



# Redefining financial services for Viksit Bharat: the role of credit cards in inclusive growth and digital banking

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## Abstract

**Introduction:** Credit cards have emerged as pivotal tools in advancing inclusive financial growth and promoting digital banking in India's journey toward Viksit Bharat 2047. Their growing adoption reflects a broader transformation in consumer financial behavior, enhanced access to credit, and rising digital literacy. This study explores the perceptions of consumers and bankers regarding the role of credit cards in fostering financial inclusion, transactional convenience, and trust in digital platforms.

**Methodology:** A structured primary survey was administered to a demographically diverse sample to capture variations in credit card usage and perception. The questionnaire assessed factors such as usage frequency, satisfaction, accessibility, and trust. Statistical tools including frequency analysis, t-tests, and ANOVA were applied to examine behavioral patterns and to identify significant differences across demographic variables such as age, gender, income level, and occupation.

**Analysis:** The results indicate notable disparities in credit card adoption and satisfaction across socio-economic groups. Younger, higher-income, and urban respondents demonstrated greater engagement with credit card usage and higher satisfaction levels. Conversely, certain demographics, particularly lower-income and rural respondents, exhibited limited access and lower satisfaction, primarily due to lack of awareness, digital literacy, and perceived trust issues.

**Implications:** The findings underscore the necessity for targeted financial literacy initiatives and product innovations tailored to diverse user groups. Enhancing trust, accessibility, and user-centric design in credit card services can significantly contribute to a more inclusive digital financial ecosystem. The study provides strategic recommendations for policymakers, financial institutions, and fintech developers to fortify India's credit-based digital infrastructure and ensure equitable financial participation on the path to Viksit Bharat 2047. Credit cards have become pivotal instruments in fostering inclusive financial growth and accelerating the shift toward digital banking in India's journey toward Viksit Bharat 2047. Their increasing adoption reflects a broader transformation in consumer financial behavior, accessibility to credit, and digital literacy. This research investigates the perceptions of both consumers and bankers regarding the role of credit cards in enhancing financial inclusion, convenience, and trust in digital transactions. A primary survey was conducted using a structured questionnaire targeting a diverse demographic segment. Frequency analysis was applied to understand usage trends and behavioral patterns. Further, ANOVA and t-tests were conducted to assess significant differences in credit card usage and satisfaction across variables such as income level, age, gender, and occupation. The analysis revealed disparities in adoption and satisfaction based on socio-economic backgrounds, highlighting the need for tailored financial education and innovation in credit card services. The study offers strategic insights to strengthen credit-based digital financial infrastructure and ensure equitable access across all sections of society.

**Keywords:** Financial inclusion, Credit cards, Digital banking, Viksit Bharat, Inclusive growth, Fintech innovation

## Introduction

India's ambitious vision of Viksit Bharat by 2047 envisions a developed nation empowered by inclusive growth, technological innovation, and equitable access to financial resources. In this transformative journey, credit cards and digital banking play a pivotal role in reshaping the financial landscape and fostering financial inclusion. These tools, once seen as exclusive to urban elites, are gradually becoming instruments of empowerment for semi-urban and rural populations. This paper explores how credit cards, supported by digital banking infrastructure, are redefining financial services to align with India's inclusive growth agenda.

## The need for redefining financial services

Traditional banking in India, despite its expansive network, has often failed to fully serve the financially underserved, particularly in remote or low-income regions. The concept of financial inclusion ensuring access to affordable financial products and services has gained prominence in recent years. Redefining financial services implies making them more accessible, digital, and inclusive, driven by fintech innovations and government policies such as Jan Dhan Yojana, UPI, and Digital India.

India has witnessed rapid strides in digital payments, but the credit card penetration remains comparatively low. As of 2024, there are over 110 million credit cards in circulation, but a vast

section of the population still relies on cash or debit cards. Enhancing credit card accessibility, especially through digital means, is essential for achieving the financial inclusion goals of a Viksit Bharat.

### Credit cards as tools of empowerment

Traditionally, credit cards have been considered luxury financial products used primarily for convenience, rewards, and emergency credit by affluent urban users. However, in the context of inclusive development, they are gradually transforming into tools that promote credit access, digital literacy, consumer spending, and financial discipline.

#### a) Access to short-term credit

Credit cards offer an important gateway to short-term credit without the cumbersome processes involved in traditional loans. For salaried individuals, small business owners, and gig economy workers, credit cards provide a safety net for managing cash flow, especially during emergencies.

#### b) Credit history and financial identity

Using a credit card responsibly helps individuals build a credit history, which can be crucial for accessing future credit lines such as personal loans, home loans, or business loans. In a country where many still lack formal credit profiles, credit cards can help integrate the unbanked and underbanked into the formal financial system.

