

Financial Inclusion and Digital Technology in the Global South: Need for Legal Intervention

Ngozi Chisom Uzoka*

Abstract

Financial inclusion connotes a situation that individuals and businesses have access to and use affordable financial products and services that meet their needs, which are delivered in a responsible and sustainable way. Financial inclusion fosters economic growth and employment, promotes economic empowerment of women, and contributes to eliminating poverty. The aim of this paper is to espouse the meaning of financial inclusion, evaluate its importance and analyze how financial inclusion can be regulated to enhance economic growth in the global south countries. The research methodology adopted in this paper is the doctrinal method of legal research. The findings indicate that the extant literature and research demonstrates the immense contribution of financial inclusion to the development of countries in the Global North. The study further discovered that the inclusion of digital finance enhances GDP growth in developing nations. The paper concludes by making significant recommendations among which calls for deliberate policy intentions by governments in the global south countries to support financial inclusion to benefit the marginalized and promote the attainment of Sustainable Development Goals (SDGs). There is a need to digitalize the financial systems of global south countries for inclusivity.

Keywords: Financial Inclusion, Digital Technology, Global South, Fintech, Regulation Global North

1.0 Introduction

Most countries in the global south have recently experienced positive developments in access to financial services in the recent decades as a result of digital technological innovations. In many African countries with the deepening of the financial sector, more financial services, especially credit, is now provided to individuals, small and medium scale enterprises. In the same vein, new technological innovations such as mobile money also help broaden access to financial services, including savings and payment products. This paper aims to x-ray measures financial inclusion can be enhanced by incorporating the evolution of digital finance and identifying its relationship with GDP growth in emerging nations. According to the study, metrics of digital financial inclusion in emerging nations are in the middle. Compared to other research, the financial inclusion indicator in this study strengthens it.

However, the financial systems of many global north countries¹ still remain under-developed as compared to other global north economies even though most of these countries have undergone extensive financial sector reforms in the last two decades. Indicators of the use of financial products and services by adults and enterprises in the region show that many challenges remain toward building a more financially inclusive financial sector in Africa.²

The introduction of digital technology has had a significant impact on financial inclusion levels, particularly in Africa. However, a lot more needs to be done as the countries in the global north are faring significantly well in terms of financial inclusion. The role of the digital economy and

* **Ngozi Chisom Uzoka** PhD, Senior Lecturer, Department of Private and Property Law, Faculty of Law, Nnamdi Azikiwe University, Awka, Anambra State. Nigeria. Email: nc.uzoka@unizik.edu.ng. Phone Number: 08063212174.

¹ Meaning of Global North and Global South. It is a framework for understanding and analyzing the relative prosperity and international power of countries around the world, which became increasingly popular following criticism of other taxonomic systems, such as the three-world system and the developed and developing countries system. The Global North–Global South system is frequently used interchangeably with the system of more- and less-developed countries by the United Nations and other such groups. Available at <https://www.britannica.com/topic/Global-North-and-Global-South>. Accessed on 20th February, 2025.

² Asli Demirgüç-Kunt, & Leora Klapper, “Financial Inclusion in Africa an Overview”, (2012) World Bank Policy Research Working Paper. Available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2084599. Accessed on 20th February, 2025.

technological adaptation has significant implications for financial inclusion. The digital economy is a sign of future economic development and growth which is marked by the rapid development of business transactions. The world's economies have harnessed the potential of technology-based inclusion through a combination of financial products and services. Technology adoption plays a significant role in reducing the digital economy gap towards financial inclusion.³ This paper is imperative as there is need to employ the provisions of the law in regulating of the digital economy and technology adoption as a mediating variable on the financial inclusion of MSME actors.

