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**ACADEMIC PAPER**

# The Role of Financial Inclusion and Digital Banking Accessibility in Promoting Social Equity in Pakistan: The Mediating Role of Economic Empowerment

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## ABSTRACT

The purpose of this study was to assess the role of financial accessibility and inclusion in social equity in Pakistan, and the mediating effect of economic empowerment. Further, it was aimed at understanding how access to financial services can lead to economic empowerment, and how that can lead to social equity. A quantitative research design was used with a cross-sectional research flap. For data collection, structured questionnaires were distributed among banking professionals, whose jobs required them to work with customers in some capacity in commercial bank branches in Lahore, Karachi, Islamabad, and Peshawar. Data from 253 questionnaires were valid to be reviewed in order to test hypothesized relationships between variables. Findings indicated that both financial inclusion and digital banking accessibility significantly impacted social equity. Economic empowerment fully mediated the relationship between social equity and digital banking and was partially mediated by economic empowerment for the financial inclusion- social equity relationship. Results confirmed the theoretical framework for this study and demonstrated the importance of economic empowerment as a tool for achieving social justice. Overall, it was concluded that the expansion of financial inclusion and digital banking services increased social equity in Pakistan indirectly through increasing economic power for recipients of these banking services.

## KEYWORDS

Financial Inclusion, Digital Banking Accessibility, Economic Empowerment, Social Equity.

## INTRODUCTION

Pakistan continues to grapple with the social injustices rooted in financial exclusion and limited access to digital banking infrastructure. Economic inequities persisted, as many individuals from a sizeable portion of the population were unable to access the most basic financial services even in light of advancements globally. Traditional banking models had consistently failed to reach marginalized communities particularly in rural and developing regions. Unfair access to financial services led to the increase in socio-economic disparities as disruptions based upon digital technologies proliferated across the industry (Khan, Zeb, Kamal, Azeem, & Shah, 2025). Those who experienced financial exclusion were not able to build up assets, access credit, or engage in profitable economic activity. Also, those who sought fair participation in financial systems experienced difficulties due to inadequate levels of digital literacy and technology infrastructure. Policymakers were prioritizing financial inclusion; however, it was not clear how access translated into social equity. Additionally, there was inadequate evidence of how financial inclusion and digital banking could reduce social inequalities. Thus, in a developing country like Pakistan, the challenge was to assess whether and how access to financial means enabled marginalized economically disadvantaged groups and created fair social outcomes.

The objective of this study was to better understand how access to digital banking and financial inclusion foster social equity in Pakistan, where economic empowerment was considered a mediating variable. Ultimately, this study was focused on determining if, through greater access to digital and financial services, digital technology was providing equitable opportunities for different segments of society. Specifically, the study focused on the perspectives of banking professionals working in commercial banks in Peshawar, Islamabad, Karachi, and Lahore. By examining the structural relationships between digital access, social equity, economic empowerment, and financial inclusion, the study provided empirical insights into how financial access could drive social change. Additionally, by estimating the incidence of economic empowerment, a study also aimed to measure the degree to which economic empowerment acted as a mediator of the relationships to explain how financial mechanisms translated into socially equitable outcomes. Furthermore, this study answers the pressing need for contextualized information about the ways that digital financial ecosystems shape equity, especially in a financial ecosystem that is rapidly changing and is systemically unequal.

For policymakers, financial institutions, and development professionals looking to promote inclusive socioeconomic growth in Pakistan, this study was extremely pertinent. It offered factual proof of how economic empowerment brought about by digital banking accessibility and financial inclusion enhanced social equity. The study's focus on banking professionals allowed it to gather knowledgeable viewpoints from people who are actively involved in putting financial inclusion strategies into practice. By providing useful insights on equity, empowerment, and access, the findings enhanced national frameworks for financial inclusion. By expanding the body of research on digital finance and development in South Asia, a region where there are still few integrated studies of this kind, the study also helped academics. Furthermore, by highlighting the necessity of inclusive digital infrastructures, it influenced technological innovation strategies. The study provided advocate organizations and civil society with evidence-based justifications for promoting fair access to financial services. All things considered; it provided a basis for reworking policies to guarantee that monetary advances resulted in actual social advantages.

