



# Manuscript Writing On Digital Transformation in NBFC Loan Applications: An Examination of Effects on Financial Inclusion in India

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## Abstract

Digital technologies are swiftly advancing into various aspects of human life, and the microfinance sector is one area experiencing this transformation. Continuous advancements in digital technology are transforming operational models, governance frameworks, risk profiles, industry networks, and prevailing practices. The innovation and integration of digital technology hold significant importance due to their capacity to foster development by driving innovation, enhancing efficiency, and promoting inclusion. The purpose of this systematic literature review (SLR) is to investigate the influence that digital advancements, such as “artificial intelligence, machine learning, blockchain, and mobile apps, have had on the accessibility of loans for groups that are underserved and do not have bank accounts.” This study investigates how digital platforms have improved efficiency, transparency, and cost-effectiveness in loan disbursement while overcoming conventional limitations such as a lack of credit history and geographical limits. The research does this by collecting ideas from prior studies and analyzing how these platforms have improved these aspects. The evaluation also includes a critical analysis of possible limits, such as gaps in digital literacy, dangers associated with cybersecurity, and regulatory obstacles, all of which have the potential to impede fair access. Particular attention is paid to the role that non-bank financial company (NBFC) initiatives play in promoting financial inclusion. In order to give policymakers, financial institutions, and technology developers practical insights that will allow them to construct more inclusive financial ecosystems in India, the purpose of this study is to provide a complete knowledge of the nexus between digital transformation and financial inclusion. Despite the fact that digital transformation has made a substantial contribution to the expansion of financial access, it is vital to make a concentrated effort to eliminate systemic hurdles in order to reach its full potential in terms of creating equitable growth.

## Keywords

Digital Transformation, NBFC Loan Applications, Digital Evolution, NBFC Apps, Financial Inclusion, NBFCs

## 1. Introduction

The rise of contemporary “Non-Banking Financial Companies (NBFCs)” is swiftly reshaping the Indian lending landscape (Chavriya & Bisht, 2021). These entities are implementing innovative models that integrate the best elements of “fintech with traditional credit features, thereby improving the protocols of enterprise lending and the criteria for business loans” (Bhasin & Gulati, 2021).

Although a significant portion of the population still resides in rural or semi-urban regions, the role that “non-bank financial companies” play in the economy is significant. Given that the resurgence of the economy is dependent on the expansion of rural and suburban economies, the importance of “non-bank financial companies” in the mobilization of deposits and the provision of credit cannot be overemphasized. The function of NBFCs as an efficient intermediary has been widely acknowledged. The main strengths of NBFCs include strong client connections, a solid awareness of regional dynamics, well-developed collection mechanisms, and tailored services. It is expected that in this capacity, they will be performing a role that is complementary to that of banks, rather than acting as rivals, and they will be expanding their reach into regions where banks have a limited presence. By fostering the expansion and development of their respective business sectors, NBFCs have simultaneously established a distinct market niche for themselves in terms of the product profile they provide. By spreading risks, boosting market liquidity, and consequently promoting financial stability and efficiency, NBFCs contribute much-needed diversity to the financial sector. This diversity is essential for the financial sector to function effectively (Shah & Chacharkar, 2020).

NBFCs play a crucial role in the “Indian financial ecosystem,” serving as essential financial intermediaries that facilitate the flow of savings and investments (Aggarwal & Bhasin, 2023). They are especially important for the retail and small-scale industries, as well as for the unbanked and neglected areas of the “Indian economy” (Arun & Kamath, 2015). The regulatory framework for NBFCs in India has undergone significant changes over the years, moving from simplified to more comprehensive and stringent regulations. Additionally, NBFCs have been rationalized to comply with the most recent revisions to the “regulatory framework” (Ambarkhane et al., 2016). Due to the stringent regulatory environment, NBFCs have become favoured alternatives for addressing



credit requirements, as their lower operational costs offer a competitive advantage over traditional banks (Shah, 2023).

