

Abstract

Purpose: This study examines the impact of digital financial services on economic expansion, technological advancements, and financial regulations. It explores how digital finance drives financial inclusion, enhances access to credit, and fosters economic growth while also addressing the associated challenges.

Methodology: A systematic review approach was employed to analyze existing literature on digital finance, focusing on its influence on financial innovation, transaction efficiency, and regulatory adaptation. The study synthesizes findings from academic research, industry reports, and policy papers.

Findings: The study reveals that digital finance significantly enhances financial inclusion by reducing transaction costs and expanding credit access. Technologies such as artificial intelligence, blockchain, and big data analytics have revolutionized financial services, improving efficiency, security, and accessibility. However, challenges such as cybersecurity risks, fraud, and regulatory inconsistencies persist. Regulatory bodies are adopting adaptive measures, including regulatory sandboxes and central bank digital currencies, to balance innovation with consumer protection.

Unique Contribution to Theory, Policy, and Practice: This study contributes to the theoretical understanding of digital finance's role in economic transformation. It provides policy insights for governments and regulatory bodies to design frameworks that promote financial innovation while ensuring security and stability. Additionally, it offers practical guidance for financial institutions on leveraging digital technologies to enhance service delivery and economic development.