

The Rise of Digital Investment Platforms and Fintech in India

A Study Of Growth, Functioning, Retail Investor Impact And Government Policy

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Abstract: *India's financial sector looks quite different from what it did ten years ago, and a big reason for that is fintech. This paper looks at how digital investment platforms grew in India, how they actually work, what they have done for ordinary investors, and how government policy helped shape all of this. The data used here comes from RBI, SEBI, AMFI, NPCI, and published academic research — no primary surveys were done. The numbers are striking: India's fintech market was worth USD 111 billion in 2023 and is expected to cross USD 421 billion by 2029. Apps like Zerodha, Groww, and Upstox are a big part of that story. The paper ends with some honest suggestions and flags what still needs work.*

Keywords: Fintech, Digital Investment Platforms, UPI, SEBI, Retail Investors, Financial Inclusion, India

I. INTRODUCTION

Not long ago, investing in the stock market or buying a mutual fund meant visiting a broker's office, submitting physical documents, and paying high fees. Today, any Indian with a smartphone and a PAN card can open an investment account in under ten minutes and start with as little as Rs.100. This shift — from a system designed for the wealthy to one accessible to almost anyone — is at the heart of India's fintech revolution.

The foundations were laid by a series of government initiatives: Aadhaar (2009) for digital identity, Digital India (2015) for connectivity, and the Unified Payments Interface (2016) for instant, free money transfers. When COVID-19 struck in 2020, millions of people, stuck at home with time and curiosity, turned to investment apps for the first time. SEBI recorded a 142% jump in new demat account openings in FY2020–21 alone (SEBI, 2021). What was once a trickle became a flood — and it has not slowed since.

This paper examines that flood: where it came from, how it works, who it benefits, and what still needs to be done to make it truly inclusive and safe.

II. OBJECTIVES OF THE STUDY

1. To study the growth of digital investment platforms and fintech in India.
2. To understand the concept and functioning of fintech-based investment platforms.
3. To analyse how fintech platforms have made investing easier for retail investors.
4. To examine the role of government policies and regulations in the development of fintech in India.

III. REVIEW OF LITERATURE

Arner, Barberis, and Buckley (2016) divide fintech's history into three phases. The third phase — post-2008 — is where startups began offering services that banks had always kept to themselves. That framing fits India well. Gomber et al. (2018) describe fintech as technology that breaks open traditional financial intermediation using tools like AI and big data. Both these definitions capture what platforms like Groww or Zerodha are doing today.

Closer to home, Mukherjee (2020) studied why millennials in Indian cities adopted mobile investment apps and found three things mattered most: how easy the app was to use, whether friends were using it too, and whether people trusted



that regulators had their back. Shankar and Kumari (2021) added an important nuance — that financial literacy determined whether people actually kept investing after the first time. Access gets people in; understanding keeps them there.

On the regulatory side, Sinha and Ghosh (2022) found SEBI's sandbox useful but slower than what Singapore or the UK had set up. NITI Aayog (2022) pointed out that having four separate regulators for fintech creates gaps and overlaps. BCG and FICCI (2022) put a number on where this is all heading — a 25% CAGR for India's fintech market. That figure comes up repeatedly in this paper's findings.

IV. RESEARCH METHODOLOGY

This study is descriptive and analytical in nature, relying entirely on secondary data. No surveys or interviews were conducted. Sources include annual reports from RBI, SEBI, AMFI, NPCI, and UIDAI; policy documents from NITI Aayog and the Ministry of Finance; industry reports from NASSCOM, Deloitte India, and BCG; and journal articles from publications like the Journal of Management Information Systems, International Journal of Financial Studies, and Vikalpa. Qualitative material was analysed thematically, while figures on market size, demat accounts, SIP volumes, and UPI transactions were compiled to show trends over time. The study covers 2015 to 2024.

V. FINDINGS AND ANALYSIS

5.1 The Growth Has Been Hard to Ignore

India's fintech market was valued at USD 111 billion in 2023 and is projected to hit USD 421 billion by 2029, growing at 25% CAGR (Invest India, 2023). Within that, the investment segment has seen some of the sharpest movement. Demat accounts went from 36 million in 2019 to 114 million by March 2023. SIP accounts crossed 68 million, with monthly inflows touching Rs. 14,000 crore — numbers that would have seemed implausible a decade ago (SEBI, 2023; AMFI, 2023). Around 55% of new investors were under 35, and 28% were from Tier-2 and Tier-3 cities, which tells you this is not just a Mumbai and Delhi story anymore.

