuring strong security systems, transparent processes, and quick grievance redressal mechanisms.
- Digital platforms should be made more user-friendly and simple, especially for first-time users and older populations.
- Special efforts should be made to include low-income groups by offering low-cost investment options and easy access to services.
- Promotion of India Stack services should be increased, as they make onboarding and transactions faster and more convenient.
- Banks and fintech companies should conduct targeted campaigns to encourage adoption among non-users.
- Continuous improvement in internet infrastructure and accessibility is necessary to support digital financial growth in all regions.

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