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I. Introduction

FINANCIAL INCLUSION (FI) AIMS to provide all segments of society uniform access to financial services and it serves an important part in the economic growth (World Bank, 2013). FI has received greater attention from academicians and policymakers because of its positive effect on the financial development. The heightened interest of international forums like G20 also reflects the significance of FI for social and economic development (Culpeper, 2012). There is world-wide consensus on the significance of the digitalization of financial services to bridge the financial divide (Mahapatra, and Perumal, 2006). Information and Communication Technology (ICT) plays an important part in facilitating the information flow between government and citizens and it promotes inclusive growth. Studies suggest that increasing ICT investments will result in increased GDP growth (Dewan and Kraemer, 2000; Dimelis and Papaioannou, 2010; Hawash and Lang, 2011).

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Given the significant effects of financial freedom and e-governance on financial inclusion, the study suggests that promoting financial freedom and emphasizing on policies for accelerated use of digital technologies for delivering public services will help in bridging the financial divide in emerging economies in the long-run. The results imply that to address the financial divide, emerging economies should be implementing long-run policies targeting the advancement of e-governance and also it is desirable to undertake financial reforms, especially the liberalization of the financial sector. Future studies are therefore required to determine the level of financial freedom for the efficient functioning of the financial sector in order to reach the financially excluded.

References


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