Journal of Management Science Research Review
https://jmsrr.com/index.php/Journal/about

Volume. 4 Issue No. 3 (2025)

Online ISSN: 3006-2047
Print ISSN: 3006-2039

IMPEDIMENTS TO FINANCIAL INCLUSION IN SOUTH ASIA: A MICRO-LEVEL ANALYSIS FROM THE GLOBAL FINDEX 2021

Waqas Shair
Assistant Professor, School of Economics & Finance, Minhaj Universtiy Lahore. Email: waqas.eco@mul.edu.pk
ORCID: https://orcid.org/0000-0001-6495-2922
Muhammad Asim
Lecturer, Lacas Johar Town, Lahore, Pakistan.
Rizwan Ul Hassan
Lecturer, Kingston College, Lahore, Pakistan.
Muhammad Tayyab
Associate Professor, School of Economics & Finance, Minhaj Universtiy Lahore

Abstract

This study examines the determinants of financial inclusion in South Asia using micro-level data from the Global Findex 2021, covering 8,009 individuals across six countries (excluding Bhutan and Maldives). Focusing on eight distinct barriers to account ownership, logistic regression models were employed, with marginal effects estimated to assess the likelihood of reporting each impediment across individual characteristics. The findings show that women face greater barriers due to higher perceived costs, trust issues, and reliance on shared family accounts, underscoring the need for gender-sensitive policies. Education and income significantly improve financial access, with higher attainment reducing mistrust and religious concerns. Younger individuals report fewer documentation barriers but greater dependence on family accounts, while trust issues decline with age. Urban residents enjoy better access but face higher costs, and digital resources such as mobile and internet reduce access-related obstacles though not trust-related ones. Resilient individuals are more financially engaged but still rely on family-level management. Overall, the study emphasizes the importance of addressing documentation hurdles, affordability, and institutional trust while promoting financial literacy and digital access, particularly for women, low-income groups, and those with limited education, to strengthen inclusive financial

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

systems in South Asia.

Keywords: Financial inclusion, Formal saving, Formal borrowing, Unbanked individuals, South Asia

1. Introduction

In recent years, financial inclusion has emerged as a central component of economic development strategies worldwide. According to the Global Findex 2021, account ownership increased from 51 percent of adults in 2011 to 76 percent in 2021, reflecting a 50 percent rise over the decade. Developing economies also witnessed remarkable progress, with ownership rates rising from 63 percent in 2017 to 71 percent in 2021 (Demirgüç-Kunt et al., 2022). Despite this growth, gaps persist among vulnerable groups, including women, the poor, and the less educated, who remain disproportionately excluded from formal financial systems. South Asia, home to hundreds of millions of unbanked adults, continues to face particular challenges where structural, socio-cultural, and institutional barriers impede progress.

In the South Asian context, impediments to financial inclusion are diverse and multidimensional. More than half of unbanked adults in the region own a mobile phone, suggesting that digital tools could bridge access gaps if trust, affordability, and literacy issues are addressed. However, the region also accounts for a significant share of the global unbanked, with India, Pakistan, and Bangladesh alone representing a large proportion of excluded adults (Demirgüç-Kunt et al., 2022). Key obstacles include lack of money, high costs, documentation requirements, and reliance on family accounts, alongside cultural and religious considerations. These impediments highlight the need for policies that not only expand access through digital and institutional reforms but also address deep-rooted socio-economic and behavioral constraints that shape financial exclusion in South Asia.

Financial inclusion has emerged as a crucial determinant of equitable growth, yet its progress is uneven across regions due to persistent demographic, socio-economic, and institutional barriers. Zins and Weill

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

(2016), analyzing data from 37 African economies, found that income and education exert the strongest positive influence on account ownership, while gender and age remain significant but less pronounced factors. They also noted that formal and informal financial services follow distinct patterns of determinants. In Pakistan, Zulfiqar et al (2016) confirmed these dynamics, showing that income gaps, educational disparities, and gender-based exclusion substantially limit individuals' participation in formal financial systems. Similar patterns are evident in Sub-Saharan Africa, where Asuming et al (2019) highlighted not only the role of individual-level factors such as wealth, education, and gender but also the importance of macroeconomic growth in driving inclusion between 2011 and 2014. Extending this regional focus, Badar et al (2020) demonstrated that in South Asia, inclusion is concentrated among males, older individuals, and those with higher educational attainment, underscoring persistent inequities.

Evidence from other contexts further illustrates these impediments. Dar and Ahmad (2020), focusing on India, identified income, gender, age, and education as central to formal account usage, savings, and borrowing, while noting their role in shaping informal financial behavior. Omar and Inaba (2020), in a large-scale study of 116 developing economies, constructed a financial inclusion index and revealed that per capita income, inequality, internet usage, and dependency ratios are critical determinants, while also stressing the poverty-reducing potential of inclusion. At the country level, Aurazo and Vega (2021) found that in Peru, women, rural residents, and youth remain less likely to be financially included, while Mossie (2022) in Ethiopia emphasized the barriers of voluntary exclusion among low-income and young individuals. Within Pakistan, Ahmad and Rooh (2022) reported that higher income, education, and age facilitate financial inclusion, but lack of documentation and resource constraints remain major obstacles, with informal borrowing still prevalent.

Recent studies continue to underline both opportunities and constraints.

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

Bekele (2023) compared Kenya and Ethiopia, showing that mobile money penetration, literacy, and macroeconomic policies explain divergent outcomes, while barriers such as lack of trust and documentation remain binding. Adbu and Adem (2021), using micro evidence from Ethiopia's Afar Region, confirmed the significance of literacy, mobile banking, and financial awareness, but also highlighted structural impediments such as collateral constraints, high interest rates, and inadequate financial infrastructure. At a broader scale, Nsiah and Tweneboah (2023) underscored how institutional quality, income levels, and credit access shape inclusion across Africa, while Tinta et al. (2022) detailed how personal characteristics, financial literacy, and mobility define patterns of formal and informal savings. Similar gendered disparities were reported by Shabir and Ali (2022) in Saudi Arabia, where males were far more likely to access and utilize financial products. In India, Kumar and Ahuja (2024) showed that literacy, technology, affordability, and trust are essential drivers of inclusion, whereas Mhlanga (2021) emphasized transaction costs, gender, and income sources as barriers among smallholder farmers in Zimbabwe.

From an implementation perspective, Solanki and Chhikara (2023) pointed to managerial, political, and infrastructural challenges in rolling out financial inclusion programs in India. Complementing these empirical studies, Kuada (2022) reviewed links between inclusion and SME growth in Sub-Saharan Africa, while Ahmed and Malick (2019) provided global banking evidence that inclusion enhances financial stability. While prior studies have explored religion, sustainability, and digitalization in financial inclusion (Shair et al., 2023; 2024a; Shair et al., 2024b) and examined broader determinants and resilience in South Asia (Asim et al., 2025; Hassan et al., 2025). Sethy et al. (2023) identified socio-economic variables such as education, religion, and geography as critical in India, and Sarpong and Nketiah-Amponsah (2022) demonstrated that access to financial services enhances inclusive growth in Africa. Arshad (2023) further linked financial

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

inclusion to women's empowerment across developing countries, while Adil and Jalil (2020) underscored the role of financial sector expansion and supply-side strategies in promoting access, especially in Pakistan and Nigeria.

The objective of this study is to investigate the determinants of impediments to financial inclusion in South Asia by examining how socio-economic, demographic, and behavioral characteristics shape barriers to account ownership using Global Findex 2021 data. Unlike earlier research that primarily focused on either access or usage, this study disaggregates eight distinct impediments—including lack of money, documentation requirements, trust issues, and reliance on family accounts—to provide a multidimensional understanding of exclusion. The significance of this study lies in its regional focus, as South Asia accounts for a substantial share of the world's unbanked population, where cultural, institutional, and structural barriers intersect to restrict financial participation. By employing logistic regression to analyze micro-level data, this study contributes empirical evidence that not only identifies the groups most affected—such as women, low-income households, and the less educated—but also informs policy interventions to strengthen financial literacy, enhance trust in institutions, and expand affordable digital financial services. In doing so, the study provides insights that are crucial for promoting inclusive economic growth and reducing inequalities in the region.

2. Theoretical Framework

Financial inclusion research is often grounded in financial intermediation theory (Gurley & Shaw, 1960; Levine, 1997) and the access versus use framework (Beck, Demirgüç-Kunt, & Peria, 2007), which explain how financial systems channel resources from savers to users, and how barriers arise between mere access to accounts and their actual use. Structural impediments such as distance, high costs, and complex documentation requirements reflect failures of financial intermediation, disproportionately affecting low-income and rural households. In addition, human capital theory (Becker, 1964) and the life-cycle hypothesis (Modigliani & Brumberg, 1954)

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

highlight the role of education and age in shaping financial behaviors, where higher educational attainment reduces informational barriers, and age influences savings motives and perceptions of "need" for formal accounts. These theories provide an economic lens to understand why socio-demographic factors, such as income, education, and employment status, directly influence the probability of experiencing impediments to financial inclusion.

