

Deconstructing the definitions of financial inclusion How can it really be enhanced?

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Abstract

The importance of financial inclusion has gained relevance with the establishment of the Sustainable Development Goals as they are interrelated with providing higher standards of living. One way to increase people's living conditions and welfare is through access to financial services and products that provide them with better opportunities. This study aims to analyze the definitions of financial inclusion to shed light on what should be considered when efforts to enhance financial inclusion are employed. The wording of the definitions is first analyzed with a focus on the organization which provides it. We found that the most repetitive adjectives in the definition of the concept were accessible, affordable, responsible, quality, and deliverable. We also develop a thoughtful analysis of these characteristics within the financial inclusion literature. Subsequently, this study empirically investigated the relationship between financial inclusion, access, and affordability to determine if these characteristics really enhance financial inclusion. The method employed was linear regressions (OLS). The theoretical and empirical findings helped us provide an up-to-date comprehensive definition of financial inclusion based on the significant and important components such as the accessibility and the reinforcement of ethics and law regulations which may aid financial institutions when they launch financial services and products that seek improvement in the customers' lives.

Keywords: Financial literacy, financial access, financial education, financial services, financial products