A Review of Determinants of Financial Inclusion

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ABSTRACT

The role of financial inclusion in the economic and financial discourse has gained a lot of interest both among academia and practitioners. The discussion has further received attention from development partners such as the World Bank, International Monetary Fund, G20 and AFDB among others. Taking cue from developments elsewhere Zimbabwean government commissioned the national financial inclusion strategy. The objective of the current study is to evaluate determinants of financial inclusion in Zimbabwe. The study established that age, education, financial literacy, income, and internet connectivity are positively related to financial inclusion. On the other hand the documentation required to open bank accounts and the distance to the nearest access point are negatively related to financial inclusion. The study recommends that the government should put in place policies that encourage financial service providers to set up their operations closer to the people or ensure they adopt technologies that ensure financial services are more accessible such as agency and mobile banking. The government should therefore encourage the use of KYC lite accounts to ease documentation requirements without compromising anti-money laundering framework which can destabilise the financial system.

Keywords: Financial Inclusion, Financial Discourse, Financial System
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1. INTRODUCTION

The role of financial inclusion in the economic and financial discourse has gained a lot of interest both among the academia and practitioners. Despite financial inclusion becoming prominent in the financial literature there is no commonly accepted definition of financial inclusion (Tita and Aziakpono, 2017). The absence of a universal accepted definition is a result of multidimensional nature of financial inclusion and various approaches in different jurisdictions. The term financial inclusion involve transactions, payments, savings, credit and insurance being distributed in a responsible and sustainable way. In broader terms, the term financial inclusion can be defined as the process of bringing the weaker and vulnerable members of society into the ambit of organised financial system which ensures that they access timely and adequate credit and other financial products at affordable price. Financial inclusion describes a situation where the bulk of financial services reach a sufficiently large share of the population (Olaniyi and Adeoye, 2016).

Financial inclusion initiatives are generally multi-pronged and are designed predominantly to address all the systemic and institutional inadequacies, at the same time urging individuals to overcome barriers at their personal level (Kempson et al., 2004). The deepening of financial inclusion in different countries is being done through charters or codes of practice by financial institutions, directives issued by central banks and or national vision statements underpinned by government legislation. Financial inclusion initiatives are receiving support from governments as well as international bodies including the World Bank, International Monetary Fund, G20 and AFDB among others (Frost and Sullivan Report, 2009).

The Government of Zimbabwe, understanding the significant contribution of an inclusive financial sector to the socio economic development of the country, launched the national financial inclusion strategy in 2016 with an overarching motivation of enabling an in-depth analysis of barriers to financial inclusion (Reserve Bank of Zimbabwe, 2016). Given the plethora of research currently taking place, no study to the authors' knowledge has been carried out on the determinants of financial inclusion in Zimbabwe. This study therefore contributes to the understanding of the drivers of financial inclusion in Zimbabwe and informs

government policies on how the country can achieve the 2020 targets on financial inclusion. The study draws data from Fin Scope Consumer Survey that was done in 2014 by Finscope and the Zimbabwe Statistical Agency (Zimstats) with a sample 4000 respondents. FinScope surveys involve a range of stakeholders engaging in a comprehensive consultation process and are an important component of the making access possible (MAP) methodology as it is the demand tool that assists in determining the levels of financial access in a country.

2. FINANCIAL INCLUSION IN ZIMBABWE

In line with the Global Developments, the Government of Zimbabwe has fully embraced the concept of Financial Inclusion. Zimbabwe's commitment towards financial inclusion is signified by the country's assent to commitments made under the Maya Declarations to make concrete financial inclusion targets, implement in-country policy changes, and regularly share progress updates. It provides a mechanism that allows policymakers to apply positive peer pressure to promote financial inclusion. The public declaration ensures that initiatives aimed at promoting an inclusive financial sector are developed and implemented within the stated timelines.

Financial inclusion has been placed high on the national agenda because of the heightened realisation that there are mutually reinforcing contributions of financial sector development to poverty alleviation and economic growth. For sustained and inclusive economic development to be achieved, it is accepted that the low income earners, women, youth and other vulnerable and previously marginalized groups must have access to appropriate financial services. Access to financial services promotes, inter alia, the establishment of new enterprises, growth of existing companies, innovation and risk reduction, leading to financial deepening and greater financial sector development.