The development of financial systems, “access to finance, and financial inclusion have been key policy initiatives” for nearly all countries globally in recent decades (Mahajan & Singla, 2017). Consequently, several initiatives have been implemented by the countries over the years to promote financial inclusion (Ghosh & Vinod, 2017).

Financial inclusion refers to the ability to get high-quality formal “financial services, such as savings, credit, remittance, insurance, payments, and a variety of other financial offers, at a cost that is affordable to all individuals, families, and businesses (Singh et al., 2014; Mohan & Ray, 2018). India, as a developing nation with a significant number of financially excluded individuals, has developed and executed various financial inclusion initiatives since gaining independence (Iqbal & Sami, 2017; Roy & Chatterjee, 2016). These initiatives range from priority sector lending to the recent “Prime Minister Jan Dhan Yojna (PMJDY),” all aimed at enhancing financial inclusion in the country. The Fintech uprising in India has led to significant innovations within financial institutions, as well as in “financial products and services” (Jain et al., 2023). Nearly all financial services, with the exception of deposit acceptance, are provided by “Fintech startups” (Jaiswal, 2020). Fintechs offer a range of “innovative loan products and services” to the general public, particularly targeting those individuals who are not served by the traditional financial system (Ravikumar, 2019).

Financial technology is also making it possible for NBFCs and small financing banking services to expand their operations. NBFCs are able to develop a robust ecosystem with the assistance of fintech, which enables them to provide innovative and efficient “financial products and services” to their customers. On the other hand, leverage and innovation are utilized in the “production of goods and services” that are available to NBFCs. The technologies are rethinking their business strategy in order to achieve greater market penetration. Fintech serves to streamline the process of NBFCs, which in turn helps to save costs, promote financial inclusion, increase the availability of credit, and expand business units in a seamless manner. In addition, the implementation of fintech in NBFCs has the potential to bring about a number of advantages, including the transformation of the “banking system in India,” the enhancement of access to credit services for a number of small clients, farmers, and business units, and so on. In addition, financial technology not only helps NBFCs enhance their performance, but also enables these non-bank financial companies to become part of an ecosystem that is expanding at a quicker rate. Over the past few years, it has become the ecosystem that is developing at the quickest rate in the globe, with a market value of US\$31 billion and an estimated growth rate of fivefold by the year 2025. Additionally, the financial technological reform addresses the difficulties of inclusion, the challenges of promoting inclusion, the challenges of redressing issues, and the challenges of enabling collaboration with other creative financial organizations throughout the world. This technology reform is not only vital for non-bank financial companies, but it is also advantageous for other organizations that are comparable, such as “small banks, peer-to-peer businesses, micro, small, and medium-sized enterprises (MSME)” (Sharma et al., 2024).

NBFCs have emerged as a significant component of the Indian financial system, facilitating access to financial services for individuals who may not qualify for even a basic banking account with traditional banks (Sahoo, 2016). Unlike banks, NBFCs possess greater flexibility in designing products that cater to the “needs of low-income individuals, small businesses, and rural enterprises.” This is due to their ability to offer credit emergencies, tailored financial solutions, and adaptable delivery systems that are essential to Finclusion. Therefore, the role of NBFCs registered with the RBI in advancing financial inclusion is increasingly significant in light of the evolving dynamics of India's financial sector (Gupta, 2024).

### **Need of the study**

The financial landscape in India has been significantly reshaped by digital transformation, especially regarding Non-Banking Financial Companies (Bisht et al., 2024). The swift integration of digital platforms for loan applications has positioned NBFCs as vital players in addressing the credit gap for underserved populations, encompassing individuals and small enterprises lacking access to conventional banking systems. Despite the transformative potential, there remains a limited understanding of the direct impact of digitalisation in NBFC loan processes on financial inclusion.

