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Financial Inclusion and Income Inequality: Evidence from South Asian Countries

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ABSTRACT

Purpose: This study investigates the impact of financial inclusion on income inequality for five south Asian countries such as Sri Lanka, India, Bangladesh, Pakistan and Maldives over the 2007 to 2021.

Design/Methodology/Approach: All the data collected as a secondary data and Data for all variables will be collected from the World Bank database, World Governance Indicators, International Labor Organization, the International Monetary Fund, and some national reports from 2007 and 2021. The variables underwent multiple regression model analysis to identify the predictability of the explanatory variables on GINI index.

Findings: The research found that there is a positive significant impact of financial inclusion on income inequality in south Asian countries. As well as there is a positive significant impact of the number of commercial bank branches per 100,000 adults, school enrollment, government effectiveness and unemployment on income inequality. There is a negative significant impact of Number of ATMs per 100,000 adults on income inequality.

Originality: The results showed that except for SE and GE, the remaining variables of BRANCHES, ATM and unemployment had a significant impact on income inequality. The overall result showed the positive significant impact of financial inclusion on income inequality.

Keywords: *Financial Inclusion, Income Inequality, South Asia, GINI index*