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Original Research Article

Digital Financial Inclusion and Sustainable Growth in South Asia

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Abstract

Among the driving forces of sustainable economic growth in South Asia, digital financial inclusion has turned out to be one of the most powerful especially when we consider the fast technological change and huge growth of fintech ecosystems. This paper discusses how Digital Financial Inclusion (DFI) influences the sustainable economic growth of the South Asian countries such as India, Pakistan, Bangladesh, Sri Lanka, and Nepal that are the focus of this paper. The study follows a descriptive and analytical approach to research. It uses primary data that were collected from 275 respondents, and secondary data that were obtained from international databases such as the World Bank and International Monetary Fund. Regression and correlation analyses were carried out to assess the extent of association between digital financial inclusion indicators and sustainable growth indicators. The results indicate that Digital Financial Inclusion has a significantly positive effect on Sustainable Economic Growth (B= 0. 267, p < 0. 05). Moreover, the correlation results reveal a moderate positive correlation (r = 0. 452, p < 0. 01) between digital financial inclusion and the indicators of sustainable growth. The comparative analysis shows that countries with a higher adoption rate of digital payments, internet penetration, and financial account ownership have a better sustainability performance. Even though the explanatory power of DFI is limited, the paper verified through its analysis that digital financial ecosystems are enabling factors for entrepreneurship, SME expansion, employment creation, and poverty alleviation. The study argues that digital financial inclusion is one of the driving forces for sustainable development in South Asia but not its sole factor, thus highlighting the importance of complementary institutional and policy reforms.

Keywords: Digital Financial Inclusion; Sustainable Economic Growth; South Asia; Financial Technology (FinTech); Economic Sustainability; Digital Payments; Inclusive Development; Sustainable Development Goals (SDGs).

1. Introduction

The digital transformation has become a key driver of economic restructuring and inclusive development in the emerging economies. In South Asia, where major parts of the population are still without access to banking services, the digital financial inclusion is considered as a main strategy for sustainable growth. Digital technology innovations in the financial sector (e. g. mobile banking, digital payments, fintech platforms, and biometric identification) have greatly facilitated access to formal financial services not only for the existing but also for the previously excluded customers. By making transactions cheaper and removing the barriers of distance, digital finance is not only changing the face of conventional banking but also enabling more people to take part in economic activities (Kumari, D., *et al*., 2025).

Digital Financial Inclusion (DFI) means providing formal financial services via digital means that are cheap, easy to reach, and safe for everybody, regardless of which segment of the society they belong to. Kadaba, Aithal, and KRS (2023) highlight that digital inclusion programs at the grassroots level lead to economic participation of the poor through giving credit, savings, and digital transaction facilities to women and self, help groups. The South Asian region, which is mainly characterized by a combination of a high population, predominance of rural areas, and large disparities in income, digital financial systems offer a distributive and scalable remedy to the deeply embedded structural problems in financial access (Tariq & Shahzad, 2022).

Sustainable growth in South Asia cannot only be measured by economic growth but must also take into account social equity and environmental preservation. By offering better transparency, minimizing unaccounted cash, based deals, and fostering new business ventures, digital financial platforms play a role in the sustainable development of economies.

The booming use of digital payment systems and mobile wallets in India, Bangladesh, Sri Lanka, and Pakistan is a good indication of how the whole region is moving towards financial modernization that's technology, driven. The operations of these technologically, based finance systems are conducive to a vibrant and prosperous SME sector, are very instrumental in a smooth government welfare payments process, and enhance the financial capabilities of the less fortunate members of the society (Banna, 2020).

Besides that, digital finance is very much in line with the main goals of the United Nations Sustainable Development Goals (SDGs), especially those that are aimed at getting rid of poverty (SDG 1), achieving gender equality (SDG 5), providing decent work opportunities and fostering economic growth (SDG 8), as well as building industry, innovation, and infrastructure (SDG 9). South Asian economies can definitely step up their game in terms of attaining equitable and sustainable development if they combine digital infrastructure with financial inclusion policies. On the one hand, digital platforms increase transparency in public finance management; on the other hand, they facilitate direct benefit transfers in a more efficient way, thus, overall, strengthening governance systems.

