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Contribution of Financial Inclusion in the Attainment of Sustainable Development Goals

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Abstract:

The study aims to clarify the contribution of financial inclusion to achieving sustainable development goals, by reviewing the literature and applied evidence of the benefits of financial inclusion for individuals in general, women and poor people in particular. Reviewing recent empirical evidence on how to use of financial products, such as payments services, savings accounts, loans and insurances, can contribute to achieving sustainable development goals.

The result of this study highlights the potentials of financial inclusion that helps to achieve some of the 17 UN SDG. The direct contributions of financial inclusion to attain SDGs 1,2,3,4,5,6,7,8,9 and 10,16 in particular, It has also been noted that financial inclusion will accelerate enterprise development and job creation and thereby contributing immensely to economic growth and poverty alleviation.

Key words: Financial inclusion, Financial exclusion, Sustainable Development Goals (SDGs)

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Introduction:

The United Nations General Assembly approved the 2030 Agenda for Sustainable Development on September 25, 2015, along with a new set of development goals known as the Sustainable Development Goals (SDGs). The Agenda is the result of years of negotiations and has been accepted by all 193-member countries of the United Nations General Assembly, both developed and developing, and it applies to all countries. "The new agenda is a pledge by leaders to all people worldwide," UN Secretary-General Ban Ki-Moon said. It's a program for people to eradicate poverty in all of its manifestations, as well as a plan for the earth, our shared home."

The Sustainable Development Goals (SDGs) include a total of 17 objectives. Financial inclusion is a critical facilitator for several of the SDGs, despite the fact that it is not expressly included in the goals. This working paper explains where and how financial services might assist accomplish the SDGs by evaluating studies on the relationship between financial inclusion and development. It finishes by describing ways for companies and governments to enhance financial inclusion in emerging nations through digitizing cash salary and transfer payments.

Financial inclusion refers to consumers having access to formal financial services such as bank and savings accounts, payment services, loans, and insurance, and actively and successfully using these services to satisfy their unique requirements (CGAP 2011). Financial development is a related but different topic. Financial development is concerned with macro-level indicators such as the size of the stock market and a country's credit to gross domestic product ratio. While financial inclusion is typically measured by gauging how many people own and use formal financial products, financial development is concerned with micro-level indicators such as the size of the stock market and the ratio of credit to gross domestic product (GDP). Many variables determine the amount of financial inclusion and development in a country.

Many variables impact a country's degree of financial inclusion and development, including per capita income, good governance, institution quality, information availability, and regulatory system (Allen et al., 2016; Park & Mercado, 2015; Rojas-Suarez, 2010).

I. Financial inclusion and Financial Exclusion

1. Financial inclusion:

Financial inclusion refers to the provision of financial services, such as banking services and credit, at a reasonable cost to the great majority of disadvantaged and low-income people who are now excluded.(Kelkar, 2010). Financial inclusion implies enabling disadvantaged individuals access to formal financial services and providing them with such services.(Ozili, 2018).

Financial inclusion has recognized a part of the wider issue of social inclusion in society from a sociological point of view.

To offer financial products and services to underserved segments of the population, some policymakers depend on banks, formal financial institutions, or Fintech businesses, microfinance institutions, to achieve financial inclusion.(Arslanian & Fischer, 2019).

In two ways, improving financial access can help to attain financial inclusion. One, Financial inclusion may be done by lowering pricing and structural obstacles that restrict people and families from obtaining low-cost basic banking services.(Birkenmaier & Fu, 2019). Two, when essential financial services are in limited supply, financial inclusion can be done by increasing the availability of these services.(Allen et al., 2016).

When these two concepts are combined, we obtain an optimal approach for attaining financial inclusion, which is the combined removal of financial inclusion barriers and increased availability of financial services to the general public, especially impoverished households and other vulnerable groups.

2. Financial exclusion:

Financial exclusion is defined by Leyshon and Thrift (1995) as the mechanisms that restrict certain social groups and individuals from getting access to the formal financial system. Financial exclusion, according to Sinclair (2001), is defined as the inability to obtain necessary financial services in an appropriate form financial exclusion, according to Carbo et al. (2005), is the inability of some social groups to enter the financial system.