#### c) Digital transactions and transparency

With increasing digitization, credit cards support cashless payments and offer transaction records, enhancing financial transparency and budget planning. This is aligned with the government's push towards a less-cash economy and reducing the shadow economy.

### Credit cards and digital banking a synergistic relationship

The true power of credit cards in promoting financial inclusion is unlocked when they are integrated with digital banking ecosystems. Mobile apps, internet banking, and real-time alerts have made managing credit card accounts easier for even first-time users.

#### 1. Simplified application and KYC processes

Digital banking platforms enable seamless credit card applications through e-KYC, AI-based eligibility assessments, and paperless verification. This reduces barriers for individuals in Tier II and III cities.

#### 2. Innovative credit products

Fintech partnerships and digital banks are offering low-limit, secured credit cards backed by fixed deposits or alternative credit scoring. Such innovations help in risk mitigation while catering to a previously untapped market.

#### 3. Financial literacy and alerts

Digital banking apps offer educational content, spending trackers, repayment reminders, and credit score updates, thereby promoting responsible usage of credit cards.

#### 4. Integration with UPI and wallets

Modern credit cards are being integrated with platforms like UPI and digital wallets, allowing users to make payments via smartphones, thereby broadening usage beyond traditional swipe machines.

### Challenges in credit card penetration for inclusive growth

While the opportunities are vast, several challenges hinder the widespread use of credit cards in promoting inclusive growth:

- **Low financial literacy:** Many potential users in rural and semi-urban areas are not fully aware of how credit cards work, including interest rates, billing cycles, and penalties.
- **Risk of over-indebtedness:** Misuse of credit cards can lead to debt traps, especially for low-income users without financial education.
- **Limited acceptance network:** Despite digital growth, many small merchants still prefer cash or UPI payments, limiting the utility of credit cards in certain regions.
- **Trust and cybersecurity:** Concerns about fraud, phishing, and misuse discourage new users from adopting credit cards and digital banking.

To address these issues, there is a need for robust financial literacy programs, user-friendly card products, grievance redressal mechanisms, and greater merchant acceptance.

### Policy and institutional support for digital credit growth

The Government of India and the Reserve Bank of India (RBI) have introduced several initiatives to drive credit and digital inclusion:

- RBI's Financial Inclusion Index tracks and encourages progress in access, usage, and quality of financial services.
- The Digital Payments Index, launched by RBI, promotes the adoption of cashless payment methods.
- RuPay Credit Cards integrated with UPI promote indigenous and cost-effective credit solutions for all economic segments.
- The Jan Samarth Portal and Credit Guarantee Schemes are also enabling credit linkages for MSMEs and self-employed individuals.

### Case studies and innovations

Several Indian banks and fintech companies have launched innovative credit card solutions catering to new-to-credit (NTC) individuals:

- SBI's SimplySAVE Card offers low annual fees and rewards tailored for everyday expenses.
- Airtel Axis Bank Credit Card offers cashback on utility and mobile recharges, targeting digital-first users.
- One Card by FPL Technologies is a mobile-first credit card with flexible limits and spending control features.

These innovations are designed to align with the consumption patterns of younger, tech-savvy users while also introducing rural and semi-urban users to credit culture.

### The road ahead: vision for Viksit Bharat 2047

To fully realize the potential of credit cards in building a developed India (Viksit Bharat), several strategic steps must be taken:

- **Expand access through simplified onboarding:** Use AI and alternative data (like utility payments, rent payments) to offer credit cards to the unbanked or underbanked.
- **Strengthen credit infrastructure:** Enhance credit bureaus' coverage and credit scoring models to include informal income groups.
- **Promote financial literacy:** Government, banks, and NGOs must collaborate to conduct nationwide campaigns on credit card usage, rights, and responsibilities.
- **Boost digital infrastructure:** Ensure high-speed internet and mobile connectivity in rural areas to support digital banking.
- **Encourage MSME credit adoption:** Offer business credit cards with incentives for micro and small enterprises to adopt formal credit.
- **Leverage Jan Dhan and Aadhaar:** Link these platforms with digital credit solutions to build trusted identity-linked financial ecosystems.

As India moves toward the goal of Viksit Bharat by 2047, the democratization of credit access through digital tools will be a critical enabler of inclusive growth. Credit cards, when coupled with robust digital banking platforms, can become more than just spending tools—they can serve as instruments of economic empowerment, credit identity, and financial literacy. The transformation of credit cards from luxury products to inclusive financial tools will not only bridge the urban-rural divide but also foster a more resilient, self-reliant, and financially empowered India.

