Who Opts Out? Sociodemographic Determinants of Religious Financial Exclusion

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Hussein Mohammed Andani[§], Iddrisu Kambala[¥], and Amin Mohseni-Cheraghlou[¥]

Abstract

This study examines the sociodemographic factors influencing financial exclusion due to religious reasons (FEDRRs). Using data from the Global Financial Inclusion Index (Findex) spanning 2011, 2014, 2017, and 2021 across 159 countries, we identify key sociodemographic patterns in religiously motivated financial exclusion. Our findings show that older individuals are more likely to remain unbanked for religious reasons, while women are less likely than men to cite religious motivations for financial exclusion. Low-income individuals are more prone to FEDRRs compared to the middle class, but no significant differences emerge between the wealthy and middle-class groups. Education consistently reduces FEDRRs, reinforcing its role in promoting financial inclusion. The impact of these factors varies across regions, income groups, and OIC membership. Age is a key determinant in OIC countries, whereas gender and income play a larger role in non-OIC countries. Regional differences show that age increases FEDRRs in MENA, Latin America, and high-income countries but has a negative effect in Sub-Saharan Africa. Gender disparities are strongest in East Asia, Latin America, and high-income economies but are insignificant in MENA, South Asia, and lower-income countries. Poor individuals face greater FEDRRs in upper-middle and high-income countries, while in MENA, they are less likely to cite religious exclusion. These findings highlight the need for context-specific financial inclusion strategies to bridge financial accessibility gaps. Expanding religion-compliant financial services, improving financial literacy programs, and addressing regional and economic disparities will be crucial for developing inclusive financial systems that respect religious beliefs while promoting economic participation.

Keywords: Financial Exclusion, Financial Services, Findex, Religious Beliefs, Unbanked

[§] *Department of Economics*, *Ibn Haldun University, Turkey*

[¥] *Department of Economics*, *University of South Carolina, U.S.*

[¥] *Department of Economics*, *American University, U.S.*

I. Introduction

Financial inclusion is a key enabler of several Sustainable Development Goals (SDGs), including poverty reduction, economic growth, and improved living standards (Hannig & Jansen, 2010; Demirguc-Kunt & Klapper, 2022). At an individual level, access to financial products helps people manage consumption, invest in education and health, and build resilience to economic shocks (Demirguc-Kunt et al., 2017). At the macroeconomic level, financial inclusion supports enterprise growth, job creation, and capital accumulation, ultimately driving long-term economic development (Sanderson et al., 2018). Despite its transformative potential, financial exclusion remains widespread, particularly in developing regions. In 2018, nearly two billion adults lacked access to a bank account, with most residing in low- and middle-income countries (FINDEX, 2021). While progress has been made, achieving universal financial inclusion requires a deeper understanding of the nuanced barriers that keep individuals unbanked (Khera et al., 2023).

One critical but underexplored dimension of financial exclusion is its connection to religious beliefs. In regions where religious doctrines influence economic behaviors, individuals may voluntarily abstain from formal financial systems. For instance, in Islamic finance, prohibitions against interest-based transactions (riba), which are considered exploitative, serve as a barrier to financial engagement. While existing research acknowledges the role of religion in financial exclusion, little is known about the sociodemographic characteristics of individuals affected by this phenomenon. This study addresses this gap by examining how age, gender, education, and income influence financial exclusion due to religious beliefs. Understanding these factors is crucial for designing inclusive financial products that respect religious values while promoting financial accessibility.

To analyze financial exclusion due to religious reasons (FEDRRs), we use four waves of nationally representative data from the Global Financial Inclusion Index (Findex) for 2011, 2014, 2017, and 2021. To our knowledge, this is the most comprehensive dataset, capturing the financial behaviors of approximately 150,000 adults in each survey round. However, the FEDRRs variable has a notably high rate of missing values, as it was not consistently included across all countries and survey rounds. As a result, the sample used in our analysis covers approximately 246,000 respondents from 159 countries.

We apply both Linear Probability Model (LPM) and Logistic Regression to analyze the sociodemographic determinants of FEDRRs. However, for ease of interpretation of regression estimates, we focus mainly on the former. Our standard regression model adds survey and country fixed effects. The survey round fixed effects account for structural differences between survey rounds, while the country fixed effects account for time-invariant, country-specific factors (like culture, norm, regulations, etc.) that could influence FEDRRs outcomes.

Our findings reveal that sociodemographic characteristics significantly influence the likelihood of financial exclusion driven by religious beliefs. One key result is that older individuals are significantly more likely to remain unbanked for religious reasons. This pattern likely reflects generational differences in attitudes toward conventional finance and the availability of religiously compliant alternatives. Older generations, particularly those raised in environments with stronger religious socialization, may be more inclined to adhere to religious doctrines governing financial behavior. In contrast, younger generations, especially Millennials and Generation Z, may be more exposed to secular worldviews that challenge traditional beliefs about finance. This insight highlights the importance of age-targeted financial inclusion policies. Moreover, the age-related effect is more prominent in OIC countries compared to non-OIC countries, suggesting the influence of Islamic financial principles on older generation.

The other findings reveal interesting patterns. For instance, women are less likely than men to cite religious reasons for remaining unbanked. This result challenges conventional assumptions about gender and religiosity, as women are often found to be more religious than men in sociological research. One possible explanation for our finding is that women may be more likely to participate in informal financial services (e.g., rotating savings groups) or microfinance initiatives, which expose them to the formal financial sector. While the gender effect is more pronounced in non-OIC countries, it is less significant in OIC countries, likely due to religious injunctions affecting male and female equally.

Another notable finding is that low-income individuals are more likely to report financial exclusion due to religious reasons compared to the middle class. However, wealthier individuals do not exhibit significantly higher levels of religiously motivated exclusion than the middle class. This result highlights the role of economic constraints in shaping financial behavior. For the poor, religious motives may interact with practical barriers like financial constraints and high transaction

costs, which discourage formal financial engagement. The impact of income on FEDRRs is more pronounced in non-OIC countries, where financial constraints, combined with religious motivations, may play a larger role in financial exclusion. In OIC countries, the strong presence of Islamic financial institutions may reduce the role of income in shaping religious financial exclusion, as low-income individuals in these contexts may have greater access to alternative financial services.

Education emerges as a key mitigating factor for FEDRRs. Higher levels of education correlate with a reduced likelihood of FEDRRs. This finding is consistent with the secularization thesis, which posits that exposure to secular, modern, and scientific education weakens adherence to traditional religious beliefs. Moreover, in the context of financial behavior, education enhances financial literacy, increases awareness and benefits of formal financial products, and may also expose individuals to Sharia-compliant alternatives. In both OIC and non-OIC countries, education plays a consistent role in mitigating religious financial exclusion. However, its impact is even stronger in non-OIC countries, where exposure to secular educational curricula may have a more pronounced influence on financial behavior.

To understand which set of countries drive our main results, we analyze the top and bottom 20 countries based on financial exclusion driven by religious beliefs. Our findings reveal that all the significant effects of these sociodemographic factors are concentrated in the top 20 countries with the highest levels of FEDRRs. However, in the bottom 20 countries, none of these sociodemographic factors have a significant effect on FEDRRs, suggesting that in these contexts other institutional and structural factors may be driving FEDRRs rather than individual characteristics.

We further conduct regional analysis to examine how the effects of sociodemographic factors on religious financial exclusion vary across diverse economic, cultural, and institutional contexts. Our findings show strong regional variation in these effects. Age increases the likelihood of FEDRRs in Middle East and North Africa (MENA), Latin America and the Caribbean (LAC), Europe and Central Asia (ECA), and North America (NA), while it has the opposite effect in Sub-Saharan Africa (SSA) and no effect in South Asia (SA) or East Asia and the Pacific (EAP). Gender disparities are also region-specific. Women are less likely than men to cite religious financial exclusion in EAP, LAC, and SSA, but gender has no significant effect in the other regions. Income

effects also show regional variation, with poor individuals (relative to the middle class) being more likely to report FEDRRs in ECA and LAC, but less likely in MENA. The rich are more likely to cite FEDRRs in SSA but less likely in SA. Education consistently reduces FEDRRs in EAP, LAC and SSA, but has no effect in other regions. These findings highlight the need for region-specific financial inclusion strategies that account for the diverse drivers of religious financial exclusion.

