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Discussion of the paper

Financial Inclusion, Inequality in Financial Access and Income Inequality– Evidence from European Countries

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Few comments on

- Objectives / contribution to the literature
- Methodology

Main objectives

- **Methodological:** to propose an alternative method based on correspondence analysis to construct a composite index of financial inclusion (using the Findex survey data)
- **Analytical:** to describe financial inclusion and its inequality in the top 15 poorest countries in Europe and to investigate the role of income inequality in explaining inequality in financial inclusion

Methodological objective

- Different studies uses different weights to combine the individual indicators (equal weights, subjective weights, weights based on PCA).
 - What is the advantage of using MCA?

It would be helpful to:

- 1) assess whether results differ using different approaches;
- 2) Find a way to assess the best approach

[Lockwood, 2004](#) shows that a small change in weights can modify the results considerably

Analytical objective

- previous studies focus on the association between **the level** of financial inclusion and income inequality while this study claims to focus on the **inequality** in financial inclusion
- 1. Is a regression at the individual level where Y is the index and X a set of covariates including income quintile, the best approach to study this association?

Alternative possible approach (i =country):

$$Gini_i = FinInequality_i + Structural_i + Policies_i + \epsilon_i$$

Analytical objective

- Other related comments:
 2. It would be useful to understand the determinants of inequality in financial inclusion in addition to the determinants of inequality (i.e by some kind of decomposition of the Theil index)
 3. The author finds a negative relationship between income and financial inclusion. Is there an economic explanation?