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### Digital financial Inclusion as a tool for achieving the Sustainable Development Goals in South Asia

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**Abstract:** This article has highlighted the different aspects of digital financial inclusion (DFI) by taking the economic status of south Asian countries into consideration. Digital financial inclusion (DFI) has become a key driver of inclusive growth and a policy instrument for advancing the sustainable development Goals (SDGs), particularly in South Asia, where financial exclusion and poverty remain widespread. The research gap while prior studies examine financial inclusion or the SDGs independently, limited research provides an integrated analytical assessment of how DFI contributes to SDG achievement in South Asian economies. This study employs a secondary qualitative research design using a systematic thematic analysis of selected empirical and review studies. A structured quality review and thematic coding approach were applied to identify key patterns linking DFI, economic conditions, and sustainable development outcomes. The findings indicate that digital financial inclusion significantly enhances access to formal financial services, supports poverty reduction, and promotes economic participation. Moreover, effective DFI implementation contributes directly or indirectly to achieving up to 13 of 17 SDGs, particularly those related to poverty alleviation, education, institutional instability, and implementation challenges limit its overall impact. This study offers an integrated analytical framework highlighting DFI as a strategic tool for advancing the SDGs in South Asia, providing policy-relevant insights for regulators and development.

## الشمول المالي الرقمي كأداة لتحقيق أهداف التنمية المستدامة في جنوب آسيا

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### المستخلص

سلطت هذه المقالة الضوء على مختلف جوانب الشمول المالي الرقمي، مع مراعاة الوضع الاقتصادي لدول جنوب آسيا. وقد أصبح الشمول المالي الرقمي محركاً رئيسياً للنمو الشامل وأداة سياسية للنهوض بأهداف التنمية المستدامة، لا سيما في جنوب آسيا، حيث لا يزال الاستبعاد المالي والفقر منتشرين على نطاق واسع. وفي حين تناولت الدراسات السابقة الشمول المالي أو أهداف التنمية المستدامة بشكل منفصل، إلا أن الأبحاث التي تقدم تقييماً تحليلياً متكاملًا لكيفية مساهمة الشمول المالي الرقمي في تحقيق أهداف التنمية المستدامة في اقتصادات جنوب آسيا لا تزال محدودة. تستخدم هذه الدراسة تصميمًا بحثيًا نوعيًا ثانويًا، من خلال تحليل موضوعي منهجي لدراسات تجريبية ومراجعات مختارة. وقد طبقت مراجعة نوعية منظمة ومنهجية ترميز موضوعي لتحديد الأنماط الرئيسية المتعلقة بالشمول المالي الرقمي، والظروف الاقتصادية، ونتائج التنمية المستدامة. تشير النتائج إلى أن الشمول المالي الرقمي يُحسن بشكل ملحوظ الوصول إلى الخدمات المالية الرسمية، ويدعم الحد من الفقر، ويعزز المشاركة الاقتصادية. علاوة على ذلك، يُسهم التنفيذ الفعال للشمول المالي الرقمي، بشكل مباشر أو غير مباشر، في تحقيق ما يصل إلى 13 هدفًا من أهداف التنمية المستدامة البالغ عددها 17 هدفًا، لا سيما تلك المتعلقة بتخفيف حدة الفقر، والتعليم، وعدم الاستقرار المؤسسي، إلا أن تحديات التنفيذ تحدّ من أثره الإجمالي. تُقدّم هذه الدراسة إطارًا تحليليًا متكاملًا يُبرز الشمول المالي الرقمي كأداة استراتيجية للنهوض بأهداف التنمية المستدامة في جنوب آسيا، مُقدّمةً رؤية ذات صلة بالسياسات الهيئات التنظيمية وهيئات التنمية.

**الكلمات المفتاحية:** الشمول المالي الرقمي، أهداف التنمية المستدامة، الوضع الاقتصادي، الشمول المالي، الخدمات المالية الرسمية.

