# FINANCIAL INCLUSION: AN INTEGRATIVE REVIEW OF ITS ANTECEDENTS AND CONSEQUENCES.

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## Abstract

The purpose of this paper is to provide an integrative review of antecedents and consequences of financial inclusion. The paper is focused on a comprehensive review of work on financial inclusion. An integrative framework and detailed summary tables are provided in the text. Two categories of antecedents, namely, Demand-Side, and Supply-Side are gathered from the previous literature. The determinants of the financial inclusion were revealed as access, usage, quality and impact. Among the total consequences: Poverty reduction, Equality, Economic growth, Employment, an Inclusive growth revealed as the main consequence of financial inclusion. Variables for mediators and moderators of financial inclusion is identified as well. Future research directions are also offered. The compendium of antecedents and consequences of financial inclusion can be used by policymakers for their policy decisions as to identify the most significant antecedent to improve financial inclusion and to formulate new economic strategies to achieve an inclusive growth as the main consequence of financial inclusion. As new vistas emerge for furthering financial transactions in the formal financial system, this paper provides a timely review and an integrative framework of existing research on financial inclusion; its antecedents and consequences. This paper contributes to the economics discipline by integrating a wide body of research on an important financial economics topic and by offering broad avenues for further research.

***Keywords*** *– Antecedents of financial inclusion, Consequences of financial inclusion, Financial Inclusion, Inclusive Growth*

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## 1.INTRODUCTION

There are no universally accepted definitions for financial inclusion, but over the past years several definitions have been developed by different scholars, policy makers and researchers. For instance, in Global Financial Development Report 2014, financial inclusion defined as the proportion of individuals and firms that use financial services. Broadly concern, financial inclusion is delivery of formal banking services at affordable cost to vast sections of disadvantaged and low income groups (GFDR 2014). There is a famous definition in literature which states: "Financial inclusion aims at drawing the unbanked population into the formal financial system so that they have the opportunity to access financial services ranging from savings, payments, and transfers to credit and insurance." (Hannig and Jansen, 2010). They said that, financial inclusion facilitates to increase propensity to savings, accumulating investment and paved the way for economic growth. The propensity to save helps to increase investments and creating more employment opportunities which induced to reducing poverty and inequalities. (Kodan and Chhikara, 2013).

While considering the antecedents of financial inclusion, Before the 1990s, the term "*financial inclusion*" was used to describe barriers of access to mainstream financial services and products (Rahim et al., 2009; Kempson and Whyley 1999). But the term has gained importance since the early 2000s, as a result of findings about financial exclusion and its direct correlation to poverty (OECD[2] 2012; Shiimi 2010). And also financial exclusion was initially applied (in the early 1990s) to highlight the limited access to bank branches for liberalizing the financial sector (European Commission, 2009; Hannig et al., 2010). Over the past decade, access to financial services or outreach of the financial system has become a major concern to many policy makers, and therefore, financial inclusion has entered the social policy glossary of many developed and developing countries (Chakrabarty, 2010; Akudugu 2013; Kumara 2013).

On the consequences point of view, some of the pre-eminent scholars in financial economics such as; Schumpeter 1911; Robinson 1952; Kuznets 1955; Levine 1997; and Levine 2007, have noted that financial inclusion becomes a key determinant for economic growth. Some researchers (e.g. Dyk 2010; Raj 2011; Hawkins 2006; Karlan and Zinman 2010; Banerjee and Duflo 2011; Karlan and Valdivia 2011; Islam 2014; Berger 1995; Salahuddin and Shamim 1996; Cheston and Susy 2000; Mayoux and Hartl 2009; Savitha and Polepeddi 2011; Islam and Reza 2012) have concentrated mainly on consequences of financial inclusion such as financial sustainability and poverty alleviation.
Further recent work by some other researchers examined women empowerment (Al-Tamimi & Hussain, 2009; Lusardi and Mitchell,2006, 2007, 2008, 2011; Mayoux, 2009; Fontana, 2011; Hung et al., 2012; Bhushan et al, 2013; Arrondel et al, 2013; Rooij et al, 2011) as another consequence of financial inclusion for goes forward to achieve the equality. Supporting those authors some modern researchers, eg: Ifzal 2007; Beck et al., 2008; Chibba 2009; Jansen et al., 2010; Zuleika 2010; Shiimi 2010; Swarmy (2010); Chakrabarty 2010; Kelkar Vijay 2010; Bhanot et al., 2012; Kumara 2013; Villella 2014; Park 2015; Migap 2015; Bill & Melinda 2015, were explored the fact that the majority of people accessing formal financial services has a crucial impact on increasing inclusive growth of the country. Based on the said arguments, outcomes relating to financial inclusion have become the popular research domain among socioeconomic researchers and it has been recognized as one of the major socioeconomic challenges on the agendas of policymakers. For instance, The World Bank's declared objective of achieving universal financial access by 2020 with recognizing financial inclusion as a fundamental element for economic growth and poverty alleviation. Further, inclusive growth is one of the ADB's strategic pillars. Strategy 2020 identifies inclusive growth as one of the ADB's three strategic pillars, along with environmental sustainability and regional integration (Klasen, 2010). Financial inclusion is facilitating by making infrastructure to promote employability, increase economic growth, reducing poverty and inequality. On the other hand, if any country success in these economical conditioned means that country achieved an inclusive growth. It has been examined as the main consequence by previous researchers (Bill & Melinda 2015; Park 2015), as per their experiences, they emphasized financial inclusion as the key variable which promotes inclusive growth of the country. Therefore,

