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# Evaluating Grassroots Financial Inclusion Strategies: A Comprehensive PRISMA-Driven Systematic Literature Review

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**Abstract:** Grassroots financial inclusion is a critical lever for equitable development in developing and emerging economies, yet rural households, women, informal workers and marginalized communities remain disproportionately excluded from formal finance, constraining secure saving, credit access, risk management and inclusive growth. This study aimed to provide an integrated synthesis of traditional and digital grassroots inclusion strategies, evaluate their effectiveness for inclusive growth and social empowerment and identify enabling and constraining contextual determinants. A PRISMA 2020-guided systematic literature review was undertaken using Scopus as the primary source with complementary searches in ScienceDirect and Web of Science, while restricting inclusion to Scopus-indexed, peer-reviewed English-language studies published between 2000 and 2024. From 4,576 initially identified records, screening and full-text eligibility assessment yielded 100 high-quality empirical and conceptual studies. Using standardized coding, thematic synthesis and methodological quality appraisal, the review mapped four dominant, interrelated strategy clusters. Community-based collective institutions consistently improved savings behavior, access to microcredit, women’s participation in financial decisions and social cohesion through trust-based peer monitoring. Microfinance innovations produced moderate but persistent gains in income stability, consumption smoothing and microenterprise continuity, while revealing context-specific risks of debt stress under weak regulation and limited financial literacy. Digital and agent-based approaches expanded outreach and reduced transaction costs, but their benefits were uneven due to digital literacy gaps, gendered access barriers, infrastructure constraints, and cybersecurity and privacy concerns; trust in local agents emerged as pivotal for adoption. Cross-cutting financial literacy and capacity-building strengthened outcomes across models, especially when embedded within community platforms. Interpreted through capability, social capital, and institutional perspectives, the evidence indicates that inclusion is a capability-enhancing, socially embedded process; hybrid, community-integrated digital models coupled with sustained literacy and consumer safeguards offer the most resilient pathway for policy and practice. No primary data were generated and no specific funding was received.

**Keywords:** Grassroots financial inclusion; Self-help groups; Microfinance institutions; Community-driven mechanisms; Digital financial services; Inclusive growth; Social empowerment.

## INTRODUCTION

Grassroots financial inclusion has emerged as a critical instrument for fostering equitable economic development and reducing persistent socio-

economic inequalities, particularly in developing and emerging economies. Despite significant global progress in expanding access to formal financial services, large segments of the population especially

rural households, women, informal workers and marginalized communities-remain excluded from mainstream financial systems. Financial exclusion limits individuals' ability to save securely, access credit, manage risks and participate meaningfully in economic activities, thereby constraining inclusive and sustainable growth (Demirguç-Kunt et al., 2022).

In response, grassroots financial inclusion strategies have gained prominence as bottom-up, community-driven mechanisms designed to overcome structural, institutional and socio-cultural barriers to financial access. These strategies include self-help groups (SHGs), microfinance institutions (MFIs), cooperatives, community-based savings and credit associations, joint liability groups and more recently, fintech-enabled agent banking and mobile financial services. Unlike top-down financial policies, grassroots approaches emphasize local participation, trust-based relationships, social capital formation and contextual adaptability, making them particularly effective in underserved regions (Banerjee et al., 2019).

The academic discourse on financial inclusion has expanded considerably over the past two decades, encompassing themes such as microfinance effectiveness, digital financial services, financial literacy and institutional quality. Empirical evidence suggests that community-level interventions can enhance household resilience, promote women's empowerment, improve entrepreneurial activity and reduce vulnerability to income shocks (Beck, 2015). At the same time, scholars caution against unintended consequences such as over-indebtedness, exclusionary group dynamics and uneven digital adoption, which may undermine long-term inclusion outcomes (Nandru et al., 2020). While prior studies have generated valuable insights, the literature remains fragmented. Existing reviews often focus narrowly on specific dimensions, such as digital financial inclusion (Ozili, 2020) or microfinance impacts, without integrating traditional and digital grassroots strategies within a unified analytical framework. Moreover, limited attention has been paid to contextual determinants-such as socio-cultural norms, institutional arrangements, technological readiness and policy environments-that shape the effectiveness of grassroots initiatives across regions. The absence of a comprehensive synthesis constrains theory development and limits evidence-based policymaking.