We also analyze how levels of economic development shape religious financial exclusion. For this analysis, we categorize countries into low-income, lower-middle-income, upper-middle-income, and high-income groups. Our results show that sociodemographic factors play different roles in religious financial exclusion across different economic contexts. Age has no effect in low- or lower-middle-income countries, but older individuals in upper-middle- and high-income countries are more likely to report FEDRRs. Gender disparities are most pronounced in lower-middle-income and high-income countries, where women are less likely than men to cite religious financial exclusion, whereas in low-income and upper-middle-income countries, gender has no significant impact. Compared to the middle class, the poor in upper-middle and high-income countries are significantly more likely to report FEDRRs, while the rich in low-income countries are also more likely to cite religious financial exclusion. Education consistently reduces FEDRRs across all income levels, reinforcing its role as a universal driver of financial inclusion. These results underscore the importance of tailoring financial inclusion policies to a country's economic development level, as the factors shaping FEDRRs vary across different income groups.

The findings of this study underscore the importance of context-specific financial inclusion strategies that account for religious, regional, and economic disparities. Expanding religion-compliant financial products can help bridge financial accessibility gaps in countries where religious concerns drive exclusion, particularly for older individuals and low-income groups. In non-OIC and higher-income countries, targeted financial literacy programs may be more effective, especially for women and the poor, who face higher levels of FEDRRs. Given the consistent role of education in reducing religious financial exclusion, investment in financial education and awareness programs is essential to ensuring that individuals can make informed financial decisions while respecting their religious beliefs. Tailoring policies to regional and economic contexts will be key to promoting equitable and inclusive financial systems that serve diverse populations.

This study makes three key contributions to the literature on financial inclusion. First, it provides a comprehensive analysis of financial exclusion driven by religious beliefs, revealing that age, gender, education, and income significantly shape individuals' likelihood of being unbanked for religious reasons. Second, it highlights important regional and economic differences, showing that the determinants of religious financial exclusion vary across countries, regions, and income levels. These findings emphasize the need for tailored financial inclusion strategies that consider cultural, institutional, and economic contexts. Finally, the study advances the discourse on equitable financial inclusion, calling for policies that recognize the unique religious and sociodemographic needs of diverse populations. By addressing barriers rooted in faith-based practices, policymakers can foster more inclusive and accessible financial systems.

The rest of the study is structured as follows. In section II we review related literature examining the sociodemographic factors affecting financial inclusion. We discuss and explain the data and methodology in section III, and in section IV we present the empirical results and elaborate discussion. Section V concludes the study.

II. The Determinants of Financial Inclusion

This section reviews the literature on how age, gender, income, and education influence financial inclusion. Zins and Weil (2016) provide a broad analysis of these factors in Africa, showing that age, gender, education, and income strongly determine the likelihood of having a formal bank account. Similarly, Demirguc-Kunt et al. (2017) identify gender, income, and education as key drivers of financial inclusion worldwide.

Among these, gender has received particular attention due to its persistent role in shaping financial access and exclusion (Morsy, 2020; Malapit, 2012; Ghosh & Vinod, 2017; Demirguc-Kunt et al., 2017; Fungáčová & Weill, 2015). Women often face financial exclusion due to systemic inequalities, cultural norms, and legal restrictions. Limited property ownership and lower participation in the formal workforce further restrict their access to financial services (Klapper & Lusardi, 2020; Navis, 2020; Morsy & Youssef, 2017; Almossawi, 2023). As a result, they are more likely to rely on informal financial systems, such as rotating savings groups (Sahay et al., 2015). In addition, female-headed households face even greater financial exclusion than male-headed ones (Ghosh & Vinod, 2017; Abdu et al., 2015). Although women-focused microfinance programs have attempted to bridge this gap, deep-rooted gender inequalities remain a challenge (Cheston & Kuhn, 2002).

Age also plays a crucial role in shaping financial inclusion, with its effects being both direct and indirect. Directly, financial engagement tends to increase with age, peak in middle age, and decline as individuals voluntarily disengage from financial systems (Sanderson et al., 2018). Indirectly, age interacts with religion, education, and income stability. Younger individuals are generally less religiously adherent, making them less likely to avoid financial services due to religious reasons (Pew, 2018; Manning, 2019; Barna, 2018). Additionally, youth often lack stable jobs, credit history, and regular income, which limits their access to financial services. This challenge is worsened by disparities in education, geography, and technological infrastructure (World Bank, 2022). There is also a strong link between age and education, which in turn influences financial inclusion and religious adherence (Sacerdote & Glaeser, 2001; Albrecht & Heaton, 1984).

Given that education strongly affects employment opportunities and income stability, it is crucial to examine how these factors collectively influence financial inclusion. Individuals with higher

education levels are more likely to secure stable jobs and higher incomes, increasing their likelihood of having a bank account (Beck et al., 2007). In contrast, low-income groups often lack savings and creditworthiness, making them more prone to financial exclusion. Limited education not only reduces job security but also hinders financial literacy, affecting individuals' ability to navigate financial systems (Lusardi & Mitchell, 2014; Demirgüç-Kunt & Klapper, 2013).

Religion, the main focus of this study, is another major demand-side factor affecting financial inclusion. Religion essentially shapes individuals' attitudes toward financial products (Alderman et al., 2017; Renneboog & Spaenjers, 2012). The impact of religion however varies by region and dominant faith traditions. For instance, Catholic-majority countries tend to have lower levels of bank credit and equity issuance, while individuals in Muslim-majority countries often cite religious prohibitions against interest as a reason for being unbanked (SESRIC, 2014; Mohieldin et al., 2012; IFSB, 2019).

One way religion influences financial decisions is through social solidarity. Religious teachings often emphasize community support over financial independence, which may reduce the perceived need for formal banking (Murphy, 2013; Mohseni-Cheraglou, 2014). For example, many mosque attendees in Sweden refrain from taking interest-bearing loans due to religious beliefs (Larsson & Willander, 2022). Similarly, strong religious ties may lead adherents to substitute social insurance with reliance on divine intervention (Scheve & Stasavage, 2006; Demirguc-Kunt et al., 2020).

Given the significant role of religion in shaping financial behaviors, some scholars argue that faith-based financial systems could serve as viable alternatives to conventional banking (Karlan et al., 2016; Iqbal & Mirakhor, 2012; SESRIC, 2014; IFSB, 2019). However, research has yet to fully explore the sociodemographic characteristics of those excluded due to religious reasons. Only Ulwodi and Muriu (2017) have examined this issue, but their analysis is limited to Sub-Saharan Africa with a small sample size. Further research is needed to inform tailored financial products that address faith-based concerns while promoting financial inclusion. Our study intends to fill this research gap by comprehensively examining the sociodemographic determinants of FEDRRs.

III. Data and Methodology

Data:

Our data on financial inclusion and sociodemographic variables come from the World Bank's Global Financial Inclusion Index (Findex). An initiative of the World Bank (WB), the Global Findex database tracks financial inclusion across the world every three years. To the authors' knowledge, it is currently the most comprehensive and authoritative data on adults' financial behaviors including saving, payments, borrowing, and risk management.

The WB's Financial Access Survey (FAS) collects the data through a partnership with Gallup Inc which conducts nationally representative surveys of at least 140 countries covering about 150,000 adults. Following its launch in 2011, the Findex database currently has four rounds of surveys, 2011, 2014, 2017 and 2021. The three-year gap allows for modification and addition of new survey questions in order to capture new developments in finance.

The Findex data categorizes reasons of financial exclusion into two broad themes, voluntary and involuntary. Those who voluntarily exclude themselves from formal financial services cite culture, religion and/or non-necessity, while the involuntary group cite financial constraints or lack of access. Specifically, respondents can choose from eight options for being financially excluded, as shown in figure 1. These options, which are not mutually exclusive, include religious consideration, high account maintenance fee, lack of money, non-necessity, far proximity to financial point, tedious documentation, lack of trust, and lack of access. This paper focuses on religious considerations that inform people's choice to voluntarily exclude themselves from the formal financial sector.