[2] OECD- Organization for Economic Cooperation and Development

inclusive growth as a main consequence of financial inclusion has always been an important topic in recent economics.
Hence the objective of the paper is to review the antecedents and consequences of financial inclusion by providing an integrative framework and suggest directions for future research. The rest of the paper is organized as follows. First, antecedents of financial inclusion are discussed. Second, the demand-side and supply-side antecedents of financial inclusion are explored. Third, the relationships between financial inclusion and its consequences are examined along with the inclusive growth. Finally, concluding comments are made.

## 2. ANTECEDENTS OF FINANCIAL INCLUSION

In order to identify the most significant antecedents on financial inclusion, previous empirical studies are very important. Therefore, for the convenient reference the previous empirical studies and their revealed antecedents are summarized in Table 01. As per the previous studies, some studies are concerned with barriers of financial inclusion in order to identify the antecedents of financial inclusion (Onaolapo and Odetayo 2012). But some studies, examine specific reasons for exclusion (other than inclusion) (for instance; Hannig et al., 2010; Kodan et al., 2013; Aduda and kalunda 2012; Agarwal 2010; Kodan and Chhikara 2013; Akudugu 2013; kumara, 2013).

And also according to the previous literature some researchers classified antecedents in two categories as demand side antecedents and supply side antecedents (for instance; Shankar 2011; Aduda et al.,2012; Agarwal 2010; Kodan et al., 2013; Akudugu 2013; Nitin Kumara 2013; Koker and Jentzsch 2012; Mehrotra et al.., 2009). According to Mehrotra (2009), who discussed financial inclusion in the point of view of obstacles, there are supply and demand side barriers to financial inclusion. The supply side, such as poor banking infrastructure, low outreach by existing institutions, lengthy form-filling/account maintaining formalities, and security-based lending procedures etc. The demand side constraints are related to factors such as poor physical infrastructure (roads, bridges, irrigation structures etc), low financial literacy, high cost of services etc.

In 2011 Shankar in her study clearly divided the determinants of financial inclusion as demand side and supply side, and also presented their relevant variables. The, supply side determinants are: Lack of suitable financial products; Physical barriers; Inability to provide documentation. The demand side variables are: Lack of motivation; Lack of financial literacy; Lack of financial competence; Psychological factors and Cultural factors (Shankar, 2011). Further, Serrao et al., (2013) presented type of financial network; Number of branches of various financial institutions; Number of accounts per population; Geographic distribution of banks, branches and other banking facilities into different regions; Population per bank branch; Number and type of various financial products as the supply side variables. They also listed the demand side variables as: Household level of income; Household asset level; Number of years of access to finance; Source of income; Household particulars like caste, education, gender, head of household, housing pattern, consumption expenditure, employment etc.

Recent researchers, Kodan and Chhikara (2013), commonly listed the factors that significantly affect the degree of financial inclusion. These are gender issues, age factors, legal identity, limited literacy, place of living, psychological and cultural barriers, social security payments, bank charges, terms and conditions, level of income, type of occupation, attractiveness of products and the objective of the individuals (Kodan and Chhikara 2013). There are also a few other important studies which have commonly presented the antecedents. Those are: Aduda and kalunda 2012; Agarwal 2010; Kodan and Chhikara 2013; Akudugu 2013; Nitin kumara 2013; Koker and Jentzsch 2012; Mehrotra et al., 2009; Onaolapo and Odetayo 2012; Chibba, 2009; Heenkenda 2014; Akudugu 2013; Devlin 2009; Kumari, 2016; Koker and Jentzsch 2012.