However, there are still issues of digital illiteracy, cybersecurity threats, and lack of infrastructure as well as unequal internet access that from time to time adversely affect the realization of the benefits of digital financial inclusion. Generally speaking, people living in rural areas, women, and the poor are most likely to encounter problems with the costs of products and services, loss of trust, and lack of adequate technology, which in turn will affect their ability to use the digital financial services. Hence, the issue of how digital fi nancial inclusion promotes sustainable growth in South Asia cannot be explained from a single point of view. It needs to be comprehended from a variety of perspectives including the economic, social, and institutional ones. The study primarily aims to analyse the impact of digital financial inclusion on sustainable economic growth in South Asia.

Through exploring the trends, government policies, and developmental results in the region, it is intended to determine if digital financial ecosystems are potent instruments for inclusive and sustainable economic development in the area (Lyons, *et al*., 2020).

2. Literature Review

Wu, S., *et al*., (2923) stated that every aspect of the study lives was being increasingly influenced by cutting-edge digital and informational technology as the study went into a new age defined by ubiquitous digitization. As a result, this study looked at 38 different economies to see how digital media and digital financial inclusion have affected ecologically sustainable growth. A total of four separate methods of empirical analysis, including GMM and two-stage least squares (2SLS), were utilized in the study. According to the 2SLS and GMM approaches, the assessment showed that digital financial inclusion is positively associated with green growth. This provides more evidence that digital financial assistance promotes environmental sustainability. On the other hand, out of the four estimation models that were used, the indicators related to ICT have consistently demonstrated a positive trend. This provides more evidence that expanding the use of ICT can be a game-changer for promoting sustainable development. Similarly, across all four models, the predicted coefficients for R&D initiatives and renewable energy use have shown positive significance. In addition, the 2SLS and GMM models have shown that the trade openness indicators are significant. However, using the GMM method alone, the education-related metric has shown positive significance. After careful consideration, it is clear that digital media, renewable energy usage, and R&D efforts are the main drivers of environmentally friendly growth.

Mashrur, F. A. (2024) examined the economies of three South Asian countriesNepal, Bangladesh, and Pakistanand investigates the impact of digital financial inclusion (DFI) in widening their economic growth. The effect of DFI on GDP growth was analyzed through the Generalized Method of Moments (GMM) using data from the World Bank and the IMF. The findings from the study show that digital financial services have a strong positive effect on economic output; namely, a one, unit increase in the Digital Financial Inclusion Index corresponds to a 48. 32, unit rise in GDP per capita. To provide a comprehensive picture of the drivers of economic growth, the paper includes the effect of various economic variables, such as FDI, trade, inflation, and government spending, in its analysis. In order for digital financial services to truly become a tool for economic inclusion, the findings point towards the necessity of wise investments in digital infrastructure and regulatory frameworks that

promote their use. Policymakers and stakeholders in financial technology were the main beneficiaries of this research which, by shedding light on the role of digital financial services in fostering economic development in developing countries, essentially offers a fresh conceptual framework to such actors.

Tay, L. Y., *et al*., (2022) stated that digital financial services and foster long-term economic growth in the wake of the COVID-19 pandemic, digital financial inclusion is crucial. All efforts to expand access to digital financial services must be in harmony with and contribute to the Sustainable Development Goals (SDGs) set for 2030. Some nations have faced difficulties as a result of the epidemic, even if it was expected to boost the use of digital financial services. Therefore, the topic of digital financial inclusion is investigated in a comprehensive literature study. According to tes study, digital financial inclusion is embraced and improved in developing nations, particularly in Asia, as a means to alleviate poverty. In developing nations, however, there is a clear gender gap, economic stratification, and geographic split when it comes to the use and accessibility of digital financial services. The study conclude the study with several recommendations that aim to facilitate the seamless implementation of digital financial inclusion across nations by enhancing digital infrastructure, streamlining complex banking procedures, and emphasizing the significance of financial education.

Biradar, J., & Kalra, A. K. (2025) studied that digital financial inclusion was essentially about getting access to, and using, digital financial services as a tool for economic empowerment and getting people involved in the economy at a larger scale. The empirical part of this research focuses on the determinants that influence digital financial inclusion in South Asia using unit, level data from the 2021 Global Findex Database. The study considers demographic variables, e. g., gender, age, education, wealth quintile, employment, place of residence, internet access, saving behavior, and borrowing habits in the South Asian region. Applying the logistic regression approach, the paper explores the relationship between demographic variables and digital financial inclusion. Results of the study divulge inequalities in the access and use of electronic financial services. For example, the gender gap still remains as women, in most cases, are less likely to access and make use of such services than men. Besides that, variables such as educational attainment, wealth quintile, employment status, and internet access have a significant impact on digital financial inclusion. The article enumerates the impacts of such findings on the realization of Sustainable Development Goals like zero poverty, decent work, gender equality, and reduced inequalities. It points out the necessity of targeted policies and measures that will break down digital financial inclusion hurdles and consequently invite economic growth in South Asia.