Kempson et al (2004) identified six common reasons for financial exclusion. They are Identity requirements, bank account terms and conditions, bank costs, physical access to bank branches, psychological and cultural effects, and the simplicity of using financial services. Financial exclusion, according to Chakraborty (2010), is caused by both demand-side and supply-side obstacles to financial inclusion. Lack of access, market circumstances, pricing, marketing, or self-exclusion as a result of unpleasant experiences or beliefs can all lead to exclusion from the finance system(Ozili, 2018). Financial exclusion can also be compounded by religious beliefs that oppose the use of financial technologies in everyday life.

3. Importance of financial inclusion:

The effect of financial inclusion on economic growth may be predicted using development theory. Models show how financial exclusion, specifically a lack of access to credit, can lead to poverty traps and inequality. Aghion and Bolton, 1997; Banerjee and Newman, 1993; Galor and Zeira 1993). For example, Poor individuals, according to Galor and Zeira (1993), are unable to invest in their education due to financial market frictions, despite their high marginal productivity of investment. Individuals' professional options (between becoming entrepreneurs or staying wage earners) are constrained by starting endowments, according to Banerjee and Newman's (1993) model.

Individual occupational choices affect how much money people can save and how much risk they are willing to take, with long-term implications for growth and income distribution. These models indicate that a lack of financial access is a key factor in sustaining income inequality or poverty traps, as well as reduced growth.

A rising amount of empirical work shows the potential development advantages of financial inclusion, particularly when digital financial services, such as mobile money, payment cards, and other financial technology applications, are used.

According to recent studies, financial inclusion has a wide variety of advantages. Mobile money services, which allow users to save and transfer monies using their phones, can help people earn more money and alleviate poverty. People may also use digital financial services to manage their financial risks and level out their spending. When circumstances are bad, mobile money services can help families get payments from friends and relatives who live far away. Digital payment solutions can reduce the cost of remittances while also saving time and money on travel. People can also use financial services to save money and spend more on essentials.

For governments, switching from cash to digital payments can help governments decrease corruption and increase efficiency. For example, In India, when pension payments were made using biometric smart cards rather than cash, there was a 47 percent reduction in money leakage (Muralidharan et al., 2016).

4. Dimensions of Financial Inclusion:

Indicators can measure at least three dimensions: access, usage, and quality.

Access: financial institutions' ability to deliver financial products and services, which is affected by the regulatory, market, And technological factors. Examining access includes identifying possible obstacles to institutions' provision of services and products. or the problems that users have when utilizing them. Access indicators reflect the depth of outreach of financial services, such as penetration of bank branches or point of sale (POS) devices in rural areas (information that can be obtained from supply-side data). Or demand-side obstacles, such as cost or information that clients encounter while trying to access banking institutions.

Usage: the manner in which customers make use of financial services. Such is the consistency and durability of a financial product or service over time (for example, number of electronic payments made, number of transactions per account, average savings amounts). Firms or families must have access to financial services in order to use them. However, having access to financial services does not imply that everyone will utilize them. Thus, not every business or individual who does not use financial services should be labeled "unbanked", and not every business or individual who has theoretical access to financial services is automatically considered financially included. Demand-side information may be used to create usage indicators, which can also include financial services offered by informal financial providers.

Quality: the financial service or product's capacity to satisfy the demands of the customer. Quality metrics define the extent to which financial products and services meet the needs of customers, as well as the variety of alternatives provided to them, as well as the clients' knowledge and comprehension of financial products. Convenience, product fit, transparency, safety, consumer protection, and financial literacy are all proxies for quality indicators. Hence, Information from both demand- and supply-side surveys may be used to create quality indicators. However, these surveys must include more sophisticated information, such as precise product features, contract conditions, or customer knowledge, in order to assess quality.

II. International efforts to promote financial inclusion

Financial inclusion is a crucial goal for the entire world. , National central banks, international institutions such as the IMF, the World Bank, and the Asian Development Bank, as well as non-governmental groups such as the Bill & Melinda Gates Foundation and the Consultative Group to Assist the Poor (CGAP), the Alliance for Financial Inclusion (AFI) have intensified their activities to promote the well-being of the global poor and disadvantaged. Fortunately, or unfortunately, we are in the middle of the largest information and communications revolution in human history, which will help to accelerate these efforts.