Main Reasons for Financial Exclusion:

Figure 1 illustrates the main reasons why adults remain unbanked. It is important to note that the percentages do not sum to 100% because respondents are allowed to select more than one reason. Over the years, the most common reason for being unbanked has been "lack of money," with proportions consistently higher than other reasons. For instance, in 2011, 71% of respondents cited this as a reason, and in 2021, it remained significant at 70%. The next most cited reasons vary, but "no need" and "expensive" appear prominently, especially in recent years. For example, in 2021, about 39% cited "expensive," and 34% mentioned "no need."

Religious reasons, the main focus of this study, while relatively low compared to other reasons, display a notable and steady increase over time. In 2011, only 5.8 % of respondents cited religion as a reason for being unbanked. By 2021, this proportion had risen to 9%, reflecting a growing share of individuals for whom religious considerations play a role in financial exclusion. While this percentage remains modest in comparison to dominant barriers like "lack of money" or "expense," the upward trend suggests that religious reasons are becoming increasingly relevant in discussions about financial exclusion. This rise may reflect a growing awareness or adherence to religious teachings that influence financial behavior, particularly in regions or communities where faith-based principles – such as the prohibition of interest (riba) in Islamic finance – are strongly upheld. It also highlights a potential gap in financial systems that fail to accommodate religiously compliant services, such as Islamic banking.

Other reasons, such as "documentation issues" and "lack of trust," have remained relatively stable in earlier years but saw notable increases in 2021. For instance, "lack of trust" rose to 25%, while "documentation issues" increased to 30%, reflecting growing challenges related to institutional and administrative barriers. The option "cannot get one" was only featured in the 2014 survey, where 23% of respondents reported it as a barrier to accessing financial services. Meanwhile, the proportion of respondents citing "far distance" to financial institutions has also shown a steady rise, increasing from 21% in 2011 to 29% in 2021.

In summary, while "lack of money" continues to dominate as the primary reason for being unbanked, other barriers like "no need," "expensive," and "lack of trust" have gained prominence in recent years. Religious reasons, although less frequently cited overall, exhibit a consistent upward trend, signaling their growing importance. This steady increase highlights the need for financial systems to address religious sensitivities and provide tailored, compliant financial solutions that can bridge this gap and promote broader financial inclusion.

Trend in Financial Exclusion for Religious Reasons:

Figure 2 shows the trend in voluntary financial exclusion due to religious reasons from 2011 to 2021. In 2011, about 5.8 percent of adults reported being voluntarily excluded from formal banking for religious reasons. This percentage increased to 7.3 percent in 2014 and then remained relatively stable, with a slight decline to 7.2 percent in 2017. However, by 2021, the percentage rose sharply

to 9.4 percent. Overall, the trend shows a steady increase over the years, highlighting that more adults are citing religious reasons for not participating in the formal financial sector.

In figure 3, we break down the trend in FEDRRs by OIC-member status. In OIC countries, the percentage of adults excluded for religious reasons started at 9.2 percent in 2011 and rose to 12 percent in 2014. This was followed by a decline to 8.9 percent in 2017 before increasing again to 10.5 percent in 2021. In contrast, non-OIC countries experienced consistently lower levels of FEDRRs throughout the period. The percentage in non-OIC countries was 3.6 percent in 2011, rising slightly to 4.2 percent in 2014, then increasing steadily to 6.1 percent in 2017 and 8.5 percent in 2021. The figure highlights that FEDRRs is consistently higher in OIC countries compared to non-OIC countries, though both groups exhibit an upward trend over time.

Figures 4 and 5 present the bottom and top 20 countries with respect to voluntary financial exclusion driven by religious beliefs. The data reveals a striking contrast in voluntary financial exclusion due to religious reasons across different countries. Looking at the bottom 20 countries, we see very low percentages, with South Korea, Georgia, and Argentina sharing the highest rate at just 1.7%. These are followed by the Slovak Republic, Ethiopia, and Burundi at 1.6%. The percentages continue to decrease through countries like Lithuania (1.4%), Rwanda (1.2%), and Bosnia and Herzegovina (1.1%). The list concludes with Denmark, Finland, and Norway showing virtually no religious-based financial exclusion.

On the other end of the spectrum, the top 20 countries display significantly higher percentages. Niger leads with 25.7% of its adult population citing religious reasons for being unbanked, followed closely by New Zealand at 23.8% and Afghanistan at 23.6%. Middle Eastern and North African countries feature prominently in this group, with Iraq showing 21.1%, West Bank and Gaza at 18.8%, and the Syrian Arab Republic at 17.5%. Other notable countries include Turkey (16.1%), Oman (15.3%), and Saudi Arabia (14.4%). The list rounds out with countries like Jordan, Somalia, Qatar, and the Philippines, all showing percentages above 12%. Interestingly, Spain appears in this group with 13.3%, while several Central Asian nations like Turkmenistan (16.8%) and Uzbekistan (13%) also show relatively high percentages. Cambodia stands out among Southeast Asian nations with 13.7% of its population citing religious reasons for financial exclusion.

Given the stark differences in voluntary financial exclusion due to religious reasons between these two groups of countries, with percentages ranging from zero to 1.7% in the bottom group and from 12.2% to 25.7% in the top group, it would be methodologically sound to conduct separate regression analyses for them. This approach will allow us to investigate the distinct determinants of religious-based financial exclusion for each group. By running separate regressions, we can better account for the unique socio-economic, institutional, and cultural factors that might influence financial exclusion in countries where religious considerations play a minimal role versus those where they are a significant factor. This split-sample approach will help avoid pooling bias and provide more nuanced insights into the drivers of religious-based financial exclusion in these distinctly different contexts.

Summary Statistics:

Table 1 presents the summary statistics of the key determinants of financial exclusion due to religious consideration as used in this study. The table is divided into three panels: statistics for all countries (top panel), statistics for countries that are members of the Organization of Islamic Cooperation (OIC, middle panel), and statistics for non-OIC countries (bottom panel). The first five columns in the Table provide the summary statistics for the entire sample for a given panel, while columns (6) and (7) report statistics for individuals who are financially excluded due to religious reasons (FEDRRs). Columns (8) and (9) present the statistics for those who are financially excluded for non-religious reasons (non-FEDRRs).

The FEDRRs variable has a substantial number of missing values. This is primarily because the variable was either not an option in certain survey rounds or in specific countries. As a result, we exclude these missing values, reducing the sample size from 579,226 to 245,916 respondents. In this (reduced) sample, approximately 7.3 % (close to 18, 000 adults) report not having a bank account for religious reasons. This percentage is notably higher among respondents from OIC countries, where it stands at 10 %, which is precisely double the rate observed among respondents from non-OIC countries (5 %). Given this disparity, our empirical analysis separates the sample into OIC and non-OIC countries to explore these differences further.

The sample is relatively young, with an average age of 36 years. Women account for 54 % of the sample, reflecting a slightly higher proportion of female respondents. There is also a higher representation of low-educated individuals in the sample, with 43 % of respondents classified as

educated (having a minimum secondary education). In terms of wealth distribution, the middle class makes up the largest proportion of respondents, representing 61 % of the sample, while the poor and rich categories account for 24 % and 15 %, respectively. Approximately 42 % of the sample comes from OIC countries.

An examination of the demographic breakdown for individuals who are financially excluded due to religious reasons (columns 6–7) and those excluded for non-religious reasons (columns 8–9) reveals some key differences. While the two groups are similar in terms of age, gender, and wealth composition, notable differences emerge in education and OIC membership. Respondents citing religious reasons for being unbanked are less likely to be educated, with only 36 % classified as educated, compared to 43 % for non-FEDRRs. Moreover, a significantly higher proportion of FEDRRs respondents (about 58%) reside in OIC countries, compared to just 40 % for non-FEDRR respondents.

