



**BABCOCK**  
**UNIVERSITY**

ILISHAN-REMO, OGUN STATE, NIGERIA

# COLLEGE OF POSTGRADUATE STUDIES

## 2022/2023 PhD Thesis Abstract

### Department of Economics

**RFN:** Kainu JUSTINE

**RD:** Economics

**RS:** Veronica Adeleke School of Social Sciences

**RE:** justine0157@pg.babcock.edu.ng

**RAE:** Justine.kainu@gmail.com

**RP:** 08033603057

**RT:** Effect of Financial Inclusion on Poverty and Inclusive Growth in Sub-Saharan Africa

**MS:** Prof. Biola PHILLIP

**ME:** phillipb@babcock.edu.ng

**SP:** 08033464346

**CS:** Prof. Adegbemi ONAKOYA

**CE:** onakoyaa@babcock.edu.ng

**CP:** 08035550124

**AB:** Poverty reduction and inclusive growth are essential for economic development. High poverty levels and non-inclusive growth characterize many sub-Saharan African (SSA) countries despite the financial inclusion measures implemented to economically empower poor households and also support struggling businesses. Several studies on the effect of financial inclusion focused on growth rather than inclusive growth while studies on its effect on poverty gave little consideration to both categories of poverty (Income-Based Poverty Rate (IPR) and Multidimensional Poverty Rate (MDPR)). This study examined the effect of financial inclusion (Financial Inclusion Index (FII)) on Inclusive Growth (IG) and Poverty (IPR and MDPR) in sub-Saharan Africa.

This study adopted the *ex-post facto* research design. Data for all the 48 SSA countries from 2002 to 2020 were sourced from the World Development Indicators (2022), IMF's Financial Access Survey (2022), Financial Inclusion Insights Program (2021), and Global Financial Development Database (2021). Data were analyzed using the System Generalized Method of Moments. A sensitivity analysis was also conducted using the quantile regression technique. The study used 5% significance level.

The findings of the study revealed that FII had a negative and significant effect on IG ( $\beta = -31.11$ ,  $t = -8.89$ ,  $p < 0.05$ ). However, it had a positive and significant effect on IPR ( $\beta = 46.62$ ,  $t = 5.43$ ,  $p < 0.05$ ) and MDPR ( $\beta = 0.04$ ,  $t = 2.13$ ,  $p < 0.05$ ) respectively. The results for the

sensitivity analysis revealed that FII had a negative effect on IG at the 50<sup>th</sup> and 75<sup>th</sup> quantiles ( $Q_{50} = -10.86$  and  $Q_{75} = -10.02$ ). It also had a negative effect on IPR but only at the 50<sup>th</sup> quantile ( $Q_{50} = -31.76$ ). The effect on MDPR was positive at the 25<sup>th</sup>, 50<sup>th</sup> and 75<sup>th</sup> quantiles ( $Q_{25} = 0.59$ ,  $Q_{50} = 0.66$  and  $Q_{75} = 0.62$ ) respectively.

This study concluded that financial inclusion did not contribute to inclusive growth. It worsened Income-Based Poverty Rate but reduced Multidimensional Poverty Rate in sub-Saharan Africa. The study recommended that the government of SSA countries should deepen financial inclusion by improving access to loanable funds to achieve poverty reduction and inclusive growth.

**Keywords:** Economic growth, Financial inclusion, Inclusive growth, Income-based poverty, Multidimensional poverty

**Word Count:** 347

*Abbreviations: RFN: Researcher's Full Name, RD: Researcher's Department, RS: Researcher's School, RE: Researcher's Email, RAE: Researcher's Alternate Email, RP: Researcher's Phone Contact, RT: Registered Title, MS: Main Supervisor, ME: Main Supervisor's E-mail Address, SP: Main Supervisor's Phone Contact, CS: Co-Supervisor, CE: Co-Supervisor's E-mail Address, CP: Co-Supervisor's Phone Contact, AB: Abstract*

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