Prior studies on financial inclusion in Pakistan mostly concentrated on usage trends or access metrics without connecting them to more general societal outcomes like social equity (Razzaq, Qin, Zhou, Mahmood, & Alnafissa, 2024). The technical and institutional aspects of digital banking were covered in the literature that was already in existence, but its revolutionary potential in terms of socioeconomic justice was overlooked. Furthermore, the majority of research looked at digital banking accessibility or financial inclusion separately (Cnaan, Scott, Heist, & Moodithaya, 2023), ignoring their combined impact. Economic empowerment's function as a mediator between these factors and social equity was not well studied. Although similar topics were occasionally covered in international studies, Pakistan's distinct socioeconomic, cultural, and infrastructure context made foreign findings less relevant. The opinions of banking professionals, who are important implementers of inclusion strategies, about how their services influenced equitable outcomes have never been thoroughly examined in a study. By combining all of the variables into a single analytical model and empirically confirming their connections within the Pakistani banking industry, this study filled in these gaps and added localized evidence and usefulness to the discussion.

Frediani (2010), which stressed that people's ability to live lives they value should be used to gauge development, served as the foundation for this study. The framework provided a prism through which to view how digital access and financial inclusion increased people's economic options and liberties, allowing them to engage in economically and socially significant endeavors. The study's emphasis on empowerment as a means of achieving equity was consistent with Sen's theory. By providing tools for resource management, economic planning, and uncertainty response, financial inclusion was seen as a way to improve individual capabilities. Within this framework, digital banking served as a contemporary capability enabler, especially in situations where physical banking was restricted. Access became social equity through the mechanism of economic empowerment. Thus, the theoretical model positioned financial services as crucial facilitators of agency and equity rather than just as economic instruments, particularly in structurally underprivileged contexts like Pakistan.

This study recognized a number of limitations that might have impacted how broadly applicable its conclusions could be. First, the sample excluded microfinance institutions and rural banking contexts by limiting it to banking professionals employed by commercial banks in four urban centers: Peshawar, Islamabad, Karachi, and Lahore. Second, the study used a cross-sectional design, which limited the ability to draw conclusions about causality and recorded perceptions at one particular moment in time as opposed to over time. Third, the use of self-reported data may have resulted in social desirability effects or respondent bias. Fourth, despite being operationalized using validated scales, the concepts of social equity and economic empowerment were still complicated and open to interpretation depending on the context. Last but not least, the study ignored the opinions of underserved communities and end users in favor of concentrating only on the perspective of the banking industry. The disadvantages identified this need for more geographic diversity, longitudinal approaches, and more stakeholder voices in the future.

## REVIEW OF LITERATURE

### Financial Inclusion and Economic Empowerment

Financial inclusion, or the ability of people and businesses to obtain appropriate financial products and services at reasonable prices, continued to be an integral part of increasing the access of under-represented groups to formal economies. In various studies, financial inclusion improved economic empowerment through bettering people's ability to save, invest, and obtain credit (Bhatia & Dawar, 2024). Having access to a bank account helped people manage risk, smooth consumption, and engage in productive economic activity. Economic empowerment was defined as the ability of people to manage their financial lives, to make choices that incorporate their values, and to enhance their quality of life. Through financial inclusion people were able to gain control over their money and their ability to make choices for themselves, enable more decision-making in their home and work communities (Kyeyune & Ntayi, 2025). Upon securing a credit or insurance product, people began to decrease their reliance on informal, and often exploitative, lending sources. Research in developing countries suggested that financial inclusion drove economic opportunity, reduced income inequality, and reduced poverty (Verma & Giri, 2024).

According to, Aziz, Sheikh, and Shah (2022) in a similar vein, Ali (2022) noted that financial inclusion directly aided small business owners' economic empowerment by enabling them to hire staff, boost sales, and accumulate assets. Researchers found that microloans and savings accounts were essential for assisting people in launching or growing their businesses (Bika, Madina, & and Locke, 2022). Furthermore, by lowering administrative and geographic barriers, access to digital financial services increased the effects of empowerment. Faster and more secure transactions were made possible by digital platforms, which enhanced transparency and financial control. Access to formal banking increased income-generating activities in developing countries' cities, claim Li and Liu (2023). According to some research, financial inclusion by itself did not always result in empowerment unless it was combined with institutional trust and financial literacy (Iftikhar, Ashfaq, Akhtar, & Frimpong, 2024). The full realization of empowerment outcomes was hampered by obstacles like cultural norms, gender inequality, and low levels of digital literacy. However, research has consistently shown that financial inclusion and economic empowerment are related. The empowerment attained through financial inclusion was demonstrated by the growth of financial assets and the capacity for autonomous economic decision-making. Hence, it is hypothesized that;