### Review of literature

Jain and Bhatia (2023) <sup>[3]</sup> explored how credit cards have transitioned from luxury products to essential financial tools in India's evolving economy. They reported a significant increase in credit card adoption among younger users and rural consumers, driven by fintech innovations and relaxed Know Your Customer (KYC) procedures. The study indicated that the use of credit cards correlated with higher engagement in digital banking platforms, promoting a shift toward formal financial ecosystems. Jain and Bhatia also highlighted the role of technology in enabling credit access for previously underserved populations. They concluded that inclusive credit card services, backed by responsible regulation, could reduce reliance on informal lending channels and align with the broader goals of inclusive development under Viksit Bharat.

Sharma and Verma (2022) <sup>[6]</sup> analyzed the relationship between digital banking services and inclusive growth in India. Their study found that digital banking significantly lowered transaction costs and improved access to financial services in rural areas. They noted that the integration of digital platforms with credit instruments like credit cards encouraged financial engagement and enabled broader financial participation. Additionally, their findings highlighted that government schemes such as Jan Dhan Yojana and UPI played a

foundational role in promoting credit card adoption. The authors observed that trust in digital infrastructure, supported by enhanced cybersecurity and financial literacy, was essential for sustaining long-term engagement. They concluded that digital banking and credit cards together created a comprehensive framework for financial empowerment under Viksit Bharat.

Das and Iyer (2022) <sup>[1]</sup> examined the impact of public policy on expanding credit access in India through credit cards and digital banking. They found that government credit schemes and regulatory incentives encouraged banks to issue credit cards in under-banked areas, including Tier 2 and Tier 3 cities. Their study revealed that linking credit cards with digital platforms improved efficiency and transparency, particularly in subsidy transfers and micro-entrepreneurship support. The authors argued that such integration not only facilitated economic participation but also improved consumption patterns and employment opportunities. They concluded that government-backed credit access, if scaled strategically, could significantly support the Viksit Bharat initiative by enabling financial independence and sustainable economic development.

Gupta and Narayan (2021) <sup>[2]</sup> studied the influence of fintech innovations, especially digital credit cards, on financial inclusion in India. They discovered that collaboration between traditional banks and fintech firms resulted in low-limit, fee-free credit cards tailored for underserved populations. These credit instruments helped first-time users build credit scores and participate in the formal economy. The study highlighted that AI-driven credit scoring, digital onboarding, and simplified user interfaces made these cards highly accessible. Gupta and Narayan concluded that the proliferation of fintech-based credit cards played a transformative role in democratizing credit access. Their findings aligned with the goals of Viksit Bharat by promoting inclusive growth through financial empowerment and technology integration. Kumar and Singh (2021) <sup>[4]</sup> examined the role of credit cards in promoting financial inclusion across semi-urban regions of India. They found that credit cards facilitated access to formal credit and enabled users to develop digital credit histories, thereby increasing trust in formal financial systems. Their research revealed that users who had never interacted with banking institutions before were gradually integrated into the broader digital economy through structured and responsible use of credit cards. The study also emphasized that simplifying interest structures and improving financial education were essential in making credit cards a viable inclusion tool. The authors concluded that the expansion of credit card services could support national objectives such as Digital India and Viksit Bharat by fostering inclusive economic participation. Mehta and Roy (2020) <sup>[5]</sup> investigated the barriers to credit card adoption in rural India and emphasized the role of financial literacy. Their study revealed that lack of awareness, fear of debt, and distrust of formal institutions limited the penetration of credit cards in rural areas. However, when supported by targeted awareness campaigns and simplified credit products, adoption rates improved notably. The authors found that credit cards, when introduced alongside financial education,

empowered rural consumers to engage with digital financial systems more confidently. Mehta and Roy concluded that successful financial inclusion through credit cards required not only technological access but also education and robust consumer protection mechanisms. Their findings supported the view that credit card usage could contribute to Viksit Bharat by bringing rural populations into the formal financial fold.

### Objective

- To examine the role of credit cards in fostering inclusive growth and advancing digital banking within the vision of Viksit Bharat

### Methodology

In the study titled *"Redefining Financial Services for Viksit Bharat: The Role of Credit Cards in Inclusive Growth and Digital Banking,"* a sample of 100 respondents from Haryana was selected to understand the key challenges and barriers affecting the adoption and usage of credit cards within the digital banking ecosystem. A mixed-method research design was adopted, combining both quantitative and qualitative approaches to gain a comprehensive view of the factors influencing credit card adoption as part of India's financial inclusion efforts.

