

# **The role of digital financial inclusion on promoting sustainable economic growth through banking stability: *Evidence from Bangladesh***

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## **Abstract**

*In this current era of 4<sup>th</sup> industrial revolution, accelerating digital finance is considered as one of the significant means for the banking sector stability that subsequently leads to economic growth. However, both the negative and positive effects of financial inclusion bring the question whether digital finance is good for sustainable growth or not. Hence, this paper aims to examine the role of digital financial inclusion on promoting sustainable economic growth through banking stability in Bangladesh using the data of 2011-2018 from Orbis bank-focus and financial access survey (FAS) databases by deploying panel corrected standard errors and two-stage least square-instrument variable methods. The study also aims to shed light on the impact, prospect and limitations of the digital financial inclusion and how its proper application in the banking sector of Bangladesh can bring sustainable financial growth to achieve the sustainable development goals (SDGs) using the projection data until 2030 by employing forecasting technique. The results suggest that digital financial inclusion leads to economic growth and an integrated digital financial inclusion by banks is not only a phenomenon for attaining the SDGs, rather it is a thing that demands to be implemented carefully for the economic stability of the bank itself. Therefore, the government, policymakers, standard setters as well as regulatory bodies can see digital financial inclusion as a changing agent that can bring a revolutionary development in the overall financial sector of Bangladesh which will advance the attainment of the SDGs by 2030.*

**Keywords:** sustainable development goals, sustainable economic growth, digitization, banking stability, Bangladesh