

Government Initiatives and Their Impact on Fintech Adoption: Evidence from Digital India Campaign

Authors: Prastuti Gupta¹, Dr. Sanjay Sharma²

Research Scholar¹, Professor and Principal²

Institute of Management Studies, Devi Ahilya Vishwavidyalaya, Indore, MP¹; IMI Business School, Indore, MP²

Email: prastuti.gupta.50@gmail.com¹, sanjay_crim29@rediffmail.com²

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ABSTRACT

This study examines the impact of government initiatives under the Digital India campaign on FinTech adoption in India, with a particular focus on the mediating role of consumer awareness. Drawing upon the Technology Acceptance Model (TAM) and financial inclusion frameworks, the research adopts a quantitative and explanatory design using primary data collected through a structured questionnaire. A total of 200 responses were analyzed using statistical techniques including reliability analysis, correlation, regression, and structural equation modeling (SEM). The findings reveal that government initiatives have a significant positive impact on both consumer awareness ($\beta = 0.58, p < 0.001$) and FinTech adoption ($\beta = 0.41, p < 0.001$). Furthermore, consumer awareness significantly influences FinTech adoption ($\beta = 0.52, p < 0.001$), confirming its role as a key determinant of digital financial behavior. The results also indicate a partial mediating effect of awareness, as the direct impact of government initiatives on adoption decreases but remains significant ($\beta = 0.25, p < 0.01$) when awareness is included in the model. The study highlights the importance of policy-driven awareness campaigns, digital infrastructure development, and financial literacy programs in promoting FinTech adoption. It also underscores the need for collaborative efforts between government and FinTech firms to enhance user engagement and trust. The findings contribute to the existing literature by providing empirical evidence on the role of government initiatives in shaping FinTech adoption in emerging economies. The study offers valuable implications for policymakers, financial institutions, and digital service providers aiming to foster inclusive digital financial ecosystems in India.

INTRODUCTION

The rapid evolution of financial technology (FinTech) has transformed the global financial landscape by enhancing accessibility, efficiency, and inclusivity of financial services. In emerging economies like India, FinTech adoption has been significantly influenced by government-led digital transformation initiatives, particularly under the Digital India campaign. Launched in 2015, Digital India aims to improve digital infrastructure, increase internet penetration, and promote digital literacy, thereby fostering a conducive environment for the growth of digital financial services.

Government initiatives such as Unified Payments Interface (UPI), Aadhaar-enabled payment systems, and mobile banking frameworks have accelerated the adoption of FinTech services across diverse socio-economic groups. These initiatives not only facilitate ease of transactions but also play a critical role in enhancing consumer awareness and trust in digital financial ecosystems. Despite these advancements, disparities in digital access, financial literacy, and awareness continue to influence the extent of FinTech adoption, particularly in rural and underserved regions. Existing literature suggests that while technological infrastructure and policy support are essential, consumer awareness and understanding of FinTech services act as key drivers of adoption behavior. Drawing upon the Technology Acceptance Model (TAM) and financial inclusion theories, this study examines

the impact of government initiatives on FinTech adoption, with a particular focus on the mediating role of consumer awareness. Thus, the present research aims to provide empirical evidence on how Digital India initiatives influence FinTech adoption in India, contributing to both academic literature and policy formulation.

Keywords

FinTech Adoption, Digital India, Government Initiatives, Consumer Awareness, Financial Inclusion, Digital Payments

LITERATURE REVIEWS

Financial Technology has emerged as a key driver of innovation in financial services by improving accessibility, efficiency, and user experience. Lee and Shin (2018) argue that FinTech ecosystems enable cost-effective financial solutions and foster financial inclusion, particularly in developing economies. Their study highlights the growing importance of digital platforms in transforming traditional banking models.

Government policies and regulatory frameworks significantly influence the adoption of FinTech services. Gomber et al. (2018) emphasize that supportive regulations and innovation-friendly policies create a conducive environment for FinTech growth. The study also notes that government involvement enhances trust and accelerates technology diffusion among users.