“Financial inclusion” is an essential objective for India, considering the significant unbanked population and the economic disparities across regions. Non-Banking Financial Companies, utilizing digital tools such as “AI-driven credit scoring, mobile applications, and electronic Know Your Customer” processes, have become significant contributors in providing financial services to underserved populations. Nevertheless, inquiries remain concerning the inclusivity of these digital platforms. Furthermore, there is a lack of comprehensive examination regarding the influence of regulatory frameworks and technological adoption on financial inclusion outcomes (Mcgarrell et al., 2024).



This study focuses on the critical necessity to conduct a systematic review of the existing literature regarding the relationship between digital transformation in non-banking financial companies and financial inclusion in India. The study utilizes a Systematic Literature Review (SLR) approach to synthesize findings, identify research gaps, and offer a detailed understanding of the obstacles and opportunities within this field.

The significance of NBFCs in advancing India's financial inclusion objectives underscores that the findings of this study will enhance academic discussions and provide practical insights for "policymakers, industry stakeholders, and technology developers." This examination is especially important in a time when digital adoption is rapidly increasing, while its equitable benefits continue to be distributed unevenly.

### **Research Aim and Objectives**

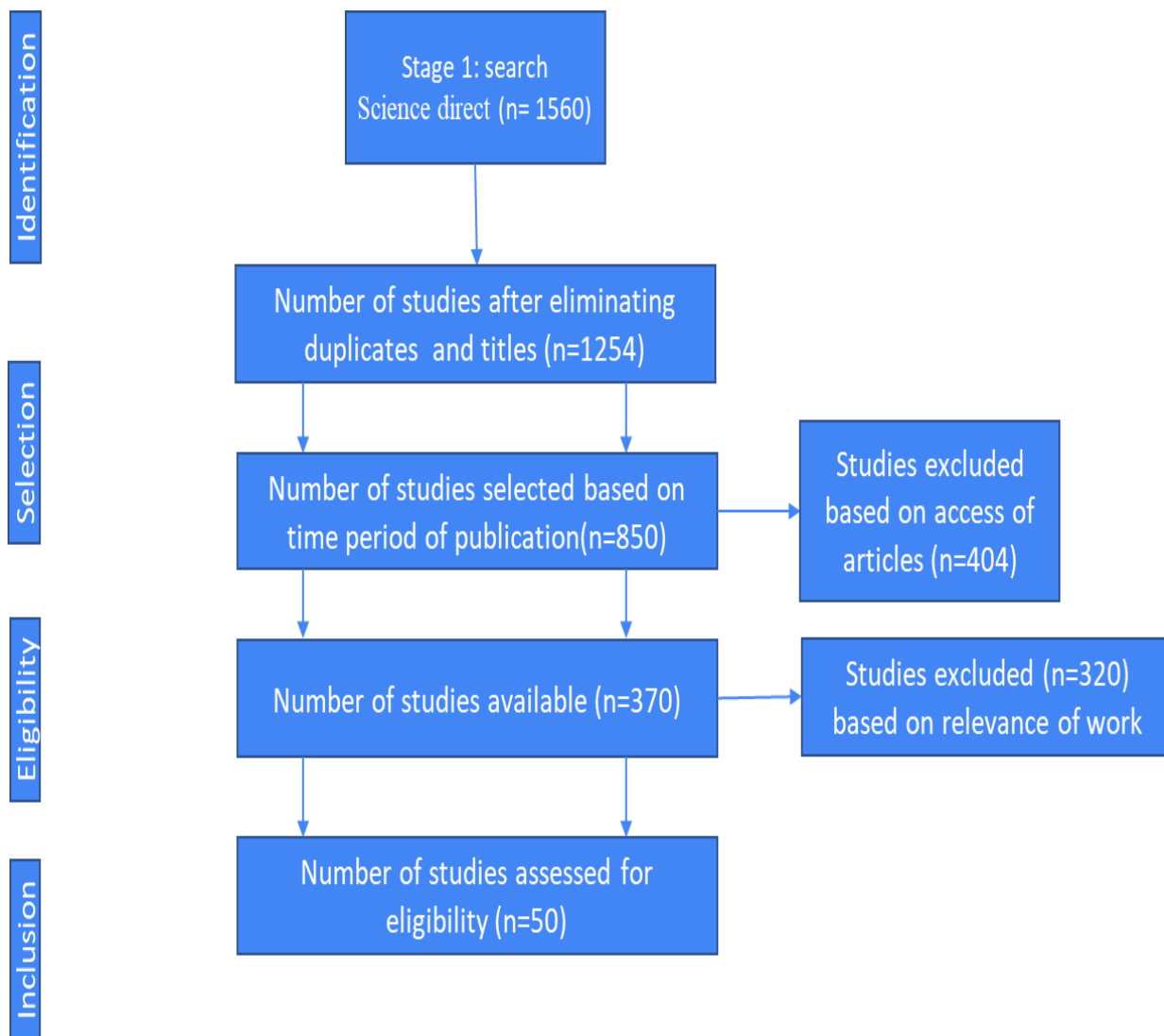
The main aim of the current research is to analyse the impact of digital transformation in NBFC Loan Applications on financial inclusion in India. To accomplish this research aim, the following objectives have been proposed:

1. To analyse the impact of "digital transformation" on enhancing the accessibility and efficiency of loan application processes within Non-Banking Financial Companies (NBFCs) in India.
2. To assess the influence of digital loan application platforms on financial inclusion.
3. To recognize the challenges and obstacles encountered by NBFCs in implementing digital technologies for loan application processes.
4. To analyse the regulatory and policy framework that impacts digital adoption in NBFCs and their congruence with financial inclusion objectives in India.

## **2. Methods**

### **2.1 Study selection**

After careful consideration of various criteria, the Science Direct database has been chosen as the most suitable option. For the initial search, three search strings were used: "Digital Transformation and NBFC Loan Applications," "Digital Evolution and NBFC Apps," and "Financial Inclusion and NBFCs." These search strings resulted in the selection of 1560 references, which have been added to the initial database. After careful consideration, duplicate articles and titles have been removed from the study. This has resulted in a selection of 1254 articles that will be subjected to various inclusion criteria for the final selection of references. As a result, a timeline criteria was implemented to narrow down the references to those published between 2016 and 2024. This process resulted in the exclusion of 404 articles, leaving a final selection of 850 articles. After carefully reviewing these articles, a total of 370 selected articles were identified. These articles were sourced from various databases, ensuring a comprehensive and diverse collection. Articles that are books, as well as book chapters, are excluded from this database. Afterwards, every article undergoes a thorough review process to ensure its focus is primarily on the digital transformation of NBFC loan applications in India. During the final stage, the abstract of each article was carefully analysed to ensure it aligned with the study's objectives. This meticulous process results in the selection of 50 references that have been thoroughly analyzed in the study.



## 2.2 Inclusion and Exclusion Criteria

With a view to addressing the main aim that drives the current study, existing studies related to the digitalisation of NBFC loan applications in India were systematically reviewed. For this purpose, it was critical to define specific criteria based on which the studies were included or excluded from review in the current paper. The following inclusion criteria and exclusion criteria were utilised for the course of the current study.

### Inclusion Criteria:

- Studies that were either first published in English or were translated into English throughout a 8-year period, from 2016 to 2024.
- All empirical, conceptual, or review papers that explored topics beyond the scope of the phrase search were taken into consideration.
- The papers were searched for Digital Transformation and NBFC Loan Applications, Digital Evolution and NBFC Apps, and Financial Inclusion and NBFCs.

### Exclusion Criteria:

- Studies that were published before 2016 and those that are still in the pre-publishing stage in 2024 were not taken into account.
- All technical reports and online publications that were considered to be “grey literature” were categorically discarded.



