

Impact of Financial Inclusion on Gender Inequality: An Empirical Examination

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Abstract : This study analyzes the impact of financial inclusion on gender inequality in 126 countries belonging to different income groups during the 2005-2019 period. Due to its positive influence on poverty alleviation, economic growth, women empowerment, and income inequality reduction, financial inclusion may help reduce gender equality. This study constructs a novel composite financial inclusion index and applies both fixed-effect panel estimation and instrumental variable approach to examine the impact of financial inclusion on gender inequality. The results indicate that financial inclusion can reduce gender inequality in developing and low- and lower-middle-income countries, but not in higher-income countries. The impact is not always immediate. Past financial inclusion initiatives have a significant influence on future gender inequality. Financial inclusion is also significant if the poverty level is high and women's access to financial services is low compared to men. When the poverty level is low, or women have equal access to financial services, financial inclusion does not significantly affect gender inequality. The study finds that compulsory education and improvement in institutional quality promote gender equality in developing countries apart from financial inclusion. The study proposes that lower-income countries use financial inclusion initiatives to improve gender equality. Other countries need to focus on other aspects such as promoting educational support and institutional quality improvements to achieve gender equality.

Keywords : financial inclusion, gender inequality, institutional quality, women empowerment

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