


Chapter 1


The Role of FinTech in Financial Inclusion and Sustainable Development: A Literature Review

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ABSTRACT

Financial Technology (FinTech) has emerged as a key enabler of financial inclusion and sustainable development, particularly in underserved regions. While its transformative potential is widely acknowledged, existing studies often address FinTech's impact in a fragmented manner, lacking an integrated understanding of its dual contribution to inclusion and sustainability. This article explores the central question: How does FinTech contribute to financial inclusion and sustainable development? Adopting literature review to examine how FinTech expands financial access, promotes inclusive growth, and supports the Sustainable Development Goals (SDGs). The paper synthesizes theoretical perspectives and empirical insights to highlight enabling mechanisms, potential outcomes, and key challenges.

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INTRODUCTION

In recent years, financial technology (FinTech) has emerged as a transformative force in the global economy, revolutionizing the delivery of financial services through digital innovation (Kou et al., 2024). The significance of FinTech extends beyond technological advancement; it is increasingly recognized as a key driver of financial inclusion and sustainable economic development. By expanding access to essential financial services, FinTech supports the achievement of global development priorities, particularly in underserved regions (Mhlanga, 2024). Nonetheless, despite its considerable promise, the comprehensive impact of FinTech remains insufficiently explored. Existing literature often addresses isolated aspects of FinTech innovation, with limited integration of its dual role in promoting both financial inclusivity and sustainability.

This article explores the following central research question: How does FinTech contribute to financial inclusion and sustainable development? In other words, it seeks to investigate the role of FinTech in advancing both inclusive financial systems and sustainable economic growth. Specifically, it examines the mechanisms through which FinTech expands access to financial services, the opportunities it offers for promoting sustainability, and the various challenges that may hinder its effective implementation.

To address these research questions, this study employs a qualitative methodology, conducting an extensive literature review to synthesize existing studies, findings and key theoretical frameworks.

The article is structured as follows: The first section outlines the conceptual foundations of FinTech and presents key theoretical perspectives on its contribution to financial inclusion. The second section examines the intersection between FinTech, financial inclusion, and sustainable development, emphasizing the role of financial inclusion as a mediating factor and exploring linkages to the Sustainable Development Goals (SDGs). The final section analyzes the main challenges and limitations that hinder the inclusive and sustainable potential of FinTech.

1. FINTECH AND FINANCIAL INCLUSION: A CONCEPTUAL AND THEORETICAL FRAMEWORK

This section provides an overview of the conceptual and theoretical foundations of FinTech and its role in promoting financial inclusion. It first defines FinTech and its mechanisms, then examines key theoretical frameworks to understand how FinTech expands equitable access across diverse socio-economic contexts.

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