### Introduction

Digital financial inclusion (DFI) has emerged as a critical policy instrument for promoting inclusive economic growth and accelerating progress toward the Sustainable Development Goals (SDGs), particularly in developing and emerging economic. By enabling access to affordable and technology-driven financial services, DFI plays a vital role in poverty reduction, income generation, and economic resilience. In the context of South Asia – a region characterized by high population density, persistent poverty, and uneven access to formal financial systems- digital financial inclusion has gained increasing attention from policymakers and research alike.

Existing literature has extensively examined the relationship between financial inclusion and economic growth, as well as the role of digital

financial in enhancing access to financial servers. Several studies have confirmed that digital financial tools contribute positively to poverty alleviation, financial efficiency, and overall economic development. Other stands of research have explored the contribution of financial inclusion to specific Sustainable Development Goals, such as poverty reduction, gender equality, and economic empowerment. However most of these studies tend to focus either on financial inclusion or SDGs in isolation, or they rely heavily on quantitative macro-level indicators without providing an integrated thematic understanding of how digital financial inclusion support multiple SDGs simultaneously, particularly within the South Asian context. Moreover, prior research on South Asia has largely concentrated on country specific case studies or narrow financial indicators, with limited attention paid to synthesizing qualitative evidence across countries. There is also a noticeable gap in studies that systematically analyze the challenges, lessons learned, and contextual constraints associated with implementing digital financial inclusion as a development tool for achieving the SDGs in this region. As a result, the existing literature lacks a comprehensive and structured qualitative assessment that links digital financial inclusion, economic condition and sustainable development outcomes in South Asia. To address this gap, the present study provides a qualitative thematic review of existing scholarly evidence to examine how digital financial inclusion contributes to achieving the Sustainable Development Goals in South Asian countries. Unlike previous studies, this research integrates economic status, digital financial inclusion and SDG outcome within a single analytical framework. By synthesizing secondary qualitative data and generated key themes, the study offers clearer understanding of the mechanisms through which DFI influences sustainable development, as well the major challenges and lessons relevant to policymakers and development institutions. In doing so this paper contributes to the literature by offering region specific insights and a structured qualitative perspective on the role of digital financial inclusion in advancing sustainable development in South Asia.

**Background:** Financial inclusion refers to the systematic process through which individuals and businesses can access affordable financial products as well as services. As per the statement of Le, Chuc & Taghizadeh-Hesary (2019), financial inclusion helps individuals and businesses in meeting all requirements by accessing useful financial services and products. In the

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present era, financial inclusion involves different technologies and turns into digital financial inclusion (DFI). In DFI, the cost and time to deliver formal financial services are reduced on a larger scale which leaves a positive impact on reducing the poverty.