Even within OIC and non-OIC countries, the differences between FEDRRs and non-FEDRRs in terms of education remain unchanged. In both groups, individuals who cite religious reasons for being unbanked are generally less educated. In OIC countries, only 38 % of those citing FEDRRs have at least a secondary education, compared to 42 % among those citing non-FEDRRs. The gap is even wider in non-OIC countries, where 34 % of FEDRRs are educated, compared to 44 % of non-FEDRRs. This consistent pattern highlights that lower levels of education are strongly associated with financial exclusion due to religious reasons. These differences provide important context for the empirical analysis that follows.

Empirical Specification: To investigate the sociodemographic determinants of financial exclusion due to religious reasons, we estimate the following empirical specification:

$$FEDRR_{ic} = \alpha + \beta_1 Female_{ic} + \beta_2 Age_{ic} + \beta_3 Rich_{ic} + \beta_4 Poor_{ic} + \beta_5 Educated_{ic} + \gamma_c + \varepsilon_{ic} \quad (1)$$

The dependent variable $FEDR_{ic}$ is a binary outcome which takes the value one if respondent i in country c reports not having a bank account "because of religious reasons" and zero otherwise. The key explanatory variables are gender, age, income, and education, which we hypothesize to be the main sociodemographic determinants of FEDRRs.

$Female_{ic}$ is a dummy equals to one if the respondent is female and zero if male. Age_{ic} is the respondent's age at time of interview, ranging from 15 to 99. $Educated_{ic}$ is also a dummy variable

taking a value one if a person has at least secondary school and zero otherwise. Education in the Findex data is classified into three categories: primary or less, secondary, and tertiary or more. We collapse this into a binary variable, where those with secondary or tertiary education are classified as "educated." $Rich_{ic}$ and $Poor_{ic}$ are binary variables representing income status. In the Findex data, the income levels of respondents are categorized into five quintiles. We collapse the variable into three: respondents in the 1st quintile are classified as "poor" ($Poor_{ic} = 1$), those in the 5th quintile are classified as "rich" ($Rich_{ic} = 1$), and those in quintiles 2, 3, and 4 are classified as "middle class." The middle class serves as the reference category, so the coefficients on "rich" (β_3) and "poor" (β_4) should be interpreted as the differences relative to the middle class. The term γ_c represents country fixed effects which control for time-invariant, country-specific characteristics that may influence financial exclusion for religious reasons (e.g., cultural norms, regulatory frameworks, or religious influence in financial systems).

We pool together all the four rounds of the Findex survey and estimate Equation (1) using a Linear Probability Model (LPM) and Logistic Regression with survey round fixed effects. However, we focus mainly on the LPM because it allows for a straightforward interpretation of the estimated coefficients. Specifically, each coefficient represents the change in the probability of being financially excluded due to religious reasons associated with a one-unit increase (or a change from one status to the other) in the corresponding explanatory variable.