Antecedents could be examined at both the users' end (demand side) and at the end of providers of financial services and products (supply side) (Aduda and kalunda 2012; Agarwal 2010). The demand-side factors significantly affect the extent of financial inclusion, in addition to the supply-side factors (Shankar 2011; Akudugu 2013; Ghatak 2013). Other than the previously mentioned authors, the supply side factors are considered more important than demand side factors by some researchers. For example: Mehrotra et al*.,* 2009; Onaolapo and Odetayo 2012; Kodan and Chhikara 2012; Akudugu 2013. However, some antecedents are common for demand side as well as for supply side. Therefore, some researchers commonly analyze the different types of antecedents using different perspectives which decide the degree of financial inclusion in their respective countries (eg: Shankar, 2011; 2012; Aduda and kalunda 2012; Agarwal 2010; Kodan and Chhikara 2013; Park, 2015).

**Table 01: Demand-side Antecedents of Financial Inclusion**

| **Demand-side Antecedents** | **Author/s** |
|---|---|
| Demographic factors | Devlin(2009); Kodan and Chhikara(2013); Akudugu (2013); Koker and Jentzsch(2012); Onaolapo and Odetayo(2012) ; Heenkenda (2014); Ghatak (2013) **;**Williamset al., 2014 |
| Financial Literacy | Aduda and kalunda(2012); Ghatak (2013); Agarwal(2010); Kodan and Chhikara(2012); Akudugu (2013);Nitin kumara(2013);Koker and Jentzsch(2012), Mehrotraet al.(2009); Onaolapo and Odetayo(2012); Chibba, 2009; Heenkenda(2014); Williamset al., 2014 |
| Availability of Financial information | Onaolapo and Odetayo(2012); Chibba, 2009; Bhanotet al.,(2012); Williamset al., 2014 |
| Psychological Barriers (Attitudes and Motivation) | Kodan and Chhikara (2012); Onaolapo and Odetayo(2012); Shankar (2011) |
| Objectives of the Individuals | Kodan and Chhikara(2012); Bongomin (2017) |
| People Expectations | Kodan and Chhikara(2012); Shankar (2011) |
| Social influences | Akudugu (2013); Devlin (2009) |
| Alternativeness of the servicers/product | Onaolapo and Odetayo(2012); Kodan and Chhikara (2012); |
| Service Charges | Kodan and Chhikara (2012); Akudugu (2013); Mehrotraet al.(2009);Heenkenda (2014); Badewole, (2011); Ghatak (2013) |
| Interest rate | Heenkenda (2014); Ghatak (2013); Williamset al., (2014); Mehrotra (2009) |
| Distance | Akudugu (2013); Heenkenda (2014); Bongomin (2017) |
| Place of Living | Kodan and Chhikara(2012); |
| Type of Product | Koker and Jentzsch(2012); Onaolapo and Odetayo(2012); Kodan and Chhikara (2012); Devlin (2009); Shankar (2011) |
| Trust on Service | Akudugu (2013); Bongomin(2017) |
| Service Quality | Onaolapo and Odetayo (2012); Maheswari, (2016) |
| Service Procedures | Bhanot et al. (2012); Mehrotraet al.(2009); Kodan and Chhikara (2012); Akudugu (2013); |
| Financial market Infrastructure | Mehrotra et al.(2009); Williamset al., 2014 |
| Product differentiation | Onaolapo and Odetayo (2012) |

Source: Author constructed based on the previous literature

As per the above discussion, except to the demand side antecedents there are some other aspect of antecedents also can be seen in the financial inclusion process. According to the previous literature some researchers classified antecedents in two categories as demand side antecedents and supply side antecedents (for instance; Mehrotra et al.., 2009; Shankar 2011; Aduda et al.,2012; Agarwal 2010; Kodan et al., 2013; Akudugu 2013; Nitin Kumara 2013; Koker and Jentzsch 2012;).