### 3. Results

#### 3.1 Impact of digital transformation on the accessibility and efficiency of loan application processes within Non-Banking Financial Companies (NBFCs)

The rapid pace and scope of “technological advancements” are significantly reshaping the financial services sector, particularly in the realm of digitalisation (Panda, 2023). “Non-banking financial companies” hold a vital role in the economic system by providing loans, investment solutions, and asset management, among other services. They are progressively adopting digitalisation to improve their operational processes and service delivery. Within NBFCs, digitalization has the potential to improve decision-making and operational efficiency, which might result in greater efficacy and client happiness (Jain & Gupta, 2023). Digitalization will facilitate enhanced customer engagement via chatbots and virtual assistants that provide personalized, anticipatory services to improve the overall customer experience.

Predictive analytics and machine learning models will assist NBFCs in enhancing risk management, identifying fraud, and ensuring adherence to regulatory requirements, ultimately leading to improved operational efficiency and cost savings (Patil et al., 2024). For example, intelligent automation can streamline a range of financial activities, including transactional operations, economic analysis, and fund management in the stock market, with significantly reduced human intervention and enhanced accuracy (Rao P., 2020). Non-Banking Financial Companies (NBFCs) will have the opportunity to innovate more rapidly than their counterparts by competing on a relatively equal footing with digital-native banks and credit unions (Rao, 2020). This approach will facilitate closer customer relationships and ensure long-term growth and profitability through the effective use of digitalization, artificial intelligence, machine learning, and cloud computing (Singh & Sinha, 2024; Ray et al., 2018).

#### 3.2 Influence of digital loan application platforms on financial inclusion

The initiatives implemented by the RBI, in conjunction with ongoing government efforts, have focused on advancing financial inclusion. This has entailed promoting competition and innovation within India’s developing Fintech sector on a comparably equitable playing field. This has enabled the development of both online and offline solutions, leading to a more secure financial system with broad accessibility (Kandpal & Mehrotra, 2019).

1. **“Reserve Bank of India:”** The Reserve Bank of India has formed a multi-disciplinary committee to assess the Fintech sector in India (Sen & Sen, 2023). The aim is to understand the related risks and the creation of new models, as well as to assess how the banking system may adjust and respond appropriately. The Reserve Bank of India has actively supported the “Unified Payments Interface and the Bharat Bill Payments System, while also promoting digital payments, peer-to-peer lending, and the use of automated algorithms for financial advisory services” (Neelima et al., 2023). Additionally, the RBI has granted licenses to 11 Fintech entities to establish payment banks that provide “savings, deposit, and remittance services” (Chaudhury & Sana, 2024).
2. **Government Schemes:** These encompass the “Jan Dhan Yojana, Digital India program, and Aadhar’s Unique Identification system,” which have established significant enabling platforms for technology innovators (Chavan & Kamra, 2022). Furthermore, The present administration’s e-governance systems improve openness by removing middlemen. The government’s attempts to support the establishment of a Fintech ecosystem in India include the abolition of surcharges on electronic transactions, tax incentives for individuals and companies that use e-payments, and changes to authentication standards (Kumar & Sreekanth, 2021).
3. **Fintech Startup Sector:** This drives Fintech growth in India. Traxcn data shows 174 Fintech businesses in 2015 due to supporting regulations. Numerous national and international banks and investment organizations are sponsoring India’s Fintech firms and solutions (Migozzi et al., 2024).

The digital and technological revolution has profoundly altered business operations across multiple industries, particularly within the financial and banking sectors (Jayadev et al., 2017). It is commendable to note that the Indian government and regulatory bodies have cultivated an environment that promotes entrepreneurship in the Fintech sector in India, rather than imposing barriers. It is essential for policies and governance to keep pace with the swift advancements in this sector to ensure secure and transparent growth (Misra & Tankha, 2018).

#### 3.3 Challenges and obstacles encountered by NBFCs in implementing digital technologies for loan application processes

The rise of digital lending applications backed by “non-banking financial service companies” or unregulated entities has accelerated with the onset of “digitisation and transformation in the lending sector.” This trend has sparked concerns regarding potential “unethical business practices, misselling, cybersecurity vulnerabilities, and data protection challenges.”