**H1:** There is a relationship between financial inclusion and economic empowerment.

### Financial Inclusion and Social Equity

Financial inclusion was critical in combating systemic inequities by providing marginalized communities with increased access to financial services. Social equity was understood as the fair distribution of resources, opportunities, and privileges within a neighborhood. A reduction of exclusionary practices and promotion of economic participation of marginalized communities meant that, according to proponents of social equity, financial inclusion fostered social equity (Lal, 2021). Access to financial services gives disadvantaged individuals the capacity to collect assets, engage in productive economic activity, and better maintain income stability. As evidence suggested, in order to simultaneously eliminate gaps in income, there required sureness of access to savings accounts, credit, and banks (Akinyemi, 2025). Kara, Zhou, and Zhou (2021), for instance, found that countries with less financial exclusion achieved more equitable economic development overall. Financial inclusion strengthened aspects of social equity in low-income neighborhoods by facilitating better access to housing, health care, and education. In South Asia, the historical effects of financial exclusion most affected low-income populations, rural populations and women. Research by Kamran and Uusitalo (2024) found that formal financial services are still largely concentrated in urban areas of Pakistan, creating a large rural population excluded from these services. That being said, any initiatives that have improved financial access, namely mobile banking and microfinance, increased disadvantaged populations' access to financial services and resources, which has meaningfully helped develop social equity.

Through economic participation, underprivileged groups were able to assert equal citizenship rights thanks to financial inclusion. Additionally, it lessened dependence on unofficial credit systems, which frequently served to perpetuate exploitation and social hierarchies (Bernards, 2021). Having access to official financial institutions improved inclusion and trust by providing security, control, and transparency in financial transactions. Nonetheless, some research pointed out that equitable results were not guaranteed by the simple availability of financial services. Financial inclusion remained surface-level if institutional, cultural, and informational barriers were not addressed (O'Toole, 2023). For example, women's financial control was limited by gender-based barriers that remained in place even in the presence of formal accounts (Field, Pande, Rigol, Schaner, & Troyer Moore, 2021). Despite these obstacles, the idea that financial inclusion had a positive relationship with social equity was backed by an increasing amount of data. When financial services were developed and provided fairly, they increased economic participation and decreased socioeconomic gaps. It made it possible for underprivileged groups to obtain basic economic rights, fostering a society that is more equal and inclusive. Hence, it is hypothesized that;

**H2:** There is a relationship between financial inclusion and social equity.

### Digital Banking Accessibility and Economic Empowerment

The term "digital banking accessibility" described how simple it was for people to access and use financial services via digital channels like online portals, mobile apps, and automated teller machines. The ability to manage resources, make wise financial decisions, and enhance one's standard of living was referred to as economic empowerment. By making it easier to access financial resources and lowering institutional and physical barriers, digital banking has been shown to be crucial in empowering economically marginalized populations (Munyoka, 2022). Without going to physical branches, consumers could open accounts, send money, get credit, and keep an eye on financial transactions thanks to digital banking. People who lived in isolated or underserved areas especially benefited from this convenience. According to Gaur and Potnis (2022), mobile-based financial services helped people in developing nations manage their income, save more money, and stay away from unlicensed lenders. More financial independence and decision-making authority were reflected in these advancements. In the South Asian region, including Pakistan, digital platforms addressed long-standing limitations in banking outreach. Digital banking greatly expanded financial participation among women and young people who did not have access to traditional banking channels (Ahmad, 2025). Low-income groups were able to manage savings, pay bills, and send remittances thanks to digital wallets and branchless banking services like Easy paisa and Jazz Cash. These services decreased financial dependency and improved people's capacity to engage in economic activity.

