

Inclusive Trade through Digital Connectivity and Financial Inclusion

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Abstract - The global trade landscape is undergoing profound structural transformation driven by digitalization, geopolitical realignments, and sustainability imperatives. Traditional multilateralism under the World Trade Organization (WTO) is gradually giving way to a more regionalized and technologically interconnected world trade order. The paper discusses the new challenges and opportunities of this changing trade system and how it is closely linked to financial inclusion accessibility and use of affordable, reliable and digital financial services by individuals and enterprises. By relying on the statistics of the WTO, World Bank, IMF and UNCTAD as of 2023-2025, the research demonstrates the ways in which access to finance is being determined due to the global trade liberalization and digital commerce, as well as sustainability-oriented policies, especially in the developing economies. As the analysis demonstrates, the integration of digital trade and fintech has broadened the areas of financial inclusion, but the barriers are still evident in the areas of regulatory alignment, digital infrastructure, and access of small business to trade finance. The paper concludes with strategic policy recommendations for integrating financial inclusion into global trade governance frameworks to foster equitable and sustainable globalization.

Keywords - World Trade Order, Financial Inclusion, Digital Trade, Trade Finance, Green Economy, Globalization 2.0, World Trade Organisation & Sustainable Development Goals.

I. INTRODUCTION

The twenty-first century has ushered in a transformative phase in the global trade architecture, marked by evolving economic power structures, rapid technological advancements, and shifting policy orientations. The late twentieth-century globalization that was mainly propelled by trade liberalization and growth of global value chain is now being re-defined by new dynamics like digital trade, rise of regional economic blocs and increasing emphasis on sustainability. Recent global trade trends reflect a slowdown in traditional merchandise exchanges alongside the rapid expansion of digital commerce.

The World Trade Organization (2024) estimates that the global merchandise trade grew by a small 0.8 percent in 2023, which reflects the effect of increased protectionist globally, geopolitical tensions, restructuring of the supply chain, and the residual post-pandemic effects. Digital trade on the other hand has experienced exponential growth. According to reports of the United Nations Conference on Trade and Development, in the year 2024, world e-commerce transactions were over USD 6.3 trillion in 2024, underscoring the increasing digitization of economic activities.

Parallel to these transformations in global trade, the importance of financial inclusion has gained significant momentum in both policy discourse and academic research. According to the World Bank Global Findex Database (2024) about 76 percent of the entire adult population now has access to a bank or mobile money account, which is significantly higher than it was in 2011 at 51 percent. Regardless of this development, approximately 1.4 billion adults are still out of formal financial systems with a lot of concentration in developing countries like Africa and South Asia.

The growing interdependence between trade and financial systems has enabled financial inclusion to become a determining factor of the involvement in the global economy. Affordable and efficient financial services help individuals, micro businesses and marginalized communities to trade, access credit, take risks and become a part of formal economic networks. In this context, financial inclusion transcends its traditional role as a tool for poverty alleviation and emerges as a key driver of inclusive economic growth and global trade participation. Against this backdrop, the present study aims at investigating the changing nexus of global trade dynamics and financial inclusion. It seeks to investigate the impact of new trends in trade, especially digitalization and regional integration, and how better access to financial service can support the wider access to the global trading system.

II. REVIEW OF LITERATURE

A. Baldwin, R. (2019). *The Globotics Upheaval: Globalization, Robotics, and the Future of Work*

Baldwin reconceptualizes globalization for the digital age, arguing that the new phase of global integration is driven less by the movement of goods and capital and more by data flows, digital platforms, and remote services. He demonstrates that digital technologies make distance shorter and the costs of entry barriers to cross-border delivery of services lower, but that without policy protection, the same forces will increase inequality.

a. Analysis / Relevance

Baldwin provides the theoretical backbone for thinking about a multipolar, digital global economy. His focus on the use of data in trade assists in contextualizing why the digital connectivity and financial services that facilitate it are at the core of making globalization inclusive.