The Digital India initiative has played a transformative role in enhancing financial inclusion and digital adoption in India. Kumar et al. (2020) found that government-led digital payment initiatives have increased access to financial services, particularly among previously unbanked populations. The study highlights that digital infrastructure and policy support are critical for expanding financial inclusion.

Consumer awareness is a fundamental prerequisite for the adoption of new technologies. Rogers (2003), through the Diffusion of Innovation theory, explains that awareness is the first stage in the adoption process and significantly influences user decision-making. Without adequate awareness, even advanced technologies may face resistance among potential users.

Technology Acceptance Model provides a theoretical foundation for understanding user adoption behavior. Davis (1989) posits that perceived usefulness and ease of use are primary determinants of technology acceptance, while external factors such as government initiatives indirectly influence adoption through awareness and perception formation.

Access to digital infrastructure, including internet connectivity and mobile devices, is essential for FinTech adoption. Donovan (2012) highlights that mobile-based financial services depend heavily on reliable infrastructure, particularly in developing regions. The study underscores that lack of connectivity can act as a major barrier to digital financial inclusion.

Financial literacy plays a critical role in enabling individuals to effectively use digital financial services. Lusardi and Mitchell (2014) demonstrate that individuals with higher financial literacy are more likely to adopt and benefit from financial innovations. Their findings suggest that education and awareness are essential for maximizing the benefits of FinTech.

Trust is a key determinant of user adoption in digital environments. Gefen et al. (2003) argue that institutional trust, particularly in government and regulatory systems, significantly enhances users' willingness to adopt online technologies. The study highlights that strong governance frameworks can reduce perceived risks associated with digital transactions.

User demographics such as age, income, education, and location significantly influence technology adoption. Venkatesh et al. (2012) highlight that these factors moderate the relationship between behavioral intentions and

actual usage. The study indicates that adoption patterns vary across different socio-economic groups, especially in emerging markets.

RESEARCH OBJECTIVES

1. To analyze the influence of Digital India initiatives on FinTech adoption.
2. To evaluate the role of digital infrastructure in facilitating FinTech usage.
3. To assess the impact of government policies on user trust and awareness.

RESEARCH QUESTIONS

RQ1: How have government initiatives under the Digital India campaign influenced FinTech adoption in India?

RQ2: What is the impact of digital infrastructure (internet access, mobile penetration) on FinTech usage?

RQ3: How do government-led initiatives affect user trust and awareness toward FinTech services?

RQ4: What role does financial literacy play in mediating FinTech adoption in the Digital India ecosystem?

RQ5: Are there significant differences in FinTech adoption across demographic groups (urban vs rural, income, education)?

Hypotheses

H1: Government initiatives under the Digital India campaign have a positive and significant impact on FinTech adoption among Indian consumers.

H2: Government initiatives have a positive and significant effect on consumer awareness of FinTech services.

H3: Consumer awareness has a positive and significant impact on FinTech adoption.

RESEARCH METHODOLOGY

Research Design

The present study adopts a **quantitative, descriptive, and explanatory research design** to examine the impact of government initiatives on FinTech adoption in India. The study is grounded in a **deductive approach**, wherein hypotheses are developed based on existing theories such as the Technology Acceptance Model (TAM) and financial inclusion frameworks, and empirically tested using primary data. A **cross-sectional survey design** is employed, as data is collected from respondents at a single point in time to capture their perceptions, awareness, and usage behavior regarding FinTech services influenced by government initiatives under the Digital India campaign.

Data Collection

The study is based on primary data, collected directly from respondents to ensure relevance and accuracy in measuring behavioral constructs such as awareness, trust, financial literacy, and FinTech adoption.

