"Social integration and financial inclusion of forcibly displaced persons in Sub-Saharan African countries"

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BUSINESS PERSPECTIVES

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SOCIAL INTEGRATION AND FINANCIAL INCLUSION OF FORCIBLY DISPLACED PERSONS IN SUB-SAHARAN AFRICAN COUNTRIES

Abstract

Most government and international financial institutions worldwide have adopted financial inclusion as a veritable platform for achieving the Social Development Goals of hunger and poverty eradication, inequality reduction, and employment creation. Their efforts will not yield much dividend if a sizeable part of the populace are constrained from social and formal financial inclusion due to social disorder. This study examined the relationship between social seclusion of forcibly displaced persons from formal financial inclusion in twenty-seven Sub-Saharan African countries. Granger Error Correction Method (ECM) with Generalized Methods of Moments (GMM) was used to analyze the short panel data obtained from the World Bank database. The study found a negative long-run relationship between social seclusion and financial inclusion. That is, an increase in social menace overtime will result in more people being financially excluded from formal financial transactions. It, therefore, recommends, amongst others, that government should encourage forcibly displaced persons to become gainfully employed and productive. Specifically, persons in refugee and internally displaced persons camps should be trained to acquire skills that will enable them to become self-employed, create wealth for themselves, and contribute actively to the sustainable economic growth of their host country rather than just provide food and other welfare packages as a temporal palliative for survival.

INTRODUCTION

At the Economic Community of Central African States (ECCAS) Regional Conference held on the 23rd of March, 2015 at Brazzaville, Congo, the President of the World Bank proposed a blueprint for all countries in the world to have Universal Financial Access (UFA) by 2020. The task requires unbanked adults who currently were not captured in the formal financial system to have access to a bank account that enables them to save money, transfer, and receive payments as a foundation towards active involvement in financial activities (World Bank, 2020). Financial institutions and countries in Africa and diaspora have also subscribed to driving inclusive growth to expand financial access and usage and improve the quality of financial products and welfare of the users of such products. For instance, the African Development Bank (AFDB) launched a ten-year strategy (2013–2022) with the mandate to achieve inclusive and green growth in Africa.

Social seclusion from formal financial transactions occurs when bankable adults in communities are denied access to financial activities due

to age disparity, gender inequality, widening income inequality gap, poor skills, religious and cultural beliefs, poor health conditions, poor housing. Other factors that contribute to social seclusion include child and maternal mortality, deprivation, poverty, unemployment, illiteracy, communal displacement, civil unrest, insecurity, migration to other countries as refugees. Refugees are persons who relocate to other countries aside his/her country of origin to seek protection for fear of being mistreated for reasons of opposition to the incumbent government, religious beliefs, racial discrimination, nationality, affiliation to the certain socio-cultural group, and demand for freedom from a political enclave (UNHCR & Social Performance Task Force, 2016). According to literature, key factors responsible for the successful integration of forcibly displaced persons (FDPs) into economic activities include:

1) stage and length of displacement;
2) right to work in host country;
3) mode of accommodation;
4) human capital requirements;
5) demographic, social, and economic situation;
6) past experience, etc.

According to the Alliance for Financial Inclusion report for 2017, about 65.6 million people are forcibly displaced; therefore, contributing to about two billion unbanked people worldwide (Alliance for Financial Inclusion, 2017). Twenty million five hundred thousand of these persons are refugees, while forty-four million three hundred are internally displaced persons (IDPs), and the remaining two million eight hundred are asylum seekers. A better number of these FDPs are from Afghanistan, Syria, and Somalia. Others include Burundi, Iraq, Lybia, Nigeria, Niger, Kenya, the Central African Republic, the Democratic Republic of Congo, Palestine, Yemen, and South Sudan. The major causes of displacement identified by this report include climate change, natural disasters, food insecurity, violence, civil unrest, starvation, and famine. The report shows that developing countries in Africa, the Middle East, and South Asia have received the biggest number of FDPs. In Africa, Uganda is reputed to host the highest number of FDPs because of the open-door policy on refugee, which the country operates with about 1.4 million persons migrating from South Sudan, the Democratic Republic of Congo, and Burundi (Meagher, Malik, Mohr, & Irvin-Erickson, 2018). In another study conducted by the United Nations High Commission for Refugees (UNHCR), sixty-five million three hundred persons were forcibly displaced globally. This number twice surpasses the number recorded in only five years. This represents a record high since World War II (UNHCR & Social Performance Task Force, 2016).

While many financial institutions (both local and international) and donor agencies have made frantic commitments to drive inclusive financial growth in developing nations of the world, not much attention has been paid to the plight of forcibly displaced persons (FDPs) within and outside the refugee and IDP camps, which constitute a larger part of the most vulnerable people, especially in a crisis or war turn regions of the world. Against this backdrop, the G-20 and its partners developed a blueprint to include forcibly displaced persons in its Global Partnership for Financial Inclusion (GPFI) policy document. The cardinal focus of the policy is to find ways of providing sustainable financial support to forcibly displaced persons within and outside refugee and IDPs camps and their host communities. This will enable them to cater for their needs and engage actively in financial activities that will engender sustainable economic growth (Global Partnership for Financial Inclusion Policy Report, 2017).