The subsequent points outline the primary challenges currently encountered in the digital lending landscape (Verma, 2024):

1. A regulatory framework for “digital loans, such as fast loans and consumer loans,” is currently absent.
2. The absence of preventative measures for money lending platforms.
3. The lack of monitoring systems for LSP and digital lending applications.

From loan origination to collections, fintech businesses, distributors, SaaS providers, and other third parties frequently participate in digital lending, exposing borrowers and institutions to new and elevated levels of risk. In order to protect borrowers, including data protection, and to guarantee the security of the institutions involved, the novel organizational structures and operational models resulting from the development of digital lending require a thorough assessment of risks (Murinde et al., 2022).

More proactive techniques that include appropriate system controls and constraints as well as early warning signs should replace traditional approaches to risk management. In order to proactively evaluate consumer risk, banks and NBFCs have begun integrating digital touchpoints into their current frameworks for controlling financial crime risk (Basu, 2016).

Currently, the existing frameworks operate in isolation, resulting in inadequate utilization of the intelligence collected from various monitoring platforms (Basu, 2022). A comprehensive and detailed risk score (one-view risk profile) for customers can be attained by integrating digital contact points across multiple risk categories, enabling clients to make informed decisions throughout the entire loan lifecycle.

Furthermore, it may be necessary to modify rule engines and real-time behaviour recognition capabilities to identify any irregular transactions. As the fintech application market continues to evolve rapidly, advertising efforts within the Fin-Tech sector should also expand (Shanmugam, 2022). The effective use of online entertainment marketing is essential for client engagement and retention, especially in a competitive environment where client preferences can shift rapidly. Emphasizing collaboration within the FinTech sector can uncover untapped market potential, meet individuals' financial needs, build trust, leverage data, and tailor content, products, and services based on consumer insights and expectations.

### **3.4 Regulatory and policy framework that impacts digital adoption in NBFCs and their congruence with financial inclusion objectives in India**

There is a wide variety of organisations in India that fall under the umbrella term "NBFIs" and use various business methods. The Reserve Bank regulates one set of Non-Banking Financial Institutions (NBFIs), while another set is subject to regulation by a variety of bodies, such as the “Securities and Exchange Board of India (SEBI), the Pension Fund Regulatory and Development Authority (PFRDA), the Insurance Regulatory & Development Authority of India (IRDAI),” and even some state or federal governments (Shafi et al., 2024). All India Financial Institutions (AIFIs) are public FIs that provide long-term loans to projects in infrastructure, agriculture, international commerce, small businesses, and housing finance companies (HFCs). They are regulated by the Reserve Bank. One institutional option for the resolution of stressed assets is the acquisition of these assets by asset reconstruction companies (ARCs), which are specialized financial entities. Housing finance companies (HFCs) help fund national housing projects by providing financing to people, cooperative organizations, and corporations. The primary issue of “government securities (G-secs)” is facilitated by primary dealers (PDs), who also act as market makers in this market.

Non-Banking Financial Companies (NBFCs) primarily consist of private limited entities that significantly contribute to credit provision and financial intermediation.

“Non-Banking Financial Companies” trace their origins to the late 1940s, a period during which numerous small finance firms provided financing for truck purchases. They became established financial firms that specialized in reaching market niches where banks had limited presence by delivering traditional and innovative financial goods and services suited to customer demands.

Furthermore, they have benefited from unique regulatory frameworks in contrast to banks, allowing them to foster innovation and deliver strong competition to banks, which ultimately serves the interests of end consumers. Given the growing importance of the NBFC sector in India's financial landscape, the following sections of the article will examine the performance of selected NBFCs for the fiscal year 2022-23, up to December 2022, categorising them based on the SBR framework that was introduced in October 2022. Under the SBR framework, NBFCs are classified into one of four distinct layers: “Top (NBFC-TL), Upper (NBFC-UL), Middle (NBFC-ML), or Base layer (NBFC-BL).” The top layer remains unoccupied at this time and will be utilized if the Bank recognises a notable increase in potential systemic risk linked to particular NBFCs in NBFC-UL.

