CHAPTER V
SUMMARY AND CONCLUSION

5.1 Research Summary

Based on the research that has been conducted to see the effect of financial inclusion, economic growth, Income Inequality on poverty with case studies of 33 provinces in Indonesia from 2011-2020 using the Dynamic System GMM Analysis, it can be concluded several things as following:

1. Based on the research results, it is known that financial inclusion has a significant and negative effect on the poverty rate in Indonesia. The FII at (t-1) has a negative and significant effect on poverty at 1% level, where every increase in fii at (t-1) of 1% will reduce poverty by 0.03%, which means that increases of financial inclusion have an effect to reduce the poverty rate in Indonesia.
2. Economic growth has a significant and negative effect to Poverty. Growth at (t-1) has a negative and significant effect to poverty at 1% level, where every 1% increase in growth at (t-1) will reduce poverty by 0.03%.
3. Income Inequality has a negative and significant effect on the level of poverty in Indonesia. Gini at (t-2) has a significant effect on poverty at 1% level. For every 1% increase in Income Inequality, it will reduce the poverty rate by 0.06%.

5.2 Implementation

From the results of an analysis of the effect of financial inclusion, economic growth, Income Inequality on the poverty rate in Indonesia, the following implications are obtained:

1) To reduce poverty, this can be done by increasing understanding of the banking sector in Indonesia, especially regarding financial inclusion.
2) To reduce the poverty rate in Indonesia, the government's 12-year compulsory education policy should be followed by all people in order to get higher education

than basic education, because the development of human resources is needed to reduce poverty.

3) The community is expected to be able to support every activity of the government in improving people's welfare by assisting in carrying out government programs in overcoming poverty

5.3 Recommendation

1) Understanding of finance in 33 provinces in Indonesia needs to be improved, in order to make it easier for the public to understand financial products and services offered by financial institutions, so that the goal of financial inclusion is actually achieved. Both the government and the banking sector work together to increase access to and use of banking services by enhancing every dimension of financial inclusion.
2) This research is expected to be an additional reference for further research by adding other variables that economically have a relationship of mutual influence and increasing the research period which may have a greater influence.
3) Due to data limitations, further research is recommended to make improvements related to the completeness of financial inclusion indicator data and maximize time in data collection.