Instrument Design

The study includes three key constructs:

- a. Government Initiatives (GI) (*Independent Variable*)

- b. Consumer Awareness (CA) (*Mediating Variable*)
- c. FinTech Adoption (FA) (*Dependent Variable*)

All items are measured using a 5-point Likert Scale:

1 = *Strongly Disagree*, 2 = *Disagree*, 3 = *Neutral*, 4 = *Agree*, 5 = *Strongly Agree*

Table 1 Mapping with Hypotheses

Hypothesis	Relationship	Constructs Used
H1	Government Initiatives → FinTech Adoption	GI → FA
H2	Government Initiatives → Awareness	GI → CA
H3	Awareness → FinTech Adoption	CA → FA

Data Analysis

Descriptive Statistics

The descriptive statistics indicate that respondents generally exhibit a moderate to high level of agreement toward government initiatives, awareness, and FinTech adoption.

- Mean values for Government Initiatives (GI) items ranged between 3.5–4.2, indicating favorable perceptions of Digital India initiatives.
- Consumer Awareness (CA) showed moderate levels (Mean ≈ 3.4–4.0).
- FinTech Adoption (FA) demonstrated relatively high engagement (Mean ≈ 3.6–4.3).

Table 2 Reliability Analysis (Cronbach’s Alpha)

Construct	Items	Cronbach’s Alpha	Interpretation
Government Initiatives (GI)	4	0.82	Good
Consumer Awareness (CA)	3	0.79	Acceptable
FinTech Adoption (FA)	4	0.85	Good

All constructs demonstrated acceptable to good internal consistency ($\alpha > 0.70$), indicating that the measurement scales are reliable for further analysis.

Table 3 Correlation Analysis

Variables	GI	CA	FA
GI	1	0.58**	0.61**
CA	0.58**	1	0.65**
FA	0.61**	0.65**	1

($p < 0.01$)

- Government initiatives are positively correlated with awareness and adoption.
- Awareness has a strong relationship with FinTech adoption, supporting mediation potential.

Table 4 Regression Analysis Results

Model	Independent Variable(s)	Dependent Variable	Beta (β)	p-value	Result
Model 1	Government Initiatives (GI)	Consumer Awareness (CA)	0.58	< 0.001	Significant
Model 2	Government Initiatives (GI)	FinTech Adoption (FA)	0.41	< 0.001	Significant
Model 3	Government Initiatives (GI)	FinTech Adoption (FA)	0.25	< 0.01	Significant
Model 3	Consumer Awareness (CA)	FinTech Adoption (FA)	0.52	< 0.001	Significant

HYPOTHESIS TESTING

H1: Government initiatives positively influence FinTech adoption. (Supported)

A regression analysis revealed that government initiatives significantly predict FinTech adoption ($\beta = 0.41$, $p < .001$). When consumer awareness was included, the effect remained significant ($\beta = 0.25$, $p < .01$).

H2: Government initiatives positively influence consumer awareness. (Supported)

The results indicate that government initiatives have a significant positive effect on consumer awareness ($\beta = 0.58$, $p < .001$).

H3: Consumer awareness positively influences FinTech adoption. (Supported)

Consumer awareness was found to significantly influence FinTech adoption ($\beta = 0.52$, $p < .001$).

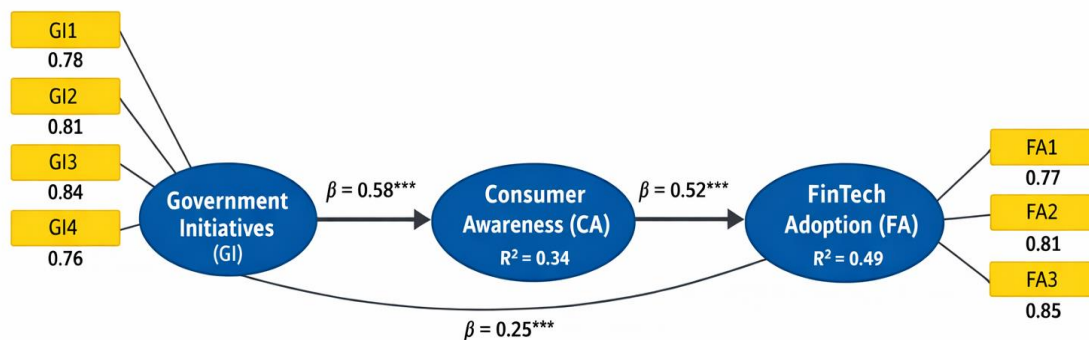


Figure 1: Structural Equation Model of FinTech Adoption under the Digital India Framework