The Government, with the assistance of development partners, has undertaken a number of diagnostic studies to measure the level of financial inclusion. These include the Fin Scope Consumer Survey (2011), Fin Scope MSME Survey (2012) and Consumer Protection and Financial Literacy Diagnostic Review (2015). The studies revealed that 23% of Zimbabwe's adult population was financially excluded, 30% of Zimbabwe's adult population made use of banking services, 14% of MSME owners were banked and 1% of adult population in Zimbabwe made use of capital market services.

The Government of Zimbabwe commissioned a National Financial Inclusion Strategy in 2016 (Reserve Bank, 2016). The strategy defines financial inclusion as "*the effective use of a wide range of quality, affordable* and *accessible financial services, provided in a fair and transparent manner through formal and or regulated entities, by all Zimbabweans*" (Reserve Bank of Zimbabwe, 2016).

The thrust of the strategy is to ensure that there is an inclusive financial system that is responsive to the needs of all Zimbabweans. Specifically, the strategy seeks to increase the overall level of access to affordable and appropriate formal financial services

within the country from 69% in 2014 to at least 90% by 2020; and increase the proportion of banked adults from 30% in 2014 to at least 60% by 2020 (Reserve Bank of Zimbabwe, 2016). The Strategy recognises the needs of special interest groups, namely women, youth, MSMEs, the rural and the small scale agricultural communities to be brought into the banking fold (Reserve Bank of Zimbabwe, 2016).

The national financial inclusion strategy evolve around four main pillars: Financial innovation, financial capability, financial consumer protection and microfinance (Reserve Bank of Zimbabwe, 2016). The strategy notes that financial inclusion can only improve the lives of the disadvantaged groups if the financial institutions are able to discern the requirements of these groups through developing appropriate financial products.

The Fin Scope Survey (2014) shows that there has been some improvements in the financial inclusion landscape between 2011and 2014 (Table 1). The number of adults who are financially included rose between 2011 and 2014, as well as those with formal banking accounts. The proliferation of mobile banking in the country has resulted in a surge in adults who are cell phone banked. Another interesting phenomena that took place between 2011 and 2014 was the introduction of agency banking improving access to financial services.

Given the government's commitment towards financial inclusion and the encouraging statistics showing improvement in key financial inclusion indicators, the study seeks to evaluate the determinants of financial inclusion in Zimbabwe.

3. LITERATURE REVIEW

The role of financial inclusion is well debated in literature (Karpowicz, 2014; Akudugu, 2013; The World Bank, 2015; Han and Sherraden, 2009; Mullainathan and Shafi, 2009). The development an all-inclusive financial system requires that the needs of the different users be taken into cognisance so as to ensure financial products are appreciated by all. Determination of the drivers of financial inclusion improves the uptake of the

Table 1: Key financial inclusion indicators as at 2011 and 2014

Indicator	2014	2011
Financially excluded (%)	23	40
Formally served (%)	69	38
Reliance on exclusively informal financial products or services (%)	7.8	22
Reliance on exclusively bank products (%)	1	8
Reliance on exclusively non-bank products (%)	23	6
Number of banked adults	2.17 m	1.45 m
Cell phone banking adults	560,000	40,000
Number of people registered for mobile banking	3.15 m	-
POS terminals deployed	16000	22100
POS density per 100,000 adults	300	400
Mobile banking agents	30,000	n/a

Source: Fin Scope Consumer Survey (2014)

financial products. Financial inclusion across countries varies and the reasons for the variations could be micro or macro in nature.

Financial inclusion can improve national output if it involves a large share of the population (Naceur et al., 2015). Financial inclusion has the potential to improve individual and household welfare, spur small enterprise activity, increase economic growth and employment, as well as improve effective execution of social policies and development priorities. There are a number of studies that have focused on the determinants of financial inclusion in Africa (Uddin et al., 2017; Zins and Weill, 2016; Olaniyi and Adeoye, 2016; Musa et al., 2015; Akudugu, 2013) which has been done at either country level or regional level with divergence in the results.

The barriers to financial inclusion can be categorised into access, depth and efficiency (Karpowicz, 2014). The access barriers are associated with the physical infrastructure, documentation requirements by financial institutions and bureaucratic procedures in accessing finance. Karpowicz (2014) define depth barriers as those associated with collateral requirements, information disclosures as well as contract enforcement procedures. Distance to facilities, burdensome paper work requirements, and other such inclusion barriers are likely to discourage both individuals and enterprises from using formal finance hence a significant barrier to financial inclusion (Karpowicz, 2014). Akudugu (2013) notes that there are a number of challenges that are faced in the promotion of financial inclusion. The informal market is hamstrung by lack of capacity and limited resources base. The formal financial market is affected by the rules and regulations that govern their operations which leads to the exclusion of the marginalized.