Additionally, having access to digital banking aided in the expansion of entrepreneurship. According to research by Yao, Shanoyan, Schwab, and Amanor-Boadu (2023), Kenyan households' economic resilience was bolstered by the ability to invest in businesses and manage financial shocks through mobile money platforms. Kemal (2023) discovered that micro-entrepreneurs in Pakistan who used mobile banking tools showed increased financial independence and business performance. Accessibility issues with digital banking persisted despite these advantages. Vulnerable groups' use was restricted by obstacles like cybersecurity worries, digital illiteracy, and erratic internet connectivity. Raza and Akhter (2024) claim that the underutilization of digital tools prevented them from fulfilling their empowering potential in the absence of proper training and institutional support. However, the correlation between economic empowerment and the availability of digital banking was consistent across empirical research. Access to digital financial services allowed individuals to take control of their economic lives, accumulate assets, and engage with broader financial ecosystems, thereby achieving greater levels of empowerment. Hence, it is hypothesized that;

**H3:** There is a relationship between digital banking accessibility and economic empowerment.

### Digital Banking Accessibility and Social Equity

The availability and usability of financial services via electronic channels, including digital wallets, internet banking, and mobile applications, was referred to as digital banking accessibility. Social equity encompassed an equal allocation of opportunity, resources, and services across society. The eradication of traditional impacts related to geography, gender, income or education eliminated barriers where all researchers agreed that the outcome of greater access to digital banking increased social equity (Raihan et al., 2025). Digital banking allows institutions to provide access to previously difficult to reach segments of the population without the costs and physical barriers, through mobile banking options to people in rural areas of developing nations who may never see a traditional bank branch. A study conducted by Osabutey and Jackson (2024), mobile money services in Africa increased underprivileged populations' access to finance and promoted greater inclusion. According to Rehman and Khalil (2024), digital banking is helping low-income individuals in Pakistan, Jazz Cash and Easy paisa with basic financial transactions, has helped individuals complete essential financial transactions with a decreased reliance on unofficial financial systems.

Digital channels have also decreased the gender gap in financial access. Women often faced social restrictions on their independence and mobility in patriarchal societies. Digital tools offered privacy and ease of use, resulting in an increase of women's involvement in financial decision-making (Mishra, Agarwal, Sharahiley, & Kandpal, 2024). Altaf, Ullah, and Atiq (2025) discovered that women in Pakistan who had no control over formal banking interactions were able to access financial services through mobile devices. As a result of these advancements, financial services are now distributed more fairly among genders. Digital banking also made it easier to pay for healthcare, education, and government welfare transfers. Social stratification decreased as a result of this inclusion, and people's access to fundamental rights and services improved (Anwar, Alburaiki, Ibrahimi, & Qadri, 2024). By integrating marginalized groups into official financial structures through digital identification and biometric verification systems, social equity was promoted through systemic inclusion. However, there were still differences in internet coverage, smartphone ownership, and digital literacy. Access to digital banking by itself did not eradicate social injustices, according to Mhlongo and Dlamini (2022), unless it was combined with focused infrastructure and education spending. Mahadin, Abu Elsamen, and El-Adly (2023) observed that the equity-enhancing benefits of digital banking were limited in Pakistan because rural populations continued to be digitally excluded due to poor connectivity and low awareness. Notwithstanding these drawbacks, previous research backed up the idea that social equity and digital banking accessibility were positively correlated. Increased societal inclusion and equitable participation in economic systems were made possible by improved access to financial tools via digital platforms. Hence, it is hypothesized that;

**H4:** There is a relationship between digital banking accessibility and social equity.

### Economic Empowerment and Social Equity

The process by which people acquired the capacity to access resources, make financial decisions, and manage their finances was known as economic empowerment. When people were treated fairly, they had equal access to opportunities, and differences between socioeconomic groups were eliminated, this was referred to as social equity. Many studies backed up the claim that by decreasing economic dependency, increasing self-reliance, and encouraging inclusive participation in society, economic empowerment made a substantial contribution to the achievement of social equity (Campanella, 2023). Gaining financial independence allowed people to have better access to jobs, housing, healthcare, and education, all of which improved their standing in society. A more equitable distribution of power and opportunities resulted from empowered people's increased social mobility and confidence. Communities with higher levels of economic empowerment showed more social trust, cohesion, and equitable development, according to Lal (2021). One of the most important factors in lowering structural inequality was economic empowerment. Access to financial resources, for example, enabled families in low-income populations to end cycles of poverty that have persisted for generations. Zhu, Brenna, McCoy, Atkins, and Das (2022) maintained that social justice was founded on the idea that economic decision-making freedom enabled people to live moral lives. Urooj, Ahmad, Bhatti, and Hussain (2022) discovered that rural women's economic empowerment raised their standing in families and communities in Pakistan, which helped to promote more equal gender relations.