Quantitative data were gathered through structured questionnaires, capturing insights into awareness, trust, technological access, usage behavior, and perceived risks associated with credit cards. Frequency analysis was used to identify recurring patterns, while ANOVA and t-tests were applied to assess demographic variations across age, income, education, and digital literacy.

To enrich the analysis, qualitative methods such as literature review and focus group discussions were employed to explore concerns related to digital trust, user experience, regulatory clarity, and consumer preference for traditional payment methods. Thematic and statistical findings together provide a nuanced understanding of how credit cards can support inclusive digital financial services under the Viksit Bharat vision, offering actionable insights for policymakers, banks, and fintech innovators.

### Data Analysis

Data analysis involves examining and interpreting collected information to uncover patterns, trends, and insights. Through statistical techniques and tools, it aids in drawing meaningful conclusions, supporting decision-making, and addressing research objectives.

**Table 1:** Frequency Analysis of Demographic Variable

Demographic variables	Frequency	
Age (In years)	18-25	33
	25-30	29
	30-35	21
	Above 35	17
	Total	100
Marital status	Unmarried	38
	Married	62
	Total	100
Educational qualification	Graduation	49
	Post graduation	37
	Others	14
	Total	100

*Source:* Researcher's compilation

The demographic variables provide valuable insights into the composition of the surveyed population. In terms of age distribution, the majority of respondents fall within the 18-25 and 25-30 age brackets, comprising 33% and 29%, respectively. Notably, a significant portion falls in the 30-35 age groups (21%), and a further 17% are above 35, reflecting a diverse representation across various career stages. Regarding marital status, the data reveals that 62% of respondents are married, while 38% are unmarried. This marital diversity

underscores the importance of considering the potential impact of family responsibilities on career choices and advancement. Educational qualifications exhibit a range of academic achievements, with 37% holding postgraduate degrees, 49% completing graduation, and 14% falling into the "Others" category. This educational diversity highlights the varied backgrounds of individuals contributing to the study, emphasizing the need for nuanced approaches in addressing career advancement challenges within this demographic.



**Table 2:** Frequency analysis of the role of credit cards in fostering inclusive growth and advancing digital banking

Statements	SD	D	N	A	SA
Credit cards enhance financial inclusion by offering access to formal credit for individuals without traditional banking histories.	5	2	3	18	72
They promote digital banking adoption by encouraging users to engage with online platforms and mobile apps.	2	2	6	31	59
Credit cards help build credit histories, enabling underserved populations to qualify for larger loans and financial services.	1	2	7	36	54
They support cashless transactions, contributing to the digital economy and reducing dependence on physical currency.	6	5	9	35	45
Government and fintech collaborations have increased the availability of low-limit and secured credit cards, broadening access.	3	5	2	17	73
Credit cards incentivize digital payments through reward programs, thereby reinforcing the shift toward digital banking.	8	7	3	55	25
They empower micro-entrepreneurs and small businesses by providing flexible short-term credit and online transaction tools.	3	3	5	32	57
Credit cards encourage financial literacy as users become more aware of budgeting, interest rates, and repayment cycles.	3	4	5	53	35
Integration with mobile wallets and UPI systems strengthens the digital infrastructure and ease of use.	7	6	7	33	47
Responsible credit card usage contributes to inclusive economic growth by bridging the gap between the formal financial system and underbanked communities.	11	4	5	33	47

Source: Researcher’s compilation

The frequency analysis of respondents’ perceptions regarding the role of credit cards in fostering inclusive growth and advancing digital banking reveals a predominantly positive outlook. A significant majority (72 respondents) strongly agreed that credit cards enhance financial inclusion by providing access to formal credit for individuals lacking traditional banking histories. Similarly, 59 strongly agreed and 31 agreed that credit cards promote digital banking adoption by encouraging engagement with online platforms. The ability of credit cards to build credit histories and qualify underserved populations for broader financial services was affirmed by 90 respondents (54 strongly agree, 36 agree). Furthermore, their role in supporting cashless transactions received substantial support, though a small portion remained neutral or disagreed. Notably, 73 respondents strongly agreed that government and fintech collaborations have broadened access to credit cards, indicating trust in institutional efforts. Reward-based incentives for digital payments were recognized, with 55 agreeing and 25 strongly agreeing. The empowerment of micro-entrepreneurs through credit card usage also saw positive responses. Moreover, credit cards were viewed as contributors to financial literacy and infrastructure integration, especially with mobile wallets and UPI. Overall, the data indicates that credit cards are widely perceived as effective instruments in achieving financial inclusion and digital transformation under the Viksit Bharat vision.

**H0:** There is no significant difference in the role of credit cards in fostering inclusive growth and advancing digital banking within the vision of Viksit Bharat across different age groups.