The expansion of digital financial services has been helpful in reduction of the number of adults without access to an account from 2.5 billion in 2011 to 1.4 billion in 2021, with 76% of the global adult population owning an account by 2021.⁴ Despite these advancements, there are still problems to be solved. This disparity in account ownership between global south and global north countries underscores the need for continued efforts to bridge the financial inclusion gap and ensure equitable access to financial services worldwide particularly in the global south countries. For example, countries where 80% or more of the population holds accounts—such as China, Kenya, India, and Thailand—the next frontier is transitioning from access to active usage of a broader range of financial services. Between 2011 and 2021, savings increased globally, yet the gap between advanced economies and the developing ones widened, with savings rates at 58% and 25%, respectively. Similarly, while borrowing also saw improvement, the divide remains pronounced, with rates of 56% in AEs compared to 23% in EMDEs.⁵ Globally, governments and financial authorities are adopting new regulations to spur financial inclusion. Regulatory frameworks encompass policies that ease the opening and maintenance of accounts, entry and licensing of service providers and agents, monitoring and enforcement of consumer protection rules and overall safeguarding of consumer funds. According to the 2017 Financial Inclusion and Consumer Protection Survey, 63 out of the 124 responding jurisdictions had a National Financial Inclusion Strategy in place or under development.⁶ Regulation of digital technology often leads to higher financial inclusion. Recently a study opined that individuals in countries with the best regulations are 12.4 percent more likely than those in countries with the worst regulations to have an account at a financial institution such as a bank⁷. Thus, the adoption of new financial technologies such as a mobile money is also shaped by regulation. A study conducted across 35 countries and reveals that mobile money is more widely used in places where regulatory frameworks impose little or no restrictions on mobile money's development, such as prohibiting non-banks to issue e-money. Researchers who analyzed the relationship between mobile money adoption and regulations in 46 countries found a positive correlation between good regulations and mobile money uptake, noting that tiered Know-Your-Customer (KYC) requirements and laws

³ Ce Gunawan, Bambang Somantri, "Financial Inclusion in MSME: The Role of Technology Adoption and Digital Economy" (2023) Vol.25 No. 1 Available <https://core.ac.uk/works/140094242/?t=7ae0d68bcef983045bfae9960215f18f-140094242>. Accessed on 26th February, 2025.

⁴ Ibid

⁵ Financial Inclusion, Available at <https://www.worldbank.org/en/topic/financialinclusion/overview>. Accessed on 20th February, 2025.

⁶ Leora Klapper, Saniya Ansar, Jake Hess, and Dorothe Singer, "GLOBAL SERIES:FINANCIAL INCLUSION AND FINANCIAL REGULATION", (2012) Accessed on <https://thedocs.worldbank.org/en/doc/2876cb5ebb0c3df2455ad372e3d89593-0050062022/original/FindexNote8-17.pdf>. Accessed on 25th February, 2025.

⁷ Chen, Ron and Raian Divanbeigi, "Can Regulation Promote Financial Inclusion?" (2019) Policy Research Working Paper 8711, The World Bank, Washington, DC.



allowing mobile agents to register customers could be notably significant for enabling mobile money use among women and the poor.

2.0 Meaning and Definition of Financial Inclusion

Financial inclusion was described by the World Bank to mean a situation where individuals and businesses have access to useful and affordable financial products and services that aligns with their needs (transactions, payments, savings, credit and insurance) delivered in a responsible and sustainable way.⁸ Financial inclusion can also be described as the provision of, and access to, financial services to all members of population particularly the poor and the other excluded members of the population.⁹ Furthermore, it is the delivery of banking services at an affordable cost to the vast sections of the disadvantaged and low-income groups (Dev, 2006). Financial inclusion is also defined as the use of, and access to, formal financial services¹⁰. The common denominator among the definitions is that they emphasize that each of the population should have access to available financial services. Financial inclusion is a multifaceted, whose boundaries are difficult to define as they alter depending on the level of economic and financial development in a country. Indeed, the fulcrum of these innovative solutions lies in the ability to provide easy and quick access to financial services. However, this is not so in some regions of the world particularly in the global south countries because of ugly realities encountered in certain economies which have limited infrastructure and skills to support these innovative solutions. Without any iota of doubt, digital transformation driving spear heads financial inclusion.¹¹ Affordable financial products and services—such as transactions, payments, savings, credit and insurance—help people manage risks, build wealth and invest in businesses.¹²