Government at all levels should create sustainable social welfare and empowerment programs that will cater for the needs of the indigent and helpless poor who, for no fault of their own, find themselves in refugee and IDP camps. Such welfare programs should focus mostly on financial empowerment, investments to stimulate productivity, raise living standards, unleash entrepreneurial energy, and reduce income inequality. On the other hand, financial institutions should change their perception from "product-centric" to "customer-centric", which implies that they should use models that will focus on

the achievement of financial well-being and wholeness of customers wherever they are located then just concentrating on products that will generate quick returns on investment. They should deploy technology, behavior science, and new business models that guarantee the customer's financial security while finding new ways to remain profitable and relevant. Financial intermediaries should recognize the investment in any customer as a profitable one irrespective of where they belong on the financial spectrum. Table 1 shows systematic government integration of forcibly displaced persons into the financial mainstream of the economy.

Social inclusion policies should be geared towards building an impartial society that is free from discriminations of any sort, enable all social strata irrespective of gender or prevailing condition to explore and harness their full capabilities. Such a policy should encourage citizens to enjoy fundamental human rights, preserve the general well-being, communal, financial, and political prosperity of its people, and achieve justifiable speedy economic progress. The inclusion into the social echelons would be targeted at developing concrete designs and control systems where all factors of production and available resources are efficiently and effectively installed for sustainable development. Such a policy should eliminate institutional hurdles and create opportunities that will increase access to individuals and groups' collective development.

1. LITERATURE REVIEW

Development finance literature is awash with theories; however, this study will hinge on "Financial System Model". The theory postulates that empowering the underprivileged in rural communities can help them create wealth that will allow them to refund the interest on loans and to save for the future. This principle known as "banking with the poor" is founded on the supposition that microfinance organizations and other financial mediators must deliver financial services to poor people in rural communities on a workable and extensive basis to allow them to gather savings and build assets to ease economic threats, as well as invest in revenue-producing projects. Kempson, Whyley, Collard, and Caskey (2000) posit that social seclusion entangled with poverty will culminate in a weak and deprived society induced by an array of interlinked social syndrome, such as redundancy, reduced talents, truncated returns, poor accommodation, high criminality, poor well-being, scarcity, and household collapse. Social seclusion encourages the division of the community into social strata. Those that fall within the formal financial services orbit, which also comprise of the elite classes, become afraid and suspicious of the financially excluded (majorly the poor and underprivileged). This will result in a divided society that does not encourage any economic growth. In such a situation, those in affluence and prosperity divide get richer, while the indigent persons get poorer. Financial inclusion is a necessary tool that can be deployed to bridge the broadening gap between the rich and poor or between the privileged and underprivileged.

Sajuyigbe (2017) found a positive and significant relationship between financial inclusion and social inclusion on the performance of women-owned businesses in Nigeria. The recommendation from this study is for the government to make policies that will encourage financial institutions to extend its branch networks to remote communities. Besides, it should make policies and regulations that will close the gender gap in financial and social inclusion. Zins and Weill (2016) posit that exclusion of bankable adults from formal financial transactions could lead to a poverty trap, which will prevent the person from partaking in the productive venture, pay for their children education, provide a suitable accommodation for himself and his family, as well as contribute to economic development. The Department for International Development (2016) report recommended that for any policy to be successful, it must be targeted at rapid and sustainable growth that translates into the citizens' financial wellness and security. Alliance for Financial Inclusion (2016) also advocated for women's inclusiveness in using digital finance to break gender inequality. Global Financial Index (2018) report recommends that active government involvement in the inclusive financial drive will spur financial wellness and engender

economic growth. Asadullah and Savoia (2018) opined that poverty headcount and gap measures decreased faster in countries with initially higher income poverty with the adoption of the MDGs goal. In the same vein, Global Partnership for Financial Inclusion Policy Report (2017) posits that to cater for the needs of the forcibly displaced persons. There is a need for them to possess human and social capital and experience that will enable them to engage them actively.

Although financial seclusion menace seems universal, studies have shown that the problem of financial and social seclusion is prevalent among the underprivileged in emerging or developing economies. To lay credence to the above assertion, Sahay, Cihak, N'Diaye et al. (2015) found that eighty percent of bankable grown-up inhabitants in Africa's Sub-Saharan region are excluded financially. The implication is that about 325 million people are unbanked. Those lacking access to finance comprise a certain disadvantaged cluster of persons who are a crucial part of a much extensive social exclusion. The financial enclosure is crucial to decreasing the economic susceptibility of households, stimulating economic progress, easing poverty, and enhancing the quality of life (Lagarde, 2016). Studies have shown that financial access and easy and affordable sources of finance are necessary preconditions for accelerated economic progress and a decline in income inequality and poverty alleviation (Serrao, Sequeira, & Hans, 2012). Curtailing inadequacies in the financial market will help boost investment opportunities, which will result in positive incentives for the

players in the financial market. On the other hand, inadequate financial access will provoke income inequality and poverty trap and hamper economic progress.