The conceptual framework of this study is built around the recognition that financial inclusion is hindered by multiple impediments that operate at both structural and individual levels. The dependent construct, *Impediments to Financial Inclusion*, is disaggregated into eight specific barriers: long distance to banks, expensive financial services, lack of necessary documentation, lack of trust in financial institutions, religious reasons, lack of enough money, reliance on another household member's account, and lack of perceived need for financial services. These impediments capture a multidimensional view of financial exclusion that reflects both access-related and behavioral constraints.

The framework further posits that these impediments are shaped by three broad sets of independent variables: socio-economic, demographic, and personal/behavioral attributes. Socio-economic variables, including income, education, employment, area of residence, and access to digital resources, capture the structural capabilities and opportunities that determine whether individuals can effectively access formal financial systems. Demographic characteristics such as gender and age represent social and lifecycle dimensions that influence attitudes, motivations, and constraints in using financial services. Finally, personal traits such as financial resilience—measured by the ability to arrange emergency funds—reflect individuals' coping capacity, which mediates their vulnerability to exclusion. Collectively, this framework integrates economic, institutional, and behavioral perspectives, enabling a holistic assessment of the determinants of financial inclusion

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

impediments in South Asia.

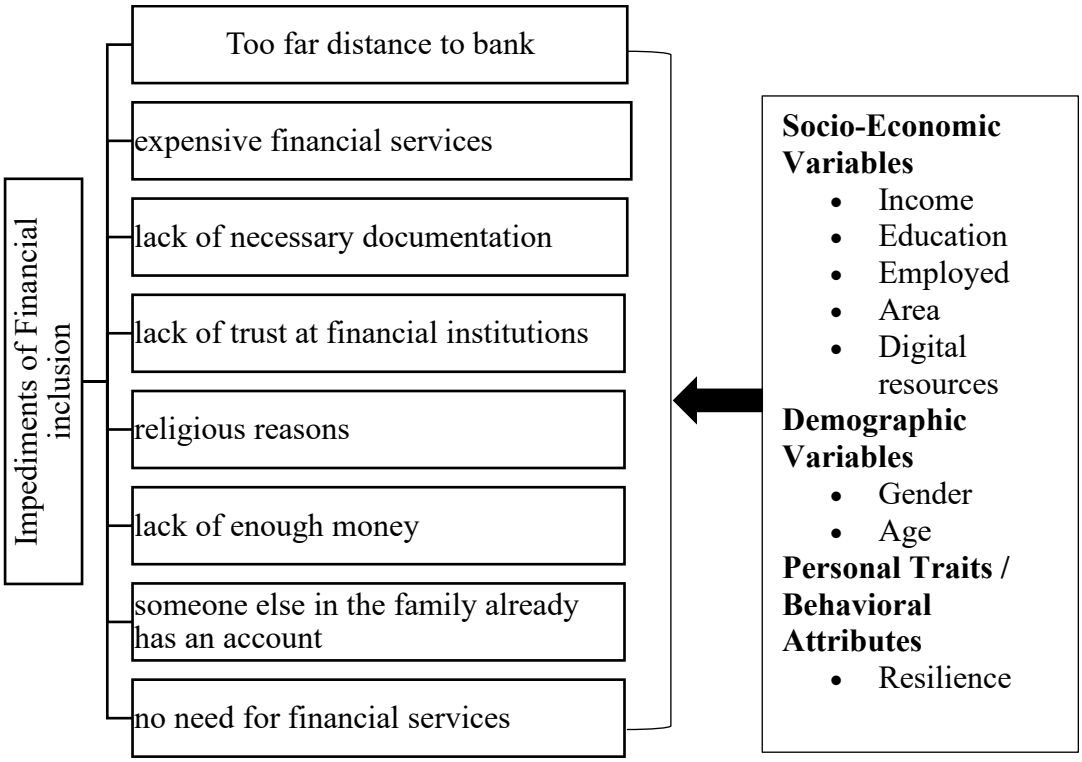


Figure 1. Theoretical Framework On Financial Inclusion And Its Impediments

3. Econometric Methodology

The objective of this study is to identify and analyze the determinants of impediments to financial inclusion in South Asia, with a particular focus on the socio-economic, demographic, and behavioral factors that prevent individuals from owning or using formal financial accounts. Since the dependent variables in this study are binary in nature—where individuals were asked to respond "yes" or "no" to specific reasons for not having an account, such as distance, cost, or lack of trust—a logistic regression model is the most suitable econometric approach.

$$Z_{ki} = \alpha_{k0} + \alpha_{k1} gender_{ki} + \alpha_{k2} age_{ki} + \alpha_{k3} income_{ki} + \alpha_{k4} education_{ki} + \alpha_{k5} employment_{ki} + \alpha_{k6} area_{ki} + \alpha_{k7} dgital\_resources_{ki} + \alpha_{k8} resilience_{ki} + \varepsilon_{ki} \quad (1)$$

Where $i = 1, 2, \ldots, nth$ individuals, $k = 1, 2, \ldots, 8$ for distinct impediments of

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

the financial inclusion, and Z_{ji} is the impediments of the financial inclusion. The further description of the covariates and dependent variables have been presented in the table 1.

Table 1. Definition of Variable

Variable	Description
Impediments (dependent variable)	It consists of eight dichotomous variables, coded 1 if individuals responded specific reason as an impediment, zero otherwise: • Z_1 coded 1 if individual responded too far distance as a hinder of not having bank account, zero otherwise. • Z_2 coded 1 if individual responded expensive financial services as a hinder, zero otherwise. • Z_3 coded 1 if individual responded lack of necessary documentation as a hinder, zero otherwise. • Z_4 coded 1 if individual responded lack of trust at financial institutions, zero otherwise. • Z_5 coded 1 if individual responded religious reasons as a hinder for not having bank account, zero otherwise. • Z_6 coded 1 if individuals responded lack of enough money to use financial institutions, zero otherwise. • Z_7 coded 1 if individuals responded lack of access to formal account because someone else in the family already has an account, zero otherwise. • Z_8 is a binary variable, coded 1 if individuals responded that no need for financial services at a formal institution, zero otherwise.
Gender	Coded 1, if respondent is male, zero otherwise

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

Age	Age in years old.
Income	Ordinal categorical variable takes a value ranges from quantile 1 to quantile 5.
Education	Ordinal categorical variable, coded 1 for primary or no education, 2 for secondary, 3 for tertiary education.
Employed	Dummy variable coded 1 if individual is employed, zero otherwise
Area	Dummy variable coded 1, if a person is from urban area, zero otherwise
Digital resources	Multinomial categorical variable, coded 1 if individual own mobile, 2 if mobile and internet, 3 for no mobile.
Resilience	Dummy variable coded 1 if individual responded to arrange emergency funds in a week, zero otherwise

4. Data and Descriptive Analysis

4.1 Data Source

This study utilizes data from the Global Findex 2021 database, compiled by the World Bank and accessible upon online request. The 2021 survey round includes responses from approximately 128,000 individuals across 123 countries. For the purpose of this analysis, the sample is restricted to 8,009 respondents from six South Asian countries, with Bhutan and Maldives excluded due to unavailability of data.

4.2. Descriptive Statistics

The lower level of the financial inclusion in context of access to bank account can be attributed to multiple reasons. In the figure 2, we presented the reasons for having no bank account. The most prominent reason, is the lack of money as cited by 70.7% of the respondents. This is indicative of broader economic challenges in the region, where income disparities and the prevalence of subsistence livelihoods may not align with the perceived utility

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

of banking services. Another major factor is the belief that there is no need for financial services as responded by 50% of the individual. It can be attributed to the adequacy of existing informal financial systems like local money lenders and rotating savings clubs, which are deeply embedded in the cultural fabric of South Asian communities.

Access and logistical challenges also play a critical role. About 34.9% of respondents indicate that banking facilities are too far, which can be a significant barrier in rural and remote areas where bank branches might be sparse. Additionally, 28.8% cite lack of documentation, while financial literacy and trust are also critical issues, as evidenced by 27% of respondents lacking trust in financial institutions, and 38% considering banking services too expensive, likely due to fees or minimum balance requirements that are not feasible for low-income individuals.