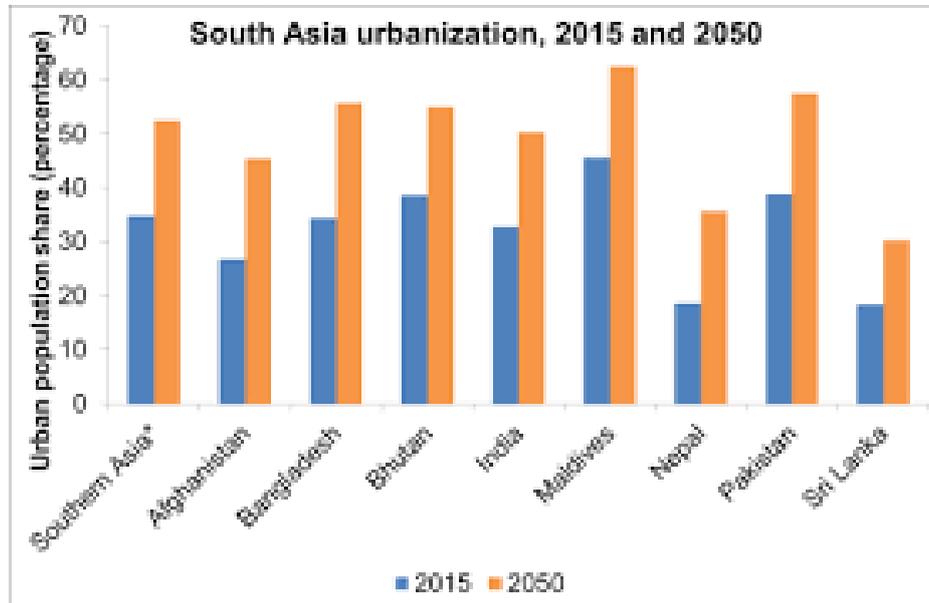


Figure (1): Economic status in South Asian Countries

(Source: Khan & Gulati, 2021)

Above figure 1 illustrates the financial status in different south Asian countries along with the predictable rate of economic status in the future. As per the words of Van et al. (2021), the implementation of different financial inclusion tools can effectively improve the financial status of South Asia. During the pandemic and worldwide lockdown, the economy has been affected on a large level which can be recovered by implementing the DFI appropriately.

**Research objectives:** The significant research objectives to proceed with this paper further are given below:

**RO1:** To understand the financial status of different south Asian countries

**RO2:** To analyse the impact of digital financial inclusion in attaining SDGs

**RO3:** To illustrate various challenges and lessons while achieving SDGs

**Research questions:** The important research questions which are helpful in meeting the desired outcome from this article are provided below:

**RQ1:** How does digital financial inclusion explain variation in economic and financial performance across South Asian countries?

**RQ2:** Through which mechanisms does digital financial inclusion contribute to the achievement of selected Sustainable Development Goals (SDGs) in South Asia?

**RQ3:** What are the significant challenges and lessons in sustainable development goals?

**Financial Status in South Asia:** The financial status in south Asian countries is recorded as lower than in other parts all over the world. As per the finding of Alexander et al. (2021), south Asia has the world's second-largest extremely poor population with 33.4%. It has been recorded that the financial status in south Asian countries has grown about 6.7% each year from 2010 to 2019. Thus, it can be said that south Asia experiences impressive economic growth over the last few years. It can be noticed that South Asia's finances are all moving upward by using diverse economics.

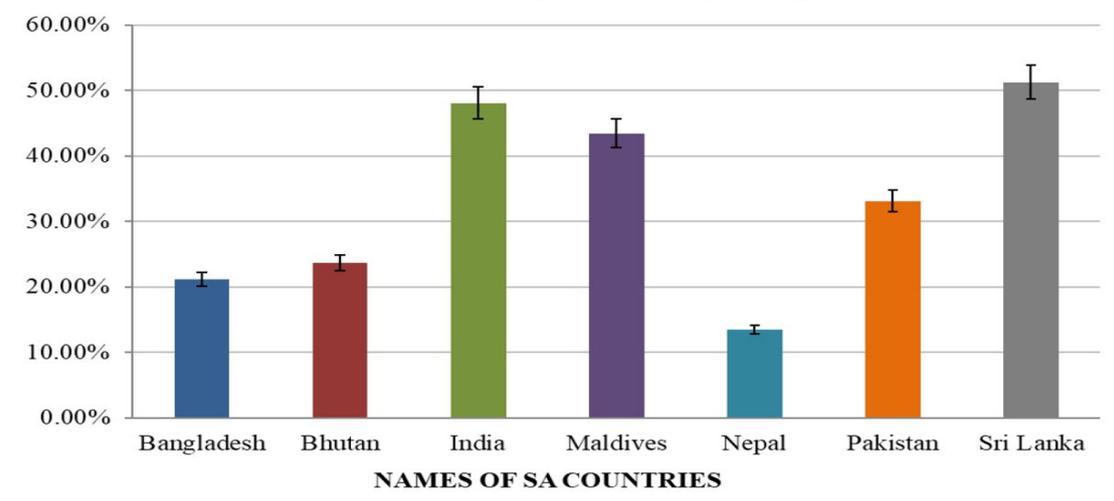


Figure (2): Current financial status in South Asian countries

(Source: Kenny, 2019)

The above figure 2 highlights the economic status of different south Asian countries in recent years. South Asian countries have experienced an economic shutdown due to the Covid-19 pandemic situation and the worldwide lockdown in all sectors. As per the statement of Khan & Gulati (2021), this region experiences a sudden economic crisis after the first global increase in finance in the year 1998. The above figure shows that South Asia, Sri Lanka, India, and Maldives are overcoming the economic crisis after the global pandemic.