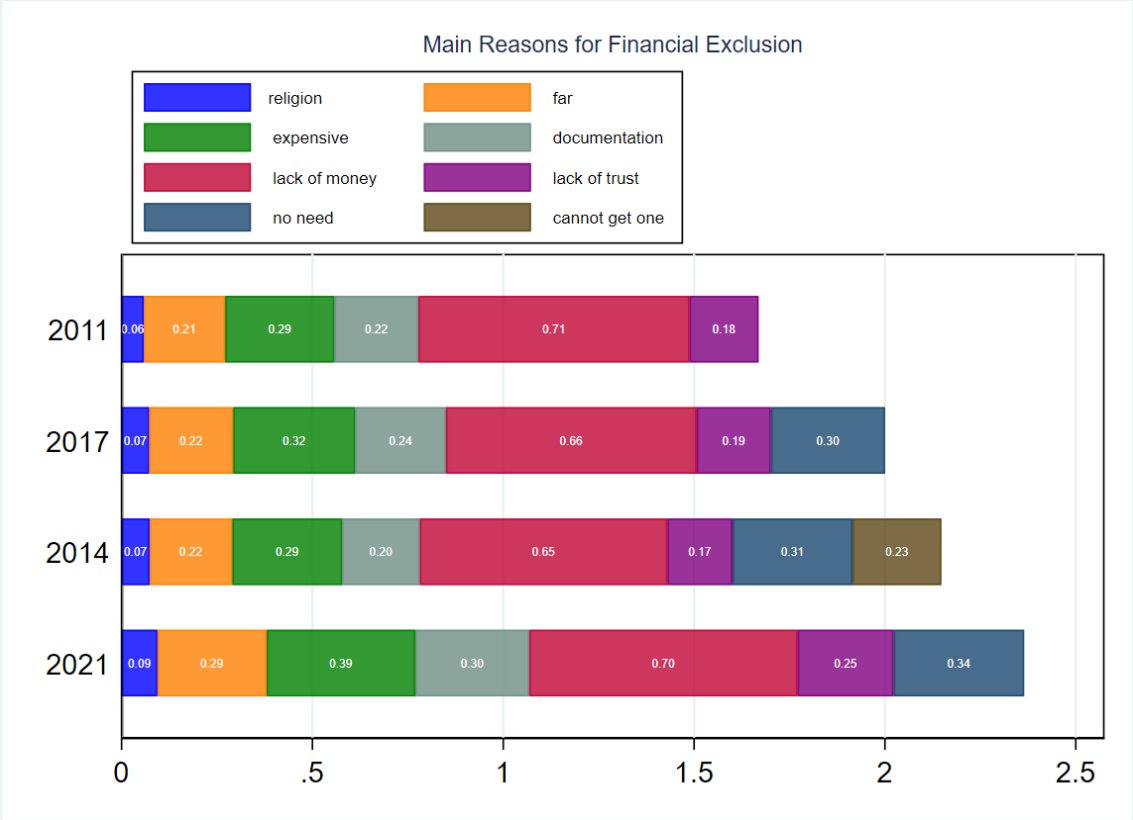

Figure 1 Reasons for Financial Exclusions

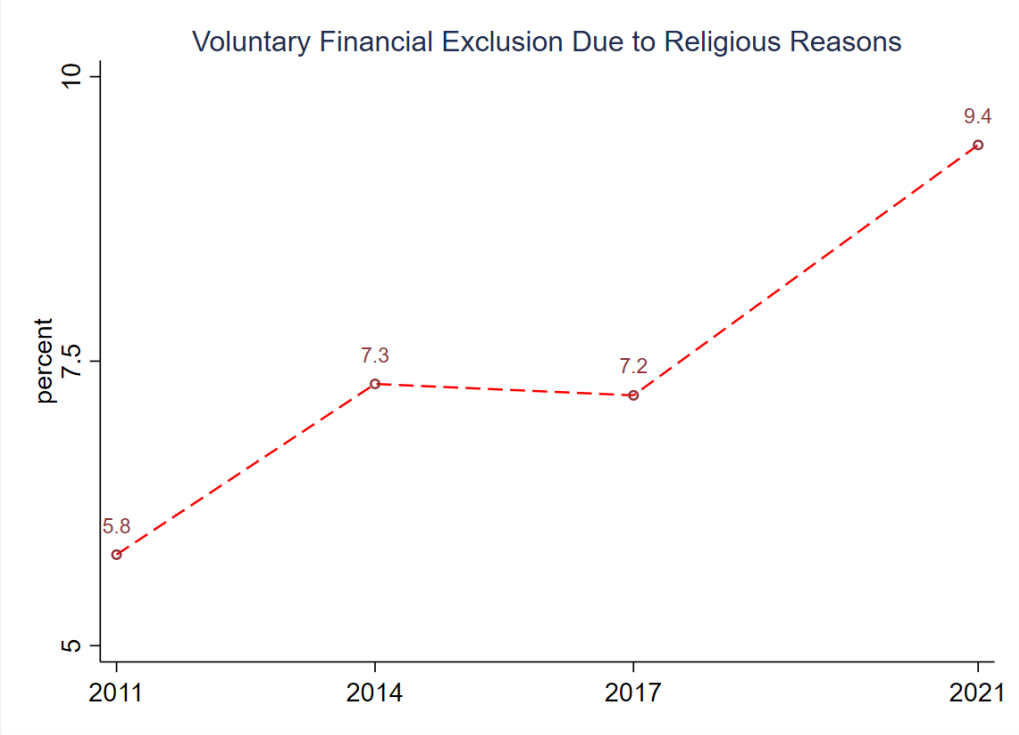

Figure 2. Trend in Financial Exclusion for Religious Reasons

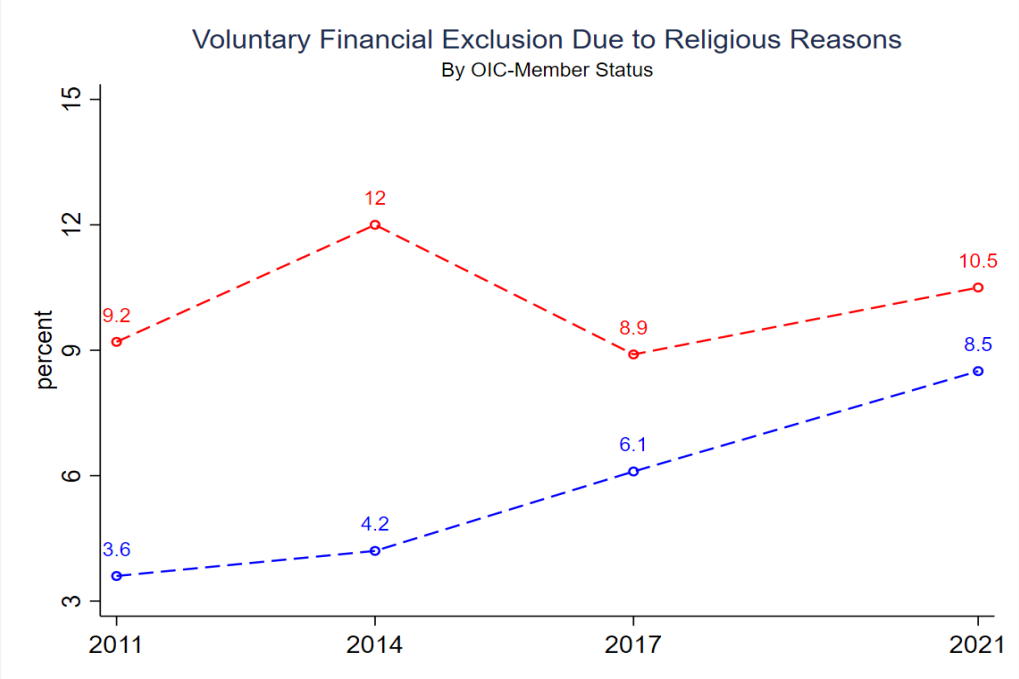

Figure 3 Trend in Financial Exclusion for Religious Reasons: By OIC-Membership Status

