Guest editorial: Financial inclusion and social development for a sustainable economic system

Introduction

Social development promotes a sustainable society and empowers human dignity. It is equally important for all humans and the economic system (Bilance, 1997). Social development aims to bring sustainable growth and development to society. It helps to eliminate discrimination and provide equal opportunities for all. Social development also plays an important role in an ecosystem in adding value to quality of life, dignity, income equality, good health, and education facilities. The well-being of an individual within society demands investment in people. It can be achieved by the removal of social and economic barriers. The world economies are engaged to improve the social well-being of individuals. The overall development of society mainly depends on the available financial resources. In this regard, financial institutions play a significant role in improving society's welfare (Sarma and Pais, 2011; Lal, 2021). This is possible to provide easy access to financial resources for the poor and deprived groups.

In the late 20th century, the concept of financial inclusion emerged intending to provide financial services to every individual in society. Financial inclusion attained its popularity by 2010 and has been adopted by the world economies (Kabakova and Plaksenkov, 2018). In this regard, the Global Partnership for Financial Inclusion (GPFI) Foundation was founded to promote financial inclusion globally. Similarly, more than 55 nations have adopted financial inclusion, while more than 60 countries are in the developing stage to make it a national indicator (World Bank, 2018). Later on, financial inclusion became a social and economic phenomenon and captured the attention of practitioners and academicians. Past literature suggests that much work is still required to build a consensus on a unified definition of financial inclusion and its major impact on social development. Due to this, the researchers introduced the idea of financial inclusion with various economic indicators. In general, financial inclusion provides banking and financial services to vulnerable groups at an affordable price conveniently. According to the World Bank, financial inclusion gives access to finance to businesses and individuals at a reasonable cost to fulfill their needs such as credit, payments, transactions and insurance – deliver sustainably and responsibly.

Financial inclusion aims to provide ease of access to financial services to underprivileged economic agents. It also targets the marginalized and poor to benefit from financial resources and improve their living standards. Recently, technology and digitalization are giving a new dimension to this concept (Pradhan *et al.*, 2021; Ahmad *et al.*, 2021). Moreover, the lack of financial inclusion is not only limited to low-income and vulnerable social groups. It is also a great concern of world economies where access to finance is an acute problem (Beck *et al.*, 2007; Aghion and Bolton, 1997; Galor and Zeira, 1993; Kabakova and Plaksenkov, 2018). The usage and access to financial resources are equally important for any population regardless of income and social status. Due to its relevance and importance in today's world, financial inclusion has been listed in the seventh position among 17 Sustainable Development Goals. The World Bank also considers financial inclusion an enabler to reduce social and economic issues and boost prosperity in society.

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The association between financial inclusion and social development is a growing concern due to their practical benefits in the economic system. This special issue aims to attract theoretical and empirical papers to contribute to the ongoing debate on financial inclusion and socioeconomic challenges. Past studies show a scarcity in the literature that explicitly defines the importance of financial inclusion to curb social development problems.

An overview of special issue collection

The special issue aims to provide new insights and thoughtful findings on the implications of financial inclusion on social development. The special issue also looks for new indicators of financial inclusion, new dimensions of social development and innovative ideas that provide solutions to contemporary social development challenges due to the lack of financial inclusion.

This special issue of the *International Journal of Social Economics* received significant attention from the authors. We received papers from multiple country affiliations namely, Brunei Darussalam, China, France, Hong Kong, India, Indonesia, Iran, Malaysia, Netherlands, Nigeria, Pakistan, Saudi Arabia, South Africa, Tunisia, Turkey, United Arab Emirates, United Kingdom (UK) of Great Britain and Northern Ireland, USA and Vietnam. The submitted papers in this special issue employed different theoretical and methodological approaches. After careful consideration, we identified ten full-length submissions that fit best on the theme of *Financial Inclusion and Social Development for a Sustainable Economic System*.

The first paper by Sehrish Timer and Syed Ali Raza investigated the nonlinear relationship between inclusive economic growth and financial inclusion. The sample data were constructed over G7 countries namely, the USA, Japan, Italy, Canada, Germany, France and the UK. The results obtained from the panel threshold regression model suggested that financial inclusion and inclusive growth have a positive and significant relationship.

The second paper by Hadi Esmaeilpour Moghadam and Arezou KaramiI investigated the influence of financial inclusion on women's financial empowerment through Fintech. For this purpose, this research used sample data from World Bank databases and Global Findex (2017), while the dataset consisted of 113 countries. The results indicate that Fintech and women's financial inclusion are significantly associated with each other in countries with less gender discrimination. Contrary, this relationship is insignificant in countries with higher gender discrimination. The study further argued that gender discrimination is a barrier to the financial dependence of women.

The third paper by Jaskirat Singh and Manjit Singh aims to examine the initiative of the Indian government to control poverty in urban slums through social assistance scheme. The study collected sample data from 585 actual beneficiaries of the social assistance scheme. The sample data gathered from the survey were analyzed using multiple statistical approaches namely, t-test, one-way ANOVA and structural equation modeling (SEM). The findings highlighted that the social assistance scheme by the Indian government reduces poverty alleviation in the urban slums. This research provides useful policy implications for authorities to improve the lives of poor households.