Economically marginalized groups were able to transition from being dependent to contributors through income-generating activities, self-employment, and entrepreneurship. This change improved social integration by fostering a sense of recognition and dignity. People sought equal representation and voice in laws, policies, and community issues as empowerment increased, which reflected advancements in social equity (Coy, Malekpour, Saeri, & Dargaville, 2021). However, a number of academics pointed out that in order to achieve long-term equity results, empowerment initiatives required institutional frameworks that were supportive. Equity was not ensured by empowerment on its own unless it was coupled with equal access to public services, education, and justice (Cepiku & Mastrodascio, 2021). Furthermore, economic empowerment encountered structural and cultural resistance in environments characterized by pervasive discrimination, which constrained its full transformative potential. Notwithstanding these obstacles, a solid empirical basis supported the theory that social justice and economic empowerment were still related. A more just and equitable society was promoted by economic empowerment, which decreased dependency, increased individual agency, and promoted equal participation in social and economic life. Hence it is hypothesized that;

**H5:** There is a relationship between economic empowerment and social equity.

## METHODOLOGY

### Research Design

This study employed a quantitative, cross-sectional research design to examine the impact of financial inclusion and digital banking accessibility on social equity in Pakistan, with economic empowerment as a mediating variable. A structured, self-administered questionnaire was utilized to collect primary data from banking professionals working in various managerial positions.

### Population and Sampling

The target population for this study comprised banking professionals employed in different branches of commercial banks operating in four major cities of Pakistan: Lahore, Karachi, Islamabad, and Peshawar. These cities were selected to represent diverse geographical and economic regions, providing a balanced perspective on the research variables. A purposive sampling technique was adopted, targeting individuals holding positions such as Senior Manager, Branch Manager, and Junior Manager, given their practical exposure to financial services operations and client interactions. A total of 253 valid responses were collected, ensuring adequate representation across gender, educational background, job positions, and geographic location. The sample included both male and female respondents from various educational levels ranging from Bachelors to Ph.D.

**Data Collection Instrument**
Data were obtained through a vetted questionnaire that was created using accepted scales from a prior literature review. The questionnaire had five sections: demographic information, financial inclusion, access to digital banking, economic empowerment, and social equity. All constructs were captured on a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree), which enabled participants to indicate how much they agreed with each statements (Alabi & Jelili, 2023).

**Data Analysis Technique**
The data collected were analyzed using IBM SPSS 26 software. This technique was chosen for its suitability in testing complex models involving multiple independent and mediating variables and for its ability to handle data without requiring normality. Descriptive statistics were employed to summarize the demographic profile of respondents, followed by Pearson correlations and regression analysis.

## DATA ANALYSIS
The demographic data of this study reported that there were 129 male and 124 female participants. Furthermore, the education of 67 respondents was Graduation, 162 was Masters, 44 were M.Phil./PhD. Regarding the position, 62 were senior managers, 115 were branch managers and 76 were junior managers. While 38 respondents were from Lahore, 87 were from Karachi, 56 were from Islamabad and 72 were Peshawar (see Table 1).

**Table 1:** Demographics.

| Variable | Level | Counts | Total |
|---|---|---|---|
| Gender | Male | 129 | 253 |
| | Female | 124 | 253 |
| Education | Graduation | 67 | 253 |
| | Masters | 162 | 253 |
| | M.Phil./PhD. | 24 | 253 |
| Position | Senior Manager | 62 | 253 |
| | Branch Manager | 115 | 253 |
| | Junior Manager | 76 | 253 |
| City | Lahore | 38 | 253 |
| | Karachi | 87 | 253 |
| | Islamabad | 56 | 253 |
| | Peshawar | 72 | 253 |

The data analysis with SPSS 26 highlighted that there was no missing value in the data. In statistics, the mean is one of the measures of central tendency, apart from the mode and median. Mean is nothing but the average of the given set of values. It denotes the equal distribution of values for a given data set. The standard deviation is a summary measure of the differences of each observation from the mean. If the differences themselves were added up, the positive would exactly balance the negative and so their sum would be zero. In the data, mean value was ±, and standard deviation value was near to 1. Hence, the descriptive statistics were considered significant (see Table 2).