Because over 2 billion people are unbanked throughout the world, global activities in the field of financial inclusion are critical. Even while each region's particular demands must be addressed, lessons learned in other areas of the world may save time and money in the deployment of appropriate financial programs and instruments to attain global financial inclusion.

Many organizations are tasked with investigating and promoting sustainable development through eliminating poverty through financial inclusion. The Alliance for Financial Inclusion (AFI) and the World Bank are two of the most significant.

1. Alliance for Financial Inclusion:

The AFI is one of the most sophisticated organizations in the world, with the mission of promoting financial inclusion policies and regulations. The organization is made up of a network of members whose mission is to investigate and offer ideas to make life simpler for impoverished people by utilizing financial instruments in order to achieve sustainable development through financial inclusion.

The AFI is made up of members from developing nations, as well as partners, central banks and other financial regulatory authorities their role is to promote innovative financial inclusion policies in order to aid the development of financial inclusion. More than 90 countries have members and partners in the AFI. Two fundamental goals underlying the AFI: country-led solutions and peer-to-peer involvement.

The Maya Declaration, which was launched in 2011 at the Global Policy Forum, is the key tool used by AFI to achieve financial inclusion. The Maya Declaration was the first committed forum for AFI members to set financial inclusion goals, implement country-level policies, and monitor progress. The Maya Declaration is centered on three key values: self-determination, peer-to-peer information exchange, and a new type of collaboration.

2. World Bank:

The World Bank is one of the most important drivers of global development, and in the case of financial inclusion, it provides a set of more than 100 indicators collected in The Global Financial Inclusion (Global Findex) database that allows for a better comparison and evaluation of the evolution of financial inclusion around the world.

The database enables researchers to look into subjects such as how individuals save and borrow money, make payments, and manage risks. As the World Bank states, understanding financial inclusion requires measurement. This also provides the essential skills for identifying opportunities and resolving the issues that hinder individuals from using financial services.

According to Global Findex, about 700 million people have become account holders since it began collecting data in 2011. At a global level, around 62% of adults have an account in 2014, on an ascending trend from 51% in 2011. This trend has been observed in nearly every country, but this varies around the world where the high-income OECD countries are on top with shares up to 94% of the adults owning an account in 2014.

according to statistic of Global Findex database, there is an upward trend in the number of accounts for each kind of income division. The most significant change may be seen in the case of middle-income countries, which have increased by 14.2 percentage points.

Low-income economies came in second with 6.4 percent, followed by high-income economies with 5.9 percent. This is due to the fact that the majority of middle-income economies are developing countries with populations that are beginning to explore the usage of financial products as the country develops.

Low –income economies still require advice on the purpose and availability of financial products, as well as how they may aid their long-term development.

In high-income economies, financial inclusion is nearly universal, and only a small minority of the population does not utilize financial products for a variety of reasons, not all of which are economic.

III. The Role of Financial Inclusion Achieving the Sustainable Development Goals

1. Access to Financial Services Can Help Achieve the SDG Goals:

1.1 Eliminating extreme poverty (SDG 1):

Financial inclusion promotes the first SDG: reducing extreme poverty by providing disadvantaged people with the resources they need to make investments and handle unforeseen costs. According to the World Bank, more than 700 million people live on or below $1.90 per day. These people find it difficult to take control of their financial life due to a lack of access to fundamental financial services. In the world, 67 percent of adults living in the wealthiest 60% of families have a formal bank account, compared to 54 percent of adults living in the poorest 40% of households. In the poorest fifth of households, just 43% of individuals have a bank account. According to the Global Findex database(Demirgüç-Kunt et al., 2015).

This income disparity reflects well-documented market flaws such as information asymmetry and a lack of access to financial services, both of which can lead to so-called poverty traps that keep individuals in poverty(Pannarunothai & Mills, 1997). Savings and other financial services can have both direct and indirect effects on poverty. For example, Individuals having access to savings tools can help a country's net savings rise (Aportela, 1999; Ashraf et al., 2010), This might result in more productive investment and consumption.