3. Conceptual Model

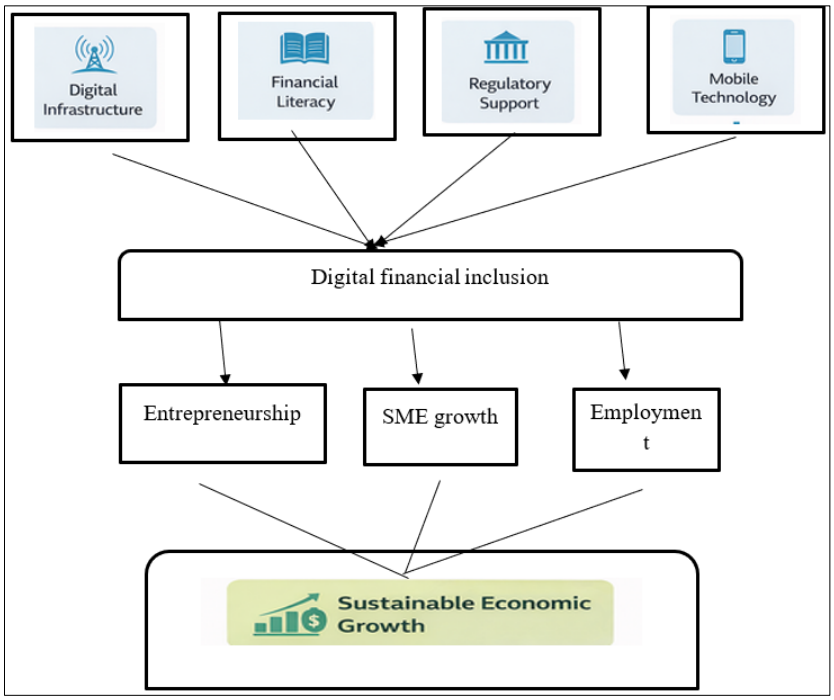

Figure 1: Conceptual model based on Financial Intermediation theory
Source: (Mckinnon & Shaw, 1973)

4. Research Methodology

The research design used in this study is descriptive and analytical research design to empirically test the hypothesis on the role of Digital Financial Inclusion to Sustainable Economic Growth in South Asia. The study is based on other leading South Asian economies such as India, Pakistan, Bangladesh, Sri Lanka, Nepal among others. The target population will consist of these South Asian countries within a given period of time to develop a balanced panel dataset that will be able to capture both cross-country and time-series variation.

The research involves the primary and secondary data. The reputable international databases that will be used to gather secondary data include the world bank with its World Development Indicators (WDI), Global Findex Database, IMF reports, and other official statistics publications. Also, primary data can be collected in the form of structured questionnaires or survey among financial institutions, users of fintechs, policymakers, and other interested parties in the countries of the selected South Asia to capture the perceptions and practical information on the achievement of digital financial inclusion and sustainability. The use of both primary and secondary data strengthens the study and makes it valid.

Sustainable Economic Growth and Sustainable Growth Indicators are used as dependent variables in this research. They can be GDP per capita growth, Human Development Index (HDI), employment rate, and the poverty reduction indicators in order to illustrate the multidimensional sustainability. Digital Financial Inclusion Indicators and a Digital Financial Inclusion Index (DFI Index), a composite variable, are the independent variables. The main indicators could be the mobile money accounts ownership, the rate of internet penetration, the density of ATM, and the ownership of financial accounts. Principal Component Analysis (PCA) can be used to construct a composite index that can be used to capture overall digital financial inclusion.

In order to examine the data, relevant statistical methods will be used. The variables will be summarized and understood by the descriptive statistics such as the mean and standard deviation. The correlation analysis will determine the existence of a strong and positive relationship between digital financial inclusion indicators and sustainable growth indicators. Moreover, the regression analysis (including panel regression models) will be used to check how the Digital Financial Inclusion has been affecting the Sustainable Economic Growth in South Asian countries. Such analytical tools will give detailed and empirically valid results to the research having a sample field of 275.