People can either be voluntarily or involuntarily excluded (de Koker and Jentzsch, 2011; Tita and Aziakpono, 2017). Voluntary exclusion is a result of religious, cultural reasons or lack of interest in financial services. Involuntary exclusion includes lack trust in the financial system (Dittus and Klein, 2011) or barriers such as affordability, inappropriate product design and inability to meet eligibility criteria (European Commission, 2008). Olaniyi and Adeoye (2016) identified that they exist the self-withdrawn group besides the voluntarily excluded and the involuntary excluded. The self-withdrawn are the bank customers who scaled access barriers but, then, withdraw from the financial system (Olaniyi and Adeoye, 2016).

The determinants of financial inclusion can be demand or supply driven. The demand side factors include the socio-economic characteristics such as income, education, age and gender from the demand side. On the other hand, supply side factors include individual attitudes and perceptions which influence the decision to use financial services. World Bank (2015) highlights that apart from socio economic factors, financial decisions can be influenced by attitude and behavioural traits. Han and Sherraden (2009) claim that the decision by individuals to save are determined by their attitude. Poverty stricken individuals make their decision based on emotions. Mullainathan and Shafi (2009) contend that those in poverty, small emotional factors could hamper prudent financial decisions such as product uptake. The developments

in technology have a positive impact on the access to financial services as they enhance the effective distribution of financial products and services even in remote areas. Improvements in technology brings about easier access to financial products for the women since it cuts down on the need to travel long distances Duncombe and Boateng (2009).

3.1. Empirical Literature

A number of studies have examined the determinants of financial inclusion (Uddin et al., 2017; Zins and Weill 2016; Soumaré et al. 2016; Olaniyi and Adeoye 2016; Siddik et al., 2015; Nandru et al., 2015; Tuesta et al., 2015; Musa et al. 2015; Chithra and Selvam, 2013; Akudugu, 2013).

Uddin et al. (2017) investigated the determinants of financial inclusion in Bangladesh during the period 2005–2014. The study employed the generalised method of moments and the quantile regression approach. The study distinguished between the supply side and demand side determinants of financial inclusion. The study established size of a bank, efficiency, and the interest rates as supply side determinants, while literacy rate and age dependency ratio were demand factors. Zins and Weill (2016) investigated the determinants of financial inclusion in Africa using the World Bank's Global Findex data base on 37 African countries. The study employed the probit estimation method and found that financial inclusion was determined by gender, age and educational levels with a higher influence of education and income.

Soumaré et al. (2016) studied the factors determining financial inclusion in Central and West Africa. The study employed the Global Financial Inclusion database (Global Findex). The authors found that financial inclusions was driven by gender, education, age, income, residence area, employment status, marital status, household size and degree of trust in financial institutions. The results imply that financial inclusion is mostly affected by the individual attributes in the Central and West African countries. The study identified that there were some differences between Central Africa and West Africa. Gender was a positive significant determinant of financial inclusion in Central Africa while income was significant in West Africa. Olaniyi and Adeoye (2016) also studied the factors affecting financial inclusion in Africa during the period 2005–2014. The study employed the dynamic panel data approach to establish the determinants of financial inclusion. The study found that financial inclusion was driven by per capita income, broad money as a percentage of GDP, literacy rate, internet access and presence of Islamic banking activities.

Siddik et al. (2015) studied the determinants of financial inclusion in Bangladesh using multi-dimensional index. The study established that rural population, household size, and literacy rate were significant variables among the socio-geographic variables. The infrastructure variables which were found to be significant in determining financial inclusion were paved road networks and internet. The deposit penetration in the banking sector was found to be the significant determinants of financial inclusion. Nandru et al. (2015) examined the factors that increase financial inclusion in Pondicherry region. The study employed factor analysis and multiple regression methods to understand the

relationship between usage and frequency of banking services and other independent variables. The study established that easiness in accessing bank products and purpose of opening bank account have significant influence on usage frequency of banking services.

