

THE EFFECT OF CREDIT AND SAVINGS ON POVERTY REDUCTION, ECONOMIC GROWTH AS A MODERATING VARIABLE: EVIDENCE IN INDONESIA

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ABSTRACT

This study analyzes the role of economic growth as a moderating variable in the influence of credit and savings on poverty reduction in Indonesia. Using panel data from 34 provinces over the period 2015–2024 and employing the Moderated Regression Analysis (MRA) method, the findings indicate that credit has a significant negative effect on poverty, both directly and through interaction with economic growth. In contrast, savings alone do not significantly affect poverty, suggesting that savings behavior among the poor may function more as precautionary saving rather than productive investment. However, when interacting with economic growth, savings become significant in reducing poverty. Economic growth itself does not directly reduce poverty, reflecting a weak trickle-down effect and uneven distribution of benefits. Nevertheless, it strengthens the impact of both credit and savings on poverty alleviation. The study concludes that integrated policies promoting financial inclusion and equitable economic growth are essential for sustainable poverty reduction.

Keywords: Poverty Reduction, Financial Inclusion, Economic Growth, Credit, Saving

INTRODUCTION

Poverty remains a complex and urgent global challenge, with 9.2% of the world's population living in extreme poverty in 2022 according to the World Bank. Although many social programs have been implemented, poverty persists as a structural issue requiring a multidimensional approach, one of which is through financial inclusion. Access to financial services, such as savings and credit, is believed to enhance productivity, create business opportunities, and break the cycle of intergenerational poverty (Beck et al., 2007). According to (Mihardjo & Ningtyas, 2023), access to financial institutions can increase financial circulation, which in turn drives economic growth. Such access also helps individuals manage risks, plan for the future, and invest in education and health. (Sugih & Fitriyah, 2024) support this view, arguing that financial inclusion is more effective when accompanied by financial literacy among the public. However, the effectiveness of financial inclusion depends on macroeconomic conditions, as strong economic growth plays a role in strengthening the positive impact of the financial system on poverty reduction (Levine, 2005). Economic and banking growth, which play a role as financial providers, are interrelated so that the welfare of the banking sector is influenced by economic growth and conditions, and vice versa (Retnasih, 2023). Without economic stability and supportive policies, financial access alone is insufficient to bring about significant change.

In Indonesia, poverty remains a central issue despite a declining national trend. According to BPS (2025) data, the number of impoverished people decreased from 28.51 million in 2015 to 23.23 million in 2024, although the COVID-19 pandemic temporarily increased this figure to 27.54 million in 2021. However, this trend is not uniform across provinces, as explained by regional inequality theory (Jeffrey G, 1965), where uneven development distribution leads to disparities in poverty rates. Major provinces such as West Java, Central Java, and East Java continue to report the highest rates despite post-pandemic declines, while Papua and West Papua recorded significant reductions in 2024. These variations are closely linked to regional economic conditions, as reflected in GDP figures, which influence public purchasing power and local governments' capacity to provide poverty alleviation support services. Overall, although inequality remains a challenge, the data indicate positive impacts from economic recovery policies and poverty reduction programs in recent years.

According to BPS data (2025), Indonesia's GDP consistently increased from IDR 1,656.015 billion in 2015 to IDR 2,940.177 billion in 2024, although it experienced a decline in 2020 due to the COVID-19 pandemic. This trend is relatively aligned with the decrease in the number of impoverished people from 28.51 million in 2015 to 23.23 million in 2024, with an anomaly of increased poverty in 2020–2021 when GDP declined. This indicates that economic growth plays an important role in reducing poverty (Hidayat et al., 2020), although not always linearly.

Several studies (Yusrya, 2023; Istiqomah & Floresti, 2024) affirm a positive relationship between economic growth and poverty reduction, but other findings (Badu et al., 2020; R & Sukartini, 2025) show that an increase in GDP does not necessarily reduce poverty, particularly in East Java, as uneven growth distribution actually widens inequality. Therefore, an increase in GDP alone is insufficient if not accompanied by access to financial inclusion. Productive credit can help poor communities develop businesses, while savings strengthen financial resilience, making the provision of inclusive financial services an important strategy in supporting sustainable poverty alleviation (Tridewi et al., 2023).

