

ABSTRACT

Financial inclusion becomes an important agenda and is one of the new strategies in development in various countries. This study aims to determine the condition of financial inclusion in the cities and regencies in Central Java province, moreover to examine and analyze the effect of financial inclusion index on poverty and income distribution. Index of financial inclusion is measured through indicators of banking penetration, accessibility of banking, and the usage of bank account. Poverty is measured by the level of poverty which describes the poor in each region and income distribution were measured using the Gini index This type of research is explanatory with quantitative approach using secondary data in 31 districts / cities in Central Java province.

The analytical method used is the analysis of the index of financial inclusion and and analysis test causality relationship between financial inclusion index on poverty and income distribution .

Overall index of financial inclusion in the districts / cities in Central Java included in the category of low financial inclusion index , only two regions of the Regency / City of Semarang and Surakarta have a high index of financial inclusion . Causality test results of the financial inclusion index to the Gini index shows the relationship the Gini index influences the index of financial inclusion . While causality index of financial inclusion with poverty rates showed no causality .

Keywords : Access Financial Services , Financial Inclusion Index , Financial Inclusion , Poverty , Gini index.