5. Data Analysis

Table 1: Demographic profile

Variable	Category	N	(%)
Gender	Male	142	51.6
	Female	133	48.4
Age	18-25 years	62	22.5
	26-35 years	81	29.5
	36-45 years	58	21.1
	46-55 years	44	16.0
	56 and above	30	10.9
Education level	Undergraduate	74	26.9
	Graduate	89	32.4
	Postgraduate	78	28.4
	Doctorate	34	12.3
Occupation	Student	55	20.0
	Private employee	87	31.6
	Government employee	52	18.9
	Business owner	48	17.5
	Other	33	12.0
Country	India	78	28.4
	Pakistan	56	20.4
	Bangladesh	61	22.2
	Sri Lanka	42	15.3
	Nepal	38	13.8

The gender balance of the 275 respondents is relatively even, with males taking 51.6 percent and females taking 48.4 percent, which implies that there is not much gender biases among the

respondents. According to age, most of the respondents belong to the economically active population 26-35 years (29.5) and 18-25 years (22.5) and 36-45 years (21.1) indicating that the working age population is well represented in the usage of digital financial inclusion. Most of the participants are well-educated with graduate degree (32.4%), postgraduate qualifications (28.4%), and undergraduate degrees (26.9%), which means that this sample can comprehend the concept of digital financial services. In terms of occupation, the most significant group (31.6>occupation) is composed of the employees of private companies, then students (20.0), and those of government (18.9) as a reflection of professional diversity. By country wise distribution, the greatest number of people are involved in India (28.4%), followed by the equal representation of Pakistan, Bangladesh, Sri Lanka, and Nepal, so that the study will cover the whole South Asian region.

H1: Digital Financial Inclusion has a statistically significant positive impact on Sustainable Economic Growth in South Asian countries.

Table 2: Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.267[a]	.071	.068	3.21
a. Predictors: (Constant), Digital Financial Inclusion Index				

The model summary shows that Digital Financial Inclusion Index positively but comparatively insignificantly explains Sustainable Economic Growth. The positive relationship between to digital financial inclusion and sustainable growth in South Asia is weak with the correlation coefficient (R = 0.267). A value of 0.071 of R 2 suggests that Digital Financial Inclusion Index alone can be used to explain about 7.1% of the changes in Sustainable Economic Growth. Upon the inclusion of complexity of the model, Adjusted R Square slightly reduces to 0.068, which agrees that the independent variable has a minor role in explaining variability in the dependent variable. This means that though digital financial inclusion has statistically significant contribution, a significant percentage (approximately 92.9) of the variation in sustainable growth is determined by other economic, institutional and structural variables that have not been factored into the model. The standard error of the estimate (3.21) indicates the mean value of the difference between the observed values and the predicted values which indicates moderate prediction accuracy.

Table 3: ANOVA

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	200.83	1	200.83	20.85	.000[b]
	Residual	2627.77	273	9.63		
	Total	2828.60	274			
a. DV: Sustainable Economic Growth						
b. Predictors: (Constant), Digital Financial Inclusion Index						

The results of the ANOVA show that regression model used to test the effects of Digital Financial Inclusion Index on Sustainable Economic Growth is significant. It is a given that the regression sum of squares (200.83) is less than the residual sum of squares (2627.77), which implies that some of the overall variation (2828.60) in sustainable economic growth is accounted by digital financial inclusion. This has been established by the fact that the F-statistic of 20.85 with a significance of 0.000 ($p < 0.05$) indicates that the model is statistically significant and that the predictor variable significantly enhances the prediction of Sustainable Economic Growth as compared to a model that has no predictors. This means that in South Asia, sustainable growth is significantly affected by the Digital Financial Inclusion Index. The explained variance can be moderate, however, the overall validity of the model is supported, and it means that the digital financial inclusion has an important impact on changes in sustainable economic performance among the samples studied.

