



Chapter 25

Navigating Challenges in the Service Sector: Harnessing New Technology and Digital Payments to Achieve SDGs and Financial Inclusion

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ABSTRACT

To fulfill the SDGs in the service sector and promote financial inclusion, this study framework enhances fintech usage. The SDGs include financial inclusion, and this page outlines which SDGs this service sector may help achieve. The literature on emerging digital payment methods and the issues they pose for the current service sector in developing nations is reviewed in this study. By looking at empirical investigations, this paper provides a state-of-the-art classification of digital payment technologies, including card payment, e-payment, mobile payment, and cryptocurrency, and their use in developing economies. The report then goes into the social, economic, technological, awareness, and legal issues surrounding digital payment technologies in various developing nations. Academics and practitioners can comprehend, clarify, and develop a digital payment plan with the aid of a classification of payment technologies and their problems.

INTRODUCTION

Global issues of great concern include hunger, poverty, gender inequity, and climate change. A framework for resolving these issues is provided by the SDGs (UNDP,2023). In addition to specialized programs for the most disadvantaged, significant expenditures in infrastructure, healthcare, education, and job development are required to achieve the SDGs. A sound finance framework is necessary for these operations. Like a solid foundation, a robust financial system distributes and allots resources. Fintech lowers poverty, advances gender equality, fosters

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cross-border renewable energy, sustainable agriculture and food security, improves healthcare access, and lowers the cost of financial services. The financial systems of emerging nations are defective as a result of financial exclusion. This can be attributed to banks' hesitancy to establish branches, particularly in remote regions (Makina, 2017; Kuada, 2019). More than 1.4 billion people lack access to banking, according to the Global Findex Database Report 2021, underscoring the need of financial inclusion in developing countries. In order to achieve the SDGs and development goals, provide high-quality financial services to all people, irrespective of their financial situation or location. Fintech is crucial for both sustainable development and financial inclusion, according to the UN Sustainable Development Goals. (Arner et al., 2020). It can improve gender equality, healthcare, agriculture, energy, and the fight against poverty. Fintech companies continue to have difficulties with fundraising, regulations, and working with traditional financial institutions. For fintech to assist the SDGs, progressive infrastructure development is necessary. Technology and smartphones have increased digital payments. Financial services are quickly made available through fintech, especially during COVID-19. (Nathan, 2022) Fintech makes traditional institutions more accessible to the financial sector, particularly for marginalized populations (Setiawan et al.).

Fintech can help achieve the SDGs by increasing financial inclusion in developing countries. (Joia, 2021) Few in-depth studies have been conducted on the adoption of fintech in developing countries. In order to provide practical and relevant answers, this article looks at fintech adoption strategies developed by reputable organizations such as the World Bank Group, analyzing their applicability and relevance in developing countries. This study looks at the impact of fintech on financial inclusion and achieving the SDGs in underdeveloped countries. Fintech, financial independence, and financial inclusion are all covered in the literature review. The chapter also looks at how organizations combine financial inclusion, the SDGs, and fintech, showing how fintech may help achieve the goals of the SDGs.

SDGS AND FINANCIAL INCLUSION

The Sustainable Development Goals (SDGs) set by the UN want to end poverty, protect the environment, and bring about peace and wealth. They talk about protecting resources, solving social problems, and making the economy better. To protect resources for future generations is the goal of sustainable growth. Ibn Haq, Ali, Modibbo, and Alarjani (2021–2022). Every country tries to reach the SDGs, but Africa faces unique problems. Alaimo et al.

In 2007, Beck, Demirgüç-Kunt, and Levine found that 60% of income growth is due to financial development, with 40% of that growth going to the poorest group. Financial inclusion helps the economy grow, gives people who are struggling with money-making chances, reduces poverty, and makes sure that everyone shares in the wealth fairly. (2019 Kuada). Financial inclusion cuts poverty and economic inequality by a huge amount in India, Malawi, Kenya, and Indonesia. People in rural areas can now do their business online and get better financing options. It was written by Burgess (2005), Brune (2011), Allen (2012), and Erlndi (2010). Financial participation has also cut down on income inequality, which is good for economic growth that benefits everyone. Finance, insurance, and other services help farmers who are financially included use new technology and grow crops more successfully, which helps end hunger. (CGAP, 2019) Malawians with low incomes gained from commitment savings accounts, which increased farm output and kept the economy stable. Brune et al. (2011) say that farmers in Ghana who have insurance have better farming methods, higher food yields, and more money in the bank. Karlan et al.

The digital economy Financial equality, the SDGs, and Fintech Lack of independence: The SDGs and financial inclusion are getting better in poor countries thanks to fintech. By making things easier and cheaper, it makes banking services easier for more people to get. (Mago 2021). Fintech can help people and small businesses with low incomes get access to the financial system. In 2022, there will be 1.6 billion mobile money accounts, with about half of them in sub-Saharan Africa. With mobile banking, more people can save, borrow, and pay for things without having to pay for expensive hardware. (Ifeyanyi, 2020).

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