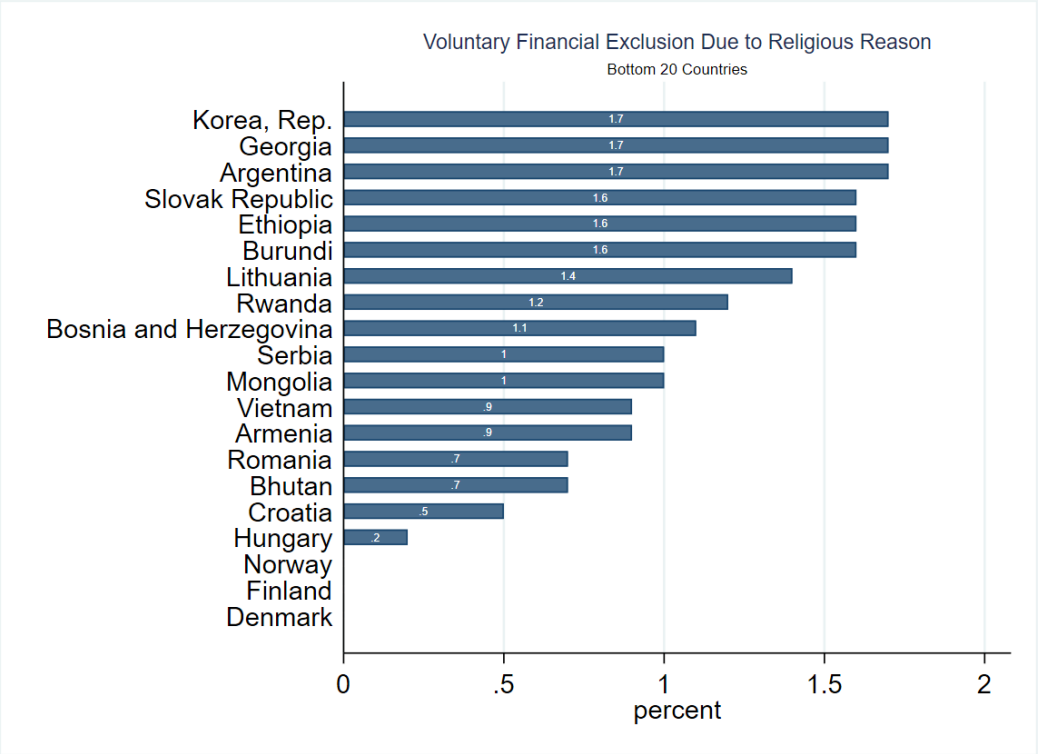

Figure 4. Financial Exclusion Due to Religious Reasons: Bottom 20 Countries

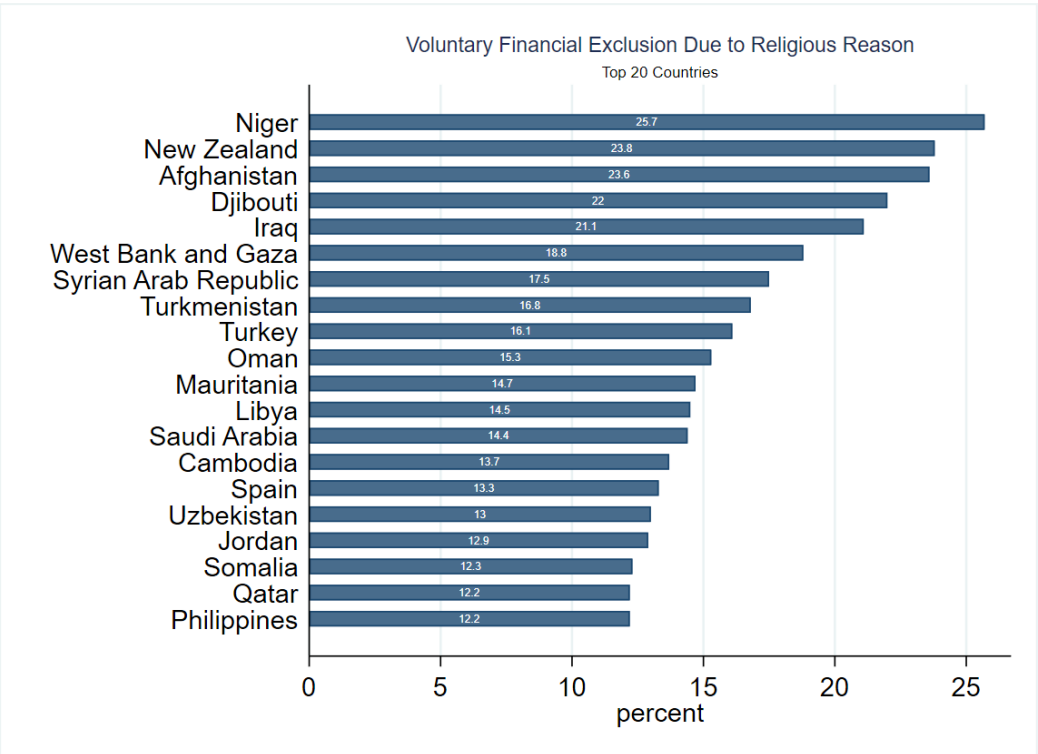

Figure 5. Financial Exclusion Due to Religious Reasons: Top 20 Countries

Table 1. Summary Statistics

	Full Sample					FEDRR		Non-FEDRR	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	N	mean	min	max	sd	N	mean	N	mean
All Countries									
age	245,478	36.12	15	99	17.34	17,567	36.23	227,911	36.11
FEDRRs	245,916	0.0725	0	1	0.259	-	-	-	-
female	245,916	0.541	0	1	0.498	17,602	0.524	228,314	0.543
poor	245,916	0.241	0	1	0.428	17,602	0.250	228,314	0.240
middleclass	245,916	0.610	0	1	0.488	17,602	0.601	228,314	0.610
rich	245,916	0.149	0	1	0.356	17,602	0.149	228,314	0.149
educated	244,218	0.427	0	1	0.495	17,466	0.363	226,752	0.432
oic	245,916	0.416	0	1	0.493	17,602	0.578	228,314	0.403
OIC									
age	102,049	34.16	15	99	15.75	10,304	35.12	91,745	34.06
FEDRR	102,235	0.101	0	1	0.301	-	-		
female	102,235	0.539	0	1	0.498	10,325	0.531	91,910	0.540
poor	102,235	0.226	0	1	0.418	10,325	0.219	91,910	0.227
middleclass	102,235	0.612	0	1	0.487	10,325	0.615	91,910	0.611
rich	102,235	0.162	0	1	0.369	10,325	0.166	91,910	0.162
educated	101,898	0.414	0	1	0.493	10,278	0.382	91,620	0.418
Non-OIC									
age	143,429	37.51	15	99	18.26	7,263	37.76	136,166	37.49
FEDRR	143,681	0.0523	0	1	0.223	-	-		
female	143,681	0.543	0	1	0.498	7,277	0.515	136,404	0.545
poor	143,681	0.252	0	1	0.434	7,277	0.293	136,404	0.250
middleclass	143,681	0.608	0	1	0.488	7,277	0.581	136,404	0.610
rich	143,681	0.140	0	1	0.347	7,277	0.126	136,404	0.141
educated	142,320	0.436	0	1	0.496	7,188	0.337	135,132	0.441

IV. Empirical Results and Discussion

We report the empirical results, focusing mainly on the LPM estimates. The analysis is structured to provide insights for five groups, namely (1) the full sample, (2) OIC countries, (3) non-OIC countries, (4) top 20 countries, and (5) bottom 20 countries. To account for potential structural differences across survey rounds, survey round dummies are included in all specifications, and standard errors are clustered at the country by survey round level.

LPM Estimates: Table 2 presents the LPM estimates of the sociodemographic determinants of financial exclusion driven by religious beliefs. Starting with the main estimates in Column 1, most of the sociodemographic variables are significant determinants of FEDRRs, with the exception of the "rich" variable. Age is positively associated with FEDRRs, suggesting that older individuals are significantly more likely to cite religious reasons for being unbanked. Specifically, for each additional year of age, the probability of abstaining from the mainstream financial sector due to religious reasons increases by 0.02 percentage points (pp). While this point estimate appears small, its cumulative effect over a lifetime is more substantial. For example, between ages 15 and 60, the likelihood of abstaining from formal financial services for religious reasons increases by nearly 0.9 pp.

The positive association between age and FEDRRs can be explained by the tendency for religiosity to increase with age, as older people often exhibit greater adherence to religious doctrines. This pattern is well-documented in the literature, with studies like Bengtson et al. (2015) showing that religiosity strengthens with age. Additionally, as individuals grow older, they may become more risk-averse, leading them to avoid formal financial services.

An alternative interpretation relates to generational exposure to secularist ideas. Younger cohorts, such as Millennials and Generation Z, are more exposed to secular ideologies that may weaken their commitment to religious teachings, while older generations (e.g., baby boomers) may have been socialized in more religious environments. As a result, the “current old” are more likely than the “current young” to be excluded from formal financial services for religious reasons.

The negative coefficient on female indicates that, compared to male, females are less likely to cite religious reasons for being unbanked. Being female reduces the likelihood of abstaining for religious reasons by 0.6 pp. This finding is somewhat surprising given that women are generally found to be more religious than men (Khan, 2014). One possible explanation is that women’s

participation in microfinance and community financial initiatives may increase their engagement with formal financial systems, even in the face of religious concerns. That is, while women may exhibit higher religiosity, it does not necessarily translate into higher rates of financial exclusion due to religious beliefs.

With regard to income, there are notable differences between the poor and middle class. No significant difference is found between the rich and middle class in terms of their likelihood of being financially excluded due to religious reasons. However, the poor are 0.43 pp more likely to abstain from the financial system for religious reasons compared to the middle class. This result aligns with the view that the poor often exhibit stronger commitments to religious teachings, as suggested by (Ludwig & Mayer, 2006). It is also possible that poverty constrains individuals from engaging with formal financial services due to practical barriers. Previous studies, such as Demirguc-Kunt and Klapper (2012), have shown that the most commonly cited reason for not having a formal bank account is "lack of enough money to use one." The financial burden of minimum balance requirements, maintenance fees, and other administrative costs could prevent poorer individuals from opening or maintaining formal accounts. When combined with religious motivations, these factors may further discourage the poor from formal financial inclusion.

Education is another critical determinant of FEDRRs. The results suggest that individuals with a secondary or tertiary education are significantly less likely to be unbanked due to religious reasons. Having at least secondary education reduces the probability of FEDRRs by 1.78 pp, which is the largest magnitude among the main sociodemographic variables. This finding is consistent with the secularization thesis, which proposes that secular education and religious commitment are mutually exclusive. As individuals acquire more education, they are exposed to modern, scientific and rational worldviews that reduce adherence to certain religious doctrines. Studies such as Lehman (1972), Caplovitz and Sherrow (1977) and Stark (1963) have shown that education is often accompanied by a shift away from strict religious orthodoxy. Moreover, education increases financial literacy, which in turn fosters greater engagement with formal financial services. Individuals with higher education are more likely to understand the benefits of formal banking and may also be better equipped to navigate the complexities of the financial system.

When we divide the sample into OIC and non-OIC countries, some interesting patterns emerge. In OIC countries (Column 2), age remains a significant determinant of FEDRRs, and its effect size is notably larger than in the full sample. For each additional year of age, the probability of being

excluded from formal financial services due to religious reasons increases by 0.04 pp, which is double the effect observed in the full sample. This suggests that age plays a more prominent role in religious financial exclusion in OIC countries. The coefficient for female is not significant in OIC countries, indicating that there are no gender-based differences in religious financial exclusion in these contexts. This finding may reflect the stronger influence of religious norms in OIC countries, which might affect men and women equally. The coefficients for the "rich" and "poor" are also insignificant, suggesting that wealth differences have no bearing on FEDRRs within OIC countries. However, education remains significant, with individuals who have at least secondary education being 1.17 pp less likely to cite religious reasons for being unbanked. This aligns with the view that education plays a consistent role in reducing religious financial exclusion, even in predominantly Islamic countries.

For non-OIC countries (Column 3), the determinants of FEDRRs exhibit some notable differences from OIC countries. Age is no longer a significant predictor of FEDRRs in non-OIC countries, indicating that age-related patterns in religious financial exclusion are more relevant in OIC contexts. On the other hand, the coefficient for female becomes more significant and larger in magnitude. Women in non-OIC countries are 0.75 pp less likely to abstain from formal financial services due to religious reasons, suggesting that gender-based differences are more pronounced outside of OIC countries. This difference may be attributed to differences in the role of women in society and the nature of financial access initiatives across OIC and non-OIC countries. Unlike in OIC countries, where community-based financial systems may be more prevalent, women in non-OIC countries may have greater access to independent financial services that reduce reliance on religious financial arrangements.

Another key difference is the role of wealth status. The coefficient on poor is positive and significant, indicating that the poor in non-OIC countries are 0.94 pp more likely to cite religious reasons for being unbanked relative to the middle class. This coefficient is more than twice as large as that observed for the overall sample, suggesting that the intersection of poverty and religious financial exclusion is more pronounced in non-OIC countries. The "rich" variable remains insignificant. Lastly, education continues to be a significant determinant of FEDRRs in non-OIC countries, with individuals having at least secondary education being 2.14 pp less likely to cite religious reasons for being unbanked. This effect is stronger than in OIC countries, reflecting the broader role of education in promoting financial inclusion, particularly in non-OIC contexts.