Religious reasons account for 11.2% of the responses, pointing to the influence of religious beliefs on financial decisions, where traditional banking practices might conflict with religious principles, especially in predominantly Muslim areas that may require Sharia-compliant banking services.

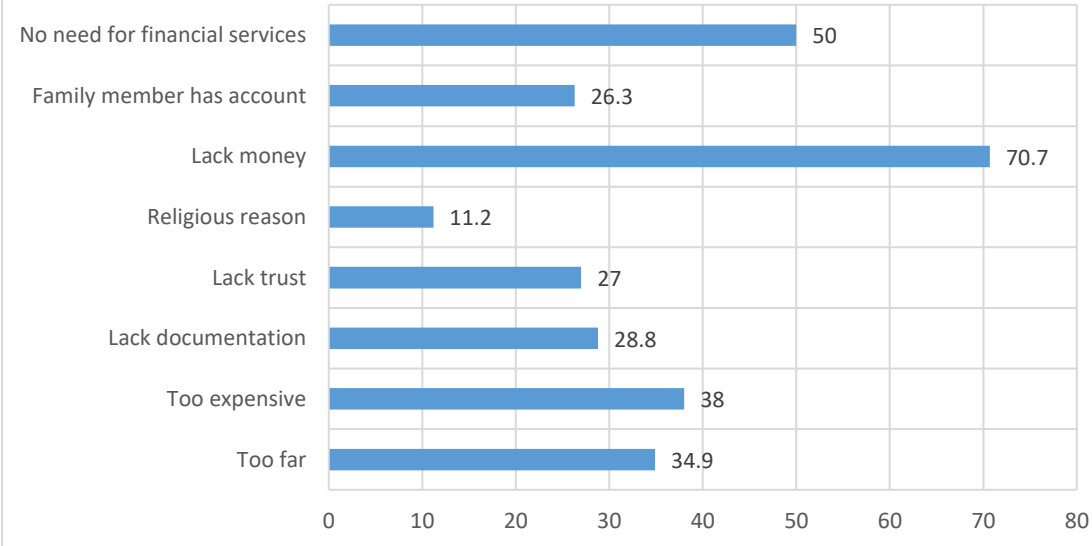


Figure 2. Proportion of Individuals Responded Impediments to Bank Account

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

In the study, the individuals are not forced to respond only one impediment of financial inclusion. They can respond one or more reasons for having no bank account. In this regard, we presented the distribution of the number of responses in the Figure 3. In the sample, 25.87% reported two reasons for not having a bank account, suggesting that for many individuals, the barriers are not isolated but compound. This is closely followed by 24.17% of individuals who cited three reasons and 20.92% who cited one. It suggests that financial exclusion can multifactorial in nature, where logistical, economic, and sociocultural factors interplay to create significant obstacles.

In the sample 15.81% individuals responded four reasons. The decline in percentages as the number of reasons increases (7.86% for five reasons, 3.37% for six, 1.32% for seven, and 0.67% for eight) could suggest that while fewer people experience such an extensive range of barriers, for those who do, the impact is severely limiting.

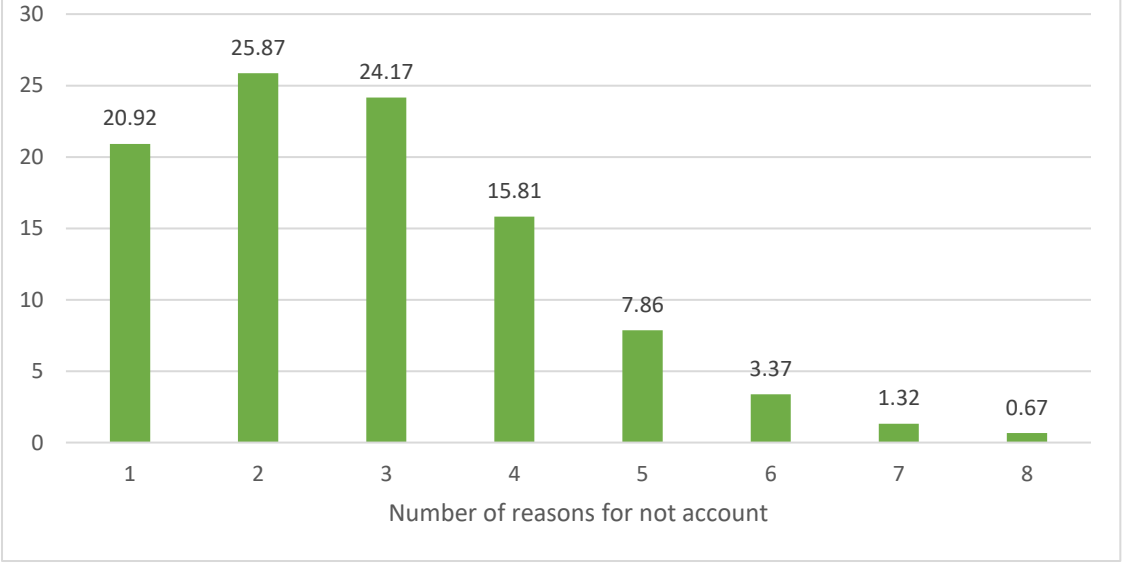


Figure 3. Distribution of Reasons for Not Formal Bank Account

We presented the descriptive analysis of the variables used in the study including the dependent and independent variables in the Table 2. In the sample, age is segmented into four age groups. The majority of the population falls within the 21-40 age group, constituting 56.6% of the sample, which

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

reflects a youthful demographic. The 41-60 age group represents 26.2%, while those above 60 make up only 5.8%, indicating a smaller elderly population. Those below 21 account for 11.4% of the sample. The gender distribution is evenly split with 50% females and 50% males, suggesting that the sample is well-balanced in terms of gender representation. Education levels are categorized into three groups. A slight majority (50.4%) has primary or less education, 42.9% have secondary education, and a small fraction (6.8%) possesses tertiary education. This distribution may point to limited access to higher education or reflect the regional educational norms.

The income distribution reveals a upgradation from lower to upper income brackets. The lower and lower middle-income groups each make up approximately 17%, middle-income individuals represent 19.4%, upper middle 21.2%, and upper income the largest segment at 25%. This suggests a somewhat skewed income distribution favoring higher income levels. About 55.5% are within the workforce, while 44.5% are out, which may reflect regional economic conditions, cultural factors influencing work participation, or age distribution impacts (such as a significant number of young individuals or retirees). The population is nearly evenly split between rural (53.4%) and urban (46.6%) residences, indicating a balanced mix of urbanization which may influence accessibility to services, employment opportunities, and lifestyle choices. Access to technology is segmented into three categories: no mobile and internet (23.5%), mobile only (41.2%), and both mobile and internet (35.3%). This highlights significant digital connectivity, with over three-quarters of the population having some form of mobile connectivity, reflecting the penetration of mobile technology even in less urbanized areas. Resilience, likely measured by the ability to emergency cash in a week, shows that 72.6% of respondents do not consider themselves resilient, while 27.4% do. This could indicate vulnerabilities within the population to economic fluctuations or crises.

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

Table 2. Descriptive Statistics

Variable	Obs	Mean	Std. dev.	Min	Max
Impediments					
Too far	3,622	0.349	0.477	0	1
Too expensive	3,401	0.38	0.485	0	1
Lack documentation	3,668	0.288	0.453	0	1
Lack trust	3,555	0.27	0.444	0	1
Religious reason	3,619	0.112	0.316	0	1
Lack money	3,688	0.707	0.455	0	1
Family member has account	3,678	0.263	0.44	0	1
No need for financial services	2,159	0.5	0.5	0	1
Age below 21 (base)	8,009	0.114	0.317	0	1
Age 21-40	8,009	0.566	0.496	0	1
Age 41-60	8,009	0.262	0.44	0	1
Age above 60	8,009	0.058	0.233	0	1
Female	8,009	0.5	0.5	0	1
Male	8,009	0.5	0.5	0	1
Primary or less education (base)	7,995	0.504	0.5	0	1
Secondary education	7,995	0.429	0.495	0	1
Tertiary education	7,995	0.068	0.251	0	1
Lower income (base)	8,009	0.171	0.377	0	1
Lower middle	8,009	0.173	0.379	0	1

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

Middle	8,009	0.194	0.395	0	1
Upper middle	8,009	0.212	0.409	0	1
Upper	8,009	0.25	0.433	0	1
Employment status:					
In the workforce	8,009	0.555	0.497	0	1
Out of the workforce	8,009	0.445	0.497	0	1
Rural	7,004	0.534	0.499	0	1
Urban	7,004	0.466	0.499	0	1
No mobile and internet	7,960	0.235	0.424	0	1
Mobile only	7,960	0.412	0.492	0	1
Both mobile & internet	7,960	0.353	0.478	0	1
Resilience					
No	6,805	0.726	0.446	0	1
Yes	6,805	0.274	0.446	0	1

4.3. Cross Tab of Impediments of Financial Inclusion

We presented the cross-tabulation of the impediments of financial inclusion in the Table 3 and Figure 4. The cross-tabulation of impediments to financial inclusion, based on whether individuals possess a bank account, highlights several significant factors that vary across demographic lines and socio-economic conditions. The analysis reveals specific patterns in how distance, cost, documentation, and trust issues prevent various groups from accessing banking services.

