

Challenges and Opportunities in Marketing Fintech Products to Rural and Semi-Urban Investors in India: A Systematic Literature Review

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Abstract

This study presents a systematic literature review on the challenges and opportunities in marketing Fintech products in rural and semi-urban investors in India. Through use of the PRISMA framework alongside TCM and ADO methodologies, this review analyses the current literature on the research topic to determine barriers like infrastructure issues and low financial literacy and highlights opportunities for regulatory support and innovation. The findings imply the critical role played by cultural factors and technology to enhance financial inclusion and inform on relevant applicable strategies for Fintech companies to aim at engaging underserved markets.

Keywords: Fintech, Rural investors, Semi-urban investors, Financial literacy, Marketing opportunities, Financial inclusion, Artificial technology (AI).

1. Introduction

The rapid development of financial technology (Fintech) has brought about a revolutionary change in the global financial services landscape which has enabled digital transaction, fostered inclusion and improved financial accessibility. India being an emerging market with prominent population residing in the rural and semi-urban areas, it holds great potential for Fintech to bridge the gap between the formal financial systems and the underserved communities. Advancements in artificial technology (AI), blockchain, and mobile banking served great potential to remodel the delivery of these financial services particularly in regions lacking traditional banking infrastructure. Regardless of the progress, effective marketing of fintech products to rural and semi-urban investors are challenged especially because of the infrastructural, socioeconomic and cultural contexts in these areas. The financial inclusion agenda of India has made notable strides over the past decade under the government-led initiatives like the Pradhan Mantri Jan Dhan Yojana (PMJDY) aimed at providing every household access to a bank account. However, as pointed out by Hasan et al. (2021) there persists significant disparities potentially in rural and semi-urban regions where a large population segment remains underbanked or unbanked. This raised concern for a country with 65% population residing in rural areas, exacerbating the urgency for an inclusive financial system. Fintech, however, has emerged as a potential solution to these challenges especially with its ability to deliver financial services through digital platforms bypassing the need for physical bank branches (Grohmann et al., 2018).

In spite of these advantages, there are several challenges that impede the widespread adoption of Fintech products in semi-urban and rural India. Financial literacy is a significant barrier with fintech products offering remarkable benefits with respect to accessibility and ease of use. However, many potential users lack the financial knowledge needed for understanding and trusting these platforms. Financial literacy is integral to facilitate financial inclusion (Hasan et al., 2020). This is evidenced by the positive impact that Fintech has had on regions of China with educational initiatives aided to familiarise the rural population with digital financial tools.

With the majority of the people relying on informal financial systems and are hesitant to adopt new digital tools, financial literacy remains relatively low in India, especially in the rural areas (Vijai, 2019). The adoption of Fintech products in rural and semi-urban areas are also shaped by cultural factors. Many parts of India experience financial transactions being traditionally conducted in cash which holds strong preference for face-to-face interactions. The cultural dependency on cash-based systems, along with scepticism toward digital platforms triggers trust barriers for fintech companies (Gomber et al., 2018). Rural populations often lack in terms of security and reliability of digital financial systems especially in regions dominated by informal financial systems and local moneylenders (Goswami et al., 2022). By building trust among these communities, fintech products can achieve successful marketing with these populations being likely to adopt services via entities that are secure and reliable.

2. Literature Review

In spite of the challenges, Fintech companies hold significant opportunities in rural and semi-urban India. This has been made possible by technological innovations that allow creation of products tailored to address the specific needs of rural populations. Fintech solutions, for example, allow offline transactions helping address the concern of unreliable internet connectivity (Gai et al., 2018). With Fintech products heavily relying on continuous interactive access and smartphones, the accessibility to populations in regions that have poor connectivity makes it challenging (Gai et al., 2018). Another formidable challenge poses fintech adoption in the rural and semi-urban areas and limitations in infrastructure. Although India has made remarkable strides in terms of increased internet and mobile penetration within the Digital India initiative, the availability of electricity and reliable internet connectivity is inconsistent across the rural areas (Vijai, 2019).