Addressing this gap, the present study undertakes a PRISMA 2020-guided systematic literature review to critically evaluate grassroots financial inclusion strategies implemented globally. By synthesizing high-quality, Scopus-indexed empirical and conceptual studies published between 2000 and

2024, this review aims to map dominant strategy clusters, assess their effectiveness in promoting inclusive growth and social empowerment and identify enabling and constraining factors influencing outcomes. In doing so, the study contributes to financial inclusion scholarship by offering an integrated, theory-informed understanding of community-driven financial mechanisms and by outlining a future research agenda aligned with sustainable and resilient economic systems.

## LITERATURE REVIEW AND THEORETICAL FOUNDATIONS

The literature on financial inclusion has evolved significantly over the past two decades, shifting from a narrow focus on access to banking services toward a broader understanding of inclusion as a multidimensional development process. Scholars increasingly recognize that financial inclusion extends beyond mere account ownership to encompass affordability, usage, quality of services, financial capability and the ability of individuals to convert financial access into improved socio-economic outcomes (Allen et al., 2016). Within this expanded perspective, grassroots financial inclusion strategies have gained scholarly attention for their role in addressing structural and contextual barriers faced by marginalized populations.

### 2.1 Grassroots Financial Inclusion Strategies

Grassroots financial inclusion refers to locally embedded, community-driven mechanisms designed to integrate underserved populations into formal and semi-formal financial systems. Traditional grassroots models such as self-help groups (SHGs), rotating savings and credit associations, cooperatives and joint liability groups rely heavily on social cohesion, peer monitoring and collective responsibility to mitigate information asymmetries and credit risks (Gine&Karlan, 2014). Empirical studies demonstrate that these models are particularly effective in rural and low-income contexts, where formal banking penetration is limited and trust in financial institutions remains low (Bansal & Singh, 2018).

Microfinance institutions have historically served as the backbone of grassroots financial inclusion. While early optimism emphasized poverty alleviation and entrepreneurship promotion, more recent research presents nuanced findings. Systematic evidence indicates modest but positive effects on income smoothing, consumption stability, and women's decision-making power, rather than dramatic income gains (Duvendack et al., 2011). This shift in understanding underscores the importance of evaluating grassroots strategies not solely through income metrics but through broader social and

resilience-oriented outcomes.

## 2.2 Digitalization and Grassroots Financial Inclusion

The integration of digital technologies into grassroots financial inclusion has transformed the delivery and scalability of community-based financial services. Mobile money platforms, agent banking models, biometric identification systems and fintech-enabled microcredit have expanded outreach to previously excluded populations by reducing transaction costs and overcoming geographic barriers (Suri & Jack, 2016). Studies from developing economies indicate that digital financial services can enhance savings behavior, facilitate remittances and improve risk management, particularly during economic shocks (Klapper & Singer, 2017).

However, digital grassroots inclusion is not without challenges. Persistent issues such as low digital literacy, gender-based access gaps, infrastructural deficits and data privacy concerns limit the effectiveness of technology-driven interventions (Morgan & Trinh, 2019). Scholars argue that digital financial inclusion initiatives are most effective when embedded within existing community structures, rather than implemented as standalone technological solutions. This reinforces the relevance of hybrid models that combine digital tools with traditional grassroots institutions.

## 2.3 Theoretical Foundations

The theoretical grounding of grassroots financial inclusion is informed by multiple interdisciplinary perspectives. The Capability Approach emphasizes that development outcomes depend on individuals' ability to transform resources into valued performing, highlighting why access to finance alone is insufficient without complementary capabilities such as financial literacy and social support (Sen, 2005). This perspective is particularly relevant for evaluating grassroots initiatives that focus on empowerment rather than transactional access. Social Capital Theory further explains the effectiveness of community-based financial mechanisms. Trust, norms, and social networks embedded within grassroots institutions reduce moral hazard and enforcement costs, enabling financial participation among populations excluded from formal systems (Woolcock & Narayan, 2000).

