

Fintech, Inclusive Finance, and Entrepreneurship: Evidence from China's Household Survey Data

Xun Zhang
Beijing Normal University
zhangxun@bnu.edu.cn

This paper represents an early attempt to investigate whether the inclusive finance generated by financial technology (Fintech) helps promote entrepreneurship in China. Over the past decade, with the rapid expansion of Fintech, China has seen a transformation in the accessibility and affordability of financial services, particularly for formerly financially excluded populations. Linking the inclusive finance index with China Family Panel Studies (CFPS) data, we initially find that inclusive finance has significantly increased the probability that rural residents will become entrepreneurs. A decomposition of the inclusive finance index shows that financial depth, which measures the development of the paying, lending, insurance, and investing sectors, and digital financial service provision, which measures the accessibility of financial services are the two factors that contribute to entrepreneurship in rural China. Finally, residents with lower incomes and social capitals have higher probability of becoming entrepreneurs, which is also consistent with inclusiveness. This paper sheds light on the important role that Fintech plays in modern life. Based on our findings, the recent development of Fintech mostly aids the goals of inclusive finance and inclusive growth.