The data illustrates a notable variation in barriers encountered by different age groups. Younger individuals, particularly those below 21 years, disproportionately report lacking documentation (20.2% for 'Yes' compared to 12.1% for 'No'), suggesting that they might face hurdles in obtaining or

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

possessing necessary identification documents required for banking processes. Conversely, middle-aged adults (21-40 and 41-60) experience barriers related to distance and cost more frequently (e.g., 56.3% of those aged 21-40 cite 'Too far' as a barrier for 'Yes').

Females report a higher incidence of lacking trust in financial institutions (56.8% for 'Yes' compared to 53.2% for 'No') and documentation issues than males. This reflects potential underlying issues of financial literacy and societal norms that may limit women's direct access to financial resources and information. Men, meanwhile, are slightly more affected by the physical distance to banking facilities, suggesting different economic activities or mobility patterns that might influence their financial behaviors.

Individuals with only primary education or less are significantly affected by all barriers, with 65.9% citing distance as a 'Too far' barrier for 'Yes.' Higher education levels correlate with reduced reporting of barriers, implying that education enhances one's ability to navigate the financial landscape, possibly due to better information access and financial literacy.

Lower income groups frequently cite cost as a prohibitive factor (20.9% for 'Yes' in 'Lower income'), indicating that the direct and indirect costs associated with maintaining a bank account can be a significant hurdle. In contrast, higher income individuals report 'Too expensive' less frequently, suggesting that financial barriers are proportionally less of a concern for this group.

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

	Too far: Yes	Too far: No	Too expensive: Yes	Too expensive: No	Lack documentation: Yes	Lack documentation: No	Lack trust: Yes	Lack trust: No
Age below 21	14	14	14	15	20	12	15	14
Age 21-40	56	58	57	58	55	59	58	57
Age 41-60	25	23	24	23	22	24	22	24
Age above 60	5	5	5	4	4	5	6	5
Female	53	54	54	54	57	53	52	55
Male	48	46	46	47	43	47	48	45
Primary or less education	66	60	64	60	62	62	65	60
Secondary education	32	37	33	37	36	34	32	36
Tertiary education	2	4	3	3	2	3	3	3
Lower income	21	19	22	17	20	19	20	19
Lower middle	20	17	21	17	19	18	17	18
Middle	23	20	22	21	21	21	21	21
Upper middle	19	22	20	21	20	21	21	20
Upper	17	23	15	24	20	22	21	21
In the workforce	49	46	47	48	44	48	48	47
Out of the workforce	51	54	53	52	56	52	53	53
Rural	58	47	48	53	51	51	50	51
Urban	42	53	52	47	49	49	50	49
No mobile and internet	33	30	33	30	32	31	29	32
Mobile only	52	45	49	45	48	46	53	45
Both mobile & internet	15	26	19	25	20	22	18	23
Resilience: No	84	77	84	78	80	80	83	79
Resilience: Yes	16	23	16	23	20	20	18	21

Figure 4. Cross-Tabulation Representation of Impediments of Financial Inclusion

Those out of the workforce report all barriers more frequently than those employed, highlighting a potential link between employment status and financial inclusion. For instance, 51.0% of those out of the workforce cite 'Too far' as a reason for not having a bank account under 'No.' Additionally, individuals with lower resilience, who may struggle more to recover from financial setbacks, face more pronounced trust and documentation issues,

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

emphasizing the vulnerability of this segment.

Geographic disparities are stark, with rural residents reporting higher barriers related to distance (58.2% for 'Yes' under 'Rural') and cost, while urban dwellers face more issues with documentation and trust. This suggests a need for infrastructural improvements in rural areas and enhanced security and transparency in urban banking systems.

Access to technology significantly influences financial inclusion. Individuals with both mobile and internet access report fewer barriers across all categories compared to those with limited and no technological access. This indicates that technology, particularly internet connectivity, is a powerful tool in mitigating traditional barriers to financial services.

The resilience factor, as depicted in the cross-tabulation data, offers profound insights into the relationship between an individual's ability to recover from financial setbacks and their access to banking services. It becomes evident that those who are categorized as having no resilience experience financial inclusion barriers more intensely. Specifically, 84.1% of non-resilient individuals cite barriers such as 'Too far' for 'Yes,' compared to 77.3% for 'No,' highlighting a significant gap in accessibility. Furthermore, trust issues are notably higher among the non-resilient group (80.2% for 'Yes' vs. 79.8% for 'No'), suggesting that past negative experiences or a lack of successful financial recovery may contribute to a distrust in banking institutions.

Table 3. Cross-Tabulation Representation of Impediments of Financial Inclusion

Variable	Too far		Too expensive		Lack documentation		Lack trust	
	Yes	No	Yes	No	Yes	No		
Age below 21 (base)	0.14	0.141	0.137	0.148	0.202	0.121	0.148	0.142

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

Age 21-40	0.563	0.581	0.57	0.579	0.545	0.586	0.576	0.574
Age 41-60	0.246	0.231	0.24	0.229	0.216	0.242	0.219	0.239
Age above 60	0.051	0.047	0.053	0.044	0.037	0.051	0.057	0.045
Female	0.525	0.541	0.536	0.535	0.568	0.532	0.518	0.551
Male	0.475	0.459	0.464	0.465	0.432	0.468	0.482	0.449
Primary or less education (base)	0.659	0.597	0.638	0.601	0.62	0.623	0.651	0.604
Secondary education	0.323	0.366	0.333	0.365	0.357	0.344	0.323	0.363
Tertiary education	0.018	0.037	0.029	0.034	0.024	0.033	0.026	0.032
Lower income (base)	0.209	0.187	0.221	0.173	0.197	0.192	0.197	0.191
Lower middle	0.199	0.169	0.207	0.166	0.189	0.178	0.172	0.181
Middle	0.228	0.201	0.217	0.206	0.214	0.209	0.206	0.213
Upper middle	0.191	0.215	0.204	0.21	0.203	0.206	0.214	0.204
Upper	0.173	0.229	0.149	0.244	0.197	0.215	0.211	0.21
Employment status:								

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

In the workforce	0.49	0.464	0.466	0.479	0.436	0.48	0.475	0.47
Out of the workforce	0.51	0.536	0.534	0.521	0.564	0.52	0.525	0.53
Rural	0.582	0.468	0.476	0.527	0.506	0.508	0.5	0.507
Urban	0.418	0.532	0.524	0.473	0.494	0.492	0.5	0.493
No mobile and internet	0.326	0.296	0.326	0.295	0.321	0.312	0.286	0.318
Mobile only	0.522	0.449	0.487	0.453	0.482	0.464	0.53	0.447
Both mobile & internet	0.152	0.255	0.187	0.252	0.197	0.224	0.184	0.234
Resilience: No	0.841	0.773	0.838	0.775	0.802	0.798	0.825	0.786
Yes	0.159	0.227	0.162	0.225	0.198	0.202	0.175	0.214

We presented the cross-tabulation of the impediments of financial inclusion in the Table 4 and Figure 5b. The analysis of financial inclusion based on the possession of a bank account and associated factors such as religious reasons, lack of money, existing family members with accounts, and the perceived need for financial services reveals significant trends across various demographics and socioeconomic variables. This cross-tabulation highlights how different groups in society perceive and engage with financial institutions.