According to Mehrotra (2009), who discussed financial inclusion in the point of view of obstacles, there are supply and demand side barriers to financial inclusion. The supply side, such as poor banking infrastructure, low outreach by existing institutions, lengthy form-filling/account maintaining formalities, and security-based lending procedures etc. The demand side constraints are related to factors such as poor physical infrastructure (roads, bridges, irrigation structures etc.), low financial literacy, high cost of services etc. In 2011 Shankar in her study clearly divided the determinants of financial inclusion as demand side and supply side, and also presented their relevant variables. The, supply side determinants are: Lack of suitable financial products; Physical barriers; Inability to provide documentation. The demand side variables are: Lack of motivation; Lack of financial literacy; Lack of financial competence; Psychological factors and Cultural factors (Shankar, 2011).

Further, Serrao et al., (2013) presented Type of financial network; Number of branches of various financial institutions; Number of accounts per population; Geographic distribution of banks, branches and other banking facilities into different regions; Population per bank branch; Number and type of various financial products as the supply side variables. They also listed the demand side variables as: Household level of income; Household asset level; Number of years of access to finance; Source of income; Household particulars like caste, education, gender, head of household, housing pattern, consumption expenditure, employment etc. King and Dublin 2012 discussed different barriers to financial services. Disentangling the roles played by demand constraints, such as income insufficiency, poor education, informality and financial illiteracy, and supply constraints, such as distance and high cost is a crucial first step in attempts to design effective policies to broaden the reach of formal financial services.

**Table 02: Supply-side Antecedents of Financial**

| Supply-side antecedents | Author/s |
|---|---|
| Required Documents | Devlin (2009); Kodan and Chhikara(2013); Akudugu (2013); Koker and Jentzsch (2012); Onaolapo and Odetayo(2012) ; Heenkenda (2014); Ghatak (2013). |
| Type of Product | Williams et al., 2014; Serrao et al., (2013); |
| Service Procedures | Onaolapo and Odetayo(2012); Chibba, 2009; Bhanotet al.,(2012), Bhanot et al. (2012); Mehrotraet al.(2009); Kodan and Chhikara (2012); Akudugu (2013); |
| Collateral requirements | Kodan and Chhikara(2012); Onaolapo and Odetayo(2012); Ghatak (2013) |
| Influences from existing Policy | Akudugu (2013); Devlin (2009); King and Dublin (2012); |
| Alternativeness of the servicers/product | Onaolapo and Odetayo(2012); Kodan and Chhikara (2012); Serrao et al., (2013) |
| Service Charges | Kodan and Chhikara (2012); Akudugu (2013); Mehrotraet al.(2009); Heenkenda (2014); Badewole, (2011); Ghatak (2013); |
| Interest rate | Heenkenda (2014); Mehrotra (2009); Serrao et al., (2013); King and Dublin (2012); |
| | |
| Trust on customer | Akudugu (2013); Bhanot et al. (2012); Mehrotraet al.(2009); |
| Outreach by existing institutions | Onaolapo and Odetayo (2012); Serrao et al., (2013); Bongomin(2017) |
| Financial market Infrastructure | Mehrotra et al.(2009); Ghatak (2013); Serrao et al., (2013); Maheswari, (2016) |

Source: Author constructed based on the previous literature

## 3.CONSEQUENCES OF FINANCIAL INCLUSION

On the other hand, to study about the consequences of financial inclusion, there are many consequences can be find. But among them the study focused only on few major consequences which were named as inclusive growth in theories and literature (Park, 2015; Shiimi, 2010). A key objective in development economics is to work out ways to lift people out of poverty. Access to finance has been seen as a critical factor in enabling people to transform their production and employment activities and to exit poverty (Aghion and Bolton 1997). However, for attaining the objectives of inclusive growth there is a need for resources, and for resource generation and mobilization financial inclusion is required. This is because financial inclusion plays a very crucial role in the process of financial intermediation for inclusive growth

(Migap 2015). Financial inclusion through appropriate financial services can solve the problem of resource availability, mobilization and allocation particularly for those who do not have any access to such resources (Dixit et al., 2013). Hence inclusive growth is the summary of main consequences among the other consequences of financial inclusion (Vellala 2014; Park 2015; Migap 2015; Bill & Melinda 2015) such as; empowerment (Kabeer, 2001; Malhotra, 2002; Alsop et al., 2005; Martinez, 2006), Gender Equality (Mayoux et al.,2009; Fontana, 2011; Khan et al., 2011), Good Governance (McKinley 2011; Vellala et al., 2014, and Opportunity (Ali and Son 2007; Klasen 2010; Harttgen and Klasen 2008; White 2012).