Columns (4) and (5) report the estimates for the top and bottom countries based on FEDRRs. The regression results reveal interesting patterns in the determinants of religious-based financial exclusion across the two groups of countries. For the top 20 countries where religious-based financial exclusion is more prevalent (ranging from 12.2% to 25.7%), sociodemographic factors play a significant role. Specifically, age, gender, and education are all statistically significant determinants. In contrast, for the bottom 20 countries where religious-based exclusion is minimal (below 1.7%), none of the sociodemographic variables show statistical significance, with much smaller coefficients. This stark difference suggests that sociodemographic characteristics matter more in contexts where religious considerations are already a substantial factor in financial decisions, while in countries with minimal religious-based exclusion, these characteristics have little to no explanatory power.

The findings reveal that sociodemographic factors, including age, gender, income, and education, play an essential role in determining financial exclusion due to religious beliefs. Importantly, the effects differ between OIC and non-OIC countries, with age being significant only in OIC countries, and gender and income playing larger roles in non-OIC contexts. The findings also show that these sociodemographic determinants have stronger effects in countries where religion is already a significant factor in financial decisions.

These findings suggest that financial inclusion initiatives aimed at reducing religious-based financial exclusion should account for the prevalence of religious commitments. Tailored interventions may be needed to address the role of age in OIC countries, while financial literacy programs focused on the poor and women may be more effective in non-OIC countries. Education emerges as a cross-cutting solution, underscoring the need for investment in education and financial literacy to reduce the influence of religious considerations on financial exclusion.

Logistic Regression Estimates: We re-estimate the model using a logistic regression estimator. The results, presented in Table 3, confirm the robustness of our findings. For the whole sample (column 1), age, gender, income, and education remain significant determinants of religious-based financial exclusion. Education consistently emerges as the only significant determinant for both OIC and non-OIC countries, while age is a significant driver of FEDRRs only in OIC countries. Conversely, gender and income remain key factors for non-OIC countries. Additionally, in the top 20 countries with the highest FEDRR rates, all sociodemographic factors significantly influence

FEDRR, whereas their effects are minimal in the bottom 20 countries. These findings demonstrate that our results are robust to changes in the estimation method.

Regional Analysis: We use the World Bank's regional classification of countries to further examine the relationship between sociodemographic factors and FEDRRs. The World Bank classifies countries into seven broad geographic regions: North America (NA), Middle East and North America (MENA), Latin America and the Caribbean (LAC), Europe and Central Asia (ECA), Sub-Saharan Africa (SSA), East Asia and the Pacific (EAP), and South Asia (SA). We conduct separate analyses for each of these regions. This analysis allows us to capture variations in how individual characteristics influence religious financial exclusion across diverse economic, cultural, and institutional contexts. The results of this analysis are reported in Table 4.

The regional analysis reveals substantial variation in the relationship between sociodemographic factors and financial exclusion due to religious reasons (FEDRRs). Age is statistically positively associated with FEDRRs in NA, MENA, LAC and ECA. This means that older individuals in these regions are more likely to cite religious reasons for being unbanked. In contrast, age has a negative effect in SSA, indicating that younger individuals in this region are more likely to report religious financial exclusion.

Gender differences also vary by region. In EAP, LAC and SSA, women are significantly less likely than men to cite religious reasons for financial exclusion. For the rest of the four regions, gender differences are not statistically significant, suggesting that men and women experience religious financial exclusion at similar rates in these regions.

The effect of income on FEDRRs also shows regional variations. In SA, the "rich" are significantly less likely to report FEDRRs compared to the middle class. Conversely, in SSA it is the rich who are more likely to report FEDRRs compared to the middle class, implying that wealthier individuals in the region are more selective about financial services based on religious principles. Meanwhile, in ECA and LAC the poor are more likely to report FEDRRs, suggesting that lower-income individuals in these regions face more constraints in accessing religiously compliant financial services. In MENA, the effect is negative, indicating that poorer individuals are less likely than the middle class to cite religious reasons for being unbanked.

Education is generally associated with lower FEDRRs. The negative effect of education on FEDRRs is significant in EAP, LAC, and SSA. Specifically, individuals who have a secondary or tertiary education are less likely to cite religious reasons for being unbanked compared to those

with lower educational attainment. This suggests that higher education levels may increase financial literacy and awareness of religiously compliant financial services, thereby reducing the likelihood of religious financial exclusion. In the four remaining regions, education does not appear to significantly influence FEDRRs. This implies that factors beyond education, such as religious institutions and financial sector structures, may play a more dominant role in shaping financial behavior in these regions.

Overall, the results highlight strong regional differences in the factors driving religious financial exclusion. These findings emphasize that religious financial exclusion is shaped by regional economic, cultural, and institutional factors, with no single determinant applying universally.

Income-level Analysis: We again use the World Bank's classification of countries by income level to further examine how sociodemographic factors influence FEDRRs across different economic contexts. The World Bank categorizes countries into four income groups, namely low income, lower-middle income, upper-middle income, high income. We run separate regressions for each income group and report the results in Table 5. This analysis helps determine whether differences in economic development shape the impact of age, gender, income status, and education on religious financial exclusion.

The results reveal that age is only significant in upper-middle-income and high-income countries, where older individuals are more likely to cite religious reasons for being unbanked. In contrast, age has no effect in low-income or lower-middle-income countries. Gender disparities are strongest in lower-middle-income and high-income countries, where women are significantly less likely than men to report FEDRRs. However, in low-income and upper-middle-income countries, gender does not significantly influence religious financial exclusion.

The impact of income status varies by income group. Compared to the middle class, the rich in low-income countries are more likely to report FEDRRs, while in other income groups, wealth status has no significant effect. In contrast, the poor are significantly more likely to report FEDRRs in upper-middle-income and high-income countries, suggesting that in wealthier economies, lower-income individuals may face greater barriers in accessing religiously compliant financial services. Education consistently reduces FEDRRs across all income levels. This finding suggests that completing at least secondary education lowers the likelihood of citing religious reasons for financial exclusion, possibly by increasing financial literacy and awareness of alternative financial services that align with religious beliefs.

Overall, the findings highlight clear differences across income groups. While education consistently reduces religious financial exclusion across all economies, the other factors only matter in certain income contexts. These results underscore the importance of considering a country's level of economic development when analyzing financial exclusion due to religious beliefs.

Table 2. LPM: Sociodemographic Determinants of FEDRRs

	(1) Whole Sample	(2) OIC	(3) Non-OIC	(4) Top 20 countries	(5) Bottom 20 countries
age	0.0002***	0.0004***	0.0001	0.0010***	0.0000
	(0.0001)	(0.0002)	(0.0001)	(0.0003)	(0.0000)
female	-0.0058***	-0.0032	-0.0075***	-0.0141**	-0.0028
	(0.0017)	(0.0033)	(0.0017)	(0.0070)	(0.0019)
rich	-0.0004	0.0002	-0.0012	-0.0141	0.0032
	(0.0023)	(0.0042)	(0.0025)	(0.0098)	(0.0034)
poor	0.0043**	-0.0037	0.0094***	-0.0107	0.0044
	(0.0022)	(0.0035)	(0.0026)	(0.0079)	(0.0030)
educated	-0.0178***	-0.0117***	-0.0214***	-0.0302***	-0.0027
	(0.0021)	(0.0033)	(0.0025)	(0.0064)	(0.0026)
Observations	243,861	101,738	142,123	33,772	20,832
R-squared	0.0436	0.0413	0.0314	0.0253	0.0049
Country FE	YES	YES	YES	YES	YES

The table reports the LPM estimates of the determinants financial exclusion due to religious reasons (FEDRRs). Robust standard errors reported in parenthesis below the estimates are clustered at the country by survey round level. *** p<0.01, ** p<0.05, * p<0.1