According to data from Bank Indonesia's SEKI (2025), the development of savings and banking credit distribution in Indonesia over the last decade has shown a positive trend. The value of savings increased from IDR 4,335 billion in 2015 to IDR 8,573 billion in 2024, while credit rose from IDR 5,068 billion in 2021 to IDR 6,788 billion in 2024 after slowing in 2020 due to the COVID-19 pandemic. The increase in savings reflects growing income, financial awareness, and public trust in the banking system, while credit growth indicates economic recovery as well as increased consumption and investment.

Simultaneously, this financial expansion contributed to poverty reduction. Between 2015 and 2019, savings grew from IDR 4,335 billion to IDR 5,805 billion, and credit increased from IDR 3,499 billion to IDR 4,936 billion, accompanied by a decline in the number of impoverished people from 28.5 million to 25.1 million. However, the 2020 pandemic suppressed credit to IDR 4,829 billion and increased poverty to 26.4 million people, although savings continued to grow. Entering the recovery period of 2021–2024, credit rebounded alongside a decline in poverty to 23.2 million people, confirming that financial access, particularly credit, plays a strategic role in driving economic recovery and poverty reduction. Regionally, DKI Jakarta recorded an increase in savings from IDR 2,090 billion in 2015 to IDR 4,299 billion in 2024, and credit from IDR 1,004 billion to IDR 2,035 billion, with similar patterns observed in Banten and North Sumatra, although growth slowed in 2020 due to the pandemic.

Numerous studies support the significant role of credit and bank savings in promoting economic growth and poverty reduction. Sipahutar (2016) found that credit distribution significantly reduces poverty and unemployment rates through business expansion and job creation. These findings are reinforced by , who emphasize the role of working capital credit in business development and enhancing community economic capacity, as well as (Ilmiati Iztihar, 2018),, who confirms that credit depth positively influences welfare through income improvement. Meanwhile, (Olori et al., 2021) demonstrate that household savings in Nigeria strengthen family economic resilience, although these findings contrast with (TRIDEWI et al., 2023), who argue that savings only yield significant impact when accompanied by productive investment. Thus, both credit and savings hold potential for poverty alleviation, though their effectiveness depends on the context of utilization.

The interrelationship between savings, credit, economic growth, and poverty is further demonstrated by several studies. Lestari, (Sukomo et al., 2021), and (Jagadeesh, 2015) affirm that credit and savings can enhance economic growth, which subsequently leads to poverty reduction. However, the relationship between GDP and poverty is not always consistent: (Hidayat et al. 2020), (Yusrya 2023), and (Istiqomah & Floresti 2024) find a negative correlation, whereas Badu et al. (2020) and (R & Sukartini 2025) assert that growth does not automatically reduce poverty if concentrated only in specific sectors.

Moreover, previous research has more frequently positioned economic growth as a final output rather than as a moderating variable in the relationship between credit, savings, and poverty. Therefore, a more integrative approach is still needed to map the causality mechanisms and moderating roles of these three variables.

Based on this exposition, this study aims to analyze the influence of savings and banking credit on poverty levels in Indonesia, with economic growth as a moderating variable. It is hoped that this research will contribute academically by strengthening the literature on the relationship between financial inclusion and poverty alleviation, while also providing considerations for policymakers in formulating more inclusive economic development strategies.

LITERATURE REVIEW

Theory of Economic Growth

Economic growth refers to the improvement in societal welfare reflected by a long-term increase in per capita output (Todaro & Smith, 2020). Rising gross domestic product (GDP) and gross national product (GNP) year-on-year are primary metrics for measuring economic growth. Adam Smith's Classical Growth Theory emphasizes the roles of natural resources, human capital, capital accumulation, and technology, with specialization and division of labor as key drivers of productivity enhancement (Arsyad, 2017).