Empirical studies consistently demonstrate that higher levels of social capital enhance repayment performance, participation rates, and sustainability of grassroots financial programs.

Institutional Theory provides insight into how regulatory frameworks, governance structures and informal norms shape grassroots financial inclusion outcomes. Weak institutional environments often necessitate community-based solutions to compensate for gaps in formal financial governance, while supportive policy ecosystems enhance the scalability and sustainability of grassroots initiatives (North, 1990).

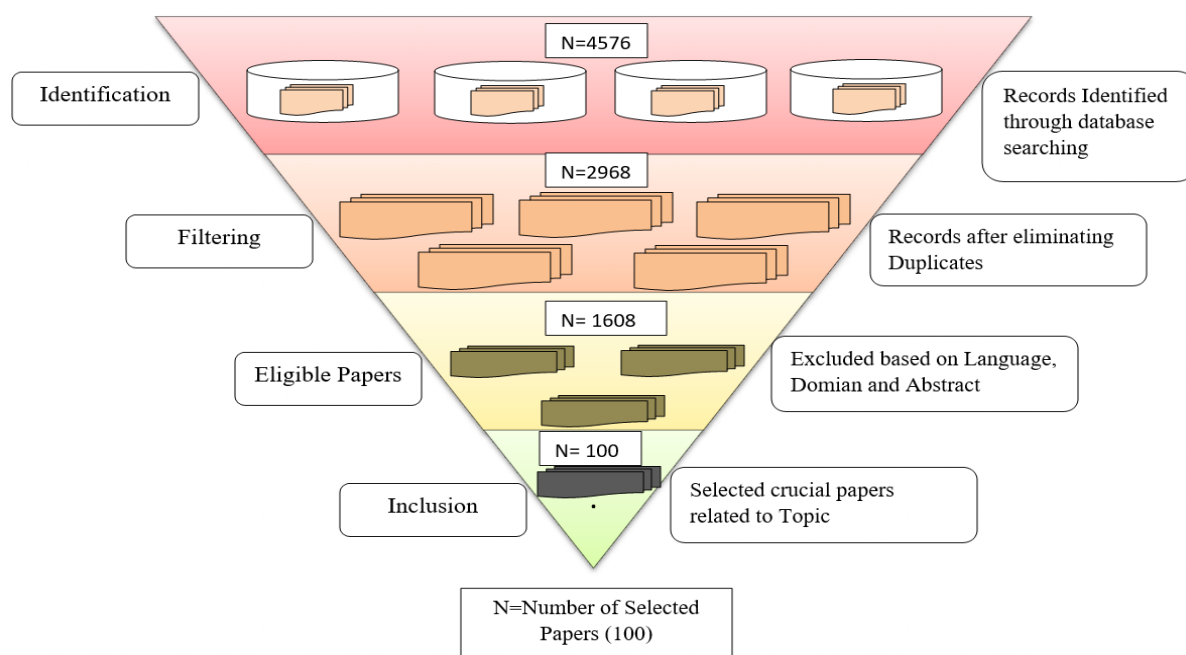
## 2.4 Synthesis and Research Gap

Despite extensive scholarship on microfinance, digital finance and financial inclusion, the literature remains conceptually fragmented. Existing studies typically examine individual strategies or technologies in isolation, offering limited comparative insights across models, regions and contextual conditions. Moreover, few studies integrate theoretical perspectives to explain why certain grassroots strategies succeed while others underperform across different socio-economic environments.

This review addresses these gaps by synthesizing empirical and conceptual evidence on both traditional and digital grassroots financial inclusion strategies within a unified analytical framework. By adopting a PRISMA-driven systematic approach, the study advances theory-building, supports evidence-based policymaking and identifies critical directions for future research on inclusive and resilient financial systems.