To add to the accessibility of fintech products among the underserved populations with limited access to technology, Goswami et al. (2022) suggests offering mobile platforms working on basic feature phones instead of smartphones. Another promising opportunity to expand the reach of fintech services is forming partnerships between local cooperative and fintech companies, non-governmental organisations (NGOs) and microfinance institutions. Here, local organisations having established trust within rural communities can serve as intermediaries and promote the introduction of fintech products in a culturally sensitive manner (Sachdev & Singh, 2023). Through programs such as Unified Payments Interface (UPI) led by the National Payments Corporation of India (NPCI) the digital transactions across the nation has undergone transformation (Garg et al., 2023). Moreover, through promotion of digital literacy and government pushing for greater financial inclusion, fintech companies have secured great positions to capitalise on these developments. The Reserve Bank of India (RBI) are among such regulatory bodies that are instrumental to create guidelines fostering innovation and ascertaining consumer protection and security (Chakravarty, 2023). As per Amnas et al. (2024) these partnerships can aid fintech companies to overcome cultural barriers and obtain a strong foothold in the rural markets through leveraged relationships and existing trust. The government support for financial inclusion offers fintech companies a growth environment which is conducive. Mittal et al. (2024) mentioned that regulatory compliance may be cumbersome for smaller fintech startups. The rural and semi-urban areas with population lacking complete awareness on regulation framed for protecting their financial transaction, the adoption of these services may be hindered. For instance, Extensive Know Your Customers (KYC) documentation requirement can further add as an obstacle for rural populations lacking sufficient documentation and

formal identification (Chakraborty, 2023). Fintech companies are hence needed to navigate a complex regulatory environment that attends to the needs of the undocumented population for easing the financial growth in India.

3. Objectives of the study

Through this study, the systematic literature review will address the three major objectives.

- To identify key barriers to the adoption of fintech products among the rural and semi-urban investors in India.
- To explore opportunities for fintech companies in these regions inclusive of innovations like partnerships with local cooperative and NGOs and offline transactions.
- To examine the role served by government initiatives in offering support to promotion of financial inclusion and fintech adoption in underserved regions.

4. Research Methodology

For this systematic literature review the study followed a structured approach adhering to the PRISMA guidelines (Preferred Reporting Items for Systematic Reviews And Meta-Analyses) for identification, selection and analysis of relevant studies on adoption of fintech in rural and semi-urban India. The data were extracted from databases such as Scopus, Web of Science and Google Scholar using specific keyword combinations. Based on the defined inclusion and exclusion criteria the study opted for a total of 15 studies. The review used the ADO method (Antecedents, Decisions, Outcomes) and the TCM framework (Theory, Context, Model) for framing the analysis.

4.1 Search Strategy: Data Collection

This systematic review's data collection opted for a comprehensive and structured approach which targets relevant academic databases for obtaining information on the challenges and opportunities in marketing of Fintech products to the rural and semi-urban investors in India. For this review, Google Scholar, Scopus and Web of Science were the primary databases searched based on their extensive collection of peer-reviewed literature across a range of disciplines, technology, finance and social science. For the search strategy, the review employed a combination of different key terms such as "Financial inclusion, marketing fintech products, technology adoption, India, semi-urban investors, rural investors and financial literacy" paired with Boolean operators (AND, OR) to combine these terms and better optimize the search results. Industrial publications along with government reports on fintech adoption in India were also used to obtain current trends, insights and regulatory framework.

4.2 Inclusion and Exclusion Criteria

The inclusion and exclusion criteria were designed to ascertain the incorporation of most relevant and high-quality studies into the literature review. The inclusion criteria focus on publications between 2018 and 2024 underlining the evolution of Fintech and its applications. The review considered only peer-reviewed journal articles, industry reports and conference papers to maintain academic rigour. Only those studies that specifically focused on India and explored the opportunities and challenges of market fintech products to rural and semi-urban investors were considered. The study also prioritised those research that examined the impact of technological barriers, financial inclusion initiatives and financial literacy.