**Concept of Digital Financial Inclusions (DFI):** Digital financial inclusion states the cost-saving system through which individuals and businesses can reach financial services. As per the findings of Morgan, Huang & Trinh

(2019), digital financial inclusion is important to understand as it is cost-affordable to consumers and meets their needs. Moreover, through this process, the providers can deliver all kinds of affordable financial products as well as services in digital and sustainable ways. Since in such financial inclusion, digital technologies are involved, it becomes a time-saving process. As per the opinion of Ozili (2018), DFI plays a significant role in developing constraints in the way of the negative consequences of frequent usage of cash in the finance of a country.

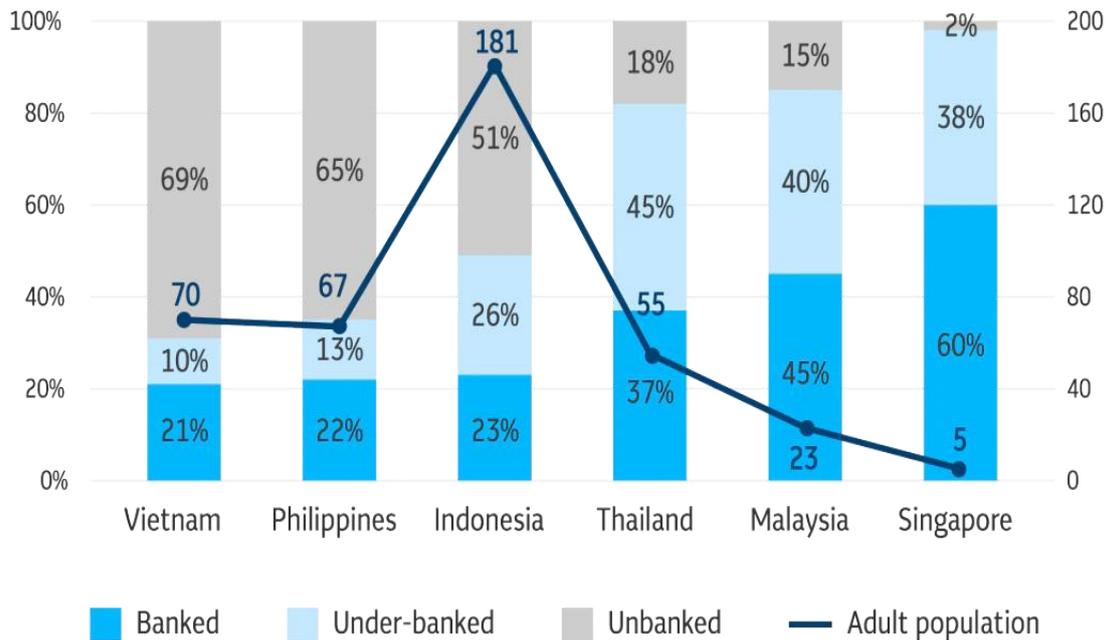


Figure (3): Financial inclusion rate in South Asia

(Source: Jahan et al. 2019)

Above figure 3 illustrates the financial inclusion rate in various South Asian nations. Therefore, digital financial inclusion refers to those specific services that include different digital remote technologies such as e-money, mobile money, card payments, and many others.

**SDGs Challenges and Lessons acquire from DFI:** In order to achieve a sustainable planet in the year 2030, 17 goals are adopted in 2015. As per the comments of Pizzi et al. (2020), digital financial inclusion helps in attaining the first goal which is “no poverty”. However, while meeting the SDGs several challenges come to light which can be broken into three main components. These three main issues are instability, implementation, and governance which increase the economic crisis. Therefore, digital finance inclusion helps in promoting the SDGs on a larger level.