The Harrod-Domar model subsequently highlights the importance of investment, positing that growth is determined by the ratio of national savings to the capital-output ratio (Sukirno, 2019). The Solow-Swan model expands this approach by incorporating technology and labor, asserting that long-term growth is driven by technological progress and introducing the concept of conditional convergence among nations (Mankiw, 2019). In contrast, endogenous growth theory, developed by Romer and Lucas, emphasizes internal factors—particularly human capital, innovation, and knowledge—which generate positive externalities and increasing returns to scale as engines of long-term economic growth (Todaro & Smith, 2020).

Theory of Poverty

Poverty is a condition in which individuals or groups are unable to meet their basic rights to maintain and develop a dignified life (Chambers, 2006). Ragnar Nurkse's Vicious Circle of Poverty theory states that "a country is poor because it is poor," implying self-perpetuating impoverishment. Nurkse (1953), through this theory, conceptualizes poverty as an interlinked cycle where low income leads to low savings, investment, and productivity, thereby reinforcing poverty itself (Kuncoro, 2018). Structural Poverty Theory emphasizes inequitable access to productive resources as the primary cause of persistent poverty, even amid economic growth (Suharto, 2017). Meanwhile, Lewis's (1969) Cultural Poverty Theory views poverty as inherited across generations through specific subcultural values, though this approach is often criticized for "blaming the victim." In contrast, Sen's (1999) Capability Approach frames poverty not merely as low income but as deprivation of basic capabilities to function in society, advocating for development focused on expanding individual freedoms and capabilities.

Theory of Savings

Savings represent the portion of income not immediately consumed but reserved for future use. Savings play a critical role in economic cycles at both micro and macro levels. Key relevant theories include: Friedman's (1957) Permanent Income Hypothesis, which posits that consumption and savings are determined by long-term rather than temporary income, leading individuals to smooth consumption and adjust savings relative to short-term income fluctuations (Mankiw, 2019). Modigliani and Brumberg's (1954) Life-Cycle Hypothesis, which explains that individuals plan consumption and savings over their lifetime, saving during productive years for retirement, with savings rising during employment and declining post-retirement (Arsyad, 2017). Keynesian Savings Theory (1936), which emphasizes savings as a function of income, where higher income leads to higher savings (captured

by the marginal propensity to save), underscoring the importance of savings for investment and economic growth (Sukirno, 2019). The Harrod- Domar model, which identifies savings as a key driver of investment and growth, with economic growth proportional to the national savings rate and inversely related to the capital-output ratio (Todaro & Smith, 2020).

Theory of Credit/Funding

Credit/funding refers to the provision of money or claims based on a lending agreement between financial institutions and borrowers, under terms requiring repayment after a specified period with interest, profit, or profit-sharing (Kasmir, 2018). McKinnon (1973) and Shaw (1973) developed Financial Deepening Theory, emphasizing the importance of financial depth through the provision of financial instruments (including credit) to channel savings into productive investment, enhancing resource allocation efficiency (Levine, 2005). Stiglitz and Weiss’s (1981) Credit and Asymmetric Information Theory explain how information imbalances between lenders and borrowers lead to credit rationing, often limiting poor households’ access to formal credit. Muhammad Yunus’s (2007) Microcredit Theory advocates financial access for the poor through microcredit to initiate or expand small businesses, increasing income and escaping poverty. This is supported by Munir et al. (2023), who assert that access to financial institutions can accelerate capital turnover and drive economic growth, accompanied by working capital efficiency, which is an important factor in maintaining liquidity, profitability, and the sustainability of MSMEs (Munir et al., 2023). Lastly, Credit and MSME Development Theory emphasizes credit access for micro, small, and medium enterprises (MSMEs) to enhance productivity, expand operations, create jobs, and ultimately reduce poverty (Tambunan, 2017).