Savings enable households to better withstand financial shocks, accumulate assets, smooth consumption, and invest in human capital such as education and health.(Brune et al., 2016; Dupas & Robinson, 2013; Karlan, Osei, et al., 2014; Pande et al., 2012). Such investments assist individuals in overcoming poverty and, in turn, can contribute to increased growth. According to Barro (1991), Basic human capital (as expressed by education) predicts economic development better than initial per capita GDP. The reason for this is that countries with higher educational levels may profit more from technological advancements.

During times of crisis, digital financial transfers systems enable people to gather money from far-flung family and friends, lowering the risk of their falling into poverty. Digital payments have also enhanced the implementation of government anti-poverty initiatives by lowering corruption risks and ensuring monies reach their intended recipients.

Financial depth, which includes a strong stock market and active bank lending to firms, is also associated with lower poverty rates (Honohan 2004). Greater collecting of cash or money for the deposit—known as deposit mobilization—as well as more loans from banks can help to alleviate poverty.

A strong financial system may also help achieve SDG 1 by reducing income inequality, which is strongly linked to poverty.(Beck et al., 2007; Park & Mercado, 2015) . Beck et al. (2007) show that there is a link between the two. They discovered that more financial development was linked to the poorest quintile's income share increasing faster than the country's average GDP per capita in a number of countries. Income disparity is reduced as a result of this disproportionate rise in income among the poorest fifth of the population. The study also found that, as a result, financial development lowers absolute poverty and is linked to a reduction in the number of people living on less than $1 (and $2) per day.

1.2 Reducing hunger and promoting food security (SDG 2):

Farmers who have access to financial services are more likely to produce abundant harvests, resulting in progress toward the second SDG, which is to reduce hunger and promote food security. According to the Food and Agricultural Organization (FAO), around 795 million people worldwide are malnourished, the majority of them live in rural areas underserved by the financial system. Farmers are unable to make investments that would enhance agricultural yields and strengthen food security due to a lack of finance and insurance. (FAO 2015). However, according to the Global Findex database, just 10% of rural people in developing nations utilize formal credit and only half of those do have an account.

Financial services can assist farmers in increasing their output in order to satisfy the rising population's food needs—in other words, improved food security. According to research, having access to agricultural insurance might encourage farmers to engage in larger and riskier investments, resulting in higher returns. For example, Farmers in India who have weather-based index insurance have changed their crops to more rain-sensitive crops, which are riskier but more profitable (Cole et al., 2017).

Farmers can also use savings accounts to make larger investments. According to Brune et al. 2015) Malawian cash crop farmers who used a commitment savings product that didn't allow withdrawals until a specific date raised their investment by 13% and improved crop yield by 21%. In addition, Farmers can manage their costs during the off-season with the help of savings programs. Because they do not produce enough food for their own use, rural people frequently have to dip into their resources to buy food. Subsidized savings accounts were shown to be linked to higher food consumption. (Prina, 2015). Financial services, according to FAO (2015), can assist farmers to boost their economic stability, which can contribute to improved household nutrition.

Farmers who reside in locations where traditional banks are underserved benefit from digital financial services that do not need them to visit a bank office. Insurance and other formal services are easier to obtain with the help of digital financial services.(Aker & Mbiti, 2010; Kirk et al., 2011). They also make it easier for agricultural workers to get wages, social payments, and subsidies. (Aker & Mbiti, 2010; Muralidharan et al., 2016). Smallholder farmers can become more closely connected to agricultural value chains by using risk management and digital payment systems. according to the Global Findex. Finally, through enhancing information dissemination, digital financial services assist agricultural extension services. (Gilissen et al., 2015; Seetharam & Johnson, 2015).