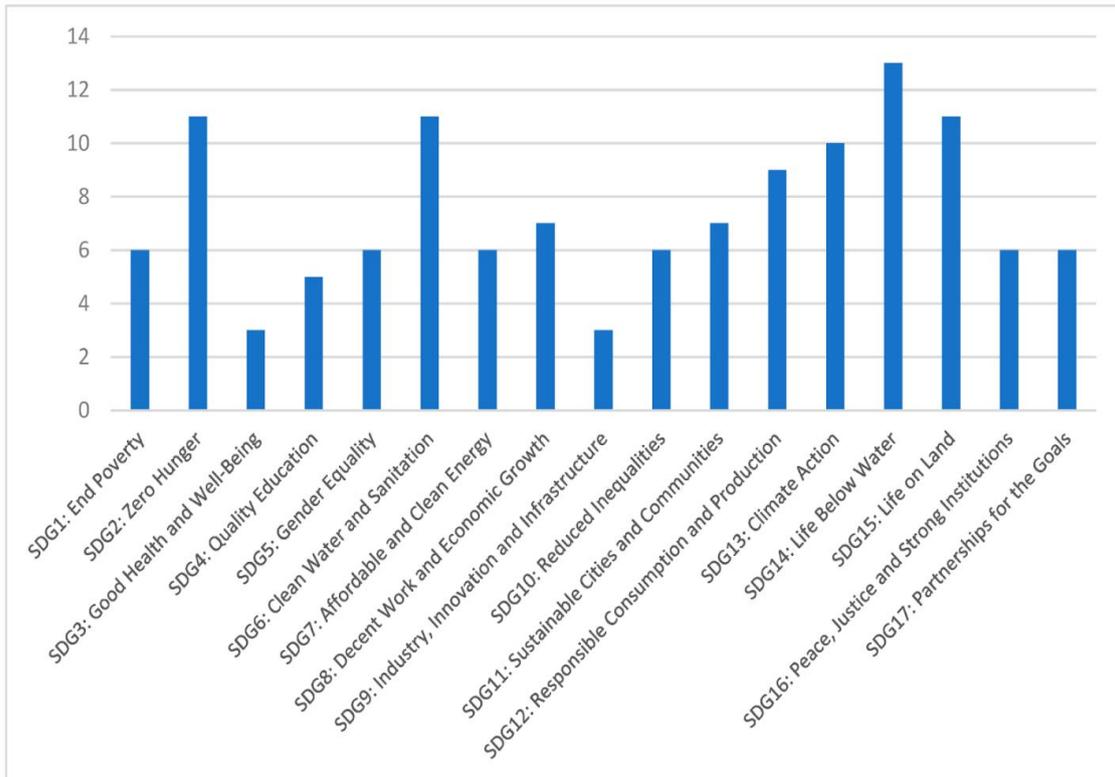


Figure (4): Rate of sustainable development goals achieved in recent years (Source: Ye & Kulathunga, 2019)

Figure 4 highlights the rate of sustainable development goals achieved in the present era after implementation in 2015. As per the words of Kenny (2019), 13 goals out of 17 SDGs can be achieved by implementing DFI appropriately. Thus, it can be said that financial inclusion has a key role in ensuring the usage of affordable financial products which improves the financial benefits. Standard Deviation range for the variables F11 till FS3 is observed to be 1.000 to 112.000 (Le, Chuc & Taghizadeh-Hesary, 2019). Results of Bartlett test of sphericity and Kaiser-Meyer-Olkin Measure of Sampling Adequacy showcase the Chi-square values of Financial Inclusion, Financial Efficiency and Financial Sustainability to be 393.807, 550.172 and 13.798 respectively.