Tuesta et al. (2015) studied the factors affecting financial inclusion in Argentina. The study adopted three dimensions of financial inclusion: Supply side factors, individual factors and factors affecting perception. The factors that are significant in affecting financial inclusion from an individual perspective were a person's level of education, income and age. Income and age were the factors affecting the perception of different barriers of involuntary exclusion. Musa et al. (2015) investigated the drivers of financial inclusion and its gender gap in Nigeria using The Global Findex 2011 dataset. The study used the Binary Probit Model and Fairlie decomposition methodology. The study established that financial inclusion in Nigeria was driven by youthful age, better education and high income. The study also found that old age, female and low income reduce the likelihoods for households to be financially included. The decomposition results confirm the existence of gender gap in financial inclusion in favour of male households.

Chithra and Selvam (2013) undertook a study on inter-state variations in the access to finance, using a composite financial Inclusion Index. The study identified that financial inclusion was determined by socio-economic factors, income, literacy, population, deposit and credit penetration. Akudugu (2013) studied drivers of financial inclusion in Ghana. The study established that only 40% of adult in Ghana were involved in the formal financial institutions. The study found that financial inclusion was determined by the age of individuals, literacy levels, wealth class, distance to nearby financial institutions, lack of documentation, lack of trust for formal financial institutions, money poverty and social networks as reflected in family relations.

4. METHODOLOGY AND DATA

This section discusses the methodology and the data used for the study. Financial inclusion determinants can be modeled using either the logistic model or the probit model (Potrich et al., 2015). These models follow the discrete choice models which relate the choice made by each person to the attributes of the person and the attributes of the alternatives available to the person. The models estimate the probability that a person chooses a particular alternative. The models are often used to forecast how people's choices will change under changes in demographics and/or attributes of the alternatives. Discrete choice models specify the probability that an individual chooses an option among a set of alternatives. The probabilistic description of discrete choice behavior is used not to reflect individual behavior that is viewed as intrinsically probabilistic. According to Gujarati (2006), logit and probit models are similar in most applications. Despite similarities among the models, the estimated coefficients are not directly comparable (Gujarati, 2006).

The current study employs the logit model to investigate the determinants of financial inclusion following the work of Akudugu (2013) and Potrich et al. (2015). The underlying thinking behind the use of the logit model is premised on the fact that people are faced with decisions on whether to be formally financially included or not. Akudugu (2013) argue that individuals makes a decision on whether to be included or not on the reaction threshold inherent in them based on a number of factors, beyond the threshold the person will not seek to be included in the formal financial market while at the critical threshold level the desire to be included in the formal financial market is motivated.

To capture such phenomena in mathematical form:

$$Y_i = \beta X_i + U_i \tag{1}$$

Where Y_i is the observed response for the ith individual adult who is either formally financially included or not included. X_i is a set of independent socioeconomic and demographic variables such as age, gender, level of education, distance to the nearest bank or cost of accessing financial services among others.

Y_i will equal one when an individual is financially included and zero otherwise. This means that: $Y_i = 1$ if X_i is greater than or equal to critical value, X^* and $Y_i = 0$ if X_i is $\leq$ critical value, X^*.

It is important to note that X^* represents the combined effects of the independent variables X_i at the threshold level. Equation 1 represents a binary choice model involving the estimation of probability of an individual being included in the formal financial market (Y) given a set of factors (X) which are exogenous to the individual adults. In mathematical notation, this is shown as:

$$P(Y_i = 1) = F(\beta' X_i) \tag{2}$$

$$P(Y_i = 0) = 1 - F(\beta' X_i) \tag{3}$$

The logit model uses a logistic cumulative distributive function to estimate, P as follows:

$$P(y = 1) = \frac{e\beta'^X}{1 + e\beta'^X} \tag{4}$$

$$P(y = 0) = 1 - \frac{e\beta'^X}{1 + e\beta'^X} = \frac{1}{1 + e\beta'^X} \tag{5}$$

The probability model is a regression of the conditional expectation of Y on X resulting in:

$$E(Y \mid X) = 1(F(\beta' X_i) + 0(1 - F(\beta' X_i)) = F(\beta' X_i) \tag{6}$$

Since the model is nonlinear, the parameters are not necessarily the marginal effects of the various independent variables. The relative effect of each of the independent variables on the probability of inclusion in the formal financial market by individual adults is obtained by differentiating the above equation with respect to X_{ij} and results in:

$$\frac{\delta P_i}{\delta X_{ij}} = F(\beta'X_i)(1 - F(\beta'X_i))\beta \qquad (7)$$