Table 1 shows how through gradual and periodic provision of financial access forcibly displaced persons can be integrated into the mainstream of economic activities. Their needs are determined by the period the displacement is expected to last. When the poor are well engaged and empowered, they will be able to cater for their financial needs and that of their families, ensuring food and financial security, reducing poverty rate and social disorder and improving their welfare and wealth.

Given the challenges identified above, this study examined the relationship between social isolation and financial inclusion in Sub-Saharan African countries. The question posed by this study is whether social seclusion affects financial inclusion and well-being? The hypothesis stated in its null form argues that no relationship exists between financial inclusion and social seclusion. The study is divided into five sections. Section 1 already discussed above focused on setting the foundation and motivation for the study, as well as a review of relevant literature. Section 2 will foray into the methodology for this study and its justification. Section 3 will analyze the data obtained. Section 4 will focus on the discussion of the results and findings, whereas the final section will summarize the report, conclude, and make policy recommendations.

Table 1. Gradual phase integration of FDPs into economic mainstream

Phase	Arrival/transit	Early displacement	Protracted displacement	Permanence
Time period	**1-3 months**	**3-12 months**	**1-3 years**	**More than 3 years**
Focus on…	…immediate basic needs	…housing, education, language, work, health	…improving standard of living: re-building a life	…building livelihoods and productive assets: a life resembling that of the host community
Potential need for financial services	Cash aid for shelter, food, medical services, and to repay debt incurred during escape. In some cases, remittances.	Cash aid for basic needs, subsistence, and urgent care. in some cases, savings and remittances, (micro) consumer credit for furniture, appliances, school fees, business equipment.	Savings, remittances (receiving and/or sending). (Micro) consumer credit, mortgage/home improvement loans, business loans, and micro-insurance.	If integration is the goal: more sophisticated financial services, which resemble those of the hosts: savings, investment, payments, pension plans, credit, insurance, and transnational services (e.g., line of credit, remittances, insurance for family in country of origin). If return or resettlement is the goal: savings for journey, transferable pension schemes, housing credit to rebuild, and deferred annuities.

2. MATERIALS AND METHODS

The method adopted by this study is both the descriptive and experimental research design. The study population comprises of fifty (50) countries located within the Sub-Saharan African region. However, using a purposive sampling technique, only 27 countries were selected for the period 2007–2017 from the data sourced from the World Bank database. The sample size, therefore, accounts for 54 percent of the total population. This study adopted a Granger Error Correction Method (ECM) specification for a short panel data structure. The study employed differenced Generalized Method of Moments (GMM) for the model specification to deal with the problem of persistency, heterogeneity, and endogeneity associated with short panel data, (Arellano and Bond, 1991). The estimator is subjected to first and second-order serial correlation test and test for valid instruments using Sargan over-identifying restriction test. Therefore, the nature of the panel data is such that the individual dimension is larger than the time dimension ($N > T$).

2.1. Sample identification numbers

The identification numbers of the countries sampled are as follows: Angola is 1, Burundi is 2, Botswana 3, Central African Republic 4, Cameroon 5, Democratic Republic of Congo 6, Congo, Republic 7, Equatorial Guinea 8, Ghana 9, Guinea 10, Gambia 11, Kenya 12, Liberia 13, Lesotho 14, Madagascar 15, Mozambique 16, Mauritania 17, Mauritius 18, Malawi 19, Namibia 20, Nigeria 21, Rwanda 22, South Africa 23, Seychelles 24, Tanzania 25, Uganda 26 and Zambia which is 27. The choice of these identification numbers is based on the position of a country in alphabetical order. Therefore, it does not have any statistical importance/value for explanation of the result, except for identification purposes alone.

2.2. Definition of variables and model specification

Financial inclusion is represented by two strands:

a) inclusion by usage, which is proxy by deposit in commercial banks per 1,000 adults (*dcpa*); and

b) inclusion by quality, proxy by ratio of depositors to borrowers (*rdtb*), whereas refugee represents social seclusion.