**Financial Literacy Theory of Financial Inclusion:** The financial literacy theory states the understanding of an individual to manage financial products as well as services. In the context of this theory, it can be noticed that financial literacy helps in improving the probability of usage of digital financial services. As per the findings of Ye & Kulathunga (2019), earning, saving and investing, protecting, spending and borrowing are five significant principles in the financial literacy theory. The aim of this theory is to provide

a basic concept about finance that helps in managing money in a better manner. Thus, through this theory, one can gain the ability to analyse the issues regarding economic management.

**METHODOLOGY:** The methodology provides a framework that helps in further research with proper resources. In this paper, the secondary qualitative method is followed in which the thematic analysis is executed. As per the views of Mohajan (2018), the secondary qualitative analysis highlights the process where data is collected through different pre-existing documents and reviews the data in-depth. Based on the insight, different themes are generated to analysis the given topic. In this study, four pre-existing documents are collected and based on these, two themes are generated to analyse provided topic.

## RESULT

### Quality review:

Table 1: Quality review

Authors	Study design	Number of resources	Measured outcomes	Result	Quality review
Mader & Duvendack, 2019	Systematic literature review	22	To analyse the impact of financial inclusion on economic and social outcomes.	It has been found from this research paper that financial inclusion has a great impact on economic status all over the world.	High
Agwu, 2021	Secondary qualitative analysis	17	To understand the role of digital financial inclusion in developing the economic structure.	The result of this study shows the beneficial sides of digital financial inclusion in covering the gap in financial status.	Moderate
Tay, Tai & Tan, 2022	Systematic literature review	15	To highlight the influence of digital financial inclusion in attaining sustainable development goals.	The outcome of this paper illustrates the importance and usage of DFI in achieving all SDGs effectively.	Moderate
Mori Junior, Fien, & Home, 2019	Secondary qualitative method	21	To elaborate on the challenges and opportunities in meeting all sustainable development goals.	This study highlights all challenges and mitigation ways to achieve SDGs.	High

Source: Development by the researcher

**Thematic coding:**

Table (2): Thematic coding

Author	Code	Themes
Mader & Duvendack, 2019 Agwu, 2021	Financial inclusion, technology, economic structure, financial status	Influence of digital financial inclusion to understand the economic status of South Asia
Tay, Tai & Tan, 2022 Mori Junior, Fien, & Horne, 2019	Digital financial inclusion, sustainable development, SDGs, financial services	Role of digital financial inclusions in attaining the SDGs

Source: Developed by the researcher

**Theme 1: Influence of digital financial inclusion to understand the economic status of South Asia:** Financial inclusion refers to the application of adequate economic services in improving the financial environment. Therefore, the incorporation of various technologies in different aspects of financial inclusion is known as digital financial inclusion. As per the statement of Mader & Duvendack (2019), DFI is significant in improving the country's economy by providing disadvantaged as well as low-income populations an opportunity to earn or increase their income. DFI has the potential to change the economic structure of a country by providing cost-affordable and time-saving formal financial services.