The exclusion criteria however eliminated articles not having direct relation to fintech in semi-urban or rural Indian contexts like the global fintech studies with no primary focus on India. Studies failing to discuss the marketing of fintech products or those studies that focused on urban investors were excluded for the study. By filtering out these data, the criteria aided narrow down the focus to those research bases that were of high-impact and ensured that the review holds the latest insights into adoption of fintech and associated challenges and strategies in India's underserved regions.

PRISMA Flow Diagram

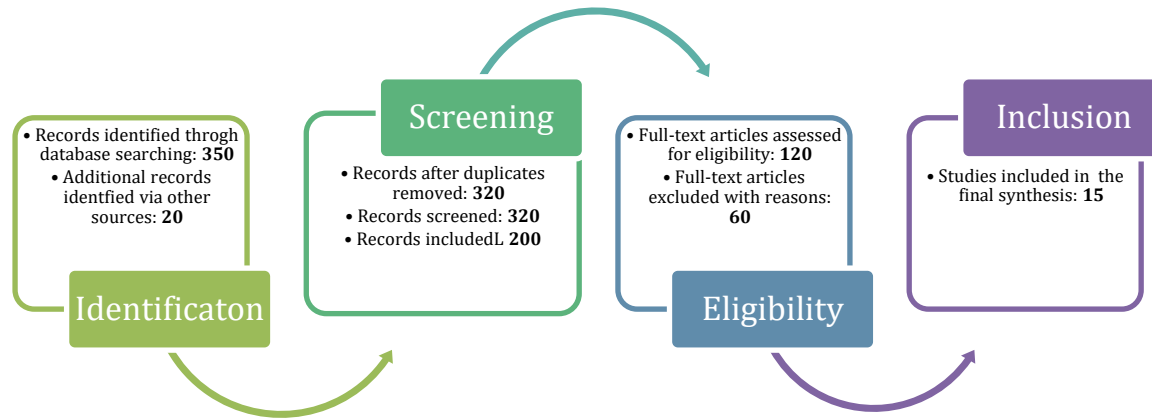


Figure 1: PRISMA Flow Chart illustrating the stages of study selection

Source: Created by Author

This systematic literature review adopted the PRISMA framework to ascertain a structured and transparent process for identification, screening and inclusion of relevant literature on the topic. By opting for the PRISMA approach a standardized methodology was obtained enhancing the reproducibility and reliability of systematic reviews.

Identification	Screening	Eligibility:	Inclusion
This step dealt with searching major databases inclusive of Web of Science, Scopus and Google Scholar through use of combined specific keywords. The initial research offered 1200 studies. This database search choice was justified owing to their comprehensive coverage of academic literature across multiple disciplines inclusive of social science, technology and finance.	This step dealt with the filtering out of the relevant articles based on the relevance of their title and abstract with the present study. On removal of duplicates and repetitive studies 300 articles remained. Studies that failed to meet the predefined inclusion criteria like those that focus on non-Indian markets or held no reliance on semi-urban and rural investors were exempted.	This step dealt with the detailed full text review of the remaining studies. Studies were initially assessed as per their eligibility based on their focus on marketing strategies, financial literacy and fintech adoption targeted rural or semi-urban regions in India. Studies that lacked empirical data, were outside the scope of financial inclusion or contextually irrelevant were excluded from the review, leaving 15 studies.	This step ensured to include the relevant studies offering a complete understanding of opportunities and challenges of fintech adoption in underserved areas. Through the structured step-by-step approach of PRISMA, this framework allowed for systematic selection of those research articles that were of high-quality and contextually relevant.

4.3 Data extraction and Synthesis

This systematic review structured the process of data extraction and synthesis for systematically gathering the relevant data and analysing the information obtained from the studies undertaking the PRISMA approach. On selection of the final 15 articles, the study developed a detailed data extraction template for collection of key variables such as objectives of the study, methodologies, sample size, contextual focus (rural or semi-urban India), discussed fintech products and the main findings relating to challenges and opportunities of marketing fintech to rural and semi-urban investors.