The justification for using the variables mentioned is based on the recommendation of the World Bank of the choice of these variables as ideal for measuring financial inclusion and social exclusion. To initiate a dynamic short-run and long-run specification the ECM-ARDL Granger frameworks is used, (Chibba, 2009; Cihak, Mare, and Melecky 2016). Thus, this augmented model is defined by financial inclusion as the exogenous variable {represented by deposits in the commercial bank per 1,000 adults (*dcpa*), and ratio of depositors to borrowers (*rdtb*)} and social seclusion as the endogenous variable (also proxy by the number of persons in refugee and IDP camps (*ref*).

$$\ln dcpa_{it} = g_0 + g_1 \ln dcpa_{i,t-1} +$$
$$+ g_2 \ln dcpa_{i,t-2} + g_3 \ln ref_{it} +$$
$$+ g_4 \ln ref_{i,t-1} + g_5 \ln ref_{i,t-2} + \psi_{t1} + v_{it1}, \quad (1)$$

$$\ln rdtb_{it} = h_0 + h_1 \ln rdtb_{i,t-1} +$$
$$+ h_2 \ln rdtb_{i,t-2} + h_3 \ln ref_{it} +$$
$$+ h_4 \ln ref_{i,t-1} + h_5 \ln ref_{i,t-2} + \psi_{t2} + v_{it2}, \quad (2)$$

where $\ln ref$, $\ln dcpa$, and $\ln rdtb$ are natural log of percentage of persons socially secluded from using formal financial service, deposit in commercial banks per 1,000 adults, and ratio of depositors to borrowers.

To understand the features of this model, the variables are stated in its general form as:

$$\ln y_{it} = \lambda \ln y_{i,t-1} + \lambda_2 \ln y_{i,t-2} +$$
$$+ \phi_0 \ln x_{it} + \phi_1 \ln x_{i,t-1} + \phi_2 \ln x_{i,t-2} +$$
$$+ \psi_t + v_{it}, \quad (3)$$
$$i = 1, ..., N, \quad t = 1, ..., T,$$

$$v_{it} = u_i + w_{it}, \quad (4)$$

where y_{it} is the response variable, x_{it} is the covariate variable, ψ_t is the time fixed effects, v_{it} is the composite error, u_i is the specific error, and w_{it} is the common error. The specific error is time invariant, but the common error varies across time and units.

2.3. A priori expectation and justification

It is expected that the opposite relationship exists between financial inclusion and social seclusion. If the required financial product is delivered to forcibly displaced persons in IDPs and refugee camps through credit extension, they would be able to build capacity and attain food and financial security. Once they are integrated back into the formal financial system, economic activities will increase, culminating in increased GDP and economic growth. In this case, $dcpa > 0$, $rdtb > 0$, $ref < 0$

3. RESULTS

3.1. Descriptive statistics-graphical/central tendency and dispersion

This study showed the movements and the distribution pattern of the underlying variables over time/across countries using line graphs. Figure 1 shows the line graphs.

The first line graph shows the movements of financial inclusion by usage (number of deposits in commercial banks per 1,000 adults). The graph shows that Malawi, Mauritius, Seychelles, and Tanzania have the highest number of persons using the services of banks for depositing purposes. The study also observed that countries like Burundi, Central African Republic, Cameroon, Congo Republic, and the Democratic Republic of Congo have the lowest usage of financial products, meaning that they have a very low magnitude of inclusion in terms of usage. Nigeria, however, is amongst the countries with moderate usage of financial products and services.

The second graph presents the movements of financial inclusion by quality of services (ratio of depositors to borrowers. It is conventionally agreed that high quality of bank service would generate sufficient deposits to satisfy the needs of borrowers. A high ratio mobilizes much from the surplus unit to deficit unit, which is an indication of high quality of financial inclusion. The countries with the highest ratios are Nigeria, South Africa, Mauritania, Mauritius, Madagascar, Gambia, Burundi, and Botswana, while those with the lowest ratios are Angola and Rwanda. Therefore, Angola and Rwanda have the lowest financial inclusion in terms of quality.
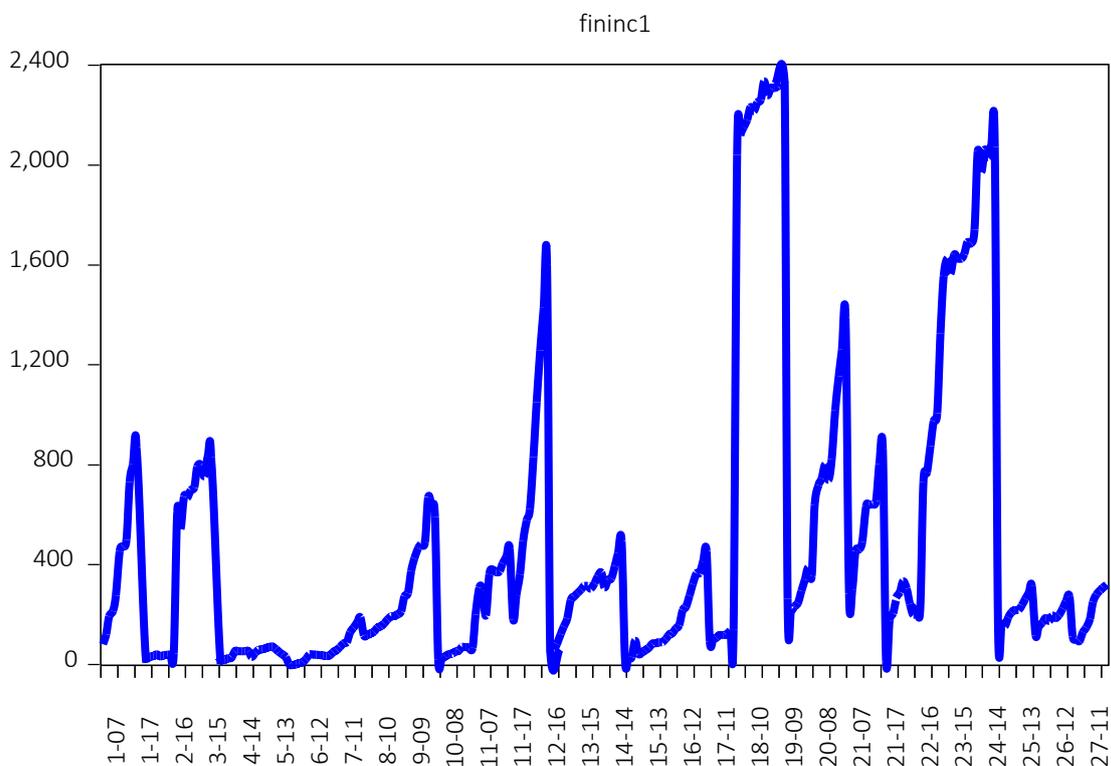