As per the previous researchers, financial inclusion will pave the way to find solutions for poverty, unemployment and income inequality which are the basic factors that affect inclusive growth. For an example: Park, 2015; Shiimi 2010). (Rauniyar et al.,2010; Swarmy 2010; Chakrabarty 2010; Shiimi, 2010; Anand et al, 2013; Roy 2012; Vellala et al., 2014; Migap 2015; Bill & Melinda 2015; Park 2015; Dixit 2013 have noted, financial inclusion is the key variable that promotes inclusive growth of a country. Therefore, main consequences will be limited to inclusive growth in general form.

**Table 03: Consequences of Financial Inclusion**

| Consequences | Authors/Researches |
|---|---|
| Poverty Reduction | Ravallion and Chen 2003; Bhalla (2007); Ianchovichina and Lundstrom (2009); Habito (2009); Kakwani, Khandker and Son (2004); Son and Kakwani (2008); Kraay (2004) ; Grosse, Harttgen and Klasen (2008); McKinley (2011); Vellala et al., (2014); Ramos, Ranieri and Lammens (2013); Ramoset al., (2013); Dixit (2013) |
| Inequality Reduction | Kakwani and Pernia (2000); White and Anderson (2001); Kakwani, Khandker and Son (2004); Son and Kakwani (2008); Kraay (2004) ; Ali and Son (2007); Grosse, Harttgen and Klasen (2008); Klasen (2010); Rauniyar and Kanbur (2010); McKinley (2011); Vellala et al., (2014); Ramos, Ranieri and Lammens (2013); White (2012); Ramoset al., (2013) |
| Economic Growth | Ianchovichina and Lundstrom (2009); Kakwani, Khandker and Son (2004); Son and Kakwani (2008); Rauniyar and Kanbur (2010); McKinley (2011); Vellala et al., (2014); |
| Productive Employment (Employment) | Bhalla (2007); Ianchovichina and Lundstrom (2009); Kakwani and Pernia (2000); Grosse, Harttgen and Klasen (2008);Rauniyar and Kanbur (2010); McKinley (2011); Vellala et al., (2014); Klasen 2010; Ramos, Ranieri and Lammens, 2013; Ramos, Ranieri and Lammens (2013); Ramoset al., (2013); Dixit (2013); Kumari(2017); Kumari et al.,(2020) |
| Capabilities / Empowerment | Bhalla (2007); Grosse, Harttgen and Klasen (2008); McKinley (2011); Ghosh, (2019) |
| Gender Equality | McKinley (2011); Vellala et al., (2014); |
| Access to Infrastructure | McKinley (2011) |
| Social Protection | Harttgen and Klasen (2008); McKinley (2011) |
| Participation | Harttgen and Klasen (2008) |
| Targeted Policies | Kakwani and Pernia (2000) |
| Basic Social Services | McKinley (2011); Vellala et al., (2014); |
| Good Governance | McKinley (2011); Vellala et al., (2014); |
| Opportunity | Ali and Son (2007); Klasen (2010); Harttgen and Klasen (2008); White (2012) |
| Barriers to Investment | Ianchovichina and Lundstrom (2009); |
| Benefits of Growth | Harttgen and Klasen (2008): Ghosh (2019) |
| Credit to GDP | Anand et.al (2013); Dixit (2013) |

Source: Researcher constructed based on the previous literature

## 4.MEASURES OF FINANCIAL INCLUSION

Further some researchers (e.g. Conrad, et al., 2008) suggested several indicators to assess the extent of financial inclusion known as index of financial inclusion (IFI) in different perspectives. Some of those indicators are bank accounts per adult, geographic branch penetration, demographic branch penetration, geographic ATM penetration, demographic ATM penetration, demographic loan penetration, loan-income ratio, demographic deposit penetration, deposit-income ratio (or deposit-GDP ratio) and cash-deposit ratio etc. However, some indicators, while used individually, provide only partial information on the inclusiveness of the financial system of an economy (Chattopadhyay, 2011). Further, Chattopadhyay (2011) opines that IFI must satisfy the several criteria to be considered as a good index. First, it should incorporate information on as many aspects (dimensions) of inclusion as possible. Second, it should be easy and simple to compute. Finally, it should be comparable across countries/states.