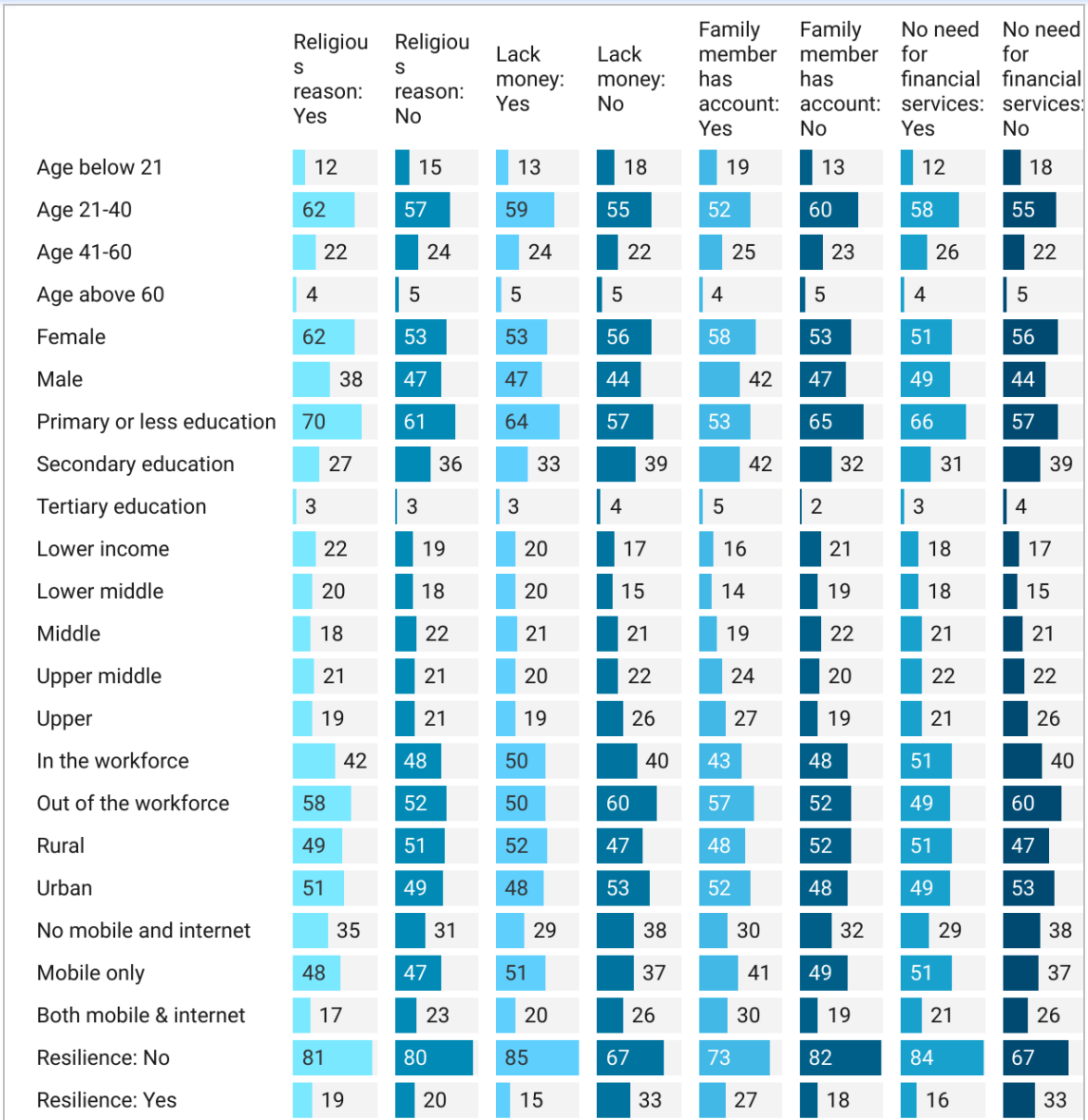
Starting with age, it is evident that younger individuals (below 21 years) tend to have lower engagement with banking services, possibly due to lesser financial independence or lower earnings. Only about 11.8% and 12.9% of this group cited religious reasons and lack of money respectively as barriers to having a bank account. In contrast, individuals aged 21-40, who are likely to

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

be in the early stages of their careers, showed a higher tendency (62.2% for religious reasons, 58.5% for lack of money) to be financially included but still face significant barriers. This demographic, being potentially more economically active, also shows a greater need for financial services despite the challenges. For those aged 41-60 and above 60, the engagement with financial institutions seems to decline, possibly due to retirement or reduced income, with only 21.6% and 2.16% respectively citing lack of money as a barrier.

Gender plays a crucial role in financial inclusion. Females are less likely to have bank accounts compared to males, with 61.9% of females citing religious reasons and 53.3% citing lack of money as barriers, compared to 38.1% and 46.7% of males, respectively. This discrepancy may be influenced by socio-cultural factors that restrict women's financial autonomy.

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039



	Religious reason: Yes	Religious reason: No	Lack money: Yes	Lack money: No	Family member has account: Yes	Family member has account: No	No need for financial services: Yes	No need for financial services: No
Age below 21	12	15	13	18	19	13	12	18
Age 21-40	62	57	59	55	52	60	58	55
Age 41-60	22	24	24	22	25	23	26	22
Age above 60	4	5	5	5	4	5	4	5
Female	62	53	53	56	58	53	51	56
Male	38	47	47	44	42	47	49	44
Primary or less education	70	61	64	57	53	65	66	57
Secondary education	27	36	33	39	42	32	31	39
Tertiary education	3	3	3	4	5	2	3	4
Lower income	22	19	20	17	16	21	18	17
Lower middle	20	18	20	15	14	19	18	15
Middle	18	22	21	21	19	22	21	21
Upper middle	21	21	20	22	24	20	22	22
Upper	19	21	19	26	27	19	21	26
In the workforce	42	48	50	40	43	48	51	40
Out of the workforce	58	52	50	60	57	52	49	60
Rural	49	51	52	47	48	52	51	47
Urban	51	49	48	53	52	48	49	53
No mobile and internet	35	31	29	38	30	32	29	38
Mobile only	48	47	51	37	41	49	51	37
Both mobile & internet	17	23	20	26	30	19	21	26
Resilience: No	81	80	85	67	73	82	84	67
Resilience: Yes	19	20	15	33	27	18	16	33

Figure 5. Cross-Tabulation Representation of Impediments of Financial Inclusion

Education level is a significant determinant of financial behavior. Individuals with primary or less education are the least likely to have bank accounts, with 69.7% citing religious reasons and 64.3% citing lack of money as barriers. Those with secondary and tertiary education show progressively greater financial inclusion, though the numbers are still not overwhelmingly positive,

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

reflecting the crucial role of education in enhancing financial literacy and inclusion.

Income levels also correlate strongly with financial inclusion. The lower income groups are significantly less engaged with financial institutions, with 22.4% citing religious reasons and 20.4% for lack of money. As income levels increase, so does the likelihood of having a bank account, though the highest income group still faces substantial barriers (18.9% cite religious reasons, 18.9% lack money).

Employment status further influences financial behaviors. Those in the workforce are more likely to have bank accounts than those out of the workforce, with 42.3% of the employed citing religious reasons as a barrier compared to 57.7% of the unemployed. Similarly, urban residents are more likely to be financially included than their rural counterparts, indicating a disparity in the accessibility of financial services.

Lastly, technology plays a critical role. Individuals with both mobile and internet access are more likely to engage with financial services compared to those with neither, indicating the importance of digital inclusion in promoting financial inclusion.

Individuals with both mobile and internet access exhibit a higher engagement with financial services, with 17.1% citing religious reasons and 20.0% indicating a lack of money as barriers to having a bank account. This group also shows a lower proportion (20.5%) of individuals citing no need for financial services, suggesting that digital connectivity enhances perceived value and utility of financial services. Conversely, those without mobile and internet access demonstrate significant detachment from financial services. About 34.5% of this group do not see the need for these services, and 30.8% cite religious reasons, reflecting both a lack of awareness and access. The individuals with only mobile access lie somewhere in the middle, still facing considerable barriers (28.5% for lack of money) but with better engagement than those without any digital tools.

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

Those lacking resilience (81.1% citing no need for financial services) are markedly less likely to have bank accounts. This group's high percentages across barriers—84.9% for religious reasons and 67.0% for no need—suggest that economic vulnerability contributes to a disconnection from formal financial systems. In contrast, individuals who exhibit resilience show a higher engagement with financial services. Only 15.1% of resilient individuals cite religious reasons as a barrier, and 33.0% perceive no need for financial services.