According to the latest report based on the Global Findex database,¹³ financial inclusion, measured as the percentage of adult population holding an account, has grown significantly in the last few years. In 2017, 69% of adult population have an account, up from 51 percent in 2011.¹⁴ There is still a huge difference between and within countries: in advanced countries, 94 percent of adults have an account; in developing countries 63 percent. On the other hand, 1.7 billion people worldwide are yet to open an account in 2017 and a large fraction of households underserved, as they have access only to a limited variety of financial services.¹⁴

Globally the world is currently focused on financial inclusion so as to decrease poverty levels by banking the unbanked. Thus, understanding how to facilitate the banking of the previously unbanked in developing countries has become a globally topical issue.¹⁵ On the other hand,

⁸ Financial Inclusion- World Bank. Available at <https://www.worldbank.org>. Accessed on 20th February, 2025.

⁹ P K Ozili, "Impact of Digital Finance on Financial Inclusion and Stability.", (2018) *Borsa Istanbul Review*, 18(4), 329-340

¹⁰ R Sahay, M Čihák, P M B P N'Diaye, Barajas, A, Mitra, *e tal* (2015). *Financial Inclusion: Can it Meet Multiple Macroeconomic Goals?* (No. 15/17). Washington: International Monetary Fund.

¹¹ P K Ozili, "Financial Inclusion Research around the World: A Review. *Forum for Social Economics*", (2020) 50(4), 457–479. Available at <https://doi.org/10.1080/07360932.2020.1715238>. Accessed on 20th February, 2025.

¹² World Bank Group, "Financial Inclusion", Available at <https://www.worldbank.org/en/topic/financialinclusion/overview>. Accessed on 29th February, 2025.

¹³ A Demirgüç-Kunt, L Klapper, D Singer, S Ansar and J Hess (2018), *The Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution*. Washington D.C.: World Bank Group.

¹⁴ *Ibid*

¹⁵ Sandisiwe Yengeni, "Myth or Magic: The Impact of Financial Technology on Financial Inclusion in Africa" (2021) Available at <https://core.ac.uk/outputs/590327047/>. Accessed on 29th February, 2025.

financial technology offers cost-effective and cheaper means of driving financial development. Financial technology is a means of driving financial development in developing countries as it offers a more sustainable and cost-effective solution to the problem of financial inclusion. It is important to state that financial inclusion have moved from classifying individuals and enterprises according to a dichotomous division as either included or not, to seeing financial inclusion as multi-dimensional. In recent years, low-income countries have seen a huge increase in the adoption of digital technologies. For instance, in most low-income nations, the number of mobile subscriptions, internet users, and fixed board subscriptions has increased at rates much exceeding 50%.¹⁶ Thus, the dimensions of financial inclusion are:

Access: Availability of format, regulated financial services, physical proximity and affordability

Usage: Actual usage of financial services and products, regularity, frequency, duration of time used.

Quality: Products are well tailored to clients' needs, appropriate segmentation to develop products for all income levels.¹⁷

3.0 Benefits of Financial Inclusion in a Digital Era

1. It Facilitates Business Growth: Financial inclusion gives room for entrepreneurship and business growth. Access to credit and capital, secure savings, and efficient payment services enable small businesses to expand, create jobs, and drive economic development. Additionally, having access to insurance enhances resilience by offering protection against unforeseen risks and financial shocks providing individuals with peace of mind and allowing entrepreneurs to undertake ventures with greater confidence. By bringing more people and enterprises into the formal economy, financial inclusion strengthens economic activity, boosts productivity, and lays the foundation for inclusive and sustainable economic growth.¹⁸
2. Social Benefits: Financial inclusion promotes socio-economic transformation and livelihood enhancement. The unbanked, or the financially excluded, and the underbanked benefit from financial inclusion, thus allowing them access to financial services.¹⁹
3. Financial inclusion benefits poverty alleviation, job/employment creation, small business growth (through innovation and creativity), sustainability, closing inequality gaps, inclusive economic growth and development (local, national, regional, and global), closing gender gaps, and the promotion of digital finance.
4. Financial inclusion creates opportunities for individuals, businesses, and economies in various ways. It also contributes to the attainment of sustainable development goals (SDGs). Globally, stakeholders such as governments, supranational organisations (the UN, the WB, the IMF, the G20) and development banks are working together to achieve financial inclusion. Alleviation or elimination of financial exclusion (FE) is the ultimate.