The model is then estimated using the maximum likelihood method. To analyze the relationship between financial inclusion and socioeconomic and demographic variables, the empirical model estimated is:

$$P(FinInc=1/X)=\beta_0+\beta_1 age+\beta_2 agesq+\beta_3 hsex+\beta_4 heduc+\beta_5 dist+\beta_6 doc +\beta_7 trust+\beta_8 income+\beta_9 intercon+\beta_{10} finlit+\mu_i \qquad (8)$$

Where the dependent variable P(FinInc=1/X) is the probability that an adult individual or household head will seek formal financial services given the vector of observable socio-demographic, economic and institutional characteristics (Table 2). Financial inclusion according to the survey was defined as those adults who have or use financial products and or services.

The study draws data from the Fin Scope Consumer Survey 2014. The Fin Scope Consumer Survey is an important component of the MAP methodology as it is the demand tool that assists in determining the levels of financial access in a country. MAP is a diagnostic and programmatic framework to support expanding access to financial services for individuals and micro- and small businesses. A total of 4000 face-to-face interviews were conducted. The sampling frame, quality control and weighting of the data was conducted by ZIMSTAT, a government statistical agency. The sample is a nationally representative individual-based sample of Zimbabweans aged 18 years and older. The Fin Scope Surveys in Zimbabwe not only enabled the assessment of the landscape of financial access but also provided a benchmark for repeat surveys that will enable impact of access-related policy initiatives to be assessed.

5. PRESENTATION AND INTERPRETATION OF RESULTS

The results for the estimation of the financial inclusion model using the logit model are presented in Table 3.

The results show that there is a positive relationship between age and financial inclusion. This means that financial inclusion increases with age until it reaches a certain age beyond, which it starts to decrease. This is confirmed by the negative coefficient of the age squared. The result is supported by a number of studies (Peña et al., 2014; Hoyos et al., 2013). As people age they become knowledgeable about the various financial products and start using them till they reach a certain age maybe towards retirement where they stop having interest.

The study also established that education is a significant factor in explaining financial inclusion in Zimbabwe. Educated people are able to comprehend the various financial products on the market and make informed decisions hence improving on their access to these. Peña et al. (2014) argues that education is a way of measuring knowledge, skillsets and capacity to make decisions in

Table 2: Description of the variables

Variable	Description
Age	The age of the adult individual or household head in years
Age squared	The age squared of the adult individual or household head in years
Hsex	The sex of the adult individual or household head male=1 and 0 otherwise
Hedu	The level of education attained by the adult individual or household head
Dist	The distance to the nearest bank, post office, ATM, point of sale or Mobile money agent
Doc	The documents required by banks and other financial institutions in offering their products and services to consumers;
Trust	The trust of the adult individual or household head in the formal financial services
Income	The level of income of the adult individual or household head
Intercon	Internet Connectivity – connectivity to internet
Finlit	Refers to whether a household head if financially literate or no

Source: Finscope Survey 2014

Table 3: Determinants of financial inclusion - logit model

Variable	Logit model
Constant	−3.893134 (0.0001)
Age	0.078177 (0.0448)
Agesq	−0.000714 (0.0751)
Hsex	−0.304323 (0.1743)
Hedu	0.779263 (0.0007)
Dist	−0.389315 (0.0000)
Finlit	0.387210 (0.0699)
Trust	0.332152 (0.0494)
Income	0.002527 (0.0000)
Intercon	0.679179 (0.0003)
Doc	−0.298335 (0.0822)
R^2	0.2137

Source: Own calculation

formal financial markets hence the positive relationship between financial inclusion and education. The results are supported by prior studies (Kempson et al., 2013; Cole et al., 2019; Ellis et al., 2010).

The results show a positive and significant relationship between financial inclusion and financial literacy. The results reveal that financial literacy is a good predictor of the demand for financial products by the populace. Financial literacy shows the knowledge and skillsets in reading the financial products on the market hence it means those people who are financially literate are able to understand the advantages and disadvantages of the various financial products. The financial literate are therefore well informed in making their decisions. The results are supported by other prior studies in other jurisdictions (Lusardi and Mitchell 2007; Cole et al., 2009).

The study results also show that distance has a negative significant impact on financial inclusion. The result means that the greater the distance away from centres that provides financial products the less the people will be financially included. Distance diminishes the

chances of people to access financial products. Financial products should be easily accessible to the people form them to be able to derive any utility from them. This implies that access to financial services is a function of the distance between the service provider and the consumer of the financial product.