At the conclusion of March 2022, around 94% of non-banking financial companies (NBFCs) were classified as NBFC-BL entities. Nonetheless, regarding asset size, NBFC-BL accounted for merely 5% of the overall asset size. Given the market concentration in the sector, where around 6% of NBFCs represent 95% of the asset



size, the Reserve Bank has judiciously introduced progressively stringent regulations for “NBFC-UL and NBFC-ML” (Harsh et al., 2023).

#### 4. Discussion

Digital Financial Inclusion (DFI), as detailed in a collaborative document by the "World Bank and the G20 Global Partnership for Financial Inclusion (GPII)," involves the implementation of effective digital strategies to deliver a variety of formal financial services to marginalized and underserved communities. These services are provided with a strong commitment to accountability, ensuring cost-effectiveness for clients and sustainability for service providers. Since 2014, DFI has been evaluated in conjunction with the NABARD initiative, which focuses on connecting last-mile individuals affordably and enhancing access to financial information and transactions.

Examples of DFI tools include “PMJDY, Rupay, G2P payments, NABARDE-Shakti (electronic empowerment) of SHG, UPI, BHIM Business Correspondents, Business Facilitators, mobile wallets, mobile money, Aadhaar, India Stack, Immediate Bank to Bank transfers (IMPS), Bharat Bill Payment System, and KCC.” Payment bank services have been implemented following the recommendations of the “Mor committee report.” Through the implementation of “advanced technology and cost-effective operations, NBFCs, Microfinance, and Small Finance Banks (SFBs)” have significantly enhanced financial inclusion (MK & Reddy, 2019; Srinivas & Mahal, 2017; Sun & Liang, 2021). For a comprehensive understanding of the microcredit movement in the context of SHGs, it is necessary to look at the big picture (Sengupta, 2024). Broadband highways for rural and urban areas, “nationwide mobile connectivity, a public internet access programme, eGovernance, electronic delivery services, information access for all, electronics manufacturing for job creation and skill development, Early Harvest Programs, and e-Kranti are all part of the Digital India initiative and its nine pillars, which are in line with this viewpoint.” “India Stack—Digital Public Infrastructure, includes programs like Aadhaar and UPI, which are examples of initiatives by the National Payment Corporation, the Reserve Bank of India, and the Government of India.” These programs aim to improve “economic development, financial inclusion, accountability, and transparency while providing services to the general public.”

The “Pradhan Mantri Jan-Dhan Yojana” is instrumental in advancing financial inclusion through the “JAM trinity, comprising Jan-Dhan accounts, Aadhaar identification, and mobile accessibility.” This trinity serves as a complete set of tools designed for the “effective distribution of subsidies and welfare benefits directly to verified beneficiaries, thereby removing the need for intermediaries and reducing the risk of fund leakage.” (Kadaba et al., 2023).

In addition, the use of digital technology by “NBFCs has played a significant role in the development of the financial environment in India, particularly with regard to the expansion of those who have access to financial services.” The process of applying for a loan has been completely transformed by NBFCs as a result of their use of “cutting-edge technology such as blockchain, machine learning, artificial intelligence, and mobile platforms.” As a result of these advances, conventional hurdles, such as the absence of official credit records, high operational costs, and geographical limits, have been reduced, making it possible for a larger portion of the population to get access to financial services. As a consequence of this, “non-bank financial companies (NBFCs)” have arisen as essential facilitators of loan accessibility for underserved and unbanked groups, creating opportunities for economic empowerment and supporting inclusive growth.

