

# Leveraging Fintech for Financial Inclusion and Capital Market Development

Pat Obi

*Purdue University Northwest, USA*

## Abstract

This study investigates the role of fintech in enhancing the relationship between financial inclusion and capital market development (CMD). Using static and dynamic panel estimation models, we assess how fintech can expand access to wealth-building financial products. Two measures of financial inclusion were used: financial service usage (FIU) and financial service access (FIA). Results show that FIU positively impacts CMD, while FIA has a negative effect. Fintech is found to partially mediate the relationship in that while both measures of financial inclusion remain statistically significant, their individual effects on CMD are reduced when fintech is introduced into the model. Fintech also weighs in as a positive moderator, reinforcing the benefits of financial inclusion, particularly in countries with higher inclusion levels. The study further finds that historical conditions have a greater influence than current events in shaping the growth of capital markets. Policy recommendations are offered along those lines.

**Keywords:** fintech; financial inclusion; capital market development; fixed effects; GMM