Figure 1. Line graph showing movements of financial inclusion by usage
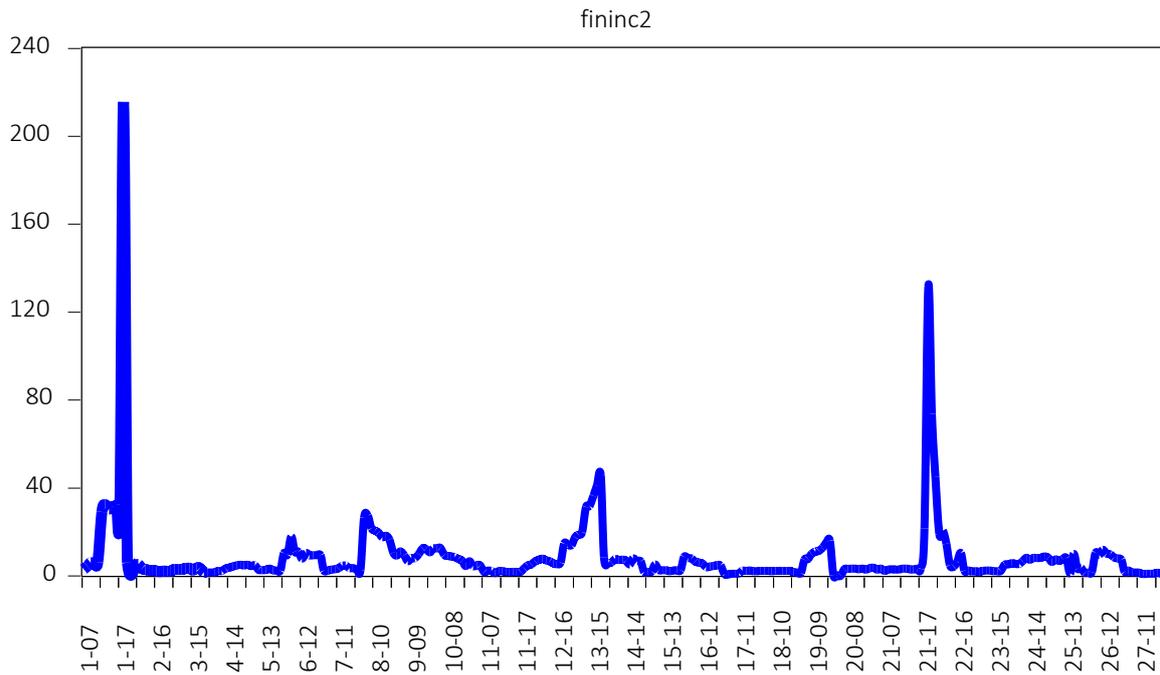
Figure 2. Line graph showing movements of financial inclusion by quality
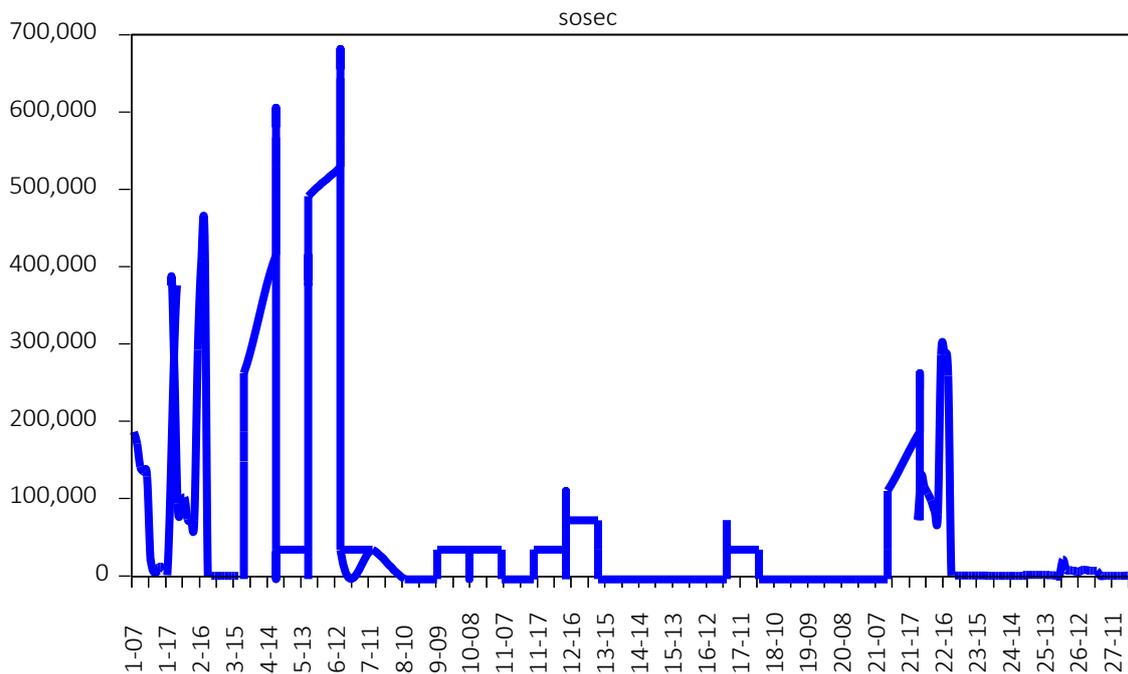
Figure 3. Line graph showing movements of social seclusion