**Table 2:** Descriptive Statistics.

| | Financial Inclusion | Digital Banking Accessibility | Economic Empowerment | Social Equity |
|---|---|---|---|---|
| Valid | 253 | 253 | 253 | 253 |
| Missing | 0 | 0 | 0 | 0 |
| Mean | 3.198 | 3.221 | 3.111 | 3.111 |
| Std. Deviation | 1.260 | 1.269 | 1.245 | 1.295 |
| Minimum | 1.000 | 1.000 | 1.000 | 1.000 |
| Maximum | 5.000 | 5.000 | 5.000 | 5.000 |

In statistics, the Pearson correlation coefficient is a correlation coefficient that measures linear correlation between two sets of data. It is the ratio between the covariance of two variables and the product of their standard deviations; thus, it is essentially a normalized measurement of the covariance, such that the result always has a value between −1 and 1. The study used SPSS 26 to analyze the findings. The data reported that Pearson correlation was significant for all variables as the p value was less than 0.001. The data is shown in Table 3.

**Table 3:** Pearson's Correlations.

| Variable | | Financial Inclusion | Digital Banking Accessibility | Economic Empowerment | Social Equity |
|---|---|---|---|---|---|
| 1. Financial Inclusion | Pearson's r | — | | | |
| | p-value | — | | | |
| 2. Digital Banking Accessibility | Pearson's r | 0.615 | — | | |
| | p-value | <.001 | — | | |
| 3. Economic Empowerment | Pearson's r | 0.684 | 0.615 | — | |
| | p-value | <.001 | <.001 | — | |
| 4. Social Equity | Pearson's r | 0.696 | 0.596 | 0.681 | — |
| | p-value | <.001 | <.001 | <.001 | — |

The regression analysis was performed to analyze the relationship between variables. According to data in Table 4 and Figure 1, the direct relationships were accepted. The findings of this study reveal significant relationships among the proposed variables within the context of Pakistan's banking sector. The results indicate that financial inclusion has a positive and significant relationship with both economic empowerment (H1 supported) and social equity (H2 supported). Similarly, digital banking accessibility is positively associated with economic empowerment (H3 supported) and social equity (H4 supported). Furthermore, economic empowerment itself demonstrates a significant positive effect on social equity (H5 supported).

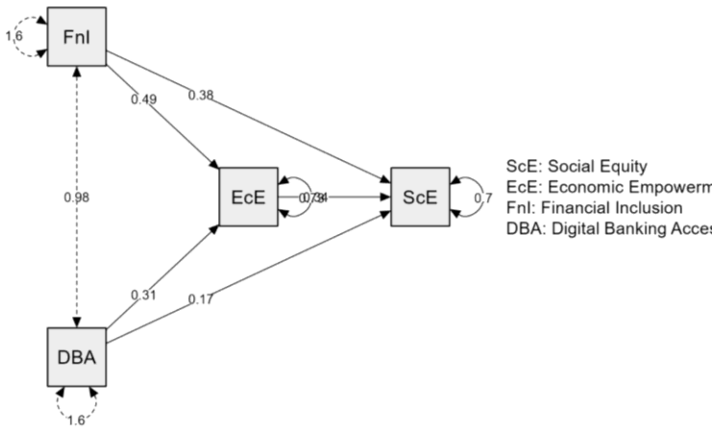


**Figure 1:** Path Plot.

**Table 4:** Path Coefficients.

| | | | Estimate | Std. Error | z-value | p | 95% Confidence Interval | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | Lower | Upper |
| Economic Empowerment | → | Social Equity | 0.336 | 0.062 | 5.447 | <0.001 | 0.215 | 0.457 |
| Financial Inclusion | → | Social Equity | 0.382 | 0.061 | 6.256 | <0.001 | 0.262 | 0.502 |
| Digital Banking Accessibility | → | Social Equity | 0.172 | 0.056 | 3.064 | 0.002 | 0.062 | 0.282 |
| Financial Inclusion | → | Economic Empowerment | 0.486 | 0.054 | 8.976 | <0.001 | 0.380 | 0.592 |
| Digital Banking Accessibility | → | Economic Empowerment | 0.306 | 0.054 | 5.697 | <0.001 | 0.201 | 0.412 |

*Note.* Delta method standard errors, normal theory confidence intervals, ML estimator.