Indicator	2019	2023
Demat Accounts	36 million	114 million
SIP Accounts	~28 million	68 million
Monthly SIP Inflows	Rs. 8,100 crore	Rs. 14,000+ crore
UPI Monthly Transactions	~700 million	8.37 billion

Sources: SEBI (2023); AMFI (2023); NPCI (2023)

5.2 How These Platforms Actually Work

At their core, these platforms remove the middlemen and put the investor in control. The main categories are discount brokers like Zerodha and Upstox for stocks and F&O; mutual fund aggregators like Groww and ET Money where you can invest in direct plans without paying a distributor; robo-advisors like Scripbox that build and manage a portfolio for you based on your goals; insurance comparison platforms like PolicyBazaar; and RBI-regulated P2P lending apps. The process is largely the same across all of them: eKYC through Aadhaar in a few minutes, bank account linked via UPI, investments routed through NSDL or CDSL, and withdrawals back in your account within T+1 to T+3 working days.

5.3 What This Has Meant for Everyday Investors

For someone who never invested before, the difference is real. SIPs starting at Rs. 100, zero brokerage on equity delivery, and no branch visits have taken away the three biggest reasons people stayed out of markets — cost, complexity, and distance. Direct mutual fund plans available on these apps also return 0.5–1.5% more per year than regular plans, since no distributor commission is cut from your returns. That gap compounds significantly over time.



AMFI (2022) cited Nielsen India data showing that 73% of first-time mutual fund investors in 2021–22 invested through a mobile app. Groww and similar platforms now support Hindi, Tamil, Telugu, and other regional languages, and most have built-in tutorials and goal planners that walk new investors through decisions they would otherwise have no idea how to make. The RBI's Financial Inclusion Index moved from 53.9 in 2021 to 60.1 in 2023, and digital investment activity is counted among the reasons (RBI, 2023).

5.4 The Government's Role in Making This Possible

It is worth being clear about this: much of what made India's fintech boom possible was built by the government, not the private sector. PMJDY (2014) gave 500 million people their first bank account. Aadhaar, with 1.37 billion registrations by 2023, meant eKYC could happen in seconds rather than days. Digital India (2015) pushed connectivity into places that were offline. UPI (2016) created a free, instant payment layer that every investment app now depends on — it processed INR 182.83 trillion in FY2022–23 (NPCI, 2023). SEBI's revised Investment Adviser Regulations (2020) gave digital advisors a clear legal framework. The regulatory sandboxes launched by both SEBI and RBI in 2019 let fintech startups test ideas before fully launching. And the Account Aggregator framework (2021) let platforms access users' financial data — with their consent — to give better, more personalised recommendations.

VI. SUGGESTIONS

6.1 One Regulator for Fintech

Having RBI, SEBI, IRDAI, and PFRDA each regulate different parts of the same app creates gaps that no one is responsible for filling. A dedicated FinTech Regulatory Council — something NITI Aayog (2022) has already recommended — would give integrated platforms one place to go for approvals and consumers one place to go with complaints.

6.2 Financial Literacy Cannot Be an Afterthought

Getting people to download an app is the easy part. According to SEBI (2020), fewer than 27% of Indian adults understand basic investment concepts well enough to make informed decisions. Simple, regional-language content on YouTube, WhatsApp, and TV — along with personal finance becoming a real subject in Class XI–XII — would go a long way.

6.3 Cybersecurity Standards Need to Be Mandatory

CERT-In (2022) flagged a 61% rise in cyber incidents targeting the financial sector in 2022. SEBI and RBI should set a floor: annual security audits, two-factor authentication on all transactions, live fraud monitoring, and insurance cover for data breaches — not as guidelines, but as requirements.

6.4 The Rural Gap Is Still Wide

Rural internet penetration was 37% in 2023 versus 68% in urban areas (TRAI, 2023). BharatNet needs to move faster, and platforms above a certain user threshold should be required to offer USSD-based or low-data options so people on basic phones are not automatically excluded.

6.5 Robo-Advisory Needs Guardrails

Algorithm-driven platforms are growing fast, but there are no clear rules yet about misleading return projections or design features that push users toward riskier choices than they intended. SEBI should step in with plain-language disclosure requirements, periodic suitability checks, and a ban on features that function more like gambling interfaces than investment tools.



VII. CONCLUSION

Ten years ago, if you had told someone in a Tier-3 town that they could invest in the stock market from their phone, with Rs. 100, in under ten minutes — they probably would not have believed you. That is now ordinary. That shift is what this paper has tried to understand and document.

The data makes the scale clear: 114 million demat accounts, 68 million SIP investors, UPI processing INR 182.83 trillion in a single year. But the more important part of the story is not the volume — it is who is investing. Young people, first-timers, people from smaller cities who never had a pathway into capital markets before.

That did not happen purely because of clever apps. It happened because Aadhaar, UPI, PMJDY, and Digital India created an infrastructure that private platforms could build on. The government laid the groundwork; companies built what people actually use.

But there is still work to do. Financial literacy remains low, rural connectivity is uneven, cybersecurity is a growing concern, and the regulatory structure has not fully caught up with how these platforms actually work. For those of us studying accounting and finance, this is the industry we are walking into — one where technology and financial services are no longer separate things. The better we understand how that happened, the better prepared we will be for what comes next.

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