

ABSTRACT

In 2021, there are still around 9.57% of the Indonesia population that is still living in poverty, this everlasting socioeconomic issue, push the creation of financial inclusion, which main use is to bring equal access of financial services to every part of society, with the main aim is to alleviating poverty, the author aims to determine whether financial inclusion alleviate poverty or not, using fixed effect method with sample of 33 provinces in Indonesia in the time period of 2011-2019. This study found that Indonesia experienced growth of financial inclusion from time to time, it is also found that throughout three dimensions of financial inclusion being observed the effect of financial inclusion towards poverty alleviation is not direct, but rather there is an existence of response lag, with banking penetration dimension of financial inclusion having the biggest effect towards poverty alleviation in Indonesia.

Keywords: financial inclusion, poverty alleviation, Indonesia, banking penetration