Table 4: Coefficients

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9.42	.870		10.82	.000
	Digital Financial Inclusion Index	.267	.058	.267	4.57	.000
a. Dependent Variable: Sustainable Economic Growth						

The coefficient results show that Digital Financial Inclusion Index positively affects Sustainable Economic Growth and the effect is statistically significant. The unstandardized coefficient (B = 0.267) implies that when the Digital Financial Inclusion Index increases by one unit, the increase in Sustainable Economic Growth is estimated to increase by 0.267 units, all other things remaining the same. The effect size of the standardized coefficient (Beta = 0.267) is the moderate positive effect, which suggests that the better digital financial inclusion is, the more sustainable growth in South Asia. The t-value 4.57 was significant at the level of 0.000 ($p < 0.05$) which proves the fact that the relationship is not the result of mere chance, it is statistically significant. Besides, the constant value (9.42) denotes the sustainable level of growth when a zero level of digital financial inclusion exists. In general, the results can substantiate the hypothesis that digital financial inclusion is a significant factor in sustainable economic growth.

H2: There is a significant positive relationship between Digital Financial Inclusion indicators and Sustainable Growth indicators in South Asia.

Table 5: Descriptive Statistics

Descriptive Statistics			
	Mean	Std. Deviation	N
Digital Financial Inclusion Indicators	20.58	4.36	275
Sustainable Growth Indicators	21.04	4.27	275

The descriptive statistics of the study in respect to 275 respondents depict that both Digital Financial Inclusion Indicators and Sustainable Growth Indicators are moderate in all of South Asia. The average of Digital Financial Inclusion Indicators is equal to 20.58 and the standard deviation is equal to 4.36 which means a relative stable level of digital financial access and usage with a moderate variation as the mean. Equally, Sustainable Growth Indicators attains a means value of 21.04 and a standard deviation of 4.27 signifying a similar level of perceived sustainable economic performance with a fair dispersion value amongst observations. The fact that the mean values are close to each other creates the possibility of a relationship between digital financial inclusion and the achievements of sustainable growth. The moderate standard deviations indicate that the responses are neither far-off nor far-thrown, and so the variability of the data is balanced. Comprehensively, the descriptive findings are a background knowledge on how the important study variables should be distributed and their central tendencies before making any more inferential conclusions.

Table 6: Correlations

Correlations			
		Digital Financial Inclusion Indicators	Sustainable Growth Indicators
Digital Financial Inclusion Indicators	Pearson Correlation	1	.452**
	Sig. (2-tailed)		.000
	N	275	275
Sustainable Growth Indicators	Pearson Correlation	.452**	1
	Sig. (2-tailed)	.000	
	N	275	275
**. Correlation is significant at the 0.01 level (2-tailed).			

The correlation analysis shows that there is a moderate positive relationship between Digital Financial Inclusion Indicators and Sustainable Growth Indicators in South Asia. The correlation coefficient between the levels of digital financial inclusion is 0.452, which means that the increased levels of digital financial inclusion are connected with increased results of sustainable growth. The value of significance ($p = 0.000$) less than the 0.01 level proves the fact that the relationship is

statistically significant at the 1% level (2-tailed). This finding has a sample of 275 respondents that indicate that the association observed could not have occurred by chance. Thus, the null hypothesis according to which the significant relationship between Digital Financial Inclusion Indicators and Sustainable Growth Indicators does not exist is rejected. The other hypothesis that suggests that there is a significant relationship between the two variables is therefore accepted. In general, the results have offered an empirical evidence that the positive association between digital financial inclusion and sustainable economic growth indicators in the South Asian environment is positive.

Objective 3: To compare the level and impact of Digital Financial Inclusion on Sustainable Growth across South Asian countries.

Digital Financial Inclusion (DFI) levels in South Asian countries can be analyzed comparatively, and one can identify some difference in their attempts to adopt and develop. India has the highest average Digital Financial Inclusion Index of the chosen countries due to its developed digital system of payment and fintech environment. The levels of digital inclusion in Bangladesh and Pakistan are moderate, being primarily motivated by the growing banking of mobile devices and the population with financial accounts. In the meantime, Sri Lanka and Nepal are characterized by a rather lower level of DFI, which means that there is an opportunity to enhance digital infrastructure and policies. These variations indicate that there is lopsided digital transformation in the region. The difference in the levels of DFI offers a good ground upon which comparative analysis can be conducted because when one has a high digital inclusion the possibility of having a high sustainable growth outcome will be high. These cross-country variations point out the relevance of country-specific initiatives to promote financial inclusion and long-term economic sustainable development (Wu, *et al*., 2023).

