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Income Inequality and Financial Inclusion in Sumatra Region: A Spatial Panel Data Analysis

by

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This research i ins to determine the effect of financial inclusion, unemployment rate, and education to income inequality in cities/regions in Sumatra. This research also aims to see the patial autocorrelation between each regions in Sumatra. To analyze the data using econometric techniques such as OLS (Ordinary Least Square), spatial autoregressive model, spatial error model, and spatial durbin model. A cording to the results, this relearch is using the spatial error model due to this model has the lowest AIC and BIC value. The result found that financial inclusion, unemployment, and economic growth have a significant effect on income inequality. The results also shows that there is spatial autocorrelation between each regions or cities in Sumatera.

Keyword: income inequality, financial inclusion, spatial gradies SAR, SEM, SDM, moran's I.

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