

CHAPTER V

SUMMARY AND ANALYSIS

5.1. Research Summary

Based on the research conducted to see the effect of financial inclusion, unemployment, and economic growth on income inequality with case studies of 154 regencies/cities on the island of Sumatra within 10 years from 2011-2020, it can be concluded that

1. There is a spatial autocorrelation between regions and cities in Sumatera
2. The best model in this research chosen by seeing the lowest value of AIC and BIC. So, the lowest value of AIC and BIC is spatial error model
3. Financial inclusion has a positive relationship with income inequality, which means if financial inclusion increase, the income inequality will also increase.
4. Unemployment rate has a positive and significant effect on income inequality, which means when unemployment rate increase, income inequality will also increase.
5. Economic growth also has a positive and significant effect on income inequality, which means when economic growth increase, income inequality will also increase.

5.2. Research Implication

From the results of the research that has been conducted, the following implications are obtained:

1. The government must pay attention to the improvement and equity of access for financial facility. Government also need to give a financial knowledge to poor and low income people.

2. The government needs to do development equity and focus more on empowering better human resources, especially in rural areas. This can help equitable development so that it is expected to reduce income inequality.
3. The government and society must work together to create jobs with the aim of reducing the unemployment rate.

5.3. Research Recommendation

1. Society need to be educated more about financial inclusion and financial knowledge especially for people who lives in rural area
2. Future researchers can further examine the effect of financial inclusion on income inequality by adding other variables, changing regions/cities, and measuring the financial inclusion index in a more comprehensive way.