Extraction:

After systematically reviewing the selection studies the data were extracted and categories based on the following key specifics -

Objectives	Methodology	Findings
<i>Focus on understanding fintech in financial inclusion and marketing strategies employed for engaging the rural and semi-urban investors.</i>	<i>Studies were grouped as per their methodologies such as empirical research, case studies or surveys.</i>	<i>Studies were assessed based on their information on barriers and opportunities to fintech adoption.</i>

Synthesis:

On extraction of the data, the study conducted a thematic synthesis for identifying common themes and patterns across the studies. Each of the selected studies were analysed as per the ADO methods for assessing the factors that drive adoption of fintech and subsequent outcome in financial inclusion. Moreover, through application of the TCM framework the challenges and opportunities obtained from the reviewed literacy within the unique socio-economic and digital landscape of India was contextualised. The synthesis revealed key themes such as improved digital infrastructure, trust building in fintech platforms and need for increased financial literacy. The synthesis also revealed case studies that were marked successful with targeted marketing strategies leading to the increased adoption of fintech in the underserved regions of India.

Analytical Framework: ADO Method

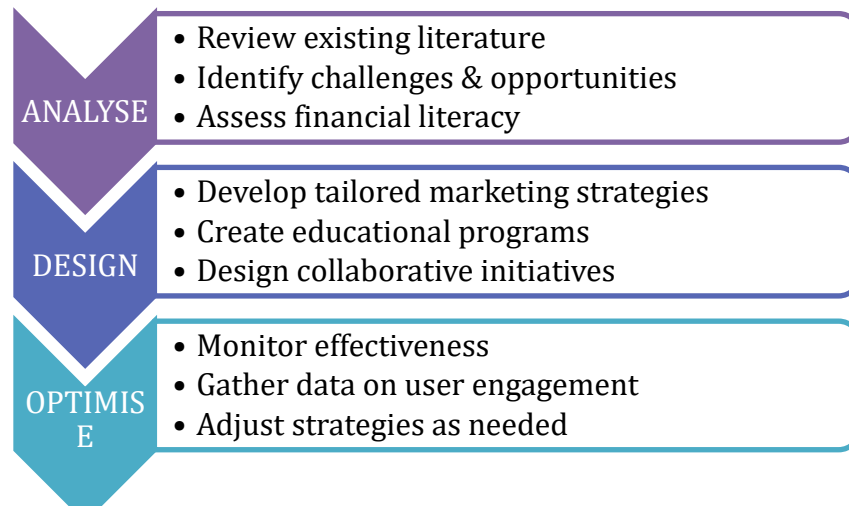


Figure 2: Flowchart on ADO Method

Source: Created by Author

The ADO method served as an analytical framework for this review which offered a structured approach for examination of factors that influences adoption of fintech among the rural and semi-urban investors in India.

Antecedents	Decisions	Outcomes
<ul style="list-style-type: none"> In this stage, the method explored factors like cultural attitudes, technological accessibility and financial literacy. Each of these elements shapes the readiness within investors for engaging with fintech products. 	<ul style="list-style-type: none"> This stage drew on the choice making that went within the investors on adoption of fintech solutions while considering influences such as regulatory support, trust in digital platforms and marketing strategies. 	<ul style="list-style-type: none"> This stage assesses the fintech adoption of overall satisfaction among rural and semi-urban investors, financial inclusion, and economic empowerment. It allows comprehensive analysis of antecedent factors leading to decision making.

5. Results and Discussions

This review's findings offer a comprehensive understanding of the opportunities and challenges in marketing fintech products to the rural and semi-urban investors in India. This section discusses the key themes obtained by systematizing the data from the 15 selected studies.

• Financial Literacy and Awareness

A significant barrier to adoption of fintech in India's rural and semi-urban areas is low financial literacy. Grohmann et al. (2018) and Hasan et al. (2021) discusses many potential investors lacking basic understanding of financial products that limits their ability to engage and strict digital financial platforms. Moreover, lacking the fundamental grasp of digital financial services, rural investors tend to be hesitant toward adopting fintech services. Gai et al. (2018) argues that financial education programs are integral to build confidence in users and promote fintech adoption. This resonates with the ADO framework's antecedent's stages where financial understanding serves as key precursors to the decision-making process in adoption of fintech. This also emphasises the importance of targeting fintech markets around financial literacy campaigns. As per Goswami et al. (2022) this strategy boosts customer trust and empowers investors to make decisions that are infomed. This therefore aligns with the objective 1 of the study focusing on determining the challenges facing fintech in engaging rural investors.