Table 4. Cross-Tabulation Representation of Impediments of Financial Inclusion

Variable	Religious reason		Lack money		Family member has account		No need for financial services	
	Yes	No	Yes	No	Yes	No		
Age below 21 (base)	0.118	0.148	0.129	0.18	0.194	0.126	0.124	0.18
Age 21-40	0.622	0.568	0.585	0.547	0.516	0.595	0.578	0.547
Age 41-60	0.216	0.236	0.241	0.222	0.245	0.232	0.255	0.222
Age above 60	0.044	0.048	0.046	0.052	0.044	0.047	0.044	0.052
Female	0.619	0.531	0.533	0.559	0.579	0.528	0.508	0.559
Male	0.381	0.469	0.467	0.441	0.421	0.472	0.492	0.441
Primary or less education (base)	0.697	0.611	0.643	0.573	0.534	0.654	0.662	0.573
Secondary education	0.274	0.359	0.33	0.389	0.418	0.322	0.308	0.389
Tertiary education	0.03	0.03	0.027	0.037	0.048	0.024	0.03	0.037
Lower income (base)	0.224	0.187	0.204	0.171	0.155	0.206	0.184	0.171

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

Lower middle	0.197	0.179	0.195	0.146	0.141	0.193	0.179	0.146
Middle	0.177	0.215	0.209	0.207	0.194	0.215	0.212	0.207
Upper middle	0.214	0.206	0.203	0.218	0.237	0.197	0.22	0.218
Upper	0.189	0.212	0.189	0.259	0.273	0.188	0.205	0.259
Employment status:								
In the workforce	0.423	0.477	0.499	0.399	0.431	0.48	0.51	0.399
Out of the workforce	0.577	0.523	0.501	0.601	0.569	0.52	0.49	0.601
Rural	0.491	0.506	0.522	0.47	0.481	0.517	0.51	0.47
Urban	0.509	0.494	0.478	0.53	0.519	0.483	0.49	0.53
No mobile and internet	0.345	0.308	0.285	0.379	0.3	0.318	0.285	0.379
Mobile only	0.484	0.467	0.514	0.365	0.405	0.493	0.511	0.365
Both mobile & internet	0.171	0.225	0.2	0.256	0.295	0.188	0.205	0.256
Resilience:								
No	0.811	0.796	0.849	0.67	0.732	0.823	0.837	0.67
Yes	0.189	0.204	0.151	0.33	0.268	0.177	0.163	0.33

5. Results and Discussion

The logit model in the table 5 provides odds ratios for various reasons why individuals from different socioeconomic, demographic, regional and personal characteristics do not have bank accounts. These impediments include factors like the location of banks being too far, services being too expensive, lack of documentation, lack of trust, religious reasons, lack of money, a family member having an account, and no perceived need for financial services.

For the age 21-40, the odds ratio of 1.009 suggests almost no significant difference from the base group (age below 21) in terms of perceiving distance as an impediment. Similarly, for age group 41-60 and above 60 distance is

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

also not a significant impediment for this age group. Likewise, perceived financial services as too expensive is not significant across all the age group. Similarly, religious reasons as a barrier, though this is not significant across all the age group. Lack of money is not a significantly greater barrier for the age groups. There is no significant difference in the likelihood of perceiving no need for financial services compared to the age groups.

For the age 21-40 year old, the odds ratio of 0.494 indicates that this group is 50.6% less likely to perceive lack of documentation as an impediment compared to the base group. This difference is statistically significant ($p < 0.01$). Age 41-60 has an odds ratio of 0.467, indicates individuals in this age group are 53.3% less likely to cite lack of documentation as a reason for not having a bank account, which is also statistically significant. Age above 60, the odds ratio of 0.275 for this age group indicates a 72.5% lower likelihood of citing lack of documentation as a barrier, which is highly significant. Older individuals might have more established documentation, making this less of a barrier.

For the age 41-60, an odds ratio of 0.715 shows that individuals in this group are significantly less likely to cite lack of trust as a barrier to having a bank account, indicating a 28.5% lower likelihood of trust being an issue. For the age 21-40, the odds ratio of 0.551 indicates that individuals in this group are 44.9% less likely to cite “family member has an account” as a reason for not having one themselves. This is statistically significant and suggests that younger individuals might be more independent in their banking behaviors.

Lack of documentation is a more significant barrier for younger age groups, likely because older individuals are more likely to have established formal documentation over time, reducing this obstacle. Lack of trust is more of an issue for younger individuals, with trust being less of a concern as people age and possibly gain more exposure to financial institutions. Family member has account is more of an impediment for younger people, suggesting that younger individuals may rely on family members for financial matters or feel

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

less need for individual accounts. Religious reasons, cost, and distance appear to have minimal influence across all age groups, indicating these factors are not significant impediments to financial inclusion for most people.

There is no difference for the male and female in the likelihood of citing geographical distance, lack of documentation, lack of money, and no need for financial services as a reason for not having a bank account, though this effect is not statistically significant.

Females are significantly more likely to perceive financial services as too expensive (25.9% more likely) and less trustworthy (26.1% more likely) compared to males, highlighting economic disparities and a trust gap. Conversely, women are less influenced by religious reasons (21.8% less likely) and family members already having an account (34.4% less likely) when deciding to open their own bank accounts. These findings indicate that cost, trust, and familial financial management practices differentially affect women's engagement with financial institutions. The analysis reveals that females face specific barriers to financial inclusion, particularly regarding cost and trust, and are more likely to rely on family members for financial access. Addressing these issues through targeted financial literacy programs and affordable banking solutions could help reduce gender disparities in financial inclusion.

Individuals with higher education levels show distinct patterns in financial behavior. Those with secondary education are significantly less likely to cite lack of trust in financial institutions (18.6% less), religious reasons (25% less), and lack of money (17.8% less) as barriers to having a bank account, suggesting increased trust, reduced influence of religious concerns, and fewer financial constraints. Interestingly, they are more likely to rely on family members' accounts (24.2% more) and see greater utility in financial services (25.4% less likely to see no need). For those with tertiary education, distance is much less of a barrier (40.3% less), indicating possibly better access to or greater use of digital banking options. They are also significantly more likely

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

to depend on family financial management (92.3% more), which could indicate a preference for collective handling of finances or trust in family decisions related to money. These trends underline the impact of education on financial trust, access, and family dynamics in banking.

The significantly lower odds ratio for tertiary-educated individuals reflects how education may improve access to or familiarity with digital banking, making physical distance less of a concern. Education, particularly secondary education, significantly reduces the perception of mistrust in financial institutions, suggesting that education fosters greater confidence in the banking system. The reduced importance of religious concerns among the secondary educated could reflect a more secular worldview in the non-Muslim countries and better understanding of sharia-compliant modern banking working. The higher likelihood of citing this as a barrier for tertiary-educated individuals could reflect the persistence of collective family financial management even among highly educated individuals.

Upper middle-income individuals are 21% less likely to see services as too expensive, and this is statistically significant ($p < 0.1$). This suggests that as income increases, the perceived cost barrier decreases. Upper-income individuals are 47.4% less likely to perceive services as too expensive, and this is highly significant ($p < 0.01$). This reflects the affordability of financial services for wealthier individuals, reducing the perceived cost barrier. Middle-income individuals are 34.9% less likely to cite religious reasons as a barrier, and this is statistically significant ($p < 0.05$). This suggests that religious concerns decrease as income increases. Upper-income individuals are 22% less likely to cite lack of money as a barrier, and this is statistically significant ($p < 0.1$). This reflects how financial constraints are less of an issue for wealthier individuals. Individuals in upper middle-income group are 40.1% more likely to cite reliance on a family member's account as a reason, and this is statistically significant ($p < 0.05$). This suggests that even as income increases, some individuals still rely on shared family financial management.

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

Upper-income individuals are 45.1% more likely to rely on a family member's account, and this is highly significant (***p < 0.01). This indicates that even wealthier individuals may still choose to use shared family accounts rather than opening individual ones.

In a nutshell, as income increases, the perception of banking services being too expensive decreases significantly. This suggests that affordability is a major concern for lower-income individuals and a less pressing issue for higher-income individuals, particularly those in the upper-income group. Higher-income individuals, especially in the middle-income group, are less likely to cite religious reasons, possibly indicating that financial education or wealth accumulation changes perceptions around religious barriers. Interestingly, as income increases, reliance on a family member's account becomes more prevalent. This might indicate shared family financial responsibilities or trust within wealthier households.

Individuals out of the workforce are 19.5% more likely to cite lack of documentation as a reason for not having a bank account, and this is statistically significant (p < 0.1). This suggests that documentation issues are more of a barrier for those not working, likely due to less frequent interaction with formal institutions that require documentation (e.g., employers or government agencies). Those out of the workforce are 33.4% less likely to cite lack of money as a reason for not having a bank account, and this is highly significant (p < 0.01). Individuals out of the workforce are 32.9% less likely to perceive no need for financial services, and this is statistically significant (p < 0.01). For individuals out of the workforce, lack of documentation is a significant barrier, but lack of money is less of a concern than expected. They also tend to see greater value in financial services despite their employment status. These findings point to the need for targeted interventions, such as simplifying documentation requirements and promoting financial services that cater to the unique needs of those outside the workforce.