Trust has a positive and significant relationship with financial inclusion. This means that as people increase their trust in the financial services in the economy there increase also their uptake of the same services. Shankar (2013) identified that negative experiences and perceptions of financial institutions makes people to gain mistrust of financial institutions leading to self-exclusion. The Global Findex (2012) also reported that lack of trust in the banking system has caused disparities in financial inclusion. Lack of customer trust in the financial system could be a result of improper supervisory mechanisms.

The study shows that there is a positive relationship between financial inclusion and income. As people's income increases financial inclusion also increases. In the Zimbabwean context this results makes sense because the majority of the people who earn an income get paid through a bank account. Of late because of cash shortages even those employed in the informal sector are now receiving their income through bank accounts or mobile money platforms. With the high mobile penetration rate in the country, almost everyone has access to mobile money services in the country. The result is supported from other studies (Beck and de la Torre, 2006).

The study shows that there is a negative relationship between financial inclusion and documentation. Access to banking products entails that one is supposed to complete a number of forms and also produce a number of documents to the satisfaction of the financial institution. In light of the anti-money laundering laws and KYC requirements, banks are supposed to undertake due customer diligence. In most cases people who are engaged in the informal sector do not have these documents such as the proof of residence. This then precludes those who don't have these documents to be involuntarily excluded from enjoying financial products. The Reserve Bank of Zimbabwe in an effort to lessen the burden on the requirement of documentation has since introduced the KYC light accounts for the low income earners as a way of making people to become banked. This allows individuals to open bank accounts using the national identity card only hence doing away with the need for proof of residence.

Internet connection has a positive and significant impact on financial inclusion. This means that as internet connectivity increases in the country, the majority of people become financially included. Duncombe and Boateng (2009) argues that technological innovations such connectivity improves access to financial products by the populace. Internet connectivity cuts down on the distance one has to travel hence cutting on their cost of transportation in accessing financial services. Of late in Zimbabwe, internet connection has increased uptake of banking products as people prefer to do their banking online. This has mostly been necessitated by the scarcity of cash in the economy. In cash light

Table 4: Determinants of financial inclusion - probit model

Variable	Probit model
Constant	−2.216027 (0.0000)
Age	0.045229 (0.0276)
Agesq	−0.000420 (0.0456)
Hsex	−0.160043 (0.1882)
Hedu	0.379118 (0.0009)
Dist	−0.212917 (0.0000)
Finlit	0.224945 (0.0567)
Trust	0.186553 (0.0412)
Income	0.001380 (0.0000)
Intercon	0.406574 (0.0002)
Doc	−0.159447 (0.0806)
R^2	0.2151

Source: Own calculation

economies people prefer to use technology to do their financial transactions.

As a robustness check the determinants of financial inclusion model were also estimated using the Probit model. The results are shown in Table 4.

The probit regression model produced similar results as those obtained using the logit model. Table 4 shows that age, education, financial literacy, income, documentation and internet connectivity are positively related to financial inclusion while documentation and distance to the nearest provider of financial services negatively impact financial inclusion.

6. CONCLUSIONS AND RECOMMENDATIONS

The Zimbabwean government has been committed to improving financial inclusion in the country hence has commissioned two consumer financial inclusion surveys since 2010. Given the government's commitment towards financial inclusion and the encouraging statistics showing improvement in key financial inclusion indicators, the study sought to establish the determinants of financial inclusion in Zimbabwe. In line with the objective, the study has established that financial inclusion is driven by age, education, financial literacy, distance, income, documentation and internet connectivity. Of these results age, education, financial literacy, income, documentation and internet connectivity are positively related to financial inclusion. This implies that an increase in any of these variable significantly increases the level of financial inclusion in the country. On the other end the longer the distance to the nearest financial access point reduces the chances of people being financial included. This implies that the government should support expansion of delivery channels by banks that reach out to marginalized and unbanked areas, without the increasing banks costs This would encourage innovations such as agency banking and mobile banking to be adopted as a way of increasing access to financial products by the populace. On the other hand documentation had a negative relationship with financial inclusion. This implies that an increase in the quantum of documents required to access financial products discourages people from being financially included hence people may become involuntarily excluded. The government should therefore encourage the use of

KYC lite accounts which do not require a lot of documentation while at the same ensuring that the system does not work against the anti-money laundering framework, which can destabilise the whole financial system.

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