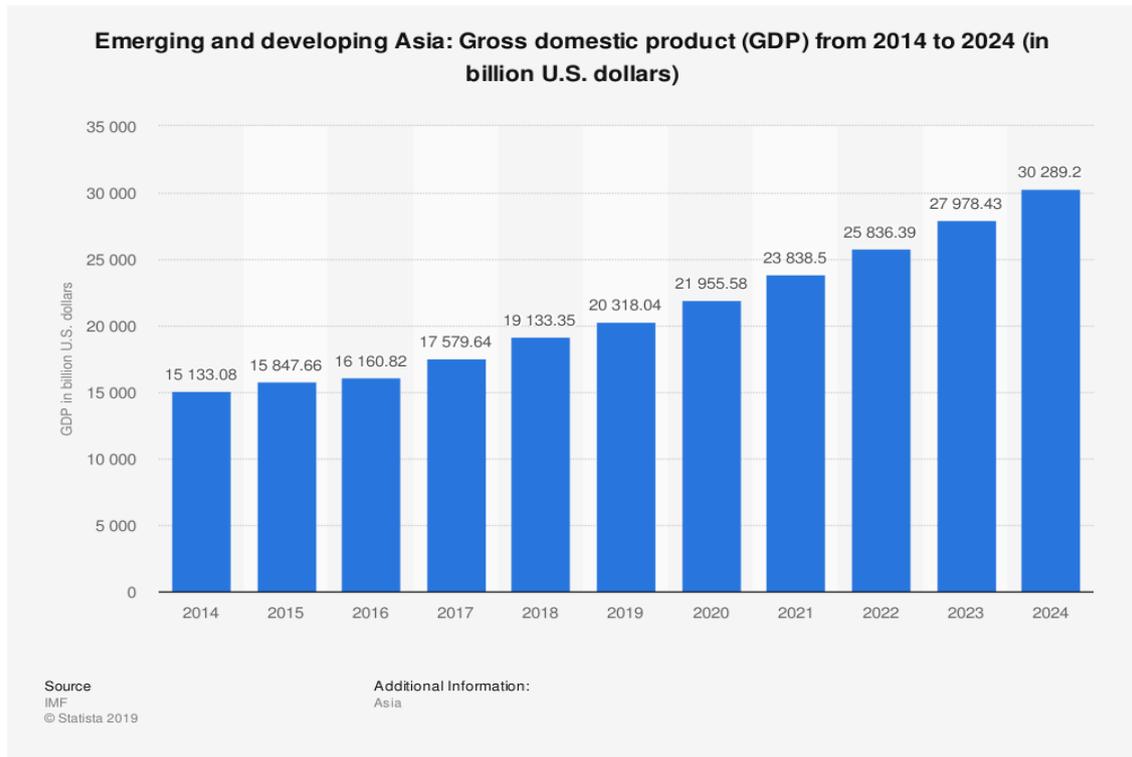


Figure 5: Increasing rate of financial status in South Asia  
(Source: Mader & Duvendack, 2019)

Figure 5, highlights the economic status of South Asia for over 10 years starting in 2014 and ending in 2024. As per the comments of Agwu (2021), the DFI becomes one of the most crucial components in determining financial inclusion in south Asia in the present era. It has been recorded that the economy increases due to the implementation of DFI by 7.1% in 2021 and 2022; however, it is uneven as the activities regarding economic growth are below comparing pre-Covid-19 situations.

**Theme 2: Role of digital financial inclusions in attaining the SDGs:** The main aim of applying digital financial inclusion in different countries is to embrace technology-based financial services rather than cash-based services. As per the findings of Tay, Tai & Tan (2022), there are 17 goals in SDGs to achieve a sustainable environment all over the world. In order to achieve these goals, the DFI plays a significant role by promoting financial inclusion through different digital platforms. Since the DFI promotes low-cost formal financial services which help to fuel a business model, the first goal of SDGs can be achieved. This is significant in increasing productivity which helps in meeting the second goal. By implementing the DFI, lower-income families can enhance their income and focus on quality

education and well-being which helps in meeting the third and fourth goals of SDGs. As per the opinion of Mori Junior, Fien, & Horne (2019), DFI plays a key role in achieving the goal named “gender equality”, “clean water and sanitation” and “affordable and clean energy”.