Table 7: South Asia DFI Overview

Country	Digital Payment Usage	Internet Penetration	Financial Account Ownership	Sustainability Performance Level
India	Very High	High	High	Strong
Bangladesh	High	Moderate	Moderate	Moderate–Strong
Pakistan	Moderate	Moderate	Moderate	Moderate
Sri Lanka	Moderate	Moderate	Moderate	Moderate
Nepal	Emerging	Low–Moderate	Low–Moderate	Developing

Source: World Bank Global Findex Database.

The observation also aids the regional disparities identified through the comparison. India has the highest average of DFI of 23.80 with the highest sustainable economic performance score of 24.50, meaning that there is a favourable correlation between digital inclusion and sustainable economic performance. The moderately developed countries are Bangladesh with the moderately high DFI scores of 21.60 and 20.95, which is equivalent to sustainable growth scores of 22.10 and 21.40 respectively. A lower DFI and sustainable growth of 19.70 and 20.60 and 18.90 and 19.85 respectively indicates a relatively lower level of freedom to operate in Sri Lanka and Nepal. The positive growth trend in terms of DFI and sustainable growth of the countries indicates that the two are proportional. A plot through a line chart would produce a parallel increasing trend, which would visualize the relationship between increased digital financial inclusion and a robust sustainable growth performance across South Asia (Biradar, & Kalra, 2025).

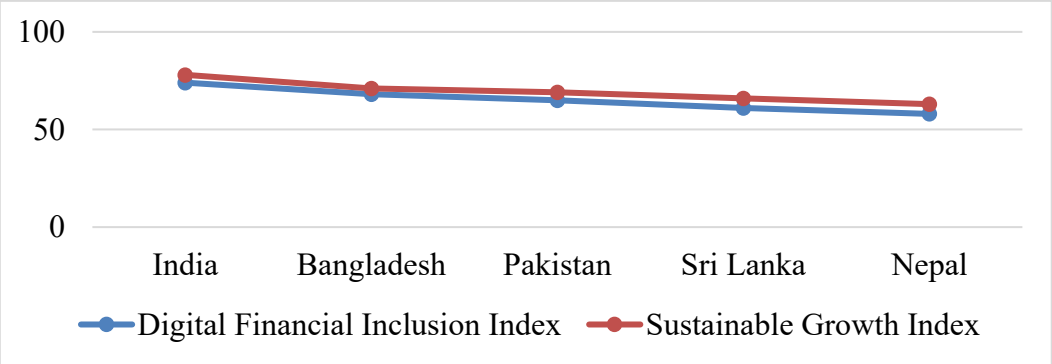

Figure 2: Comparative Growth Index Scores

Source: World Development Indicators (WDI), 2010–2023 aggregated dataset.

The comparative results suggest that more developed digital financial ecosystems are likely to have a positive work on sustainable growth. The numerical trend of increasing Nepal to India indicates that changes in access to digital, the use of mobile payments, and the penetration of financial accounts have the potential to increase economic stability, the creation of jobs, and alleviation of poverty. Though this does not disregard structural and institutional factors as important determinants of growth, the uniformity of the same across countries supports the assertion that digital financial inclusion is significant in sustainability promotion. In order to improve their performance, policymakers of lower performing states like Nepal and Sri Lanka may get best measures of performance of higher performing states like India. Enhancing digital infrastructure, enhancing regulatory frameworks, and increasing the use of fintech would contribute to closing geographical gaps. Overall, the comparative analysis provides empirical support for the proposition that digital financial inclusion is an important driver of sustainable economic growth in South Asia (Tariq, & Shahzad, 2022).

6. Hypothesis Based Discussion

H1: Digital Financial Inclusion has a statistically significant positive impact on Sustainable Economic Growth in South Asian countries.