**Table 3**

ANOVA: Age					
Age	Sum of squares	df	Mean square	F	Sig.
Between Groups	33.619	8	1.865	10.677	.000
Within Groups	103.756	92	.176		
Total	137.375	100			

Source: Researcher’s compilation

The ANOVA analysis was conducted to examine whether there is a significant difference in perceptions regarding the role of credit cards in fostering inclusive growth and advancing digital banking across different age groups within the framework of the Viksit Bharat vision. The results revealed a statistically significant difference between age groups, as indicated by an F-value of 10.677 and a significance level (p-value) of .000, which is less than the conventional alpha level of 0.05. This suggests that the null hypothesis (H<sub>0</sub>), which states that there is no significant difference in perceptions across age groups, should be rejected. The between-groups sum of squares was 33.619 with a mean square of 1.865, while the within-groups sum of squares was 103.756 with a mean square of 0.176. These findings imply that age is a significant factor influencing how individuals perceive the role of credit cards in driving financial inclusion and digital banking in India’s journey toward Viksit Bharat.

**H0:** There is no significant difference in the role of credit cards in fostering inclusive growth and advancing digital banking within the vision of Viksit Bharat across marital status.

**Table 4**

Levene's test for equality of variances	t-test for equality of means: marital status						
	F	Sig.	t	df	Sig. (2-tailed)	Mean difference	Std. error difference
Equal variances assumed	7.935	.000	-1.374	98	.159	-.387	.276
Equal variances not assumed			-1.639	56.000	.119	-.396	.253

Source: Researcher’s compilation

A t-test was conducted to assess whether there is a significant difference in perceptions of the role of credit cards in fostering inclusive growth and advancing digital banking under the Viksit Bharat vision based on marital status. The Levene’s Test

for Equality of Variances yielded a significant result (F = 7.935, p = .000), indicating that the assumption of equal variances is violated. Hence, results from the row "Equal variances not assumed" are considered. The t-value was -1.639

with 56 degrees of freedom and a p-value of .119, which is greater than the 0.05 significance level. Therefore, the null hypothesis ( $H_0$ ), which states that there is no significant difference in perceptions based on marital status, is not rejected. The mean difference between the groups was -.396 with a standard error of .253. This implies that marital status does not significantly influence how individuals perceive the

role of credit cards in promoting financial inclusion and digital banking in the context of *Viksit Bharat*.

**H0:** There is no significant difference in the role of credit cards in fostering inclusive growth and advancing digital banking within the vision of *Viksit Bharat* across Educational Qualification.

**Table 5**

ANOVA: Educational qualification					
Education qualification	Sum of squares	df	Mean square	F	Sig.
Between groups	184.988	9	9.683	30.195	.000
Within groups	184.985	78	.321		
Total	369.973	100			

*Source:* Researcher's compilation

An ANOVA test was conducted to examine whether perceptions regarding the role of credit cards in fostering inclusive growth and advancing digital banking under the *Viksit Bharat* vision vary significantly across different levels of educational qualification. The results indicate a statistically significant difference among educational groups, as shown by an F-value of 30.195 and a significance level (p-value) of .000, which is well below the 0.05 threshold. This leads to the rejection of the null hypothesis ( $H_0$ ), which stated that there is no significant difference in perceptions across educational qualifications. The between-group sum of squares was 184.988 with a mean square of 9.683, while the within-group sum of squares was 184.985 with a mean square of 0.321. These findings suggest that educational qualification significantly influences how individuals perceive the contribution of credit cards toward inclusive financial growth and the advancement of digital banking. More educated individuals may be more aware and receptive to digital financial tools.

### Conclusion

The transformation of financial services in the context of *Viksit Bharat* underscores the significant role of credit cards in promoting inclusive growth and accelerating the adoption of digital banking. As India moves toward a digitally empowered economy, credit cards have emerged as more than just a mode of payment—they are catalysts for financial literacy, access to formal credit, and seamless integration into the digital financial ecosystem. This study highlights that credit cards, when leveraged responsibly and innovatively, can enhance financial inclusion by extending banking services to underserved segments, including rural and semi-urban populations. Furthermore, the collaboration between traditional banks and fintech companies is redefining customer experiences through secure, efficient, and accessible digital platforms. Government initiatives like Digital India and Jan Dhan Yojana have laid a strong foundation, but the continued emphasis on awareness, digital literacy, and infrastructural support is essential. In conclusion, credit cards, as a component of digital financial services, hold transformative potential in realizing the vision of *Viksit Bharat* by empowering citizens, bridging financial

divides, and driving sustainable economic development across all strata of society.

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