ABSTRACT

This study aims to analyze the measurement of the Financial Inclusion Index in Indonesia using indicators on the dimensions of Availability, Accessibility, and Usage with Bank and Non-Bank Financial Institutions as service providers and intermediaries. The dimensions are measured by Bank Branch Offices, ATM Branches, EDC Machines, Active Internet Users, Credit Cards, ATM and Debit Cards, Electronic Money, Fintech Lending Borrower Accounts, Bank Deposit Funds, Bank Loan Funds, ATM and Debit Transaction Funds, and Loan Funds Fintech Lending, using cross-section data in 34 provinces in Indonesia on 2020. The analytical tool used is Two-Staged Principal Component Analysis (PCA), assisted by SPSS Statistics software.

Empirical results prove that indicators representing and Non-Bank Financial Institutions in the dimensions of Availability, Accessibility, and Usage can provide a measurement of the Financial Inclusion Index. Study found that Usage is the most important dimension in defining financial inclusion in Indonesia, followed by Availability and Accessibility. EDC machines, Fintech Lending Borrower Accounts, and Bank Loan Funds are the most important indicators describing each dimension.

Keywords: *Financial Inclusion, Principal Component Analysis, Multidimensional Index, Bank and Non-Bank Financial Institutions, Indonesia.*

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