¹⁶ [International Telecommunication Union, 2019](#); [World Bank IBRD, 2016](#)

¹⁷ Financial Inclusion in Africa, Available at https://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Financial_Inclusion_in_Africa.pdf. Accessed on 28th February, 2025.

¹⁸ World Bank Group, "Financial Inclusion", Available at <https://www.worldbank.org/en/topic/financialinclusion/overview>. Accessed on 29th February, 2025.

¹⁹ A Isukul, B Tantua, (2021), "Financial Inclusion in Developing Countries: Applying Financial Technology as a Panacea. In: Shahbaz, M., Soliman, A., Ullah, S. (eds) Economic Growth and Financial Development. Springer, Cham. Available at https://doi.org/10.1007/978-3-030-79003-5_1. Accessed on 23th February, 2025.



²⁰Social implications: Financial inclusion promotes socio-economic transformation and livelihood enhancement. The unbanked, or the financially excluded, and the underbanked benefit from financial inclusion, thus allowing them access to financial services.

5. It facilitates the effective delivery of digital financial education programs which could be compromised by the lack of digital skills or the lack of the necessary digital infrastructure. Under these circumstances, digital educational programs become a source of exclusion especially for the most vulnerable, those who mostly need financial literacy and advice.

4.0 The Need for Regulation of Digital Technology for Financial Inclusion

The legal regulation of digital technologies for financial inclusion cannot be over-emphasized. Legal regulation helps to review and accommodate the differences in the bank-customer relationship under the new digital model. Secondly, is to enhance transparency and disclosure of the technology involved in financial digital operations. Third is to provide greater assistance to customers to improve their comprehensiveness of the increasing complexity of bank operations and the likes, particularly for those who do not have high financial literacy and those who might be discouraged from making an enquiry due to lack of human interaction with the banks and physical financial institutions. These would improve accessibility and make a meaningful impact to financial inclusion in most global south countries.²¹

Research has found that supportive regulations can lead to higher financial inclusion. One recent study argues that individuals in countries with the best regulations are 12.4 percent more likely than those in countries with the worst regulations to have an account at a financial institution such as a bank ²²(Chen and Divanbeigi 2019). Adoption of new financial technologies such as a mobile money is also shaped by regulation. Singh and Gutierrez (2013) conduct an analysis across 35 countries and find that mobile money is more widely used in places where regulatory frameworks impose no restrictions on mobile money's development, such as prohibiting non-banks to issue e-money. One key component of inclusive development is financial inclusion, an area in which global south countries have been lagging behind other continents. Less than one adult out of four in Africa have access to an account at a formal financial institution. Broadening access to financial services will mobilize greater household savings, marshal capital for investment, expand the class of entrepreneurs, and enable more people to invest in themselves and their families.

With the growing digital economy, small and medium enterprises can now reach out to consumers directly, not just in the neighborhood, but potentially around the world. While this brings a new world of opportunities to entrepreneurs, its reliance on digital financial services has led regulators and banks globally to explore the promise of digital technology and how it could further financial inclusion, in particular, around virtual banks. Recently, financial inclusion has been aided by the expansion of digital financial services and products. According to a new report released by the IMF with respect to emerging and developing economies (EMDEs), digital financial inclusion is basically measured as access and usage of digital payments. This has been progressing before the COVID-19 crisis. Between 2014 and 2017, it almost doubled in Africa and showed a remarkable

²⁰ Ibid

²¹ Sau-Wai Law. Financial Inclusion and Virtual Bank in the Era of Digitalisation: A Regulatory Case Study in Hong Kong. *SocioEconomic Challenges*, (2021) 5(3), 81-91. [https://doi.org/10.21272/sec.5\(3\).81-91.2021](https://doi.org/10.21272/sec.5(3).81-91.2021).