The fourth paper by Rashedul Hasan, Muhammad Ashfaq, Tamiza Parveen and Ardi Gunardi examined the impact of digital financial literacy on women's financial inclusion. The study collected sample data from 144 countries from the World Bank Global Findex Database. The findings from probabilistic regression indicate that a higher level of digital financial literacy of women entrepreneurs increased the level of their engagement in formal banking channels. The study further highlighted the importance of weak regulatory guidelines in women's financial inclusion may increase the probability of financial crime.

The fifth paper by Peterson K. Ozili, Adekemi Ademiju and Semia Rachid reviewed the existing literature on financial inclusion and economic growth to explore innovative and new avenues for future research. For this purpose, the study performed a thematic literature review approach to review past papers based on the relevant themes. The findings revealed that financial inclusion and economic growth concept has been an emerging topic in the post-2016 years. Their findings highlighted that most of the studies on this topic were contributed by developing countries, particularly from African and Asian regions. The study criticized that earlier literature did not use relevant theories in explaining the concept of financial inclusion and economic growth. Their assessment also identified cointegration, causality, and regression analysis as the most preferable empirical methods by the authors in past literature. Lastly, this research suggests forthcoming studies to incorporate theoretical assumptions with new empirical approaches in financial inclusion and economic growth assessment.

The sixth paper by Mosab I. Tabash, Umar Farooq, Ghaleb A. El Refae, Jamal Abu-Rashed and Mamdouh Abdulaziz Saleh Al-Faryan investigated the role of financial inclusion towards environmental quality. The study also employed the role of corruption control in examining the relationship between financial inclusion and environmental quality. The study considered BRICS (Brazil, Russia, India, China and South Africa) countries and gathered sample data from 22 years from 1996 to 2017. The empirical results obtained from the autoregressive distributed lag (ARDL) model revealed that financial inclusion has a positive impact on the environment while corruption control exhibits a negative impact on the environment. Overall, their findings suggest a policy direction that involves key steps to improve the environment through financial inclusion and reduced corruption level.

The seventh paper by Hanudin Amin considered COVID-19 time to investigate the acceptance of qardhul hassan financing in Malaysia from the perspective of the breadwinner. The study collected sample data from 294 respondents through a survey-based questionnaire. The targeted respondents were the breadwinners and fall within B40 or the bottom 40 income group of Malaysia. The results indicate that Malaysian breadwinners' acceptance of qardhul hassan increased when their self-efficacy, social influence, and attitude is positive. The study further addressed Islamic Social Financial Institutions to develop a mechanism of flexible qardhul hassan scheme for the breadwinners and provide ease of access to foster financial inclusion.

The eighth paper by Shabeer Khan draws attention by examining the relationship between Sukuk bonds and financial inclusion. The study employed a two-step generalized method of moments (GMM) methodology on a sample of 18 countries using a dataset from 1995 to 2017. The results indicate that Sukuk bonds have a positive relationship with financial inclusion which further eliminates the financing obstacle in the market. The study also highlighted the important role of Islamic capital markets and emphasized policymakers to strengthen the Sukuk product to attain its real benefits in the economic environment.

The ninth paper by Rizwan Mushtaq, Omkar Dastane, Muhammad Rafiq and Berna Dogan Basar raised the importance of women's financial inclusion by conducting a bibliometric network analysis. This study employed the intellectual structure of the topic of women financial inclusion and provided a holistic overview of the past research. For this reason, the study used the Scopus database to extract 235 papers and performed bibliometric analysis. The results revealed various descriptive assessments such as major contributors to the field, major contributing countries, leading journals and organizations that focus on women's financial inclusion. Overall, this research suggests policymakers and academicians address women's financial inclusion to aid development activities in the economic systems.

The tenth paper by Muhammad Rabiu Danlami, Muhamad Abduh, and Lutfi Abdul Razak examines the relationship between social finance, Islamic bank stability and institutional quality in selected four countries namely, Malaysia, Indonesia, Bahrain and Bangladesh. The sample data were gathered from 12 Islamic banks for 2006–2019 and employed panel-corrected standard errors and feasible generalized least squares methods. The results suggest that Islamic bank stability is mainly associated with musharakah and mudarabah financing. Additionally, musharakah and mudarabah modes of financing allow Islamic banks to take more risk in the presence of institutional quality. The study also highlighted the importance of charity and zakat with Islamic bank stability.

Closing remarks

To close the discussion and special issue, the guest editors would like to appreciate and express sincere gratitude to all the reviewers who entirely supported the review process. We are extremely thankful for their timely and valuable feedback in the papers. We are certain that their invested time and efforts have helped us to make the best decision on the selection of papers. We are also thankful to all the authors who considered this special issue as a suitable outlet to display their contemporary research findings. We would also like to express our sincere gratitude to Professor James Connelly, the *Editor-in-Chief* of the *International Journal of Social Economics*, who supported and guided us throughout the special issue. His valuable suggestions and wisdom helped us to select the best papers for this special issue project. Lastly, we are thankful to the Emerald publishing and journal editorial team for their dedication and timely response to make this special issue successful. We conclude this special issue with our final comments that the collection of special issue articles will help policymakers, academicians and researchers to create interest and stimulate deeper discussion in the emerging field of financial inclusion.

Muhammad Ali
Graduate Business School, UCSI University, Kuala Lumpur, Malaysia
Chin-Hong Puah
Faculty of Economics and Business, Universiti Malaysia Sarawak, Kota Samarahan, Malaysia, and
Siong-Hook Law
School of Business and Economics, Universiti Putra Malaysia, Serdang, Malaysia

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