Table 3. Logistic Regression: Sociodemographic Determinants of FEDRRs

	(1) Whole Sample	(2) OIC	(3) Non-OIC	(4) Top 20 countries	(5) Bottom 20 countries
age	0.0032***	0.0049***	0.0012	0.0066***	0.0013
	(0.0011)	(0.0017)	(0.0013)	(0.0021)	(0.0040)
female	-0.0898***	-0.0366	-0.1572***	-0.1012**	-0.2232
	(0.0265)	(0.0382)	(0.0339)	(0.0493)	(0.1475)
rich	-0.0069	0.0012	-0.0337	-0.1038	0.2608
	(0.0363)	(0.0481)	(0.0553)	(0.0724)	(0.2579)
poor	0.0670**	-0.0422	0.1880***	-0.0758	0.3427
	(0.0329)	(0.0412)	(0.0489)	(0.0582)	(0.2199)
educated	-0.2886***	-0.1440***	-0.4523***	-0.2218***	-0.2311
	(0.0322)	(0.0380)	(0.0461)	(0.0487)	(0.2183)
Observations	243,844	101,738	142,106	33,772	20,815
Country FE	YES	YES	YES	YES	YES

The table reports the logistic regression estimates of the determinants of financial exclusion due to religious reasons (FEDRRs). Robust standard errors reported in parentheses below the estimates are clustered at the country by survey round level. *** p<0.01, ** p<0.05, * p<0.1

Table 4. Sociodemographic Characteristics of People that Report FEDRRs By Region

	(1) East Asia & the Pacific	(2) Europe & Central Asia	(3) Latin America & the Caribbean	(4) Middle East & North Africa	(5) North America	(6) South Asia	(7) Sub-Saharan Africa
age	0.0001	0.0001*	0.0003**	0.0013***	0.0015**	0.0001	-0.0002*
	(0.0002)	(0.0001)	(0.0001)	(0.0005)	(0.0007)	(0.0003)	(0.0001)
female	-0.0131***	-0.0029	-0.0123***	-0.0090	-0.0691	0.0035	-0.0050**
	(0.0048)	(0.0026)	(0.0041)	(0.0064)	(0.0471)	(0.0114)	(0.0021)
rich	-0.0086	-0.0081	-0.0050	0.0037	-0.0452	-0.0112**	0.0087**
	(0.0060)	(0.0070)	(0.0040)	(0.0056)	(0.0429)	(0.0051)	(0.0041)
poor	0.0057	0.0106***	0.0152***	-0.0131*	-0.0016	-0.0064	0.0044
	(0.0064)	(0.0039)	(0.0055)	(0.0066)	(0.0365)	(0.0066)	(0.0036)
educated	-0.0283***	-0.0046	-0.0278***	-0.0025	-0.0381	-0.0045	-0.0205***
	(0.0068)	(0.0031)	(0.0048)	(0.0059)	(0.0521)	(0.0093)	(0.0036)
Observations	21,068	43,243	40,980	30,298	226	17,826	82,434
R-squared	0.0561	0.0429	0.0303	0.0372	0.0598	0.0542	0.0427
Country FE	YES	YES	YES	YES	YES	YES	YES

The table reports the LPM estimates of the characteristics of people who cite religious reasons for being unbanked. Robust standard errors, reported in parenthesis below the estimates, are clustered at the country by survey round level. When number of clusters is significantly low (< 40), bootstrap standard errors are computed.

Table 5. Sociodemographic Characteristics of People that Report FEDRRs By Income Level

	(1) Low Income	(2) Lower-Middle Income	(3) Upper-Middle Income	(4) High Income
age	-0.0001	0.0002	0.0004***	0.0002*
	(0.0002)	(0.0001)	(0.0001)	(0.0001)
female	-0.0026	-0.0070**	-0.0039	-0.0130***
	(0.0046)	(0.0028)	(0.0027)	(0.0045)
rich	0.0116*	-0.0041	-0.0048	0.0006
	(0.0063)	(0.0030)	(0.0051)	(0.0056)
poor	-0.0035	0.0029	0.0060*	0.0177***
	(0.0057)	(0.0039)	(0.0032)	(0.0058)
educated	-0.0242***	-0.0177***	-0.0118***	-0.0185***
	(0.0059)	(0.0034)	(0.0034)	(0.0051)
Observations	46,287	98,274	67,516	22,177
R-squared	0.0721	0.0256	0.0465	0.0394
Country FE	YES	YES	YES	YES

The table reports the LPM estimates of the characteristics of people who cite religious reasons for being unbanked. Robust standard errors, reported in parentheses below the estimates, are clustered at the country by survey round level. *** p<0.01, ** p<0.05, * p<0.1

V. Conclusion

Voluntary exclusion from formal financial services limits access to savings, investment, and credit, posing challenges for inclusive economic development. While financial exclusion stems from multiple factors, religion has increasingly emerged as a key driver. Understanding the sociodemographic characteristics of individuals who cite religious reasons for being unbanked is essential for designing effective financial inclusion strategies. Against this backdrop, this study examines the sociodemographic factors that influence financial exclusion due to religious reasons (FEDRRs).

Using a large, multi-country dataset spanning several survey rounds, we analyze how age, gender, income, and education influence FEDRRs. Our findings reveal several key patterns. Older individuals are more likely to avoid formal financial services for religious reasons, reflecting stronger religiosity among older generations and potential difficulty adapting to financial innovations. Women are generally less likely than men to cite religious reasons for being unbanked, suggesting that religiosity does not necessarily translate into financial exclusion for women. Income differences are less pronounced, but low-income individuals are more likely than the middle class to report FEDRRs, likely due to the combined effects of stronger religious beliefs and practical financial barriers such as high transaction costs. Education consistently reduces FEDRRs, supporting the secularization hypothesis, which suggests that higher education weakens adherence to religious doctrines while improving financial literacy and awareness of formal financial services.

The impact of these factors varies across different country contexts. In OIC countries, age plays a stronger role in FEDRRs, while gender and income are not significant determinants. In non-OIC countries, gender and income are more influential, with women being less likely and the poor being more likely to report religious financial exclusion. However, across both groups, education consistently reduces FEDRRs, underscoring its universal role in promoting financial inclusion.

Our regional analysis further highlights strong variations. Age increases FEDRRs in MENA, Latin America, Europe, and North America, while in Sub-Saharan Africa, it has the opposite effect. Gender disparities exist in some regions but not in others: women are less likely to cite FEDRRs in East Asia, Latin America, and Sub-Saharan Africa, while gender has no effect in Europe, MENA, and South Asia. Income-based financial exclusion differs as well. Poor individuals report higher FEDRRs in Europe and Latin America, while in MENA, they are less likely to do so. The

rich in Sub-Saharan Africa are more likely to cite FEDRRs, while in South Asia, they are less likely. Education plays a significant role in reducing religious financial exclusion in East Asia, Latin America, and Sub-Saharan Africa, but has no significant effect in Europe, MENA, and South Asia.

Differences also emerge based on countries' levels of economic development. Age has no effect in low- and lower-middle-income countries, but it becomes significant in upper-middle and high-income countries, where older individuals are more likely to report FEDRRs. Gender disparities are strongest in lower-middle and high-income countries, but nonexistent in low-income and upper-middle-income countries. Compared to the middle class, the poor in upper-middle and high-income countries are significantly more likely to report FEDRRs, while the rich in low-income countries are also more likely to cite religious financial exclusion. Education consistently reduces FEDRRs across all income levels, reinforcing its universal role in financial inclusion.

However, these sociodemographic effects are only significant in countries with the highest levels of FEDRRs. In countries where religious considerations do not strongly influence financial exclusion, these factors have no significant effects, suggesting that in such cases, institutional or structural factors may play a greater role than individual characteristics.

Overall, these findings highlight the need to address both sociodemographic barriers and religious motivations in efforts to promote financial inclusion. While education consistently reduces FEDRRs, the influence of age, gender, and income depends on regional and economic contexts. Policymakers should prioritize financial literacy, education, and the expansion of religion-compliant financial products, particularly in OIC countries. By addressing these barriers, financial institutions and policymakers can bridge the gap between religious beliefs and financial access, thereby advancing the goal of universal financial inclusion.

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