Does financial development help bridge the gap in income inequality? Evidence from selected Asian countries

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ABSTRACT

This study delves into the effects of financial development (FD) on income inequality (IE), involving 12 Asian countries, with three different income level groups, over a period of 14 years (between 1993 and 2017). The three groups concerned comprise countries with a low, middle and high level of economic development. The findings derived through panel regression analysis, suggest that the impact of financial development on income inequality, with regards to the Asian countries selected for this investigation, is dependent on their level of economic development. It was also established, that for countries with a low economic standing, financial development has a positive relationship with income inequality.

Keywords: