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Does FinTech Drive Entrepreneurship? Empirical Evidence from Emerging Economies

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Abstract

This study examines the role of financial technology (FinTech) in driving entrepreneurship development across a panel of emerging economies over the period 2010–2024. Motivated by the growing significance of FinTech in reshaping financial landscapes and fostering entrepreneurial activities, this study employs the PMG-ARDL estimation technique alongside panel quantile regression to capture both the long-run relationship and the heterogeneous effects of FinTech across different quantiles of the entrepreneurship distribution. The empirical results reveal that FinTech exerts a significant and positive influence on entrepreneurship development in emerging economies, confirming the study's hypothesised relationship. Furthermore, the quantile regression results demonstrate that the impact of FinTech on entrepreneurial activities exhibits significant heterogeneity across different quantiles of the entrepreneurship distribution, suggesting that the benefits of FinTech are not uniformly distributed across all levels of entrepreneurial development. Additional control variables, including government expenditure, trade openness, and foreign direct investment, are found to play meaningful roles in shaping entrepreneurial activities. The findings underscore the critical importance of promoting FinTech adoption and development as a strategic tool for fostering entrepreneurship in emerging economies. Relevant policy recommendations are discussed accordingly.

Keywords: Emerging economies; Entrepreneurship; FinTech; PMG-ARDL