The last line graph shows the movements of socially secluded persons from financial services defined by refugees. Nigeria has a very low number of socially secluded persons from 2007 to 2014, but since 2015, its number has risen astronomically. South Africa, Tanzania, and Uganda have very low socially secluded persons throughout the sampling period. Expectedly, Central African Republic (CAR), Kenya, and Burundi have high forcibly displaced persons.

Table 2. Statistics from 2007 to 2017 in their raw value quantities

	FININC 1	FININC 2	SOSEC
Mean	4.826391	8.246747	53,231.80
Std. dev.	6.019476	16.40644	120,772.4
Skewness	1.866003	8.679656	2.900283
Kurtosis	5.496563	98.53028	10.70039
Jarque-Bera	249.4886	116,663.8	1,150.164
Probability	0.000000	0.000000	0.000000
Number of countries	27	–	–
Years	10	–	–
Number of observations	270	–	–

Another means of describing data is to compute some statistics, such as mean, standard deviation, skewness, kurtosis, and Jarque-Bera (JB). The JB statistic is calculated with probability to test the null hypothesis of normality. Table 2 presents the outputs of these statistics.

The mean value of each of the variables is positive. The mean values of financial inclusion by usage, financial inclusion by quality, and social seclusion are 4.83, 8.25, and 53,232, respectively. A sight view of Table 2 shows that all the values increased throughout the sampling period. Specifically, it was observed that average social seclusion by refugees is pegged at 53,232 for the selected SSA. This figure is rather too small compared to the total population of these countries. On average, financial inclusion by usage is approximately 5 depositors for every 1,000 adults. This average value is small when considering the number of banks/branches in this region. Furthermore, average financial inclusion by quality is approximately 8. This indicates that borrowers are 8 times more than depositors. On average, all the variables have a larger value for their standard deviations than their means. This is an indication that the variables are highly volatile around their mean values. The skewness scores for each of the variables are larger than zero and positive. By implication, the variables are each positively skewed, meaning that there is a tendency of large values in the nearest future. The kurtosis value for each variable is approximately larger than 3; thus, the variables are leptokurtic with an indication of possible outliers. All the data have kurtosis larger than 3, implying the presence of large values, which does not have a normal distribution. All the computed JB statistics are asymptotic, with zero percent probability

value. This means that each of the variables does not follow a Gaussian process, confirming earlier results obtained.

3.2. Inferential statistic and post estimation results

In this subsection, the parameters of the models stated in section 3 are estimated using a one-step Diff GMM estimation technique. This technique provides a robust test for the hypotheses stated in this study. The hypotheses focus on the nexus between financial inclusion and social seclusion. Before reporting the results on the tests of these hypotheses, the study displays graphical reports on sample identification numbers, average individual country financial inclusion usage and average group usage to decompose the countries into high usage (large-saving countries) and low usage (small-saving countries) to enhance the uniqueness of the results.