Furthermore, the mediation analysis was performed in this study and the findings are reported in Table 5. Importantly, the analysis confirms the mediating role of economic empowerment in the relationship between financial inclusion and social equity (H6 supported), as well as between digital banking accessibility and social equity (H7 supported). The indirect relationship between variables is reported in Table 5 where both hypotheses were accepted.

**Table 5:** Indirect Effects.

| | | | | | Estimate | Std. Error | z-value | p | 95% Confidence Interval | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | Lower | Upper |
| Financial Inclusion | → | Economic Empowerment | → | Social Equity | 0.163 | 0.035 | 4.657 | <0.001 | 0.095 | 0.232 |
| Digital Banking Accessibility | → | Economic Empowerment | → | Social Equity | 0.103 | 0.026 | 3.937 | <0.001 | 0.052 | 0.154 |

*Note.* Delta method standard errors, normal theory confidence intervals, ML estimator.

## DISCUSSION AND CONCLUSION

In the framework of Pakistan's banking industry, this study investigated the connections between social equity, economic empowerment, digital banking accessibility, and financial inclusion. Critical insights into the interactions between these constructs within the national socio-economic framework were provided by the data collected from banking professionals in major urban centres, including Peshawar, Islamabad, Karachi, and Lahore. The results supported each of the five hypotheses put forth and were consistent with theoretical expectations and empirical literature. The findings validated a strong correlation between economic empowerment and financial inclusion, supporting Hypothesis 1. By enhancing financial inclusion, it enabled people to open bank accounts, get credit, safely save money and manage risk. These services increased their financial decision-making capabilities and created revenue-generating opportunities. The findings align with the earlier work of Mousa and Ozili (2023), who found that financially inclusive systems enhanced economic agency for under-represented groups. Microfinance institutions, branchless banking models, and regulatory support were essential mechanisms for the ultimate realization of financial inclusion in Pakistan. Banking professionals recognized these mechanisms as important to enhancing autonomy among groups who may have been previously under-considered (particularly women and the low-income sector). In all, the findings revealed that official financial services, at-scale, greatly increased people's capacity to engage in economic activity.

Hypothesis 2 also provided statistical backing for a link between social equality and financial inclusion. People gained access to essential services like health insurance, financing for their education, and digital payment solutions as they were able to use bank services. The access generated a way for social groups to have more equality in their access to essential goods and services, and lessened economic stratification. The results supported the findings by Saluja, Singh, and Kumar (2023), which stated that financial inclusion significantly assisted women and rural dwellers who were previously excluded from banking services. Leading banking experts argued that inclusion programs such as biometric verification, and government-to-person (G2P) digital payments helped reduce service delivery gaps, and advance equitable outcomes. Further, banking access supported democratic participation by creating pathways for civic engagement for members of society with respect to taxation, voting registration, and service delivery citizenry.

Regarding Hypothesis 3, the findings supported the notion that economic empowerment and the availability of digital banking are positively correlated. Digital banking made financial services more accessible to people in underserved and remote areas while reducing dependency on physical infrastructure. Fintech platforms, USSD codes, and mobile applications enabled users to track expenses, make transactions on their own, and save money effectively. Similar results were previously reported by Khan (2023) in Pakistan, where mobile banking increased the financial resilience of households. The results in African supported the findings of van Zanden (2023), who claimed that micro-entrepreneurs and informal workers were able to take charge of their economic paths thanks to the availability of mobile-based financial tools. Banking experts confirmed that users' financial confidence increased as a result of the automation and ease of use of digital platforms, which decreased reliance on unofficial lenders and improved transparency.

Strong empirical support was also found for Hypothesis 4, which looked at the connection between social equity and the accessibility of digital banking. Digital banking tools acted as equalizing mechanisms and filled in the gaps in traditional access. Marginalized populations were able to pay utility bills, receive remittances, and transfer money without having to travel to urban areas thanks to services like Easypaisa and JazzCash. According to Malik, Heeks, Masiero, and Nicholson (2021), Pakistani women were able to manage their financial obligations in private and get around social constraints thanks to digital services. Additionally, digital platforms decreased bureaucratic delays, minimized opportunities for discrimination in resource allocation, and connected citizens with public welfare programs. The results also supported the findings of Koskelainen, Kalmi, Scornavacca, and Vartiainen (2023), who pointed out that digital financial tools promoted inclusive participation and changed financial behavior. The banking professionals' responses indicated that digitization of service opened a path for more equitable people to engage with economic institutions and helped to galvanize action toward social justice.