## RESEARCH METHODOLOGY

This study adopts a systematic literature review (SLR) methodology guided by the PRISMA 2020 framework, which provides a transparent, replicable and rigorous protocol for identifying, screening and synthesizing scholarly evidence. A PRISMA-driven approach is particularly appropriate for this study, as it enables comprehensive mapping of heterogeneous research on grassroots financial inclusion while minimizing selection bias and enhancing methodological robustness (Page et al., 2021)



**Figure 01: Prisma Flow Chart**

### 3.1 Review Design and Protocol

The review was designed to systematically synthesize empirical and conceptual studies examining grassroots and community-level financial inclusion strategies. A predefined review protocol was developed to ensure consistency across all stages, including database selection, search strategy formulation, eligibility criteria, screening procedures and data extraction. The protocol followed established best practices for systematic reviews in social sciences and development studies, ensuring methodological transparency and reproducibility (Tranfield et al., 2003)

### 3.2 Data Sources and Search Strategy

The literature search was conducted primarily using the Scopus database, given its extensive coverage of high-quality, peer-reviewed journals in economics, finance, development studies and social sciences. To ensure comprehensive retrieval of relevant studies, complementary searches were conducted using ScienceDirect and Web of Science, with final inclusion restricted to Scopus-indexed publications only. A structured keyword search was performed using Boolean operators and truncations. Core search terms included combinations of:

“grassroots financial inclusion”, “community finance”, “microfinance strategies”, “self-help groups”, “cooperatives”, “digital financial inclusion”, “agent banking”, “financial empowerment”, and “inclusive growth”. The search was limited to English-language publications between 2000 and 2024, reflecting the period during which grassroots and digital financial inclusion gained academic prominence

### 3.3 Eligibility Criteria

Clear inclusion and exclusion criteria were established to enhance the relevance and quality of the review. Studies were included if they:

- (a) focused on grassroots, community-based or locally embedded financial inclusion strategies;
- (b) presented empirical findings or conceptual frameworks;
- (c) were published in peer-reviewed journals indexed in Scopus; and
- (d) addressed outcomes related to financial access, empowerment, resilience or inclusive growth

### Studies were excluded if they:

- (a) examined financial inclusion solely at macro or national policy levels without community relevance;
- (b) lacked methodological clarity;
- (c) were conference papers, book reviews, editorials or non-peer-reviewed reports; or
- (d) were not indexed in Scopus.

### 3.4 Study Selection Process

The study selection followed the PRISMA 2020 four-stage process: identification, screening, eligibility assessment, and inclusion. An initial search yielded 4,576 records. After removing duplicates, titles and abstracts were screened for relevance. Full-text screening was then conducted to assess alignment with inclusion criteria. This rigorous filtering process resulted in a final sample of 100 high-quality studies included for synthesis. The selection process ensured objectivity and minimized reviewer bias through consistent application of predefined criteria (Moher et al., 2009).

### 3.5 Data Extraction and Synthesis

Data extraction was conducted using a standardized coding framework to capture key study characteristics, including author(s), year, geographic context, research design, type of grassroots intervention, theoretical foundations, outcome variables and reported limitations. A thematic synthesis approach was employed to identify recurring patterns and conceptual clusters across studies. This approach enabled integration of qualitative and quantitative evidence while preserving contextual richness (Thomas & Harden, 2008).

Themes were iteratively refined and grouped into higher-order categories representing dominant grassroots financial inclusion strategies and outcome dimensions. This analytical process supported theory development and facilitated comparative insights

across regions and intervention models

### 3.6 Quality Assessment and Bias Control

To ensure analytical rigor, the methodological quality of included studies was assessed using established appraisal criteria commonly applied in social science systematic reviews. These criteria evaluated research design robustness, sampling adequacy, data collection methods, analytical rigor and clarity of findings. Studies with weak methodological foundations were excluded during full-text screening to enhance the reliability of synthesized conclusions.