1.3 Achieving good health and well-being (SDG 3):

Financial inclusion benefits people's health by allowing them to manage medical expenditures and recuperate from health crises. According to research, out-of-pocket healthcare expenses are a major reason why individuals in developing countries stay poor.(Krishna, 2006). In the absence of a well-functioning public healthcare system, impoverished people bear the brunt of medical expenses. (Pannarunothai & Mills, 1997). Health shocks deplete their resources not only for paying for medical care but also for income loss due to the patient's inability to work or the depletion of their assets to cover medical expenditures. Medical insurance, for example, can provide a formal mechanism for reducing the risks of health emergencies. Women, in particular, have a strong need for health insurance products that address the frequent health issues connected with pregnancy and childbirth, such as increased infection susceptibility. (Women’s World Banking 2012). Although there has been little research on micro health insurance to date, a study on the adoption of micro health schemes revealed no evidence that it increased wellbeing, indicating that the product offers involved should be redesigned. (Cole et al., 2017). Furthermore, New solutions that take advantage of digital payment technologies may be able to reduce medical costs and improve the transparency of healthcare subsidies.

Savings is also a useful strategy for managing medical expenditures, whether they are planned or not. in a field experiment in Kenya. Dupas and Robinson (2013b) showed that providing individuals with a safe but informal space to deposit money raised their health savings by 66%. They also discovered that earmarking cash for medical emergencies was highly valued by research participants. Access to formal, Interest-bearing accounts can boost the value of these assets even further.

1.4 Fostering quality education (SDG 4):

People's capacity to invest in learning opportunities is critical to obtaining a high-quality education. Approximately 57 million children in primary school throughout the world do not attend school. Academic underperformance hinders development since economic growth is strongly connected to human capital. Burnett and Thomas (2013) discovered that the economic cost of out-of-school children ranges from 1% to 10% of GDP, with economies experiencing sluggish development facing the most losses. Underperformance in education also leads to economic disparities between rich and poor countries. (O’Neill 1995).

Savings products assist families in budgeting for and managing school costs. According to Prina (2015), households that established free bank accounts in Nepal increased their education expenditure by 20%. Nudges that encourage excellent saving practices have also proven to be successful. Savings rose by 6% when individuals got text messages advising them to save money, according to studies performed in Bolivia, Peru, and the Philippines. (Karlan, Ratan, et al., 2014).

Small, short-term loans, commitment products, and direct debit services, according to research, can assist households to pay for expenditures like college fees. (Ashraf et al., 2003; Morduch, 2007). When individuals transfer money to friends or family members, digital payment services can provide them choice over how the money is spent. More than 27% of respondents in field research of Filipino migrants in Rome showed interest in a product that permitted remittance senders to pay college tuition directly back home. According to the same study, just labeling remittances for education increased them by over 15%. (De Arcangelis et al., 2015).

Researchers in the United States gave Salvadoran migrants a new remittance product that allowed them to send money directly to students in El Salvador for educational costs. Migrants were also provided matching money for educational remittances by the researchers. Students who participated in the study spent more on their education, were more likely to attend private school, and were less likely to drop out and begin working. These students also put more of their own money into learning: for every $1 in remittances, they spent nearly $4 of their own money on education.(Ambler et al., 2015). School-aged children benefit from well-functioning financial institutions in other ways as well. Financial growth is linked to a decline in child labor, according to a cross-country study conducted between 1960 and 1995.(Beck et al., 2007).

1.5 Promoting gender equality (SDG 5):

Financial services assist women in asserting their economic power, which is essential for gender equality. More than half of the women in the globe are jobless and unemployed. (World Bank 2015). Cuberes and Teignier (2015) indicate that gender gaps result in a 15% loss of revenue in Oecd member countries and a nearly 38% loss in the Middle East and North Africa. In developing economies, women are also more likely than males to be self-employed, and so have a larger need for formal financial services. (Allen et al., 2016; Birkenmaier & Fu, 2019). According to the Global Findex database, 42 percent of women worldwide—roughly 1.1 billion women—remain outside the official financial system. Despite the fact that male and female account penetration grew by 13 percentage points between 2011 and 2014, the gender gap remains at 7 percentage points. (Demirguc-Kunt et al. 2015). Adults in developing economies who live in the lowest 40% of families, the gap between men and women is 11 percentage points. Women are also less likely to say they borrowed money from relatives and friends in the previous year. Moreover, Women are more likely than males to be rejected bank loans due to a lack of collateral or bad credit history, and they frequently pay higher interest rates on formal bank loans than men. (IFC 2011).