A sight view of Figure 4 reveals that countries such as Burundi, Central African Republic, Cameroon, Congo, Congo Republic, Equatorial Guinea, Guinea, and Madagascar have very low usage of financial services, followed by countries such as Angola, Botswana, Ghana, Kenya, and Nigeria, with moderate use of financial service. Nevertheless, countries like Mauritius, Malawi, Namibia, South Africa, and Seychelles are large saving countries because they display high usage of financial services.

The line marked by blue color indicates the movement of individual average usage, while the average group usage is marked by orange. The average group usage is constant (value = 482.64 approxi-
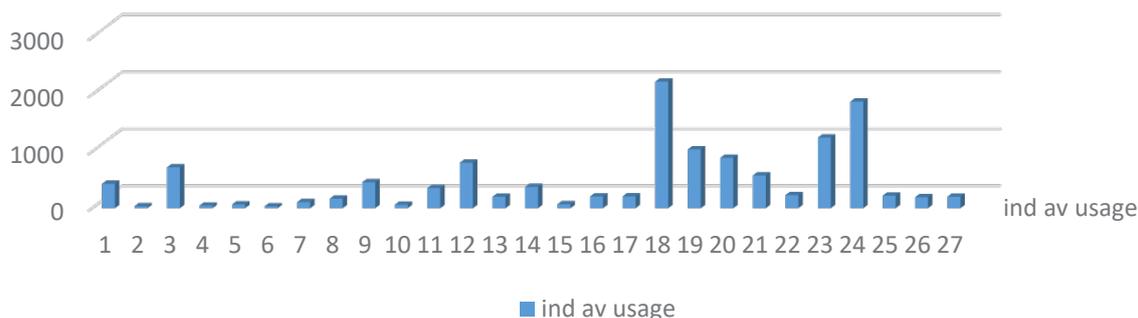
**Figure 4.** Individual country's average financial service usage
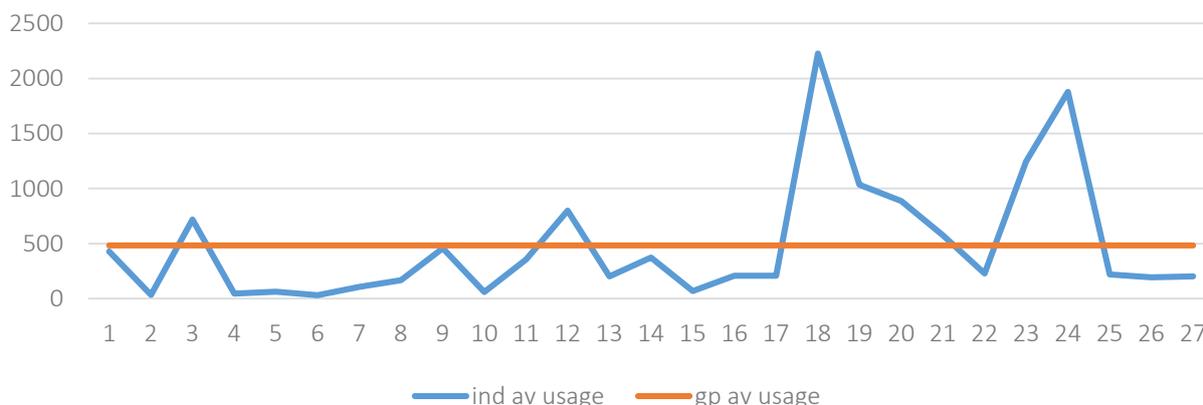
Figure 5. Decomposing countries into high and low usage of financial services

mately) and any country that has average return above-average group return is considered as a large saving country or high usage of financial service; such countries are Botswana, Kenya, Mauritius, Malawi, Namibia, Nigeria, South Africa, and Seychelles. Other countries with average individual average returns below the group average return are called low-saving countries; countries such as Burundi, Central African Republic, Cameroon, Congo, Congo Republic, Equatorial Guinea, and Guinea have low usage. Thus, the test of the short-run and long-run dynamics of financial inclusion and digital finance is conducted for the low saving, high saving and the overall countries in the sample for the study. In contrast, the tests of the remaining hypotheses are conducted for low-financial stable, moderate-financial stable and high-financial stable countries.

Table 3 shows that the coefficients of ECM for poorly, moderately, and highly financially stable countries are −0.32, −0.23, and −0.21, respectively. Thus, there is evidence of a long-run relationship. Thus, there is evidence of a long-run relationship between financial inclusion and seclusion in all spheres of financial systems. However, there is seemingly evidence that inclusion responds faster to temporal changes in seclusion for poorly stable financial countries than the two other sets of countries. The adjustment parameter is almost the same for highly and moderately stable financial countries. Therefore, the response of seclusion in these sets of countries is virtually the same. The coefficients of the short-run effects for three sets of countries (poor, moderate, and high) are −0.43, −0.18, and −0.31, respectively. The coefficient is only significant for highly stable financial countries. However, a negative short-run dynamic relationship exists between financial inclusion and seclusion, meaning that in the short run, any increase in seclusion (either through hostage or refugee) spelled a reduction in financial inclusion or participation in financial services. The coefficients of the long-run elasticity are not significant for any of the set of countries. This suggests that financial inclusion does not adjust to the permanent shocks in seclusion for all the countries.