#### 5. Conclusion and Recommendations

The promotion of “products, services, information, and ideas via the Internet and other electronic methods exemplifies digital marketing, a modern approach to the marketing process.” A number of research studies have focused on the application of digital marketing within organizations. This is because it plays a crucial role in enhancing organizational performance. The advancement of digital technology has led to significant changes in the concept of digital marketing. In digital marketing, the communication is directed towards specific audiences that have been carefully profiled and are engaged in the process. Every communication flow has the ability to request information from the market. This feature makes it possible to provide instant feedback, which in turn makes it possible to monitor digital communication in a very quick and inexpensive manner. It is possible to disperse digital communication flows at ever-lower rates; yet, this necessitates that communication managers possess specialized and in-depth capabilities. The “Non-Banking Financial Companies” industry is a catalyst for the economic development of the country. To provide proactive regulatory assistance to the industry and to ensure the sector’s continued financial stability over the long term, the “Reserve Bank of India” is constantly striving to implement important reforms in the regulatory environment of non-bank financial companies (Jindal et al., 2024). There is a high probability that the forthcoming modifications will enhance the



resilience of the non-bank financial company sector and make it possible for them to function in a regulatory environment that is advantageous to them. Nonbanking financial companies have emerged as key players in a wide range of business activities in India. These activities include hire purchase financing, equipment leasing finance, loans, and investments. When it comes to gaining access to resources, non-bank financial companies have a greater reach and more flexibility. It is possible that non-bank financial companies may be able to survive challenging times due to their competitive attitude and tailored services. The fee-based business model is more prevalent among non-bank financial companies than the fund-based business model. There is a growing interest in the growth trend of non-banking financial companies in India. Due to the fact that their significance in the economy cannot be exaggerated, the "Reserve Bank of India" needs to establish standards concerning the ethics of digital marketing for non-bank financial companies that would allow them to flourish while also safeguarding their investors. In order to address the repercussions and difficulties brought about by the digital revolution, non-bank financial companies should work to enhance their business models, creativity, and innovation, as well as their social media brand health and organizational skills. When it comes to improving the efficiency of digital marketing, the non-bank financial company ought to place an emphasis on consumer insights, new metrics, and the analytical talent gap.

Significant changes have occurred as a result of the digital transition. In the past, processes that were both time-consuming and inefficient have been simplified, and as a result, they now have more transparency and decreased overhead expenses. Not only have these improvements been beneficial to borrowers by making credit alternatives more readily available and easy to obtain, but they have also made it possible for non-bank financial companies to diversify their portfolios and broaden their market reach. Furthermore, government programs to foster digital literacy and financial inclusion have complimented these technology efforts, which resulted in an increase in the efficacy of these efforts in bridging the gap between different financial situations. However, accomplishing the goal of achieving broad financial inclusion is not without its obstacles. There is still a "sizeable percentage of the population" that does not possess the level of digital literacy required to take advantage of these improvements. In addition, worries over data privacy and cybersecurity continue to be important problems, particularly in light of the growing reliance on digital platforms. These issues are made even more difficult by regulatory ambiguity and the digital divide, which both contribute to the creation of bottlenecks in the fairly distributed allocation of financial resources.

To effectively address these difficulties, a collaborative strategy that includes the participation of legislators, financial institutions, and technology developers is required. In order to ensure that the advantages of digital transformation are distributed to all segments of society, it will be essential to strengthen programs that teach digital literacy, particularly in places that are rural and underserved. Building confidence and fostering sustainable growth in the industry may also be accomplished via the development of effective cybersecurity frameworks and policies that are adaptable.

In conclusion, "non-bank financial companies" have unquestionably been driven toward becoming significant drivers of "financial inclusion in India" by the digital transformation. On the other hand, in order to realize a financial ecosystem that is completely inclusive, it is necessary to make consistent efforts to eradicate structural hurdles. By placing an emphasis on equality, security, and innovation, stakeholders have the ability to guarantee that the "digital transformation of non-bank financial companies" not only increases helps to the development of an economy that is both robust and inclusive. The path that lies ahead has the ability to not only redefine the concept of financial inclusion but also establish standards that other countries might aspire to emulate.

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