Women's financial inclusion can help to achieve gender equality by providing them more economic independence.(Aker & Mbiti, 2010; Ashraf et al., 2010). Evidence from a variety of countries demonstrates that raising the percentage of household income controlled by women - whether via their own wages or financial transfers-changes expenditure in ways that are beneficial to women. (World Bank 2012). Savings accounts can offer women a secure and official platform to develop a credit history and save their earnings for future investments in the lack of easy access to formal and informal loans. (Anderson & Baland, 2002; Dupas & Robinson, 2013; Karlan & Morduch, 2010). Alternative techniques of measuring the credibility of women who lack traditional credit assets or a financial transaction history are also possible due to the financial footprint generated by digital payments.

Women-owned companies benefit from digital financial services because they reduce the danger of theft and reduce administrative and disbursement expenses. Access to markets and information, such as data on pricing, inputs, and competitors, can be improved through the use of digital channels such as mobile phones.(Malhotra et al., 2012). These services may also provide women with more possibilities to work from home or in their communities, allowing them to replace unpaid job hours with paid work. Many women are hesitant to register their companies since it entails making many journeys to a government agency, which can be time-consuming and costly.

The digitization of registration and licensing fee payments might boost company formalization and assist reduce the gender gap in business ownership.

Women's financial inclusion helps to achieve a variety of development goals in addition to the SDGs. 5. Money handled by women is more likely to be spent on basics like food and water, as well as child welfare, such as school fees and health care.(Duflo, 2012). Given these advantages, it's not surprising that women are more willing than males to forego some household income in order to receive financial transfers. (Attanasio et al., 2015). In addition, field tests demonstrate that insurance has aided female farmers in increasing yields and managing food insecurity and shocks. (Delavallade et al. 2015; Manfre and Nordehn 2013). According to FAO (2011), if women had equal access to financial and other productive resources as males, they might boost farm output by 20% to 30%.

2. Access to Infrastructure: Water and Sanitation (SDG 6) and Energy (SDG 7)

Water and sanitation, as well as electricity, are two of the SDGs that focus on access to key infrastructure and resources**.**Both of these objectives are likely to have a big influence on people's lives**.**Although the literature does not yet demonstrate this impact, there are numerous grounds to anticipate that improvements in digital financial services will certainly speed access to these resources**.**According to the World Bank, more than 1 billion people lack access to safe drinking water**.**Inadequate access to safe drinking water and sanitation facilities can result in serious health issues (Duflo, 2012).Due to a lack of covered bathrooms, many girls drop out of school during puberty, and many youngsters die from waterborne infections**.**Women are frequently required to collect water from an outside source in families without running water**.**This takes time away from a marketable job and lowers women's contribution to household income (Ilahi & Grimard, 2000).

According to the International Energy Agency, 1.3 billion people lack access to electricity, including two-thirds of the population of Sub-Saharan Africa. People who do not have access to modern energy are forced to rely on unsafe and inefficient energy sources like wood and charcoal to satisfy their cooking and heating requirements. Energy availability may enhance working conditions and increase access to education and health services, resulting in more productivity and a higher quality of life. Extending infrastructure to informal settlements and rural populations is prohibitively expensive, deterring much-needed investment (UN Human Settlements Program 2011) However, some businesses are using pay-as-you-go (PAYGO) technology to improve impoverished people's access to water and other important services(Winiecki & Kumar, 2014). Digital services, in general, reduce transaction costs and enable a variety of payments that would otherwise be prohibitively expensive. These services allow customers to make payments from home and save time on visiting to an office and waiting in line to pay a teller in cash. Simultaneously, they should make it simpler for businesses to accept modest payments. PAYGO models are used in more than 30 countries to provide off-grid energy services in exchange for continuing payments.

3 Achieving Broader Economic and Social Goals:

3.1 Promoting shared economic growth (SDG 8):

The foundations of shared economic prosperity are weakened when disadvantaged people are excluded from the official banking system. Most of the world's population has seen large increases in income during the last two decades (Milanovic 2012). Despite this, In advanced economies, income disparity between wealthy and poor is at its greatest level in decades. While the situation in emerging economies is more mixed, significant inequalities in access to education, health care, and finance still exist. This emphasizes the need for broad-based growth. Poverty is severely concentrated now, with 70 percent of the world's extremely poor concentrated in only ten countries: Tanzania, Ethiopia, India, China, Indonesia, Madagascar, Nigeria, Pakistan, and Bangladesh (IMF and World Bank 2015).

