

ABSTRACT

Poverty is still a problem faced by Indonesia. One of the reasons is the lack of access to use formal financial services, which are considered to still have not reached all levels of society, especially low-income people in using savings and credit facilities. This study aims to determine the household financial inclusion index, analyze the effect of the financial inclusion index, dimensions of financial inclusion and household characteristics on poverty in Indonesia. The model used in this study is the probit model. The data used is the fifth wave household longitudinal survey data or IFLS5. By using Stata14 analysis tool, the results of the study show that households in Indonesia are at a low level of financial inclusion or it can be interpreted that there are still few Indonesian households that use and access financial services. In addition, the financial inclusion index, dimensions of financial inclusion and household characteristics have a negative and significant effect on poverty in Indonesia.

Keywords: Poverty, Financial Inclusion, Household Characteristics