B. Jack, W. & Suri, T. (2011). *The Economics of M-Pesa*

Jack and Suri empirically evaluate the M-Pesa mobile money system in Kenya and conclude that there are strong welfare and liquidity effects on poor households: mobile money eased remittances and consumption smoothing and resilience to shocks. The research points out the importance of small digital payment systems in increasing financial access very quickly in settings with poor traditional banking infrastructure.

a. Analysis / Relevance

This paper provides micro-level evidence that mobile-based financial services significantly increase the involvement with the larger economic systems. In the case of a study that has established a relationship between digital trade and financial access, Jack and Suri provide an explanation of how payment infrastructure would reduce frictions faced by small sellers and cross-border transactions.

C. World Bank (2021). *Global Findex Database: Financial Inclusion and Digital Payments in the Post-COVID Era*

The Global Findex gives evidence on a cross-country basis in terms of account ownership, digital payments, and usage patterns. The database records huge increases in account owning between 2011 and 2021 and is in part due to mobile money and digital bank accounts, and it also highlights systematic regional and gender gaps.

a. Analysis / Relevance

The Global Findex provides the empirical benchmark of any research into financial inclusion. Its figures confirm that digital finance has increased access but also indicate that access is not enough without digital literacy, credit, and regulatory support being among the most important themes of inclusive globalization.

D. UNCTAD (2023). *Digital Economy Report: Cross-Border Data Flows and Development*

UNCTAD report traces the geography of data flows across national borders, becoming the focus of international trade as well as the concentration of power in a small group of high-income economies by the geography of data infrastructure. The report calls for capacity building, fair data governance, and policy cooperation to prevent data-driven digitalization from entrenching global inequalities.

a. Analysis / Relevance

This institutional research provides a connection between data governance and development outcomes that support the thesis statement that digital trade needs to be inclusive based on complementary policy frameworks (privacy, interoperability, capacity building) if it is to be inclusive.

E. IMF (2023). Fintech and Financial Inclusion Index / Fintech Studies

The IMF fintech analyses report on how fintech innovations (digital payments, alternative credit scoring, P2P lending) can increase access to financial services in a variety of economies, as well as describing macro-prudential, interoperability and consumer-protection challenges that can limit their positive effects.

a. Analysis / Relevance

The IMF results associate technological possibility with policy reality: with the help of fintech, it is possible to reduce the marginal cost of financial intermediation, however, without safeguards and interoperable systems the benefits of fintech are partial.

F. WTO (2024). World Trade Report: Re-Globalization for a Sustainable and Inclusive Future

The WTO report examines modern changes in the pattern of regionalization of trade, digitalization, and sustainability and predicts that digital trade will be an important portion of world trade in the next few years. The report emphasizes policy actions to make sure that the digital trade development will have inclusive outcomes.

a. Analysis / Relevance

The WTO provides the macro trade picture: digital trade is at the center of future development but needs active policy orientation towards inclusion goals.

G. Asian Development Bank (ADB, 2023). Trade Finance Gap and SME Access Studies

ADB and other development-bank analyses estimate a persistent global trade finance gap (commonly cited around USD 2.5 trillion), which disproportionately affects SMEs and exporters in developing countries. The gap limits the participation in global value chains, and even half of its closure can increase trade significantly.

a. Analysis / Relevance

The ADB work identifies one practical financial constraint to inclusive trade, which is that, in the absence of available trade finance too many digitally competent firms cannot scale exports.

III. RESEARCH GAP

While extensive research exists on globalization, digital trade, and financial inclusion individually, there remains a significant gap in understanding how these dimensions interact to shape inclusive economic outcomes. The vast majority of literature deal either with the macroeconomics of global trade liberalization or with the micro-level dynamics of the adoption of digital finance, but does not unite both approaches and propose a single analytical framework. Little empirical data exists on the connection between digital connectivity, fintech adoption, and trade involvement in small and medium enterprises (SMEs) in particular among emerging economies.

Furthermore, although organizations like the WTO, World Bank, and ADB have reported the potential of digital trade and fintech in inequality alleviation, limited studies have quantitatively investigated how digital finance can support equitable access to the global markets. This gap explains why research is necessary to understand the synergistic connection between digital globalization and financial inclusion and how digital financial instruments can reduce trade barriers, empower excluded players, and establish a more inclusive global trade ecosystem.