People with access to financial institutions and services can earn better returns on their investments. As a result, their income rises, which has an impact on economic growth. Effective financial institutions, according to King and Levine (1993), can mobilize savings to support productive economic enterprises and increase the possibility of successful innovations. The reverse also is true: Financial exclusion may exacerbate income disparity, stifle economic progress, and lock people in poverty. (Greenwood and Jovanovic 1990; Banerjee and Newman 1994; World Bank 2014).

3.2 Promoting innovation and sustainable industrialization (SDG 9):

Easy access to credit and other financial services that encourage investment are required to promote innovation and sustainable industrialization. according to the International Finance Corporation (IFC), there are more than 360 million to 440 million official and informal micros, middle, and small enterprises (MSMEs) in the globe. According to the World Bank Enterprise Surveys, one of the biggest barriers to expansion for many of these businesses is inadequate access to financial services.

Access to financial services, particularly credit, is likely to help new businesses to start and existing enterprises to expand by allowing higher investment in inventory, labor, and other production methods. Increased MSMEs help economies to provide more job prospects for business owners and their staff. While numerous randomized studies on microcredit have indicated that credit has little or no effect on client welfare, there is greater evidence that credit helps businesses start out and grow. (Attanasio et al., 2015; Augsburg et al., 2012; Banerjee et al., 2015)(Banerjee et al. 2015).

3.3 Toward equitable and peaceful societies (SDG 10 and SDG 16):

People who have access to financial services are more likely to be successful economically and construct a decent living, making it easier to eliminate inequality (SDG 10) and promote peace in the long run (SDG 16). Instability affects large areas of developing countries. Inequality is also prevalent; in both rich and emerging economies, the poorest half of the population controls less than 10% of the total wealth. According to the Credit Suisse Research Institute (2014), the richest 1% of the world's residents own 48 percent of the world's $263 trillion in net household worth (i.e., after removing loans).

The danger of ignoring inequality is that those who are excluded from the mainstream, particularly young people, get alienated, which may lead to disengagement and violence. Acemoglu and Robinson (2001) stated in a comparative analysis of Western Europe and Latin America that inequality generates political instability by generating popular dissatisfaction in nondemocratic nations and driving the wealthy to contest power in democratic ones. They find that when inequality is low, democracy is more likely to be entrenched, and where inequality is great, political instability is more likely.

According to recent worldwide research, increasing the income share of the richest 20% of the population decreases GDP growth by 0.08 percentage points, whereas increasing the income share of the poorest 20% increases GDP growth by 0.38 percentage points (Dabla-Norris et al., 2015).

Financial inclusion reduces inequality and the probability of social unrest by creating a basis for equitable growth and improving the lives of the poor. According to Beck, Demirguc-Kunt, and Levine (2007), financial growth causes impoverished people's earnings to rise faster than average per capita GDP, lowering income disparity.

Conclusion:

Financial inclusion may be considered as an essential instrument to promote sustainable development in least developed nations and emerging countries, as sustainable development has become a focal point of today's agenda. Many governments throughout the globe made promises and some were building national policies to promote financial inclusion as it became a focus for regulators and global development agencies. Financial inclusion may take numerous forms, therefore financial and non-financial organizations can innovate and explore new types of financial services, such as microfinance, which has become increasingly popular in many developing and wealthy nations as a means to raise people out of poverty. Along with this unrestricted growth area, a body must be established to assure consumer protection and ethical business practices.

The objective of eradicating poverty may be accomplished in a variety of ways, but financial inclusion is one of the most effective since it equips people with the skills they need to lift themselves out of poverty rather than relying on foreign intervention. We predict favorable progression on the indices that measure the level of financial inclusion since the international concern about this problem is so strongly represented and the trends reflect a positive evolution. International efforts have a role to play in exploring and researching the most effective ways to promote financial inclusion, and by collaborating in disseminating the most effective models to achieve financial inclusion, the process will be accelerated. Remote and disadvantaged areas' digital growth will support an ascending learning curve on financial instruments, speeding up the pace of financial inclusion.

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