

Chapter 12

Building Digital Competency for Financial Inclusion: The Transformative Role of Fintech in Public Services

Akanksha Singh Fouzdar

 <https://orcid.org/0000-0002-2274-679X>

GLA University, India

Ankit Saxena

 <https://orcid.org/0000-0002-1916-2662>

GLA University, India

ABSTRACT

The rapid development of financial technology, or Fintech, has changed the delivery modes of financial services and ensured greater access to finance for the underserved and unserved. In this context, financial inclusion is a transformative agenda in bridging the gap between income disparities through accessible and affordable financial solutions. This chapter develops the critical juncture of digital competence with Fintech by providing analysis to how contactless payment technology, digital identification technology, and distributed ledger technology promotes greater public service. Discourses on new products, innovation, and services involving finance and financial services inclusion together with an overview on key skills and competencies from public officials that go through the effective implementation process using these technologies are put to discussion. It creates actionable knowledge about integrating Fintech into public service frameworks toward an inclusive vision of how everyone will benefit from finance in the future.

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INTRODUCTION

The term digital competency may be understood as the effective use of digital tools and technologies in professional life for public sector individuals. Innovation in financial solutions based on this competence would help better access banking and financial services in the public service sectors. Public officials must thus be equipped with a range of competencies—from basic IT literacy, data analysis, cyber awareness, and adaptability to new technologies—to work well in their digital tools and technologies that will help them navigate around the complexities of these digital systems, challenge answers, and use Fintech successfully to reach their target groups (Alshdaifat & et al., 2024).

Beyond improving the individual effectiveness of public servants, this digital competence helps enhance the ability of the public sector to design and manage policies for more effective financial inclusion. Higher levels of digital skills by officials mean they are well positioned for the implementation and monitoring of initiatives such as mobile banking, electronic identification, and digital payment systems, crucial for the inclusions of the unbanked population (Andreeva & et al., 2018).

While digital literacy skills promote transparency and accountability, which in turn promote trust among communities that have been sceptical of traditional financial systems, training and development programs focusing on the digital competencies are critical for public officials who will promote financial inclusion and leverage Fintech for public good.

Financial technology, simply put as Fintech, has revolutionized the means in which financial services may be accessed, and consequently creates avenues for greater participation among the underserved population. It is here that there is a merging of innovation in the public sector and Fintech where there exists the possibility of an interface within governmental structures through digital mechanisms that promote greater financial inclusion (Asif & et al., 2024).

Technological advancement in the form of blockchain provides security and transparency in transactions, while mobile banking and contactless payment solutions enable more accessible and user-friendly financial services. In public service innovations, processes may be optimized and service delivery improved through tools like e-wallets for payments, welfare distribution, and biometric identification systems (Buenestado-Fernández & et al., 2022).

This convergence would mean that public officials have to acknowledge the strategic value of Fintech in addressing issues such as poverty and economic inequality in the society. Fintech-driven initiatives can decrease operation costs, increase outreach activities, and provide tailor-made solutions for specific demographics (Muthaiyah & Zaw, 2020).

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