The Anatomy of the Financial Inclusion Gap in the Caucasus and Central Asia

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ABSTRACT: This paper analyses how financial inclusion in the Caucasus and Central Asia (CCA) compares to peers in Central and Eastern Europe (CEE). Using individual-level survey data, it shows that the probability of being financially included, as proxied by account ownership in financial institutions, is substantially lower across gender, income groups, and education levels in all CCA countries relative to CEE comparators. Key determinants of this financial inclusion gap are lower financial and human development indices, weak rule of law, and physical access to bank branches or ATMs. This suggests that targeted policies aimed at boosting financial and human development, strengthening the rule of law, and supporting fintech solutions can broaden financial inclusion in the CCA.


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