Potential publication bias was mitigated by including both quantitative and qualitative studies across diverse geographic and institutional contexts. The systematic and transparent application of PRISMA guidelines further strengthened the credibility and replicability of the review findings

## RESULTS

### Thematic Synthesis of Grassroots Financial Inclusion Strategies

The thematic synthesis of the 100 selected studies reveals four dominant and interrelated thematic clusters representing the core strategies through which grassroots financial inclusion initiatives operate globally. These themes capture both traditional and emerging approaches, as well as their socio-economic outcomes at the community level. The results demonstrate that grassroots financial inclusion is multifaceted, context-dependent and shaped by institutional, social, and technological dynamics

#### 4.1 Community-Based Financial Institutions and Collective Models

A substantial body of evidence highlights the effectiveness of community-based financial institutions such as self-help groups (SHGs), cooperatives, village savings and loan associations and rotating savings and credit associations. These collective models are particularly prevalent in rural and low-income settings, where formal financial institutions are either absent or distrusted. Studies consistently report improvements in savings behavior, access to microcredit, women's participation in financial decision-making and social cohesion among members (Gash & Odell, 2013).

Collective financial models leverage peer monitoring and mutual accountability to mitigate default risks and information asymmetries. The findings suggest that trust-based mechanisms embedded within communities significantly enhance participation and repayment performance. Moreover, these institutions often serve as platforms for non-financial benefits, including social empowerment, leadership development and collective bargaining power, thereby extending their impact beyond financial outcomes.

#### 4.2 Microfinance and Credit-Based Grassroots Innovations

Microfinance remains a central pillar of grassroots financial inclusion, with innovations evolving to address earlier limitations. The reviewed studies indicate that joint liability lending, flexible repayment schedules and livelihood-linked credit products have moderated earlier concerns related to over-indebtedness and borrower vulnerability. Evidence suggests moderate but consistent improvements in income stability, consumption smoothing and microenterprise continuity among beneficiaries (Crepon et al., 2015).

However, the results also reveal contextual variability in microfinance outcomes. In regions with weak regulatory oversight or limited borrower financial literacy, credit-based interventions have occasionally exacerbated debt stress. These findings underscore the importance of complementary support mechanisms such as financial education and income diversification when implementing microfinance-driven inclusion strategies.

#### 4.3 Digital and Agent-Based Grassroots Financial Inclusion

Digital financial inclusion has emerged as a transformative theme within grassroots contexts, particularly through mobile money services, agent banking networks, biometric identification systems and fintech-enabled microcredit

platforms. The reviewed studies demonstrate that digital channels significantly expand outreach, reduce transaction costs and improve service delivery efficiency, especially in geographically remote areas (Aker et al., 2016).

Agent-based models play a critical intermediary role by bridging digital systems and local communities. Evidence indicates that trust in local agents enhances adoption and sustained usage of digital financial services. Nevertheless, the results highlight persistent challenges related to digital literacy, gender-based access disparities, network reliability and cybersecurity concerns. These constraints suggest that digital inclusion initiatives are most effective when integrated with existing grassroots institutions and supported by targeted capacity-building efforts.

#### **4.4 Financial Literacy and Capacity-Building Interventions**

Financial literacy and capacity-building programs emerge as a cross-cutting theme that strengthens the effectiveness of all other grassroots inclusion strategies. Studies consistently report that training in budgeting, savings discipline, credit management and digital financial skills improves financial behavior and decision-making at the household level (Kaiser & Menkhoff, 2017).

The results indicate that financial literacy interventions yield the strongest outcomes when delivered through community-based platforms rather than standalone programs. Embedding education within SHGs, cooperatives or agent networks enhances participation, contextual relevance and knowledge retention. These findings position financial capability development as a critical enabling factor for sustainable grassroots financial inclusion.