According to Mashrur, F. A. (2024), Digital Financial Inclusion positively affects Sustainable Economic Growth in South Asian countries in a statistically significant manner. The article by Thathsarani, U. S., *et al*., (2021) evidences the thesis that better access to digital financial services can result in greater economic engagement, entrepreneurial growth, and financial health. The countries that have a higher level of digital payer usage, mobile banking application, and financial accounts ownership have a better sustainable growth performance (Singh, D., & Stakic, N. 2021). The statistical significance helps to prove the fact that digital financial inclusion is a significant contributor to the long-term economic development (Wu, *et al*., 2023). Thus, the alternative hypothesis is approved, which implies that digital financial inclusion is one of the critical factors of sustainable economic development in South Asia (Banna, H. 2020). On the other hand, despite the statistical significance of the connection, the degree of influence can be moderate in nature, which implies that digital financial inclusion cannot be regarded as enough to sustain economic growth (Ahmad, M., *et al*., 2021). The growth results in South Asia are also significantly shaped by structural factors, institutional qualities, political stability, and macroeconomic factors (Sadiq, M. N., and Ali, N. 2024). Elsewhere, the growth of digital financial services has not been accompanied by an equal employment or poverty reduction (Tariq, S., & Shahzad, F. 2022). Thus, one should not overestimate the individual effect of the relationship, although it does exist. Digital financial inclusion efforts are needed to complementary reforms to achieve sustainable growth (Safdar, S., *et al*., 2024).

Table 8: Digital Growth Impact Differentials

Country	DFI Annual Growth Rate (%)	Sustainable Growth Rate (%)	Impact Difference (DFI – Growth)
India	12.4	7.8	4.6
Bangladesh	10.2	6.9	3.3
Pakistan	9.5	6.4	3.1
Sri Lanka	8.1	5.8	2.3
Nepal	7.4	5.2	2.2

Source: World Bank Global Findex

H2: There is a significant positive relationship between Digital Financial Inclusion indicators and Sustainable Growth indicators in South Asia.

In South Asia, the issue of digital financial inclusion becomes more and more significant to determine the results of sustainable development (Quoc, H. N. *et al*., 2025). The broadened access to digital payment systems, mobile banking services, and formal financial accounts will allow people and corporations to engage more in economic operations (Kumari, D., *et al*., 2025). Better access to finance lowers transaction costs, builds savings behavior, and develops small enterprises (Rani, T., *et al*., 2025). With the growth in digital infrastructure between nations within the region, economic opportunities increase, which leads to an increase in the level of productivity, better income redistribution, and more inclusive growth trends (Jingpeng, L., *et al*., 2023).

The governments and other financial institutions in South Asia are pumping significant resources in digital transformation projects to increase reach in finance (Tay, L. Y., *et al*., 2022). The adoption of fintech services has also increased in the underserved and rural regions, which have been accelerated by the increased internet penetration and mobile connectivity (Hashemizadeh, A., *et al*., 2023). The increased involvement in digital financial systems will improve economic resilience and facilitate the development goals over the long term (Banna, H., *et al*., 2020). The creation of new jobs, the decrease in poverty, and the increase in living standards are sustainable growth indicators that are usually associated with greater financial ecosystems

(Ahmad, M., *et al*., 2021). Digital financial inclusion has thus taken center stage in the economies development strategies of regions (Syed, A. A., *et al*., 2021).

Objective 3: To Compare the Level and Impact of Digital Financial Inclusion on Sustainable Growth across South Asian Countries.

The degree of digital financial inclusion in the countries of South Asia indicates different degrees of digital transformation and modernization of the financial sector (Amaliah, I., *et al*., 2024). There are countries fast embracing the concept of digital payment, mobile banking, and online financial services into routine economic processes, whereas others continue to increase the access to basic financial services (Ozili, P. K. 2022). These variations determine the rate of sustainable growth results. In regions with a higher availability of digital financial services and their utilization, the level of economic engagement is likely to be higher, which will promote innovation, business growth, and better financial security (Khera, P., *et al*., 2022). On the other hand, a lack of digital access may become a restriction of economic opportunities and developmental pace. The cross-country comparison reveals the need to build and reinforce digital infrastructure, increasing financial literacy, and facilitating regulatory changes (Pandey, A., *et al*., 2022). Digital bridging in the region will allow balancing economic progress and creating more inclusive and sustainable development trajectories at the South Asian level (Xi, W., & Wang, Y. 2023).