Finally, the findings supported Hypothesis 5 and confirmed a positive relationship between social equity and economic empowerment. Empowered individuals, those who had a say in how they managed their finances, made decisions about their income, and controlled their spending, participated more equitably in social and economic systems. Empowerment enabled those who had been marginalized, to claim their rights and responsibilities, disrupting entrenched hierarchies in their lives. The findings affirms Hvidberg, Kreiner, and Stantcheva (2023) work, which emphasized the role of economic agency in achieving social acceptance, and fair treatment. In this study, empowered people from Pakistan, reported significantly more participation in institutional engagement process, community planning activity, and household decision making. The responses from banking professionals reported that those who had achieved economic self-sufficiency were more likely to actively engage in social development, mitigate dependency burdens for their households, and negotiate equitable access to services for those in the networks.

## THEORETICAL AND PRACTICAL IMPLICATIONS

This research demonstrated the links between social equity, economic empowerment, accessibility to digital banking, and financial inclusion and offered many theoretical and practical implications. Within a theoretical framework, this research moved the literature on how access to financial services influences higher-level socio-economic outcomes through an empowerment theory lens. The research found that social equity and financial and digital access were achieved through economic empowerment, whilst supporting previously established frameworks such as Sen's Capability Approach and Kabeer's Empowerment Framework. The study expanded theoretical frameworks by examining these in the context of a developing country, in which digital financial services have become a significant part of equity and inclusion. In practice, the results provided banking institutions and policymakers with information about the revolutionary potential of inclusive finance. According to the responses, increasing formal banking channels, particularly digital ones, facilitated fair participation in the economy. Professionals in banking agreed that digital services like G2P payments, mobile banking, and biometric verification improved user autonomy and decreased structural inequality. Financial institutions were inspired by these insights to create accessible, user-centric platforms that catered to the needs of underserved groups. The findings were also pertinent to NGOs and government organizations working on social development. Inclusive growth could be accelerated by programs that combined empowerment training, digital accessibility, and financial literacy. In addition to stressing the value of local language interfaces and the necessity of customizing financial products for marginalized populations like women and informal workers, the insights also supported the expansion of digital infrastructure in remote areas. The study informed strategic planning for organizations dedicated to social equity by placing economic empowerment at the center of financial interventions.

## LIMITATIONS AND FUTURE DIRECTIONS

This study had some limitations in spite of its contributions. First, the findings were limited to their generalizability because the sample only included banking professionals from commercial banks in four major cities: Peshawar, Islamabad, Karachi, and Lahore. Respondents from fintech startups, microfinance organizations, and rural branches continued to be under-represented. Their exclusion reduced the range of viewpoints, especially when it came to how well digital banking works in underserved or rural areas. Second, neither the long-term effects of digital accessibility and financial inclusion nor changes over time were captured by cross-sectional research design. The results were based on opinions at a particular moment in time and did not take changing market conditions, policy changes, or technological advancements into consideration. Furthermore, social desirability bias may have been introduced by professional self-reported data, which influenced responses to fit institutional objectives or dominant narratives of inclusion. Third, the study's reliance on quantitative techniques limited the breadth of contextual insights and personal experiences. It's possible that qualitative investigation using case studies or interviews revealed enablers or obstacles that were obscured in survey data. Additionally, other possible mediators like financial literacy, institutional trust, or digital skills were not investigated, even though economic empowerment was tested as a mediator. By including a larger and more varied respondent pool, especially from rural, gender-diverse, and low-income groups, future research could overcome these limitations. The long-term effects of digital financial tools could be evaluated through longitudinal research. A deeper, more complex understanding of how people experienced empowerment and inclusion in various socioeconomic contexts may be possible by incorporating mixed methods. Comparative research between geographical areas or financial institution types may also reveal structural and cultural factors that impacted how well digital and financial interventions promoted equity.

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