178

Table 3. Seclusion-inclusion nexus from 2007 to 2017. Dependent variables

Independent variable	Low-financial stable countries	Moderate-fin. stable countries	High-fin. stable countries
	Δln fininc	Δln fininc	Δln fininc
Δlnfininc (-1)	−0.29 (0.03)**	−0.45 (0.00)*	−0.21 (0.21)
Δlnsosec	−0.14 (0.40)	−0.03 (0.66)	−0.16 (0.08)***
Δln sosec (-1)	−0.04 (0.76)	−0.27 (0–75)	−0.15 (0.08)***
ECM	−0.32 (0.00)*	−0.23 (0.00)*	−0.21 (0.09)***
Ln sosec (-2)	−0.31 (0.03)**	−0.21 (0.00)*	−0.23 (0.16)
Summation of short-run coefficient	−0.43	−0.81	−0.31
Short-run Wald test (*p*-value)	0.64	0.96	0.01
Long-run coefficient	−0.03	0.10	0.09
Long-run coefficient (*p*-value)	0.91	0.66	0.64
Sargan difference test (*p*-value)	0.44	0.42	0.99
Sargan test (*p*-value)	0.57	0.28	0.04
AR1 (*p*-value)	0.00	0.00	0.00
AR2 (*p*-value)	0.96	0.74	0.61
Number of observations	80	110	80
Number of countries	8	11	8

Note: 1) the figures in parentheses are the *p*-values, *, ** and *** indicate significant at alpha value of 1%, 5%, and 10%, respectively; 2) estimation by one step Diff GMM; 3) the Sargan test is based on the assumption that the instruments are not correlated with the residuals; 4) AR1 and AR2 tests are based on the hypothesis that the errors are not serially correlated; 5) the instruments used are the lags of the regressors; 6) yearly dummies are excluded.

4. DISCUSSION

The result implies that financial institutions should create products that will capture those in refugee and IDP camps into formal financial orbit. Specifically, they should provide products in phases to cater for the particular needs of these categories of persons for possible reintegration into the formal financial system. The products should support the refugees in acquiring special skills that will enable them to lead a normal life when they are finally reintegrated into the formal financial net. In the long run, the provision of such products may not be necessary as they aim to temporarily cater for their immediate needs be-

fore formal and sustainable reintegration into the society. This accounts for why in the long-run coefficient of elasticity is not significant for three sets of the countries, meaning that in the long run, any adjustment in financial inclusion will not result to changes in social seclusion because the initial inclusion aims to temporary cater for their needs while in the IDP/refugee camps. This result is in tandem with a priori expectation and development finance literature supporting the gradual integration of forcibly displaced persons into mainstream finance. Chiefly amongst these literature includes the works of Sajuyigbe (2017), Kempson, Whyley, Collard, and Caskey (2000), Alliance for Financial Inclusion (2017).

CONCLUSION AND RECOMMENDATIONS

This study finds out that there is a long-run causal relationship between social seclusion and financial inclusion for three samples. For any of these countries, financial inclusion responds to temporal changes

in social seclusion. However, the rate of this response is not fixed for three sets of countries. It appears that financial inclusion responds faster to social seclusion for countries with a poorly stable financial system than the other two systems. Amazingly, the rate of this response is almost the same for moderately and highly stable financial systems. Furthermore, the finding indicates that social seclusion has negative short-run effects on financial inclusion for all three samples of countries. While this negative relationship is sustained in the long run for the countries with a poorly stable financial system, it turns out to be positive for countries with moderately and highly stable financial systems. In summary, an increase in social disorder will worsen the financial inclusion drive of the government, whereas reduction in social menace will increase the capacity of individuals in rural communities to financial access and wealth creation. When the social disorder is ameliorated, people will be gainfully and productively engaged, thereby engendering a stable financial system.

This study, therefore, recommends that the government should quickly integrate socially secluded persons to the larger society through skill acquisition programs. Instead of just feeding the socially secluded persons, they can be trained through seminal or symposiums to acquire skills that will make them productive. Thus, the government should open up training centers for refugees and other internally displaced persons to reduce socially secluded people who will, in turn, participate in the use of financial product lines to save their hard-earned money and to pay for some products. Increasing their capacity to work and earn a living will surely encourage their participation in economic activities and involvement in mainstream finance. Destitute scattered all over the region begging for handouts could also be brought together trained and integrated into the economic mainstream of their respective countries.

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