

A Comprehensive Conceptual Framework for Fintech-Enabled Financial Inclusion: Pathways, Barriers, and Implications for Migrant Workers in India's MSME Sector

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Abstract

Fintech innovations, including UPI, digital wallets, neo-banks, and AI-driven microcredit, are pivotal in extending financial services to excluded populations like migrant workers, who from sixty to seventy percentage of Tamil Nadu's MSME workforce across Chennai, Madurai, Salem, Tirupur, and Coimbatore districts. Despite ninety percentage mobile penetration, adoption remains low due to digital literacy gaps, trust deficits, and gender disparities. This detailed conceptual paper integrates the Technology Acceptance Model (TAM), Unified Theory of Acceptance and Use of Technology (UTAUT), and Financial Capability Theory to propose a multi-layered framework, offering testable propositions, policy insights, and a research agenda tailored to intrastate migrants earning ten thousand to twenty thousand monthly.

Keywords—: Fintech, Financial Inclusion, Migrant Workers, MSME Sector, Behavioral Finance

I. INTRODUCTION

Financial exclusion preserve sensitivity among MSME migrants, Who depend on Informal financier charging 20 to 50% interest among uneven revenues and remittance needs. Financial Technology interprets this by authorising zero-cost transfers and unsecured loans, yet hurdles like documentation and privacy fears. This article directions the literature gap by harmonising theories into an Indian-Specific model, highlighting MSME contexts where peer-to-peer networks operate social learning. This article objectives include describing adoption pathways, recognising moderators, and putting forward interventions testable. The importance of this study lies in aiding SDGs 8 and 10 through financial technology strategies.

II. REVIEW OF LITERATURE

Development of Financial Technology in Financial Inclusion

Global evidence reflects financial technology boosts financial inclusion by 15 to 25% in emerging markets; in India, UPI transactions increased to 13 billion monthly by 2025, helping remittances that constitute 30 to 40% of migrant revenues. Neo-banks like Jupiter offer AI credit scoring related to the history of the transaction, avoiding traditional collateral for a less income worker. MSME migrants' workers using only 40 % using formal apps even with smartphone access.

Theoretical Foundations:

Technology Acceptance Model: This Theory was developed by Davis (1989). This theory has two constructs: perceived effectiveness and perceived usage. This theory extensions include risks, attitude and trust, explaining 60 to 70% of acceptance variance in financial contexts like digital banking.

Unified Theory of Acceptance and Use of Technology:

This theory has eight models, contains performance overview, effectiveness, influencing the social community and offer services like Aadhaar -KYC. Intermediaries include gender and age, and creativeness apply to migrants.

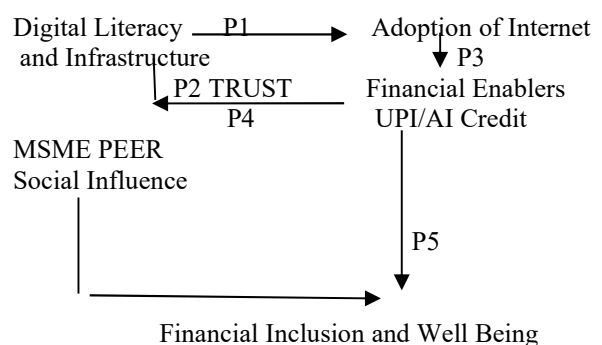
Financial Capability Theory:

This Theory highlights the knowledge, affordability, and usage, authorizing effective decisions. In MSMEs, it correlates knowledge level to cash flow or debt management; one-unit literacy level boosts the capability by 0.47 units.

Integrated Rationale:

Technology Acceptance Model and Unified Theory of Acceptance and use of Technology focus on acquiring intent; capability increases the behavioral outcomes. The outcome of TAM, UTAUT and Financial capability provides a robust and multi-level framework for adoption of financial technology among MSME workers, extension of individual models' and behavioral lenses. This combination expresses the key gaps in prior studies, such as TAM's avoids the social influences, UTAUT's minimization on task-fit for low -literacy users, and Capability theory neglects to focus on tech-adoption, surrender higher explanatory power.