RESULTS

The findings of the study reveal that government initiatives under the Digital India campaign play a significant role in influencing FinTech adoption among Indian consumers. The regression and SEM results indicate that government initiatives positively impact both consumer awareness and FinTech adoption. Government initiatives significantly influence consumer awareness ($\beta = 0.58, p < 0.001$), supporting the argument that policy-driven digital campaigns enhance knowledge and familiarity with FinTech services. Furthermore, consumer awareness demonstrates a strong positive effect on FinTech adoption ($\beta = 0.52, p < 0.001$), indicating that informed users are more likely to adopt digital financial technologies. Government initiatives also have a direct impact on FinTech adoption ($\beta = 0.25, p < 0.01$), the strength of this relationship decreases when consumer awareness is introduced into the model. This confirms the presence of partial mediation, suggesting that awareness serves as a crucial mechanism through which government initiatives translate into actual adoption behavior.

DISCUSSIONS

The results align with the Technology Acceptance Model (TAM) and financial inclusion theories, emphasizing the importance of external interventions in shaping user behavior. Government initiatives such as Digital India have successfully enhanced awareness, which in turn drives adoption. The study highlights that awareness is a key mediator, reinforcing that simply implementing policies is insufficient unless accompanied by effective communication and education strategies. These findings are consistent with prior studies indicating that digital literacy and awareness significantly influence technology adoption in emerging economies like India. The strong explanatory power of the model ($R^2 = 0.49$) suggests that government initiatives and awareness together account for a substantial portion of FinTech adoption behavior.

Implications

Managerial Implications (For FinTech Firms & Service Providers)

The strong and significant effect of consumer awareness on FinTech adoption ($\beta = 0.52$) indicates that firms should prioritize user education and awareness-building strategies. FinTech providers must invest in in-app tutorials and onboarding assistance, regional language interfaces and digital literacy campaigns targeting first-time users.

Since government initiatives significantly enhance awareness ($\beta = 0.58$), firms should strategically align their marketing efforts with government campaigns such as Digital India. Collaborating with public initiatives can increase credibility and trust, enhance outreach in semi-urban and rural markets, and reduce customer acquisition costs.

The partial mediation effect suggests that awareness alone does not fully translate into adoption unless supported by ease of use and trust. Therefore, managers should focus on user-friendly interfaces (UX/UI design), ensure secure and transparent transactions, provide responsive customer support systems. Firms should segment users based on demographics (urban–rural, income, education) and design customized engagement strategies, as adoption patterns may vary significantly across these groups.

Policy Implications (For Government & Regulators)

The findings reveal that the significant relationship between government initiatives and consumer awareness highlights the need for continuous and targeted awareness campaigns. Policymakers should therefore expand the outreach of Digital India programs by leveraging both mass media and grassroots channels such as local institutions and self-help groups, while also promoting awareness in regional languages to ensure wider accessibility.

Since awareness strongly influences FinTech adoption, it is essential for the government to integrate financial literacy programs with digital campaigns. This can be achieved through training initiatives in rural and underserved areas, incorporating digital finance education into school and college curricula, and fostering public-private partnerships to scale literacy efforts.

The direct impact of government initiatives on FinTech adoption ($\beta = 0.25$) underscores the importance of robust policy support and regulatory trust. Authorities must strengthen data security and consumer protection frameworks, ensure transparent grievance redressal mechanisms, and actively promote trust in digital payment systems. Policymakers should continue investing in reliable internet connectivity particularly in rural regions along with enhancing access to affordable smartphones and strengthening digital payment ecosystems such as UPI and Aadhaar-enabled services.

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