



UNIVERSITI TEKNOLOGI MARA

**THE ROLE OF FINANCIAL INCLUSION AND
POVERTY REDUCTION IN SELECTED ASIAN
COUNTRIES**

**AINA MARDIAH BINTI AZMI
2020985559**

Final Year Project submitted in fulfilment of
the requirements for degree of
Bachelor of Business Administration (Hons)
Investment Management

Faculty of Business and Management

FEBRUARY 2022

ACKNOWLEDGEMENT

First and foremost, I want to express my gratitude to Almighty ALLAH S.W.T for showering me with blessings and providing me with direction along my trip to finish my study on time. The study resulted in a lot of help and support from a lot of people. I did also want to express my gratitude to Dr Maizura bin Md Isa, the advisor for my final year project, for guiding me through the full research study procedure. The thorough explanations and advice in every element that was confusing assists me in performing a successful research project. I did want to thank my friends, who have battled with me and triumphed in the same direction. In addition, I did want to express my gratitude to my family for their unwavering physical and emotional support. Online Distance Learning (ODL) is not as simple as it seems there are several obstacles to studying from home, but I am grateful that they were accommodating. Finally, I did want to express my gratitude to everyone who assisted me in completing this research project, both directly and indirectly. Without the expertise, participation, effort, and support of others, my research endeavour would not have been possible.

Thank you.

ABSTRACT

Using panel data analysis, this project will empirically evaluate the effect of financial inclusion (FI) on poverty reduction in a group of Asian countries from 2011 to 2020. According to the regression results, the number of active ATM and deposit accounts picked from three Asian nations were the most robust predictors of financial inclusion in poverty reduction. This concept paper has several objectives which are a brief description of the selected Asian countries' nature of poverty, the roles of financial inclusion to reducing the poverty, and an analysis facing the challenges and recommendations for a sustainable poverty reduction in Malaysia, Thailand and Indonesia. For the recommendations, the borrowers from commercial banks can be included as the financial inclusion's indicators or other FI indicators either in access or usage dimension. The researcher also suggests that the government concentrate on poverty reduction through improving infrastructure that will improvise the banking services.

TABLE OF CONTENT

	Page
AUTHOR'S DECLARATION	ii
ABSTRACT	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENT	v
LIST OF TABLES	viii
LIST OF FIGURES	ix
LIST OF ABBREVIATIONS	x
CHAPTER ONE: INTRODUCTION	1
1.1 Introduction	1
1.2 Background of Study	1
1.3 Problem Statement	3
1.4 Research Questions	4
1.5 Research Objectives	4
1.6 Significance of The Study	5
1.7 Scope of The Study	5
1.8 Limitations of The Study	6
1.9 Definition of Key Terms	6
1.10 Summary	6
CHAPTER TWO: LITERATURE REVIEW	8
2.1 Introduction	8
2.2 Literature Review on Topic	8
2.3 Literature Review on Poverty	9
2.4 Literature Review on Bank Branches	9
2.5 Literature Review on Active Automated Teller Machines (ATMs)	10
2.6 Literature Review on Deposit Accounts	10
2.7 Research Framework	11

CHAPTER ONE

INTRODUCTION

1.1 Introduction

The steady economic expansion of emerging Asia, which has lifted millions of people out of poverty, is one of the origins of financial inclusion and poverty reduction history. However, it is clear that poverty remains a persistent problem in most developed economies.

This chapter will provide an outline of why performing research is important. This chapter also looks at the problem that is being investigated, the research aims, the study's limits, and the definition of the term being utilized. The research majorly focuses on the role of financial inclusion in poverty reduction in selected Asian countries that include Malaysia, Thailand and Indonesia which used data over 10 years to do a panel-data analysis.

1.2 Background of Study

Poverty decreased from 16.7 percent to 2.7 percent of the population between 2008 and 2015, according to the WBG's Upper Middle Income Class poverty threshold. Malaysia's economic prosperity cannot be explained without first recognizing the move from an agricultural-based economy to one based on commodity exportation. The country's positive attitude toward trade and investment is responsible for the upward trend in job creation and income increase, with about 40% of its labour force employed in export activities. Malaysia's poverty reduction is shown in the modification of the poverty line, which increased from \$231.27 to \$521.06 in 2019.

The Millennium Development Goals are the most widely accepted, comprehensive, and targeted framework for decreasing poverty in the worldwide community. The Millennium Development Goals (MDGs) are based on the Millennium Declaration, which was adopted and agreed to by all UN Member States in 2000. They represent UN Member States' commitments to reduce extreme poverty and its many manifestations, including hunger, disease, gender inequality, lack of education and access to basic infrastructure, and environmental degradation. Although the established