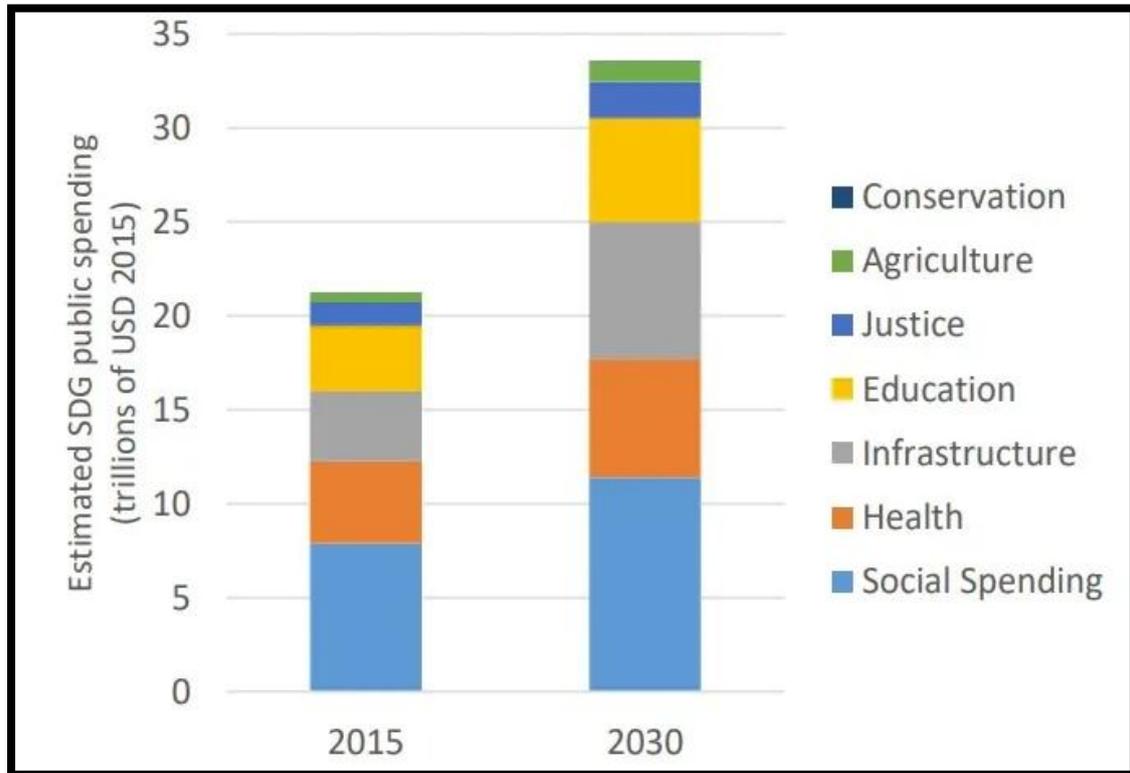


Figure (6): Target rate to achieve SDGs in 2030

(Source: Tay, Tai & Tan, 2022)

Above figure 6 elaborates on the target rate to achieve SDGs within 2030. As per the statement of Mori Junior, Fien, & Horne (2019), DFI helps in generating 95 million fresh jobs that enhance the total GDP by 6% by 2025. Moreover, this helps in achieving the goals of “industry, innovation, and infrastructure”, “reduced inequalities”, “sustainable cities and communities”, “climate action”, and “peace, justice, and strong institutions”.

**Discussion:** Thus, from the above, it can be said that digital financial inclusion refers to adequate formal economical services that can enhance the total economic status by including different technologies. As per the findings of Mader & Duvendack (2019), the financial status increased by 7.1% in two consecutive years 2021 and 2022 due to the implementation of digital financial inclusion. Moreover, from the above, it can be understood that 13 sustainable development goals among 17 can be attained by implementing DFI.

**Conclusion:** Thus, it can be concluded that the process through which formal financial services are provided to disadvantaged and low-income populations is known as financial inclusion. By including different advanced technologies in financial inclusion, it becomes the DFI and is helpful in improving the financial status of South Asian countries. Moreover, from this paper, it has been found that digital finance inclusion is beneficial in achieving the 13 sustainable development goals which are developed in the year 2015. Hence, it can be said that DFI plays a key role in different aspects of the economy in a country.

**Limitations:** The lack of a research timeline plays a crucial role in generating limitations while conducting this article. Deficiency in resources and budget also creates several issues to complete this paper properly. Furthermore, the drawbacks of using a secondary qualitative process develop several limitations in executing a study.

**Future Scope:** This article is beneficial in understanding the current financial conditions of south Asian countries. It is significant in understanding the role of digital financial inclusion in improving the economic structure of a country. Moreover, this paper provides knowledge on the influence of DFI in understanding the challenges of SDGs and achieving this.

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