A. Statement of the Problem

Despite rapid advances in digital technology and financial innovation, the benefits of globalization remain unevenly distributed. Despite the increased opportunities provided by digital trade across the borders, small enterprises and individuals operating in the developing economies do not have the financial resources, digital infrastructure, and institutional arrangements to engage effectively. The ongoing digital and financial divide restricts inclusive growth, which draws a disparity between the inclusiveness of global market expansion and fair participation. Thus, the main issue that should be solved by this research is how to connect the digital trade development to financial inclusion to ensure that globalization in the digital era becomes more accessible, sustainable, and inclusive for all.

B. Objectives

- To analyse the emerging global trade order and its defining trends.
- To examine the interrelationship between world trade and financial inclusion.
- To assess challenges and opportunities in aligning trade policy with inclusive finance.
- To propose policy recommendations for integrating financial inclusion into global trade frameworks.

IV. METHODOLOGY

The study adopts a qualitative and analytical research design, relying primarily on secondary data being utilized on the analysis of reputable international sources including WTO, World Bank, IMF, UNCTAD, OECD, and ADB of the period between 2019 and 2025. It uses a thematic synthesis and systematic literature review method to investigate trade-finance relations in various regions, especially Asia, Africa, and Latin America. A comparative analysis aids in detecting trends of convergence and divergence in trade inclusiveness particularly the context of digital and sustainable trade.

V. CONCEPTUAL FRAMEWORK

The present study is grounded in the proposition that financial inclusion operates both as a determinant and an outcome of global trade participation within the evolving international economic landscape. Financial inclusion, in the context of the modern trade regime that is designed by international organizations like the World Trade Organization, allows people, small businesses and marginalized populations to participate in international markets in effective global markets.

Digital trade is driven by the fintech and electronic payment systems, which leads to lower transaction costs and information asymmetries, hence improving market accessibility. At the same time, regional trade integration promotes cross-border financial inflows, such as banking services and remittances, which also increase financial inclusion.

Moreover, the growing emphasis on sustainable on sustainable development and green trade with the help of ESG-based financing mechanisms and carbon credit markets opens up new chances of participation, especially of the small-scale producers and developing economies. Reorganizing global value chains is also a way of encouraging the development of the localized enterprise, although its advantages depend on the presence of the available and affordable financial services. Therefore, trade and financial inclusion are conceptualized in the study as a two-way and mutually reinforcing interaction and is the cycle of dynamic interaction that makes up the inclusive and sustainable economic development of the emerging world trade order.

Table 1. Linkages between Trade Dimensions and Financial Inclusion

Trade Dimension	Financial Inclusion Linkage	Outcome
Digital Trade	Fintech, e-wallets, digital payments	Reduces transaction costs, boosts SME exports
Regional Trade Blocs	Cross-border banking & remittance flows	Enhances regional financial connectivity
Green Trade	ESG-linked finance, carbon credits	Promotes sustainable inclusion
Supply Chain Reconfiguration	Local enterprise finance	Strengthens domestic SME ecosystems
Technology-Driven Trade	Digital identity, blockchain	Increases transparency and credit access

A. Analysis

Global trade patterns reveal significant restructuring. The WTO (2024) estimates that the total value of global trade in goods and services reached USD 32 trillion in 2024. Asia-Pacific had 45 percent of the total exports in the world with the contribution of India increasing to 2.1 percent. In the meantime, digital trade grew by almost 17 percent per year, which is indicating the rising predominance of e-commerce and cross-border data flows.

The green goods trade also exceeded USD 2 trillion, which is caused by the need in renewable energy technologies and electric cars. The indicators of financial inclusion show significant improvement. By 2024, 76 percent of adults around the world have access to financial accounts and 65 percent of adults are using digital payments.

The leaders in inclusion have been India, Kenya, and Bangladesh with account ownership rates of 95, 88, and 79 percent respectively. The gender gap on access to finance in the world is reduced by four percent as compared to seven percent in 2024 and 2017 respectively (World Bank, 2024). Nevertheless, the trade-finance relationship is lopsided. Although MSMEs contribute 60 percent of the world workforce, they are given approximately 20 percent of credit relating to trade. The current global trade finance gap of USD 2.5 trillion has continued to cripple the ability of small firms to trade in the export markets. Nations with strong digital finance ecosystems, such as Singapore and India, demonstrate higher SME export performance, underscoring the enabling role of digital financial inclusion in trade growth.