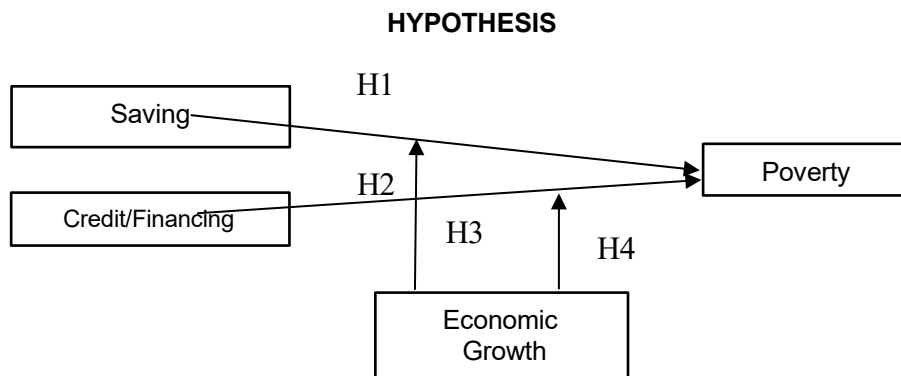


Figure 1. Research Model
Source: Processed by researcher (2025)

According to Jappelli and Pistaferri (2017), households with higher savings levels tend to exhibit greater resilience to economic shocks and are less likely to fall into poverty. Research by Olori et al. (2021) demonstrates that household savings, particularly in peripheral regions, serve as a strategic tool for enhancing family economic resilience and reducing poverty risk.

H1: Savings have a negative and significant effect on poverty levels.

Research by Banerjee et al. (2015) found that microcredit programs in India successfully increased microenterprise incomes and reduced extreme poverty. This is supported by Sipahutar (2016), whose study shows that credit distribution significantly reduces poverty and unemployment rates. These findings are reinforced by TRIDEWI et al. (2023), who emphasize the crucial role of credit—particularly working capital credit—in poverty alleviation efforts, and by Ilmiati Iztihar (2018), who confirms that credit depth significantly improves community welfare through income enhancement mechanisms.

H2: Credit/financing has a negative and significant effect on poverty levels.

A study by Beck et al. (2007) indicates that the impact of financial sector development on poverty reduction is stronger in countries with higher economic growth rates. The relationship between economic growth (GDP) and poverty remains academically inconsistent. Hidayat et al. (2020), Yusrya (2023), and Istiqomah & Floresti (2024) demonstrate that GDP growth correlates negatively with poverty, meaning economic growth can reduce poverty rates.

H3: Economic growth moderates the effect of savings on poverty reduction.

Research by Inoue and Hamori (2016) found that the impact of credit on poverty reduction is more significant in countries with high and stable economic growth.

H4: Economic growth moderates the effect of credit/financing on poverty reduction.

METHODS

This study employs a quantitative approach utilizing secondary data in the form of panel data from 34 provinces in Indonesia over the period 2015–2024. Poverty data were obtained from Statistics Indonesia (BPS), while credit and savings data were sourced from the Indonesian Economic and Financial Statistics (SEKI) publication by Bank Indonesia. The sampling technique employed was purposive sampling, with the criterion of complete data availability throughout the research period.

The analytical method used was panel data regression with Moderated Regression Analysis (MRA) to examine the role of economic growth in moderating the effects of credit and savings on poverty. The analysis stages included descriptive statistics, classical assumption tests (normality, multicollinearity, heteroscedasticity, and autocorrelation), and hypothesis testing through t-tests, R² tests, and moderation variable interaction analysis

Performed hierarchical regression analysis:

Model 1

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 Z + \epsilon$$

Model 2

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 Z + \beta_4 (X_1 \times Z) + \beta_5 (X_2 \times Z) + \epsilon$$

Note: Y: Poverty Rate; X1: Banking Sector Credit; X2: Household Savings; Z: Economic Growth; X1×Z: Interaction between Credit and Economic Growth; X2×Z: Interaction between Savings and Economic Growth

RESULTS

Research Findings

Table 1. Direct Effects of X1, X2, and Z on Y

Variable	Coefficient	Std. Error	t-Statistic	prob
C	873.4485	24.66331	35.41490	0.0000
X1	-0.001056	0.000176	-5.996449	0.0000
X2	0.000399	7.59E-05	5.260271	0.0000
Z	-0.000344	0.000431	-0.797647	0.4257

Source: Processed Data (2025)

The estimation results indicate that the credit variable (X1) has a negative coefficient of -0.001056 and is significant at the 1% level (p = 0.0000). This suggests that every increase in credit distribution contributes to reducing poverty levels in Indonesia. Conversely, the savings variable (X2) shows a positive coefficient of 0.000399 with significance (p = 0.0000), meaning savings actually exhibit a positive relationship with poverty. This finding can be explained by the possibility that saving behavior among poor communities functions more as a form of protection or precautionary saving rather than as a means of productive capital accumulation.