²² Financial Inclusion and Financial Regulation, Available at <https://thedocs.worldbank.org>. Accessed on 24th February, 2025.

increase in other EMDEs^{18,23} However, there are no new evidence and comprehensive data on this have only scattered evidence on. It is not without doubt that digital payments received an enormous push during the pandemic crisis, when a large number of consumers reported paying less with cash and more with contactless cards (CCAF et al., 2020). As for lending activities, the evidence is less unequivocal. Digital financial services may offer great opportunities for inclusion and resilience, for instance by facilitating the flow of remittances to poor countries, or by facilitating the delivery of subsidies and emergency assistance to those most in need (G2P). Digital lending has also grown fast in recent years, albeit from a very low base. Data on the overall size of digital lending are scarce. It was estimated that, in 2019, fintech and big tech credit (together “total alternative credit”) reached USD 795 billion globally (104 USD per capita), about 0.7% of total global lending (which equals 1,700 USD per capita).²⁴

Financial inclusion has the capacity of expanding financial instability, which may lead to prolonged inflation. Thus, if it’s not regulated by law, it will increase government borrowing, increase the cost of borrowing, decrease purchasing power and devaluation of domestic currency. Additionally, variance decomposition results affirm the interconnectedness of financial inclusion, inflation, and financial stability. Constraints, for instance, when digital infrastructures are insufficient, and demand constraints, when digital and financial skills are poor. Can financial literacy facilitate digital financial inclusion? The benefits and risks emanating from the application of digital innovation to the financial industry point to digital skills and financial literacy competences as complementary drivers of personal financial well-being in the digital era. In fact, while digital acceleration has indubitably the power to enrich the supply of financial services and the number of potential consumers, new constraints on demand side could arise if digital and financial competences were considered in isolation, rather than as complements. There is a symbiotic relationship between financial literacy and digital skills for individuals in advanced countries when compared to that of developing countries. Why experience with digital media can foster financial competences? It is evident that use of digital media can activate cognitive functions and critical thinking, under certain (desirable) conditions.²⁵ Financial inclusion in the global north confirms that institutional quality promotes both the access to and the use of formal financial services.

Additionally, economic growth and remittances significantly contribute to financial inclusion. On the other hand, human development plays a significant role in driving financial inclusion. Countries in the global north are facing issues such as low awareness on cashless policy as opposed to their counter parts in other developed regions. Thus, leaders of developing countries are expected to incorporate financial innovations into national policy to help alleviate poverty and achieve SDGs.²⁶ For example: people should be encouraged to adopt cashless payment which provides safer payment options while financial institutions should invest in FinTech services which

²³ Bianco, Magda and Marconi, Daniela and Romagnoli, Angela and Stacchini, Massimiliano, Challenges for Financial Inclusion: The Role for Financial Education and New Directions (October 19, 2022). Bank of Italy Occasional Paper No. 723, Available at SSRN: <https://ssrn.com/abstract=4463009> or <http://dx.doi.org/10.2139/ssrn.4463009>. Accessed on 28th January, 2024.

²⁴ Bianco, Magda and Marconi, Daniela and Romagnoli, Angela and Stacchini, Massimiliano Challenges for Financial Inclusion: The Role for Financial Education and New Directions, Available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4463009#. Accessed 27th February, 2025.