Urban individuals are 32.7% less likely to cite geographical distance as a

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

reason for not having a bank account, and this is highly significant ($p < 0.01$). This makes sense because urban areas tend to have more financial institutions and better access to banking services, reducing the impact of physical distance as a barrier. Urban individuals are 38.9% more likely to perceive banking services as too expensive, and this is highly significant ($p < 0.01$). Despite better access to financial services, urban residents might face higher banking fees or costs, or they may be more aware of the true costs of services, which could explain why they are more likely to cite cost as a barrier. Urban individuals are 19.9 less likely to cite lack of money as a reason for not having a bank account, and this is statistically significant ($p < 0.05$). This suggests that urban residents, despite perceiving services as expensive, may have more financial resources or access to income-generating opportunities, making financial constraints less of an obstacle. Urban individuals are 15.8% more likely to cite reliance on a family member's account as a reason for not having their own, and this is statistically significant ($p < 0.1$). This could reflect shared financial responsibilities or trust within families, even in urban settings, where financial autonomy might be expected to be higher. Urban individuals are 17.5% less likely to perceive no need for financial services, and this is statistically significant ($p < 0.1$). This indicates that urban residents generally recognize the utility of financial services, perhaps due to increased exposure to financial institutions, marketing, or a greater need for financial management in urban economies.

Overall, urban individuals face fewer physical barriers (such as distance) but may be more sensitive to the costs of financial services. They are also less likely to cite financial constraints as a barrier but still rely on family members for banking services. This suggests that interventions to improve financial inclusion in urban areas should focus on addressing the perceived high costs of banking services and promoting financial independence.

Individuals with mobile access are significantly more likely to distrust financial institutions (39.7% more), cite lack of money (92.6% more), and see

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

no need for financial services (69.2% more), suggesting that mobile technology alone does not alleviate concerns about security, affordability, or perceived utility of banking. Conversely, those with both mobile and internet access are less likely to cite distance (43.2% less) and expense (36.8% less) as barriers, indicating that digital connectivity improves access to and perceptions of affordability in banking services. However, even with enhanced access, financial constraints (23.9% more likely to cite lack of money) and reliance on family financial arrangements (60.7% more likely to use a family member's account) persist, showing that while digital tools can bridge some gaps, they do not fully address underlying economic or family-based financial practices. Overall, access to mobile and internet services addresses some barriers, like geographical distance and cost, but does not eliminate others, such as financial constraints and trust issues. Efforts to promote financial inclusion should focus on improving trust, financial literacy, and addressing income barriers.

Resilient individuals are significantly less affected by typical barriers to banking. They are 26.3% less likely to view geographical distance as a barrier, suggesting better access to transportation or digital banking. They are 24.5% less likely to find banking services too expensive, indicating either higher incomes, better financial management, or knowledge of affordable options. Furthermore, they have 20.3% more trust in financial institutions, likely due to enhanced financial literacy or positive banking experiences. Most notably, they are 60.7% less likely to cite lack of money as a barrier, reflecting their greater financial stability and capacity to engage with formal financial services. These findings underscore that resilience contributes to overcoming various financial access challenges. Resilient individuals are 45.0% more likely to cite reliance on a family member’s account as a reason for not having their own, and this is highly significant ($p < 0.01$). This could reflect a preference for shared family financial management, even among individuals who are financially stable and resilient. Resilient individuals are 56.5% less likely to

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

perceive no need for financial services, and this is highly significant ($p < 0.01$). This suggests that resilient individuals recognize the importance and utility of financial services, likely because they engage in long-term financial planning and understand the benefits of having a bank account.

Overall, resilient individuals face fewer barriers to financial inclusion, especially concerning financial constraints and trust in financial institutions. However, their reliance on family members for accounts suggests that cultural or practical considerations still play a role, even among those with financial stability. Efforts to promote individual financial autonomy, even among resilient groups, could help improve overall financial inclusion.

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

Table 5. Results of Logit Model on Impediments of Financial Inclusion

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Variables	**too far**	**too expensive**	**lack documentation**	**lack trust**	**religious reason**	**lack money**	**family member has account**	**no need for financial services**
Age below 21 (base)								
Age 21-40	1.009	1.021	***0.494******	0.847	1.227	1.044	***0.551*****	1.100
	(0.125)	(0.127)	(0.0587)	(0.109)	(0.239)	(0.135)	(0.0685)	(0.173)
Age 41-60	0.971	1.037	***0.467*****	***0.715****	1.083	1.030	0.834	1.166
	(0.139)	(0.150)	(0.0661)	(0.109)	(0.247)	(0.156)	(0.121)	(0.211)
Age above 60	0.939	0.853	***0.275*****	1.005	1.264	1.065	0.810	1.073
	(0.210)	(0.196)	(0.0724)	(0.233)	(0.423)	(0.259)	(0.191)	(0.311)
Female	1.141	***1.259****	1.023	***1.261****	***0.782***	1.031	***0.656*****	1.166
	(0.111)	(0.121)	(0.102)	(0.126)	(0.106)	(0.106)	(0.0680)	(0.139)

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

Primary or less education (base)								
Secondary education	1.029	1.107	1.065	***0.814****	***0.750****	***0.822****	***1.242****	***0.746****
	(0.0948)	(0.103)	(0.101)	(0.0794)	(0.108)	(0.0802)	(0.120)	(0.0884)
Tertiary education	***0.597****	1.251	0.841	0.678	1.059	0.697	***1.923*****	0.668
	(0.161)	(0.296)	(0.214)	(0.178)	(0.348)	(0.170)	(0.442)	(0.194)
Lower income (base)								
Lower middle	1.054	1.013	0.941	1.058	0.907	1.162	0.977	1.123
	(0.142)	(0.135)	(0.133)	(0.154)	(0.171)	(0.178)	(0.152)	(0.206)
Middle	1.045	0.872	0.996	0.986	***0.651****	0.972	1.121	1.075

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

	(0.134)	(0.111)	(0.133)	(0.138)	(0.124)	(0.139)	(0.163)	(0.184)
Upper middle	0.908	***0.790****	1.005	1.192	0.811	0.866	***1.401****	0.970
	(0.118)	(0.101)	(0.135)	(0.165)	(0.150)	(0.121)	(0.199)	(0.164)
Upper	0.915	***0.526*****	0.847	1.240	0.768	***0.780****	***1.451*****	0.877
	(0.122)	(0.0715)	(0.118)	(0.174)	(0.149)	(0.109)	(0.203)	(0.149)
Out of workforce	0.983	1.125	***1.195****	1.086	1.081	***0.666*****	1.065	***0.671*****
	(0.0922)	(0.105)	(0.116)	(0.106)	(0.143)	(0.0668)	(0.107)	(0.0782)
Urban	***0.673*****	***1.389*****	1.071	1.027	1.174	***0.801****	***1.158****	***0.825****
	(0.0555)	(0.115)	(0.0906)	(0.0888)	(0.142)	(0.0697)	(0.101)	(0.0856)
No mobile (base)								
Mobile	0.996	0.932	1.167	***1.397*****	0.991	***1.926*****	0.946	***1.692*****
	(0.0979)	(0.0924)	(0.119)	(0.148)	(0.140)	(0.203)	(0.103)	(0.210)
Mobile & internet	***0.568*****	***0.632*****	0.862	0.919	0.853	***1.239****	***1.607*****	1.174

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

	(0.0766)	(0.0822)	(0.115)	(0.127)	(0.167)	(0.161)	(0.212)	(0.184)
Resilience	***0.737*****	***0.755*****	1.005	***0.797****	0.939	***0.393*****	***1.450*****	***0.435*****
	(0.0785)	(0.0806)	(0.107)	(0.0897)	(0.148)	(0.0388)	(0.147)	(0.0537)
Constant	0.719*	0.571***	0.653**	0.340***	0.156***	3.424***	0.381***	1.245
	(0.124)	(0.100)	(0.115)	(0.0628)	(0.0396)	(0.656)	(0.0711)	(0.283)
Observations	2,854	2,725	2,892	2,825	2,852	2,900	2,905	1,673

Robust standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

6. Conclusion

The objective of this study was to examine the determinants of impediments to financial inclusion in South Asia, using Global Findex 2021 data to analyze how socio-economic, demographic, and behavioral characteristics shape barriers to formal account ownership. By categorizing impediments into structural, institutional, socio-cultural, economic, and behavioral groups, the study sought to provide a comprehensive understanding of the multi-dimensional factors that hinder individuals' access to financial services.

The analysis highlights significant factors affecting financial inclusion across different age groups, genders, educational levels, income brackets, and resilience. Individuals aged 21-40 and 41-60 are less likely to perceive lack of documentation as a barrier, with older age groups experiencing fewer obstacles. Trust issues decrease with age, and younger individuals are more likely to rely on family members for financial access. Religious beliefs, cost, and geographical distance have minimal impact across all age groups.

