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IMPACT OF DEMOGRAPHIC FACTORS ON FINANCIAL INCLUSION: AN EMPERICAL STUDY

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Abstract

Financial inclusion has been a catch phrase for the past few years, especially in the context of developing nations. Delivering financial services to all sections of the population will remain a challenge over the next few years. The significant issue to examine is the active usage of the banks accounts along with the various facilities offered by the banking system. The thrust for achieving Financial inclusion is led by government policies and implemented by the formal banking structure. However, it is also vital to understand the demand side effects which arise from demographic characteristics. The objective of this study is to explore the relationship between Financial Inclusion and Demographic factors. Analysis of Variance (ANOVA) and Independent Sample Test are the bivariate techniques used in this study. These tests have been applied to the data obtained by conducting a survey. The analysis revealed that Financial Inclusion is dependent on education, occupation, household income, household savings and type of bank. In our study, there was no association between age and financial inclusion, though gender was found to be more relevant. It has been concluded that literacy and income levels are key parameters for financial inclusion. A greater level of education and/or income results in better utilization of the different types of available financial services. Some of these findings are in consonance with other similar studies. Demirguc-Kunt, Park and Mercado, Camara and Tuesta, among others found that Financial Inclusion is associated with Education, Income and Gender. Increasing educational levels means more financial inclusion; therefore, a literate population must be created in order to ensure a meaningful financially included population.

Keywords: Financial Inclusion, Demographic Factors, ANOVA, Independent Sample Test, Banking System.