²⁵ Ibid

²⁶ D W Arner, R P Buckley, D A Zetsche, et al, “Sustainability, FinTech and Financial Inclusion”, *European Bus Org Law Rev* 21, 7–35 (2020). <https://doi.org/10.1007/s40804-020-00183-y>.



would yield higher results.²⁷ Placing reliance on informal source of financing in developing and developed countries is attributed by public mistrust in financial institutions. Since financial inclusion is a lubricant for the whole economic system, it is imperative that in global north countries, banks should extend and promote updated financial products and services with particular attention to people in rural areas and SMEs²⁸. Financial literacy, infrastructure, financial tools which enhanced security protection, and local government support are crucial for developing a country like Nigeria to ensure its nation to be financially included.²⁹

The more financially inclusive a country is, the more likely the vulnerable groups will not go for informal financial services, which leads to bumpy economic growth. Therefore, an informal framework that needs cooperation from government, regulators, policymakers and financial institutions are required to provide greater clarity and connection to the ideas and multifaceted elements of digital financial inclusion. A country's financial system should provide localized financial services to fit into local settings. This way, digital financial inclusion can be of immense benefit to the community, country and economy as a whole³⁰.

Although all these efforts have been made, developing countries are still plagued with issues such that many populations remaining unbanked and low acceptance rates from the community due to the absence of technological framework, loose financial inclusion policy, the concern of ex-post data security issues that may contribute to insufficient a) support from key stakeholders; b) holistic policies and regulations, and consumer protections; c) ICT infrastructure, and d) engagement from financial institutions.

It was discovered in the course of this paper that enhancing digital skills and the affordability of digital tools for people can promote a higher digital inclusion rate, this is the case in Australia³¹. Moreover, a positive linkage was discovered between financial inclusion and poverty reduction and significantly increased institutional quality. However, the influence of institutional quality on poverty reduction through financial inclusion is more visible in global north countries.³²

The legal system plays a critical role in enhancing global north economic growth, in the sense that banks and other financial intermediaries provide essential services to individuals and firms by allocating resources to investments. The availability of financial instruments reduces both transaction and information costs, while effective and large financial markets assist economic agents pool risks, and thus enhance overall economic performance. Transaction costs have also been lowered significantly by the rapid advances in information technology, which has led to a

²⁷Financial Inclusion, Bank Market Structure, and Financial Stability: International Evidence *Q. Rev. Econ. Finance.* 2021; 80:236-257

²⁸ Ibid

²⁹ Wang, X. · He, G, "Digital financial inclusion and farmers' vulnerability to poverty: evidence from rural China *Sustainability.* 2020; 12:1668

³⁰ Tay, Lee-Ying *et al.*, "Digital Financial Inclusion: A Gateway to Sustainable Development *Heliyon,* (2022) Volume 8, Issue 6.

³¹ Aracil, E, G Gómez-Bengochea, O Moreno-De-Tejada, "Institutional Quality and the Financial Inclusion-Poverty Alleviation Link: Empirical Evidence across Countries", *Borsa Istanbul Review.* 2021; Available online <https://www.Sciencedirect.Com/Science/Article/Pii/S221484502100026>. Accessed on 28th February, 2025.

³² Ibid

digitalization of financial services and increased access to them not only by firms but also by individuals.

5.0 Financial Inclusion Enablers

- 5.1 **Know Your Customer (KYC)** – The banking industry in most developed countries relies on uniform KYC requirements, irrespective of transaction type and risk. Currently, most countries that have made progress in financial inclusion have adopted risk-based approaches to KYC. This has both maintained the integrity of the financial system and increased people's eligibility to participate in banking. Mexico, Brazil, and Pakistan KYC requirements are based on the value of transactions.³³
- 5.2 **Consumer Protection** – Consumer protection is considered an integral component for enhancing financial inclusion and lack of it could undermine the achievement of financial inclusion objectives. However, in Nigeria for example, there is no central consumer protection council that caters specifically for the financial services industry in Nigeria. Various regulators cater for their respective sectors.
- 5.3 **Financial Literacy** – Financial literacy is a central pillar to the enhancement of financial inclusion, particularly when coupled with consumer protection. In most developing countries, the level of financial literacy has so far not been accurately measured across the population spectrum. Various financial literacy initiatives have been embarked on but the full impact of these initiatives is yet to be ascertained. The importance of financial literacy and key element cannot be overlooked. Government institutions and development partners have made some efforts to address the low levels of financial literacy in global south countries. However, these steps have not yet been assessed and the rate of success in increasing financial literacy and/or the use of financial services and products are yet to be quantified in most developing countries. Financial literacy should be incorporated into the school curricula. The curricula will incorporate financial products, services and markets in 20% of primary schools, 50% of secondary schools and 100% of tertiary institutions.³⁴