In the present research context, the researcher mainly focuses on dimensions of financial inclusion based on the world bank financial inclusion index developed by Demirgüç-Kunt, Asli, Leora Klapper, Dorothe Singer, Saniya Ansar, and Jake Hess in 2012. Those measures are access, usage, quality and impact.

### 4.1 Financial Access

Access to finance and financial inclusion has been of growing interest throughout the world, particularly in emerging and developing economies. Policymakers are increasingly concerned about the benefits of financial intermediation and markets are not spreader widely among the population and across economic sectors, Potential negative impacts on growth, income distribution and poverty levels, among others (Beck et al., 2007; Sarma ,2011; Cámara &Tuesta ,2014; Siddik ,2017. They may also be concerned with the potential negative consequences for macro stability when financial system assets are concentrated in relatively few individuals, firms, or sectors. Financial access is the entered into the financial institutes to get the services by individuals and firms (DemirgKunt & Klapper, 2013; Gupte et al., 2012; Bhargava, 2017). This allows to take advantage of business opportunities, investing, save for retirement, and insure against risks (Demirgüç-Kunt, Beck, and Honohan 2008). In the present research context, the term access used as: access which refers to the availability and ability to use formal financial services and products for satisfying day-to-day financial needs of an individual's (Sophastienphong & Kulathunga ,2008; Vellala, 2014); Perera, 2015).

### 4.2 Usage

It is important to distinguish between the use of and access to financial services. Actual use is easier to observe empirically. Some may have access to but choose not to use some products. Some may have indirect access, such as using someone's bank account, or already using a substitute (Kodan et al., 2013; CRISIL Inclusix ,2013. Others may not use financial services as they do not need them or cultural & religious reasons. Non users include individuals who prefer to deal in cash and firms without promising investment projects. In policy makers' view, nonusers don't constitute an issue since their non-use is driven by lack of demand (Cámara & Tuesta ,2014). Financial literacy can improve awareness and generate demand and non-use for example due to religious reasons can overcome by allowing entry of financial institutions, offer Sharia-compliant financial products (Tambunlertchai, 2017; Kumari et al.,2020). Some people may be involuntarily excluded from usage of financial services. Several groups belong in this category. One notable group consists of rural women that are un-bankable from the perspective of commercial financial institutions and markets, as they do not have enough income or too high a lending risk (Kumari et al.,2019). These group have no demand since their lack of use is not due to any market failure. Other groups in this category may not have access due to discrimination, lack of details, shortcomings in contract enforcement, information environment, shortcomings in product features that may make a product inappropriate for some customer groups, or price barriers due to market imperfections. If high prices exclude large parts of the population, this may be a symptom of underdeveloped physical or institutional infrastructures, regulatory barriers or lack of competition (Kumar, 2011; Mehrotra et al., 2009; Kunt & Klapper, 2013. Therefore, in the present research context, the term usage referred as: extent to which available formal financial services adopted and continuously used by an individual to satisfy their daily financial needs (Maheswari, 2016; Ghosh, 2019).

### 4.3 Quality

Some financial institutes, who compete with each other generally undifferentiated products, the service quality becomes a primary competitive weapon to march ahead of their competitors (Stafford, 1996). At present, technological advancements have forced the financial institutes to rethink strategies for providing quality services to every customer. Banks can have an edge over their competitors as improved levels of service quality are related to higher revenues, increased cross-sell ratios and higher customer retention (Bennett & Higgins, 1993), and expanded market share (Bowen & Hedges, 1993). Banks understand, customers will loyal if they can produce greater value than competitors (Dawes & Swailes, 1999; Karatepe, Yavas, & Babakus, 2005). Higher profits will be earned by the banks if they can play better than their competitors within a specific market (Davies, Moutinho, & Curry, 1995). Delivery of high quality services leads to customer satisfaction and loyalty and greater willingness to recommending, reduction in customer complaints, improved customer retention rates to a great extent (Bitner, 1990; Headley & Miller, 1993; Zeithaml, Berry, & Parasuraman, 1996). In recent years, academicians and practitioners have given more attention to this area as it is assumed that service quality is a crucial measure of a firm’s performance (Lasser, Manolis, & Winsor, 2000; Yavas & Yasin, 2001; Bick, Brown, & Abratt, 2004; Andreassen & Olsen, 2008). Due to stiff competition, banking sector is not apart from increasing the loyal customer base (which in turn leads to greater profitability) by delivering quality financial services (Hannig & Jansen, 2010); Sarma 2011; Aduda & Kalunda ,2012). Banks should focus on service quality as a core competitive strategy. Along this, customer satisfaction and the quality of financial services are compelling the attention of all banking institutions around the world (Serrao, Sequeira & Hans ,2012; Deka, 2015; Perera, R. 2015; Vellala,2014. In the present research context, “quality” refers to the extent to which available formal financial services and instruments relevant to the lifestyle needs of the individuals (Maheswari, 2016; kumara et al., 2018; Ghosh, 2019).

