

Digital Financial Inclusion in India: An Econometric Assessment of Individual Digital Payment Adoption Using Global Findex Microdata

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Abstract: This paper investigates the adoption of digital payments in India with the individual-level data from World Bank Global Findex Database. A binary logit model is used to analyse the factors associated with the adoption of digital payments including demographic, socioeconomic, digital access and financial inclusion attributes. The findings show that the gender, age, level of education, income, saving behaviour, and borrowing behaviour are statistically significant variables with respect to adopting. The digital access variables, especially mobile phone ownership and internet access, are also statistically significant, emphasizing the significance of digital connectivity to financial inclusion. However, urban residence is not statistically significant in the presence of individual socioeconomic and financial characteristics. Results indicate that, beyond the technology's availability, human capital, economic capacity and engagement in formal financial activities are also important factors influencing digital payment adoption. The study underscores the need for policy integration of digital literacy, affordable connectivity and financial inclusion to boost India's digital financial inclusion.

Keywords: Digital payment adoption, Financial inclusion, Global Findex, Binary logistic regression, India

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