6.0 Findings

Digital technology and business regulations are perceived to be powerful factors to spur financial inclusive economies and ease several social and economic ills and thus enhance the welfare of low-income nations which represent most world regions.³⁵ The key findings in this article indicate that financial inclusion affects, and is influenced by a plethora of factors which includes; the level of financial innovation, poverty-levels, the stability of the financial sector, the state of the economy, financial literacy, and regulatory frameworks which differ across countries.

It is safe to state that the future of financial inclusion is achieved not only by technology, but also by sound legal framework, acceptance, behaviour, and collaboration/synergy, built around strong ecosystems. Thus, it is imperative to conclude that financial inclusion benefits economies in many ways already enumerated above. Thus, stakeholders, governments, and supporters ought to

³³National Financial Inclusion Strategy, Available at <https://www.cbn.gov.ng/out/2019/ccd/national%20financial%20inclusion%20strategy.pdf>. Accessed on 25th February, 2025.

³⁴ Ibid

³⁵Y A Yusef Yakubi, B Basuki, Rudi Purwono and Indrianawati Usman, "The Impact of Digital Technology and Business Regulations on Financial Inclusion and Socio-Economic Development in Low-Income Countries", Available at <https://journals.sagepub.com/doi/10.1177/21582440221116112#con1>.



sustainably endorse adoption of digital finance and business environment to assist the poor low-income citizens get pulled into a better-quality life and more improved living standards.

7.0 Conclusion

Financial inclusion has continually gained prominence among policymakers, researchers, and development-oriented agencies especially in this digital era. Globally, and particularly in global south countries, governments are constantly encouraged to develop strategies and regulatory frameworks to ensure that they reach all those people excluded from financial services. Improving diversifications of financial inclusion implies that individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way. Thus, the different dimensions of financial inclusion are perhaps among the most important challenges faced by authorities responsible for promoting economic growth in countries with lower levels of development. Four essential aspects can be proposed in this regard: accessibility of formal financial services for all participants in an economy; the usability of such services for all people; availability of financial services that shape an inclusive system; and concentration, given that a competitive financial system can help to reduce exclusion. Extant literature and empirical research demonstrate the immense contribution of financial inclusion. It helps to defy the triple challenges of poverty, unemployment, and inequality.

8.0 Recommendations

This paper therefore recommends

- a. In other to promote the businesses and advance financial inclusion in the global south, there is need for collaboration among regulatory bodies, financial institutions, legislators, and the public.
- b. deliberate policy intentions by governments in developing countries to support financial inclusion to benefit the marginalised and promote the attainment of Sustainable Development Goals (SDGs)
- c. Developing countries should embrace, adopt, and adapt financial technologies to address their financial development issues.
- d. Increased financial literacy and transactional capacity are needed to harness digital financial services. It is expected that the findings of this paper will inform regulatory changes that will enable a methodical migration of more of the financially excluded class into the formal finance sector.
- e. An effective financial consumer protection regulation and market conduct supervision will assist in ensuring that uptake and usage of financial products and services is beneficial to consumers. As highlighted in the most recent World Bank Global Financial Inclusion and Financial Consumer Protection Survey (2022), international good practice and trends clearly show the importance for a country to have a regulatory framework and supervision addressing financial consumer and market conduct issues.
- f. Financial inclusion advocates are needed to provide for a dedicated unit or staff member in the central bank, ministry of finance, national statistics office, or other organization will be

useful as it helps to have one clear advocate coordinating research efforts and advocating for more financial inclusion data.

- g. There is need to improve digital infrastructure, simplify complicated banking procedures, and enable the smooth implication of digital financial inclusion across global north countries.