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POVERTY AND FINANCIAL INCLUSION : A DYNAMIC SYSTEM GMM

ANALYSIS OF INDONESIA

UNDERGRADUATE THESIS

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Poverty and Financial Inclusion : A Dynamic System GMM Analysis of Indonesia

by

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ABSTRACT

This study aims to see whether financial inclusion, economic growth, and income inequality affect poverty in Indonesia. The data used is panel data from 33 Provinces of Indonesia during 2011-2020 period. This research is a quantitative research where the data used was obtained from the Central Bureau of Statistics, Bank Indonesia and OJK. To analyze the data using econometric techniques, the method used to estimate is the Dynamic System GMM (Generalized Method Moment) method using STATA software. Based on the results of the study, it was found that Financial Inclusion, Economic Growth, and Income Inequality has a significant affect to Poverty. Financial Inclusion has a negative and significant effect on poverty at 1% level, where every increases in financial inclusion at (t-1) of 1% will reduce poverty by 0.03%. Economic growth at (t-1) has a significant and negative effect to poverty, where every 1% increase in growth will reduce poverty by 0.03%. Income inequality at (t-2) has a negative and significant effect on poverty.

Keywords: Poverty, Financial Inclusion, Economic Growth, Income Inequality, Dynamic System GMM Analysis

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