B. Discussion

The analysis clearly indicates that financial inclusion and trade integration are deeply interlinked in the emerging global economy. Mobile banking, e-wallets, and digital identity systems have digitized the world of finance and this has increased opportunities of small firms to engage in global markets. Access to trade finance is being democratized in digital public infrastructures like India with UPI and Africa with M-Pesa and ASEAN with real-time payment systems. However, inequality in infrastructure, regulation, and capacity is still marked especially in developing areas. The attempts of Africa to adopt the Pan-African Payment and Settlement System (PAPSS) in 2023 is a good initiative that can lead the region to payment integration, yet its adoption is not massively high, owing to low levels of digital preparedness. Similarly, the world has turned into green trade and this is bringing both opportunities and limitations. Sustainable finance instruments are providing new opportunities but many SMEs are failing to comply with ESG requirements or obtain affordable climate finance. Therefore, achieving inclusive globalization requires aligning trade policies, financial systems, and digital innovation toward shared development goals.

C. Suggestions

To advance inclusive global trade, financial inclusion must be systematically embedded within international trade policy frameworks. Financial access goals should be clearly included as part of trade agreements and trade negotiations by governments and multilateral organizations like the World Trade Organization, Regional Comprehensive Economic Partnership, and African Continental Free Trade Area. This would bring about the integration in such a way that the marginalized groups, especially the small and medium-sized enterprises (SMEs), would not be left behind the benefits of global trade. A key policy priority is the expansion of digital public infrastructure, including interoperable payment systems and digital identity frameworks, which can significantly reduce transaction costs and improve cross-border payment efficiency. Harmonization of regulations among nations is also very essential in order to ease financial flows and to diminish compliance costs with international transactions. Improving access to trade finance remains essential for SME participation in global markets. This is possible by using innovative tools like blended finance mechanisms, international credit guarantee schemes and fintech-enabled digital lending platforms. These instruments help mitigate risks for lenders while expanding credit availability for underserved enterprises.

Furthermore, green and inclusive finance should be promoted in order to balance trade growth and the goal of sustainability. Small exporters can be assisted with concessional financing, as well as with specific capacity-building initiatives, to comply with environmental requirements and get access to green value chains. Gender-responsive financial inclusion policies also play a pivotal role in fostering equitable trade participation. Enhancing access to finance for women-led enterprises through tailored financial products, legal reforms, and institutional support can significantly reduce gender disparities in international trade. Last, more coordination of activities between multilateral institutions like the international monetary fund and world bank is necessary. Inconsistent and disjointed trade and financial inclusion policies will contribute to global economic governance structures that enhance positive and sustainable development outcomes.

VI. CONCLUSION

The emerging world trade order, defined by digital transformation, regional integration, and the need to be sustainability is an important milestone in the history of global economic systems. Although these structural changes can help to increase the efficiency and increase access to the market, they can also solidify existing inequalities provided that access to financial resources is uneven. Financial inclusion in this sense not only becomes a secondary goal, but also a prerequisite to fair play in global trade. The analysis underscores that inclusive financial systems enable individuals, small businesses, and marginalized areas to actively participate in cross-border economic operations by helping them access credit, digital payment systems, insurance, and investments. In the absence of such access, the merits of digital trade, green finance, and regional trade agreements will probably stay entrenched in already well-integrated economies and firms. Thus, financial inclusion functions as a critical transmission mechanism through which the gains from globalization can be more broadly distributed.

Furthermore, the integration of financial inclusion into trade policy frameworks is essential for building resilient and sustainable global value chains. The policy-makers should emphasize the establishment of digital financial infrastructure, encourage harmonization of regulations, and favor the inclusive financing channels like the SME credit schemes and blended finance models. The World Trade Organization, World Bank, and International Monetary Fund are fundamental institutions that can contribute to the development of coordinated approaches that can entrench financial inclusion in the greater framework of global trade governance. In conclusion, the future of globalization depends on the creation of a trade ecosystem that is not only technologically advanced and environmentally sustainable but also socially inclusive. The new world order in trade should not be founded on the close-minded economic efficiency but it should embrace equity and common prosperity as a principal goal. The financial inclusion must be entrenched in the center of this transformation so that the opportunities created by this developing global scope of trade are accessible to everyone, which will create balanced and inclusive economic development across nations and communities.

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