## **DISCUSSION**

The findings of this PRISMA-driven systematic review provide robust evidence that grassroots financial inclusion strategies play a critical role in advancing inclusive growth, social empowerment, and economic resilience. The discussion interprets these findings through established theoretical lenses and situates them within the broader financial inclusion discourse, highlighting how community-level mechanisms outperform isolated, top-down interventions in addressing financial exclusion

### **5.1 Grassroots Financial Inclusion and Capability Expansion**

The results strongly support the argument that grassroots financial inclusion extends beyond transactional access to finance and instead facilitates capability expansion at the household and community levels. Community-based models and financial literacy initiatives enable individuals to develop financial agency, improve decision-making, and manage economic risks more effectively. This aligns with development-oriented perspectives that emphasize empowerment, resilience and long-term well-being rather than short-term income effects (Alkire & Deneulin, 2009).

The evidence suggests that when financial services are embedded within trusted community structures, individuals are better positioned to translate access into meaningful socio-economic outcomes. This reinforces the view that grassroots strategies enhance inclusion by addressing both resource availability and conversion factors, such as knowledge, norms and institutional support.

### **5.2 Social Capital and Institutional Trust as Enablers**

A central insight from the review is the pivotal role of

social capital and institutional trust in determining the effectiveness of grassroots financial inclusion initiatives. Collective models such as SHGs and cooperatives leverage interpersonal trust, shared norms and peer accountability to reduce information asymmetries and enforcement costs. These findings corroborate prior evidence that socially embedded financial systems achieve higher participation and sustainability than purely market-based mechanisms (Guiso, Sapienza, & Zingales, 2004).

Furthermore, agent-based digital models demonstrate that trust in local intermediaries significantly influences adoption and sustained usage of digital financial services. This suggests that technological innovation alone is insufficient; rather, institutional legitimacy and relational trust are essential for scaling grassroots inclusion.

### **5.3 Digital Transformation and Uneven Inclusion Outcomes**

While digital financial inclusion enhances outreach and efficiency, the review highlights persistent inequalities in access and usage across gender, geography and digital capability. Digital platforms reduce physical barriers but may inadvertently reinforce exclusion among populations with limited literacy, poor connectivity or restricted access to mobile devices. These findings echo concerns within the broader digital finance literature regarding the risk of a “digital divide within inclusion” (Park & Mercado, 2018).

The discussion underscores the importance of hybrid inclusion models that integrate digital tools with community-based support structures. Such models mitigate exclusion risks by combining technological scalability with human mediation, localized training and adaptive service delivery.

## 5.4 Implications for Theory Development

From a theoretical standpoint, this review contributes to financial inclusion scholarship by integrating insights from capability theory, social capital theory and institutional perspectives into a unified explanatory framework. The findings suggest that grassroots financial inclusion operates through interacting mechanisms-social embeddedness, institutional trust and technological facilitation-rather than through isolated interventions.

By synthesizing diverse empirical evidence, the study advances a relational and context-sensitive understanding of financial inclusion. This challenges dominant narratives that prioritize scale and digitization over social foundations and highlights the need for theory-building that captures the complexity of grassroots financial ecosystems.

## IMPLICATIONS

Based on the synthesized evidence and interpretive discussion, this section outlines the theoretical, policy and practical implications of grassroots financial inclusion strategies. These implications extend the contribution of the review beyond synthesis by translating findings into actionable insights for scholars, policymakers and practitioners.

### 6.1 Theoretical Implications

This review contributes to the theoretical advancement of financial inclusion research by reinforcing the need for multi-dimensional and relational frameworks. Traditional financial inclusion models have often emphasized access, usage and scale, frequently privileging technological or institutional efficiency over social embeddedness. The findings of this review demonstrate that grassroots financial inclusion operates through interacting mechanisms, including social capital formation, institutional trust, capability enhancement and contextual adaptation.

The evidence supports a shift from linear models of inclusion toward ecosystem-based and capability-oriented perspectives, wherein financial services act as enabling inputs rather than outcomes in themselves. By integrating community structures with digital tools, grassroots strategies exemplify how financial inclusion is co-produced by individuals, institutions and technologies. This synthesis extends existing theories by highlighting the importance of conversion factors such as financial literacy, norms and local governance in shaping inclusion outcomes across contexts.

