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Financial Inclusion for Inclusive Growth in an Emerging Economy

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Abstract : The paper set out to stress on how financial inclusion index could be calculated and also investigated the impact of inclusive finance on inclusive growth in an emerging economy. In the light of these objectives, chi-wins method was used to calculate indexes of financial inclusion while co-integration and error correction model were used for evaluation of the impact of financial inclusion on inclusive growth. The result of the analysis revealed that financial inclusion while having a long-run relationship with GDP growth is an insignificant function of the growth of the economy. The speed of adjustment is correctly signed and significant. On the basis of these results, the researchers called for tireless efforts of government and banking sector in promoting financial inclusion in developing countries.

Keywords : chi-wins index, co-integration, error correction model, financial inclusion
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