


Chapter 11

Blockchain for Financial Inclusivity: Bridging Gaps and Advancing Sustainability Goals

Muhammad Usman Tariq

 <https://orcid.org/0000-0002-7605-3040>

Abu Dhabi University, UAE & University College Cork, Ireland

ABSTRACT

This chapter examines how blockchain technology might help achieve environmental objectives and promote financial inclusiveness. For marginalized groups, especially those in low-income and rural locations, who encounter major obstacles when attempting to use traditional banking institutions, blockchain's decentralized nature presents a possible answer. Blockchain opens up new financial participation opportunities by facilitating safe, affordable financial services like smart contracts, cryptocurrency, and decentralized finance (DeFi). While smart contracts improve transparency and efficiency in lending, insurance, and microfinance, cryptocurrencies enable peer-to-peer transactions without the need for middlemen. DeFi platforms promote economic empowerment by democratizing access to investment, credit, and savings options.

INTRODUCTION

People in the contemporary society yearning for equal development and fighting for sustainable development, the provision of financial services is one of the key pillars to human development. For that reason, financial inclusion is mainly understood as the ability of all consumers, especially those who are excluded from

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the conventional financial system, to obtain financially relevant services. Financial inclusion in the present and future processes is not only the growth of the economy but also the guarantee of addressing social justice and poverty reduction and promoting the implementation of the goals of the United Nations Sustainable Development Goals (SDGs). Nonetheless, in the 21st century over 1.7 billion, adults, do not have access to basic accounts and more than 2.5 billion cannot afford to use banks and other formal providers (Chen & Volz, 2022). This exclusion results from numerous factors; including lack of legal SARs, geographical remoteness, and high fees that typify most formal banking systems. The two gaps highlighted regarding the utilization of financial systems persist datum women, rural dwellers, and people in developing countries. In this regard, Blockchain has offered an innovative solution in its portfolio as a tool that can revolutionise financial inclusion. Because blockchain brings transparency, decentralization and security to the world of finance it is highly possible to narrow the gaps and foster the achievement of sustainability milestones (Lakhdari, 2024). Blockchain is in its simplest form a distributed database where all the information, transactions for example, can be recorded without the intervention of a third-party agency. Every transaction is a block that is adjoining in a sequential order and verified twice, either by proof of work or proof of stake. Using of the blockchain technology has the merit of decentralization that eliminate the possibility for frauds, since no one has full control of the data (Tlemsani et al., 2023).

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