Furthermore, the review underscores the value of context-sensitive theory building, particularly for low- and middle-income economies where informal

institutions and social networks play a dominant role. Future theoretical work can benefit from incorporating comparative and longitudinal perspectives to better capture dynamic inclusion processes over time.

### 6.2 Policy Implications

The findings offer several critical insights for policymakers seeking to advance inclusive and resilient financial systems. First, policies should move beyond narrow account-based inclusion targets and instead emphasize effective usage, empowerment and resilience outcomes. Grassroots institutions such as SHGs, cooperatives and community savings groups should be formally recognized and integrated into national financial inclusion strategies.

Second, regulatory frameworks must support hybrid inclusion models that combine digital infrastructure with localized human intermediation. Enabling policies that facilitate agent banking, community-fintech partnerships and interoperable digital platforms can enhance outreach while preserving trust and accessibility. At the same time, safeguards related to consumer protection, data privacy and responsible lending are essential to prevent exclusionary or exploitative practices.

Third, sustained public investment in financial and digital literacy is critical. The review indicates that literacy interventions significantly amplify the impact of grassroots financial initiatives, particularly among women and rural populations. Policymakers should therefore prioritize inclusive capacity-building programs delivered through community-based channels.

### 6.3 Practical Implications for Financial Institutions and Development Practitioners

For financial institutions, development agencies and non-governmental organizations, the findings highlight the importance of community engagement and participatory design. Grassroots financial inclusion initiatives are most effective when beneficiaries are active participants rather than passive recipients. Building partnerships with local organizations enhances contextual relevance, trust and long-term sustainability.

Practitioners should also adopt adaptive implementation strategies, recognizing that inclusion pathways differ across regions and population groups. Continuous monitoring, feedback mechanisms and iterative program design can help address emerging risks such as digital exclusion or debt stress. Additionally, aligning financial products with local livelihoods and income cycles improves usability and retention.

Overall, the implications emphasize that sustainable

financial inclusion requires a balanced integration of social foundations, institutional support and technological innovation. Grassroots strategies offer valuable lessons for designing inclusive financial systems that are resilient, equitable and responsive to local realities.

## RESEARCH GAPS AND FUTURE RESEARCH AGENDA

Despite the growing body of scholarship on financial inclusion, this systematic review identifies several critical research gaps that limit the depth and generalizability of existing knowledge on grassroots financial inclusion strategies. Addressing these gaps is essential for advancing theory, improving policy design and enhancing the practical effectiveness of community-driven financial interventions.

### 7.1 Methodological Gaps

A key limitation in the existing literature is the predominance of cross-sectional and short-term impact evaluations. While such studies provide valuable snapshots of inclusion outcomes, they are insufficient for capturing long-term effects related to economic mobility, resilience and intergenerational welfare. Future research should prioritize longitudinal designs that examine sustained behavioral changes, institutional evolution and long-term development trajectories associated with grassroots financial inclusion (Roodman&Morduch, 2014).

There is limited use of mixed-methods approaches that integrate quantitative impact assessments with qualitative insights into social norms, trust dynamics and institutional processes. Combining econometric analysis with ethnographic or participatory methods would yield richer and more context-sensitive evidence.

### 7.2 Contextual and Comparative Gaps

The review reveals a strong concentration of studies in specific geographic regions, particularly South Asia and Sub-Saharan Africa, with comparatively fewer studies examining grassroots financial inclusion in Latin America, fragile states and small island economies. Cross-country comparative studies remain scarce, constraining understanding of how institutional quality, cultural norms and policy environments shape inclusion outcomes across contexts (Allen et al., 2014).

Future research should adopt comparative and multi-country frameworks to identify transferable best practices and context-specific adaptations. Such studies would strengthen the external validity of grassroots inclusion models and inform scalable policy interventions

### 7.3 Digital and Technological Gaps

While digital financial inclusion has expanded rapidly, existing research largely focuses on adoption and access metrics, with limited examination of usage quality, digital resilience and algorithmic governance. Emerging issues related to data privacy, algorithmic bias and platform accountability remain underexplored in grassroots contexts. Future studies should investigate how fintech ecosystems interact with community institutions and how digital governance frameworks can promote equitable inclusion (Zetzsche et al., 2017).