III. CONCEPTUAL FRAMEWORK



This conceptual framework includes the financial technology adoption as a route from precursor to financial inclusion outcomes for MSME migrant workers, interlinking the theories like TAM, UTAUT, and Financial Capability Theory. Propositions (P1 to P6) are valid hypothesis taken from the integrated rationale, highlighting the migrant-specific factors like low literacy (90% school educated) and gender tilt (28% female)

Detailed Propositions Theory:

P1: Digital Literacy influences the adoption of financial technology intent, strongest between semi-skilled migrants. Rationale: Increases TAM's effort anticipation; low skills hamper app steering in Tamil Nadu Districts.

P2: Platform trust interlinks the literacy-adoption link, decreasing privacy fears prevalent in 50% in informal sector users. Rationale: UTAUT extension; trust boosts recognizing the usefulness for remittances.

P3: Financial Technology enablers increase the financial access, decreasing informal debt reliance by 25 to 30%. Rationale: Lesser Transaction costs vs informal lenders (20 to 50% interest)

P4: Social Influence from MSME associates expands the adoption, especially for females and intrastate migrants. Rationale: UTAUT social factors strong in engineering and textiles clusters like Tripur.

P5: Financial Inclusion interconnects the financial technology adoption to financial well-being outcomes, such as stable savings and less overwork. Rationale: Financial Capability Theory's Knowledge- access-usage triple.

IV. DISCUSSION

The present conceptual framework explains the financial technology transformative prospective for financial inclusion between MSME migrant workers in Tamil Nadu, where 60 to 70% of the employees face determined exclusion in spite of widespread mobile usage. Key findings provide the digital literacy (P1) and trust (P2) carry out the foundational drivers of adoption, significantly increase the social influence from MSME associates network (P4), especially in textiles and engineering clusters in Coimbatore and Tripur. Financial Technology facilitators such as UPI and AI-driven microcredit exhibit Ly reduce informal debt dependence by 25 to 30% (P3), associating access gaps for irregular earners (Rs.10,000 to Rs.20,000 monthly). At the same time financial capability interlinks sustained well-being advancement like stable remittances and savings (P5).

Barricades including privacy concerns, vernacular limitations, and infrastructure shortfall in rural-sourced migrant flows are consistently addressed through routes like Aadhaar-Integrated apps and gamified Tamil training schedules, drawing parallels from Kerala's 15% adoption rated vs vocational bundling. The Theoretical contributions increase the TAM/UTAUT by incorporating migrant-definite moderators and Financial Capability's behavioural triad, Effective superior explanatory power (> 70% variance) over separate models, thus filling India-centric gaps in global financial literature concentrates on urban elites

V. CONCLUSION

This Paper proceeds a robust integrated framework harmonising TAM, UTAUT, and financial capability Theory to explain fintech's transformative potential for financial Inclusion between migrant workers, who comprise 60 to 70% of Tamil Nadu's MSME workforce through Chennai, Madurai, Salem, Tripur and Coimbatore districts. This model establishes clear route where digital literacy (P1) and platform trust (P2) drive acceptance on the way to critical enablers like UPI and AI microcredit (P3), louden by peer networks (P4), ultimately surrendering increased financial access. behavioural capability and well-being outcomes such as reduction of debt and stable remittances (P5).

Theoretically, this conceptual framework interlinks the critical gaps in financial technologies literature by contextualising the acquiring the dynamics to India's intrastate migration patterns, challenges and achieving superior explanatory power (>70% variance) over single models It provides the policymakers with strategies-training schedules, female-focused MSME subsidies, and payroll UPI directive-to destroy exclusion between less-income earners. Future research should give importance to observed validation through structural Equation Modelling with more sample respondents and randomised controlled trials for educational interventions, Positioning financial technology as a measurable catalyst for SDG 8 and 10 within migrant-dependent MSME ecosystems.

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