### 4.4 Impact

Researcher examined the impact of financial services on person’s financial behaviors and ultimately their financial wellbeing. According checking whether the person gained financial wellbeing, as a result of being inclusion (Deka, 2015; Magap, 2015; Maheswari, 2016; Ghosh, ,2019; Kumari et al., 2020). Therefore, in the present research context, the term, means the degree of changes has been achieved by an individual by using formal financial services in their life.

According to the available literature, there is no commonly accepted dimensions or indices developed by previous researchers to match with any socio economic context to test in an individual perspective. Further existing dimensions are further debatable. Therefore, appropriate dimensions should be developed by the present researchers to minimize the methodological problems and to find out the most significant dimension among others.

### 4.5 Conceptual Model

Based on the previous literature and theoretical background, the researcher built a research model as follows.

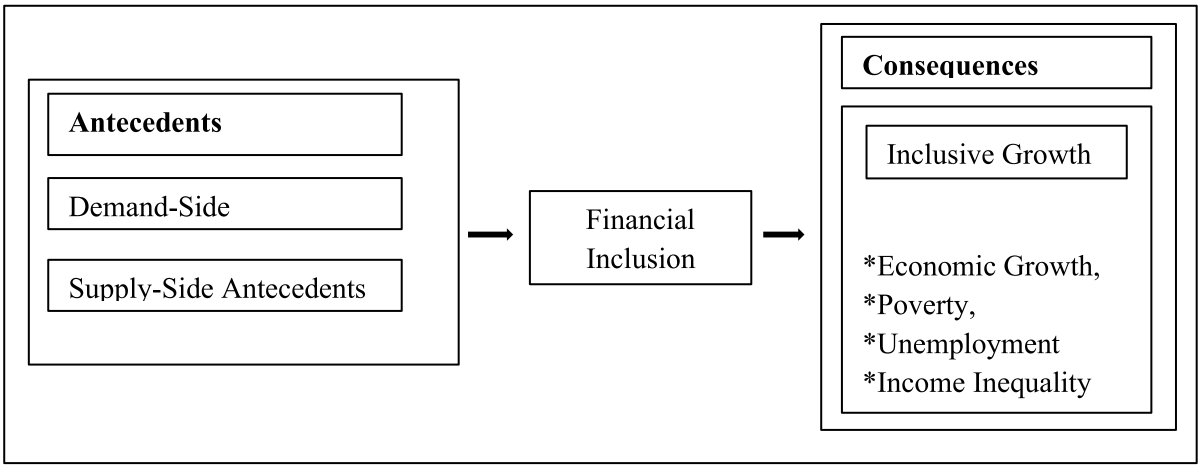


**Figure 1: Conceptual model**

## 5. CONCLUSION

The literature given in this paper was mainly focused on the conceptual background of the financial inclusion in different perspectives. In this process, the author did not pay special attention on one particular economy and general analysis on the respective concepts was carried out. However, this phenomenon is more relevant to the developing countries other than developed countries. According to the critical literature review given in this paper, financial inclusion becomes an important determinant of the economy which directly influence on many macro variables. Further financial inclusion is at poor level in the developing countries and many antecedents are influenced on the degree of financial inclusion of the economies. Mainly those antecedents are divided into supply-side and demand-side determinants. However, in general, financial inclusion has direct causal relationship with economic growth. As literature proved that consequences of financial inclusion such as economic growth, poverty, unemployment and income inequality etc., economic policy decision makers should consider to improve the level of financial inclusion for achieving some macro-economic objectives which are mainly covered in economic growth. Further, future researchers can design some empirical studies in different socio economic contexts for analyzing the contribution of financial inclusion on different aspects of economic growth. Finally, the academics can pay special attentions on different antecedents of financial inclusion and which factors are more contributing to determine the degree of financial inclusion to enhancing the economic growth of the country.

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