Experimental and quasi-experimental research designs can be particularly valuable in assessing the causal impact of digital tools on financial behavior and welfare outcomes.

### 7.4 Theoretical Gaps

From a theoretical perspective, much of the existing literature relies on isolated frameworks, often emphasizing either economic or technological determinants of inclusion. There is a clear need for integrative theoretical models that combine social, institutional and technological dimensions. Future scholarship should explore ecosystem-based and co-production frameworks that capture the dynamic interactions among communities, financial institutions, policymakers, and digital platforms.

Further, limited attention has been paid to power relations, gender norms and intersectionality within grassroots financial systems. Incorporating perspectives from feminist economics and political economy can deepen understanding of inclusion and exclusion processes

### 7.5 Future Research Agenda

Building on the identified gaps, future research should:

- Conduct longitudinal and panel studies to assess long-term impacts of grassroots financial inclusion.
- Develop comparative cross-country analyses to examine institutional and cultural heterogeneity.
- Investigate governance, ethics, and accountability in digital grassroots financial ecosystems.
- Integrate behavioral and experimental approaches to understand decision-making processes.
- Advance theory by developing holistic, multi-level models of financial inclusion

## CONCLUSION

This PRISMA-driven systematic literature review provides a comprehensive and integrative synthesis of global evidence on grassroots financial inclusion strategies, highlighting their critical role in advancing

inclusive growth, social empowerment and economic resilience. By systematically analyzing high-quality, Scopus-indexed studies published between 2000 and 2024, the review consolidates fragmented strands of literature into a coherent analytical narrative that captures both traditional community-based mechanisms and emerging digital inclusion pathways.

The findings demonstrate that grassroots financial inclusion is most effective when strategies are locally embedded, socially grounded and institutionally supported. Community-based models such as self-help groups, cooperatives and savings associations continue to play a foundational role by fostering trust, social capital and collective agency. Microfinance innovations contribute to income stability and consumption smoothing when accompanied by adequate safeguards and financial capability development. Digital and agent-based financial services enhance outreach and efficiency, yet their success depends heavily on local trust, digital literacy and supportive governance frameworks.

Importantly, the review underscores that financial inclusion should not be understood solely as access to financial products, but as a capability-enhancing process that enables individuals and communities to convert financial resources into meaningful socio-economic outcomes. Hybrid models that integrate community institutions with digital technologies and capacity-building initiatives emerge as the most sustainable and equitable pathways for inclusion.

From a scholarly perspective, this study advances financial inclusion research by offering an integrated, theory-informed synthesis that bridges economic, social and institutional perspectives. For policymakers and practitioners, the findings emphasize the need for context-sensitive, participatory and ecosystem-based approaches to financial inclusion design and implementation.

By articulating key insights and future research priorities, this study provides a robust foundation for advancing both academic inquiry and evidence-based policy in the field of financial inclusion).

## DECLARATIONS

### Conflict of Interest Statement

The authors declare that there is no conflict of interest regarding the publication of this paper.

### Funding Statement

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### Author Contributions

- Dr.Sattagouda M. Patil: Conceptualization, study

design, supervision, methodology writing-original drafted critical review of the manuscript.

- Dr.Arun A. Rotti: Literature screening, data interpretation, validation of findings and writing, review and editing.
- Mahesh C. Ganagi: Data collection, PRISMA screening, thematic analysis and writing and manuscript preparation.
- All authors have read and approved the final version of the manuscript.

### Data Availability Statement

The data supporting the findings of this study are derived from published, Scopus-indexed literature and are available within the article and its reference list. No primary data were generated for this study.

### Ethical Approval

Not applicable. This study is based exclusively on secondary data obtained from published sources and does not involve human participants or animals

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