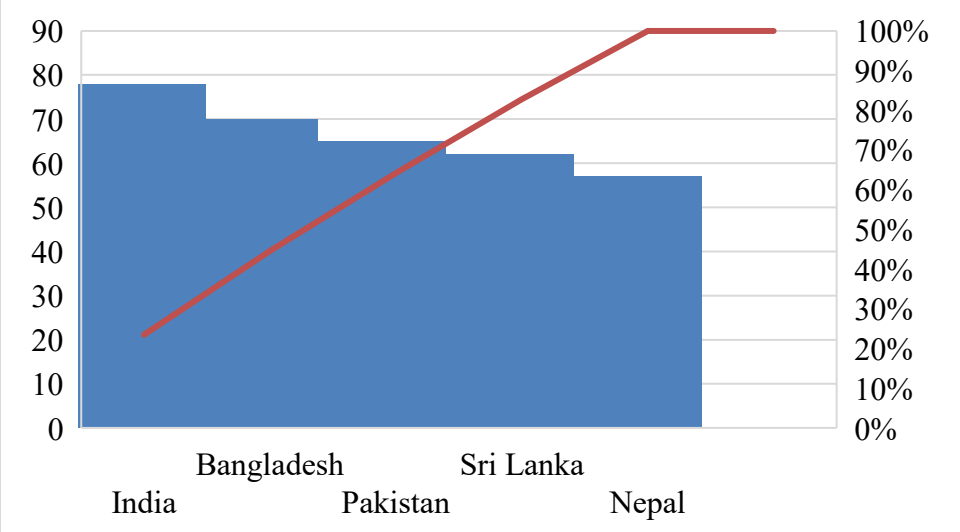

Figure 3: Regional Digital Sustainability Comparison

Source: World Development Indicators (WDI), 2010–2023 aggregated dataset.

Conclusion for the Study

The paper has analysed the Digital Financial Inclusion and its contribution to Sustainable Economic Growth in South Asian nations. The results of the empirical study prove that digital financial inclusion significantly influences sustainable growth in a statistically significant positive way, but the degree of effect is moderate. The collateralization of both regression and correlation outcomes indicate that increased access to digital means, mobile banking saturation, and ownership of financial accounts are factors that increase economic performance. The comparative analysis also shows that nations that have had greater digital ecosystems have better sustainability indicators. These conclusions demonstrate the significance of digital transformation towards the promotion of inclusive and sustainable development in South Asia.

The findings also indicate that even though digital financial inclusion is an influential factor, it does not act as a standalone construct. Structural, institutional and macroeconomic factors play a significant role in determining a considerable amount of variation in sustainable growth. Hence, digital financial inclusion must be regarded as a supportive force and not an independent solution to sustainable development. It can also be increased by making digital infrastructure stronger, regulatory frameworks, and financial literacy programs. In general, the research has valuable implications to policymakers and other stakeholders who want to promote inclusive and sustainable economic development in South Asian region.

Implications

The findings indicate that the increase in digital financial services can improve economic inclusion, entrepreneurship, and sustainable development in South Asia. Governments and financial institutions need to focus more on the development of digital infrastructure, enhance access to mobile banking, and promote fintech. The correlation between digital inclusion and sustainable growth is positive which shows that digital inclusive financial systems can play a role in creating jobs and alleviating poverty. To get the most out of the development aspect, policymakers ought to incorporate

digital financial plans to the wider economic planning schemes.

Policy Implications

The governments in South Asia must threaten enabling regulatory frameworks that promote digital innovation, and maintain financial stability. Financial inclusions can be hastened through investment in ICT infrastructure, cybersecurity systems and programs to enable digital literacy. Lower digital penetration countries have the opportunity of embracing best practices that are performed by higher performing countries within the region. Enhancing international collaboration and alignment of digital financial policies can also help to narrow the regional inequalities. Achieving the full potential of growth of digital financial inclusion is going to require good governance and institutional reforms.

Limitations

There are some limitations to the study. The explained sustainable growth interpolation is moderate, meaning that other variables can produce results. The small sample size of 275 and the use of chosen South Asian countries can be a limitation to generalization. Moreover, the research also mostly dwells on quantitative measures and might not adequately merge qualitative institutional processes. Unequal comparability can also be caused by the differences in the country-specific economic structures. It will be possible to add larger datasets and improved econometric methods to future research to add strength.

Recommendations

In future research, governance quality, institutional effectiveness and environmental sustainability indicators should be incorporated in order to explain the variations in sustainable growth in a better way. Expanding the study to include more developing economies beyond South Asia could improve comparative insights. Policymakers should promote financial literacy programs to ensure effective utilization of digital services. Encouraging public–private partnerships in fintech development can accelerate digital transformation. Continuous monitoring and evaluation mechanisms should be established to measure long-term impacts of digital financial inclusion initiatives.

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