Females are more likely to perceive financial services as expensive and cite trust issues with financial institutions compared to males, while being less likely to cite religious reasons as a barrier. Women also rely more on shared family accounts, underscoring the need for gender-focused financial policies and education. Higher education reduces barriers like lack of trust and religious concerns, and those with secondary or tertiary education show increased financial literacy and engagement. However, even tertiary-educated individuals may rely on shared family financial management.

Income plays a crucial role, as higher-income individuals perceive fewer cost-related barriers and religious concerns. Interestingly, reliance on family accounts persists even among wealthier individuals. For those out of the workforce, documentation poses a major barrier, while financial constraints are less of a concern than expected. They recognize the need for financial services despite limited income. Urban residents face fewer geographical barriers but are more likely to perceive banking services as

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

expensive. Urban individuals also tend to rely on family members for financial services, despite having more financial resources. Mobile and internet access significantly reduce barriers like geographical distance and cost but do not eliminate trust issues or financial constraints. Resilient individuals face fewer barriers, with higher financial stability and trust in financial institutions, though they also tend to rely on family accounts.

Overall, the findings suggest that promoting financial literacy, addressing trust issues, and ensuring access to affordable banking services are critical to enhancing financial inclusion, particularly for women, low-income individuals, and those with limited education or employment.

Based on the logit model findings, this study recommends targeted policies to reduce barriers to financial inclusion in South Asia. Simplifying documentation through digital IDs, enhancing transparency, and promoting financial literacy can build trust and reduce young individuals' dependence on family-managed accounts. For women, affordable banking options, trust-building programs, and financial education are essential to strengthen financial autonomy. Expanding low-cost services for low-income groups, tailored products for non-workers, and awareness campaigns about affordable banking can address cost-related concerns. Promoting digital banking in underserved areas, coupled with literacy and trust-building initiatives, can bridge access gaps, while resilience-focused financial planning can encourage greater independence. Overall, these measures address documentation, trust, gender, income, and digital access challenges, moving toward inclusive and equitable financial systems in the region.

References

Abdu, E., & Adem, M. (2021). Determinants of financial inclusion in Afar Region: Evidence from selected woredas. Cogent Economics & Finance, 9(1), 1920149.

Adil, F., & Jalil, A. (2020). Determining the financial inclusion output of banking sector of Pakistan—supply-side analysis. Economies, 8(2), 42.

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

Ahamed, M. M., & Mallick, S. K. (2019). Is financial inclusion good for bank stability? International evidence. Journal of Economic Behavior & Organization, 157, 403-427.

Ahmad, Y., & Rooh, S. (2022). The determinants of financial inclusion in Pakistan. Academic Journal of Social Sciences, 6(1), 28-47.

Arshad, A. (2023). Nexus between financial inclusion and women empowerment: evidence from developing countries. Gender in Management: An International Journal, 38(4), 561-580.

Asim, M., Shair, W., Hassan, R. U., & Iftikhar, R. (2025). Determinants of Financial Inclusion in South Asia: Evidence from the Global Findex 2021. International Journal of Advanced Social Studies, 5(1), 94-112.

Asuming, P. O., Osei-Agyei, L. G., & Mohammed, J. I. (2019). Financial inclusion in sub-Saharan Africa: Recent trends and determinants. Journal of African Business, 20(1), 112-134.

Aurazo, J., & Vega, M. (2021). Why people use digital payments: Evidence from micro data in Peru. Latin American Journal of Central Banking, 2(4), 100-114.

Badar, R., Anwar, S., & Naqvi, S. A. A. (2020). Financial inclusion and determinants in South Asian countries. Journal of Accounting and Finance in Emerging Economies, 6(2), 623-633.

Beck, T., Demirgüç-Kunt, A., & Peria, M. S. M. (2007). Reaching out: Access to and use of banking services across countries. Journal of Financial Economics, 85(1), 234–266. https://doi.org/10.1016/j.jfineco.2006.07.002

Becker, G. S. (1964). Human capital: A theoretical and empirical analysis, with special reference to education. New York: Columbia University Press.

Bekele, W. D. (2023). Determinants of financial inclusion: A comparative study of Kenya and Ethiopia. Journal of African Business, 24(2), 301-319.

Dar, A. B., & Ahmed, F. (2021). Financial inclusion determinants and impediments in India: Insights from the global financial inclusion

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

index. Journal of Financial Economic Policy, 13(3), 391-408.

Demirgüç-Kunt, A., Klapper, L., Singer, D., & Ansar, S. (2022). The Global Findex Database 2021: Financial inclusion, digital payments, and resilience in the age of COVID-19. Washington, DC: World Bank.

Gurley, J. G., & Shaw, E. S. (1960). Money in a theory of finance. Washington, DC: Brookings Institution.

Hassan, R. U., Shair, W., Asim, M., & Ahmad, S. (2025). Unequal Resilience: Exploring the Determinants of Financial Resilience in South Asia. Journal of Economic Impact, 7(2), 135-145.

Kuada, J. (2022). Financial inclusion and small enterprise growth in Africa: emerging perspectives and research agenda. African Journal of Economic and Management Studies, 13(3), 402-417.

Kumar, J., & Ahuja, A. (2024). Financial inclusion: Key determinants and its impact on financial well-being. Global Business and Economics Review, 31(3), 330-353.

Levine, R. (1997). Financial development and economic growth: Views and agenda. Journal of Economic Literature, 35(2), 688–726.

Mhlanga, D. (2021). Factors that matter for financial inclusion: Evidence from sub-Sharan Africa-The Zimbabwe Case. Academic Journal of Interdisciplinary Studies, 10(6), 48-48.

Modigliani, F., & Brumberg, R. (1954). Utility analysis and the consumption function: An interpretation of cross-section data. In K. K. Kurihara (Ed.), Post-Keynesian economics (pp. 388–436). New Brunswick, NJ: Rutgers University Press.

Mossie, W. A. (2022). Understanding financial inclusion in Ethiopia. Cogent Economics & Finance, 10(1), 2071385.

Nsiah, A. Y., & Tweneboah, G. (2023). Determinants of financial inclusion in Africa: is institutional quality relevant? Cogent Social Sciences, 9(1), 2184305.

Omar, M. A., & Inaba, K. (2020). Does financial inclusion reduce poverty and

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

income inequality in developing countries? A panel data analysis. Journal of economic structures, 9(1), 37.

Sarpong, B., & Nketiah-Amponsah, E. (2022). Financial inclusion and inclusive growth in sub-Saharan Africa. Cogent Economics & Finance, 10(1), 2058734.

Sethy, S. K., Mir, T. A., Gopinathan, R., & Joshi, D. P. (2023). Exploring the socio-economic attributes of financial inclusion in India: a decomposition analysis. International Journal of Social Economics, 50(7), 941-955.

Shabir, S., & Ali, J. (2022). Determinants of financial inclusion across gender in Saudi Arabia: evidence from the World Bank's Global Financial Inclusion survey. International Journal of Social Economics, 49(5), 780-800.

Shair, W., Hussain, S., Asif, M., & Niamat, A. (2024a). Financial Inclusion, Sustainability, and Financial Wellbeing in OIC and Non-OIC Countries. In Financial Inclusion, Sustainability, and the Influence of Religion and Technology (pp. 164-185). IGI Global.

Shair, W., Jabeen, F., Zafar, M. B., & Hassan, R. U. (2024b). Assessing the Impact of Digitalization and Digital Payments in Advancing Financial Inclusion. iRASD Journal of Economics, 6(3), 776-785.

Shair, W., Tayyab, M., Nawaz, S., & Amjad, K. (2023). Digital divide in Pakistan: Barriers to ICT adoption. Bulletin of Business and Economics (BBE), 12(2), 243-252.

Solanki, P., & Chhikara, K. S. (2024). Constraints to the promotion of financial inclusion in India: an empirical study of implementing agencies under Pradhan Mantri MUDRA Yojana. International Journal of Social Economics, 51(8), 1076-1092.

Tinta, A. A., Ouédraogo, I. M., & Al-Hassan, R. M. (2022). The micro determinants of financial inclusion and financial resilience in Africa. African Development Review, 34(2), 293-306.

Zins, A., & Weill, L. (2016). The determinants of financial inclusion in

Volume. 4 Issue No. 3 (2025)
Online ISSN: 3006-2047
Print ISSN: 3006-2039

Africa. Review of Development Finance, 6(1), 46-57.

Zulfiqar, K., Chaudhary, M. A., & Aslam, A. (2016). Financial inclusion and its implications for inclusive growth in Pakistan. Pakistan Economic and Social Review, 54(2), 297-325.