

**FINANCIAL INCLUSION, INCOME INEQUALITY AND ECONOMIC
GROWTH IN SUB-SAHARA AFRICA (1995-2017)**

BY

CHIMA MENYELIM MATHIAS

(18PAG01785)

B.Sc. Economics, Delta State University, Abraka, Delta State.

**A DISSERTATION SUBMITTED TO THE SCHOOL OF POSTGRADUATE
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UNIVERSITY, OTA, NIGERIA.**

NOVEMBER, 2020

ACCEPTANCE

This is to attest that this dissertation is accepted in partial fulfilment of the requirements for the award of the degree of Master of Business Administration in the Department of Banking and Finance, College of Management and Social Science, Covenant University, Ota, Nigeria.

Mr. John A. Philip

(Secretary, School of Postgraduate Studies)

Signature and Date

Prof. Akan B. Williams

(Dean, School of Postgraduate Studies)

Signature and Date

DECLARATION

I, **CHIMA MENYELIM MATHIAS (18PAG01785)** hereby declare that this submitted masters' degree dissertation to the Department of Business Administration, College of Business and Social Sciences, Covenant University, Ota, Ogun state was undertaken by me under the supervision of Dr. Babajide Ayopo Abiola. The originality of this dissertation is secure as proper citations acknowledging the intellectual sources of concepts have been made. Also, this research work has not been submitted either in whole or in part for the requirement of another degree in this or any other university.

CHIMA, MENYELIM MATHIAS

.....

Signature & Date

CERTIFICATION

We certify that this dissertation titled ‘**FINANCIAL INCLUSION, INCOME INEQUALITY AND ECONOMIC GROWTH IN SUB-SAHARAN AFRICA (1995-2017)**’ is an original research work carried out by **CHIMA, MENYELIM MATHIAS (18PAG01785)** in the Department of Banking and Finance, College of Management and Social Sciences, Covenant University Ota, Ogun State, Nigeria under the supervision of Dr. Abiola A. Babajide. We have examined and found this work acceptable as part of the requirements for the award of Master of Business Administration (MBA)(Finance).

Dr. Abiola A. Babajide
(Supervisor)

.....
Signature and Date

Prof. Anthonia A. Adeniji
(Head of Department)

.....
Signature and Date

Prof. J.U.J Onwumere
(External Examiner)

.....
Signature and Date

Prof. Akan B. Williams
(Dean, School of Postgraduate Studies)

.....
Signature and Date

DEDICATION

This study is dedicated to the Trinity (God the Father, God the Son and God the Holy Spirit) who has given me the strength, grace, wisdom and inspiration for the successful completion of this study. I thank you for the future I see because I am confident that you who has begun a good work in my life, would perform it until the day of Jesus Christ (Philippians 1: 6). To God be all the glory. This study is also dedicated to the benefit of Humanity.

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"We are like dwarfs sitting on the shoulders of giants. We see more, and things that are more distant, than they did, not because our sight is superior or because we are taller than they, but because they raise us, and by their great stature add to ours." – **John of Salisbury**

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LIST OF ABBREVIATIONS

GDP per capita	Gross Domestic Product Per Capita
GNI per capita	Gross National Income Per Capita
GMM	Generalised Method of Moments
SSA	Sub-Sahara Africa
FIRE	Financial Sector, Insurance Sector, Real Estate Sector
PCRB	Private Credit issued By Deposit Banks (% GDP)
PCRF	Private Credit issued By Financial Institutions (% GDP)
BCBD	Bank Credit to Bank Deposit Ratio
GCC	Gulf Cooperation Council

ABSTRACT

Income disparity and exclusive economic growth are significant issues with regards to developmental policies that are facing sub-Saharan Africa in the post - 2015 agenda for developmental objective. Disparity of earnings is coherently a central instigator in the inequality is logically a fundamental driver in the marginalization of household and small businesses from the formal sector of the economy and financial inclusion with regards to accessibility is a strategy by which the relative impact of earning imbalance on growth in terms of the economy can be weakened. This study therefore examines how financial access can be utilized to moderate the impact of earning disparity on inclusive growth in terms of the economy. The emphasis is on 48 nations in the sub-Saharan Africa (SSA) over the periodicity of 1995–2017 and the empirical validation which is based on the Generalised Method of Moments (GMM) estimator. The following discoveries are proven from the GMM estimates. Income inequality has a positive insignificant influence on GDP per capita but has an adverse impression on GNI per capita. Secondly, financial inclusion variables improve the GDP per capita and GNI per capita significantly. Thirdly, private credit issued by deposit banks has a negative effect on Gini coefficient and Palma ratio however exhibits a positive influence on the Atkinson index; private credit issued by financial institutions has a mitigating effect on Gini coefficient however, exhibits a positive effect on Atkinson and Palma ratio; bank credit to deposit ratio have complimentary (positive) impression on the Gini coefficient though, has a reducing effect on Atkinson index and Palma ratio. Lastly, there is a positive net influence from the position of bank credit to deposit ratio and private credit issued by deposit banks in moderating the impact of Atkinson index on the growth of the economy; there is a positive net effect from the importance of private credit issued by financial institutions in mediating the impact of the Palma ratio on progression of economy. There is a complimentary net effect from the position of bank credit to deposit ratio in mediating the impression of Palma ratio on economic growth. However, there is an adverse net effect from the relevance of the private credit issued by deposit banks in modulating the effect of Gini coefficient on the growth of the economy and there is a negative net impact from the relevance of the private credit issued by deposit banks in modulating the impression of the Palma ratio on growth in terms of the economy. The study discusses and concludes in the wake of barriers to the objective of developmental sustainability in the sub-Sahara area. Amongst other: admittance to finance should be improved, intensively and extensively with the help of other complimentary policies such as ICT to boost its sufficiency in the moderation of income inequality for the improvement of an inclusive sub-Saharan economy.

Keywords: income inequality, inclusive growth, sub-Sahara Africa, financial inclusion