• Technological Accessibility and Infrastructure

The literature identified lack of technological infrastructure in rural areas as a significant challenge. As pointed out by Gomber et al. (2018) and Vijai (2019) rural areas struggle in terms of inconsistency in internet connectivity and low penetration of smartphones, integral for fintech services adoption. Regardless of the efforts for extending the 4G network, rural inventors face difficulty accessing digital platforms because of the technological gaps. This therefore restricts the reach of the providers in regions with low digital literacy. There is a need for targeted infrastructure development for supporting fintech adoption (Hasan et al., 2020). Despite mobile technology having potential to reach the underserved areas, there is a need for increased digital literacy for effective use of technology (Chakravorty, 2023). Therefore, through collaboration between the fintech companies, telecom providers and the government the access to fintech products can be enhanced while helping build the necessary infrastructure.

• Trust and Security Concerns

A recurring theme obtained is trust in digital platforms that influences fintech adoption. There persists a great difficulty in use of financial services in the rural and semi-urban investors owing to concerns on privacy, potential fraud and data security. Promoting trust via secure platforms, user education and

transparent marketing is integral to increase the adoption of fintech in these areas (Singh et al., 2023; Raj & Upadhyay, 2020). This is relevant to the decision state of the ADO framework wherein studies such as Goswami et al. 's (2022) implies how trust factors into the decision-making process is relevant for rural investors. There is a need for robust security measures and transparency in communication for attaining trust among users. Moreover, by offering secure and user-friendly interfaces the users can be made to feel safe with engaging in digital financial transactions.

- **Government Policies and Financial Inclusion**

Government policies both enable fintech adoption and limit them. Financial inclusion policies like the Digital India and Jan Dhan Yojana serve an integral role to expand the reach of financial services to the underserved populations (Garg et al., 2023). These initiatives therefore serve as foundations for fintech companies to enter rural markets and offer products to low-income populations, regulatory barriers hindering growth and innovation in the sector is also prevalent. ADO framework's Outcomes stage reflects the positive effects of successful policy implementation. With fintech providers collaborating with government initiatives, fintech providers are able to expand their services to include financially marginalised groups. Policies, however, are needed to be adaptive to technological advancements so as to not stifle innovation.

- **Fintech opportunities and marketing strategies**

Personalised marketing which focuses on cultural sensitivities and local needs can help with enhanced adoption of fintech products (Sachdev & Singh, 2023). Micro-lending, small-scale savings schemes and agricultural loans are what rural investors are familiar with and respond better to. Companies succeed with better tailored offerings and marketing messages are therefore better positioned for growth because of the unique requirements of these populations. Mobile banking, peer-to-peer lending and digital platforms can be favoured as promising fintech products for rural India (Raj and Upadhyay, 2020). Moreover, fintech companies can overcome adoption challenges through their community needs addressed when tapping into the mobile-first mentality. Nevertheless, there is a need for sustained efforts put into trust building, provision of reliable technology and enhancing digital literacy.

- **Future agenda**

Focusing on region-specific studies can aid in better grasping the unique challenges posing the real and semi-urban investors in fintech adoption. To address the long-term impact of fintech products on economic empowerment and financial inclusion in these regions, there is a need for empirical research. Studies also can explore the role played by emerging technologies such as digital wallets, AI and blockchain to enhance trust and security among real users. Additionally, further investigation is needed into the collaborative efforts made between government agencies, local communities and fintech companies to obtain insights into effective strategies for expanding adoption of fintech products and services.

6. Conclusion

This systematic literature review reveals both challenges and opportunities in marketing for fintech products to the rural and semi-urban investors in India. Although opportunities have been identified in government collaboration and personalised marketing, low financial literacy, trust issues and limited technological infrastructure are key barriers to fintech adoption. By undertaking a multifaceted approach that involves infrastructural development, targeted education and secure fintech platforms, these challenges can be addressed. Moreover, through collaboration among stakeholders, fintech can enhance financial inclusion in the underserved regions.

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