The economic growth variable (Z) has no significant effect on poverty ($p = 0.4257$). Thus, economic growth does not play a direct role in reducing poverty rates, potentially due to uneven distribution of growth benefits. Overall, the research model has an R^2 value of 99.23%, indicating that the model explains nearly all variation in poverty levels. Additionally, the significant F-statistic value demonstrates that the model as a whole is valid and reliable for interpreting relationships between variables. Conversely, the savings variable (X2) shows a positive coefficient of 0.000399 with significance ($p = 0.0000$), meaning savings actually exhibit a positive relationship with poverty. This finding can be explained by the possibility that saving behavior among poor communities functions more as a form of protection or precautionary saving rather than as a means of productive capital accumulation.

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Partial Effect Test

Table 2. Partial Effect of X1 on Y

Variable	Coefficient	Std. Error	t-Statistic	prob
C	824.1218	14.39617	57.24592	0.0000
X1	-0.000351	9.13E-05	-3.841036	0.0001

Source: Processed Data (2025)

The credit coefficient (X1) shows a negative value (-0.000351) and is significant at the 1% level ($p = 0.0001$). This indicates that credit has a partially negative and significant effect on poverty. In other words, the greater the credit distributed, the lower the poverty level. This finding supports the argument that access to credit enhances community productivity through business financing and investment.

Table 3. Partial Effect of X1 and Z on Y

Variable	Coefficient	Std. Error	t-Statistic	prob
C	830.7185	24.28723	34.20392	0.0000
X1	-0.000328	0.000114	-2.888469	0.0041
Z	-0.000151	0.000448	-0.337513	0.7360

Source: Processed Data (2025)

In the model incorporating economic growth (Z), credit (X1) remains significant ($p = 0.0041$), while economic growth (Z) is not significant ($p = 0.7360$). These results indicate that, directly, economic growth does not moderate the effect of credit on poverty. Thus, although credit plays a role in reducing poverty, economic growth at the macro level has not been proven to be a determining factor that strengthens this relationship.

Table 4. Partial Effect of X1, Z, and Interaction X1Z on Y

Variable	Coefficient	Std. Error	t-Statistic	prob
C	953.7470	27.58560	34.57409	0.0000
X1	-0.001495	0.000186	-8.038840	0.0000
Z	-0.000331	0.000412	-0.802554	0.4229
X1Z	3.29E-09	4.34E-10	7.579455	0.000

Source: Processed Data (2025)

When the interaction variable X1Z is included, the results show that the interaction between credit and economic growth is significant ($p = 0.0000$) with a positive coefficient ($3.29E-09$). This means the interaction between credit and economic growth has a significant effect on poverty. In other words, economic growth strengthens the influence of credit in reducing poverty. Credit becomes more effective in lowering poverty rates when supported by favorable economic growth conditions.

Table 5. Partial Effect of X2 on Y

Variable	Coefficient	Std. Error	t-Statistic	prob
	778.5030	9.840284	79.11388	0.0000
X2	-2.73E-05	4.21E-05	-0.648542	0.5171

Source: Processed Data (2025)

The savings variable (X2) shows insignificant results ($p = 0.5171$), meaning that, in part, savings do not have a significant effect on poverty. This can be interpreted as savings behavior among the population, particularly in low-income groups, not yet functioning as a productive instrument for increasing income.

Table 6. Effect of X2 and Z on Y

Variable	Coefficient	Std. Error	t-Statistic	prob
	838.4997	25.30516	33.13553	0.0000
X2	4.17E-05	4.96E-05	0.840815	0.4011
Z	-0.001116	0.000434	-2.569346	0.0107

Source: Processed Data (2025)

When tested alongside economic growth, the results show that savings (X2) remain insignificant ($p = 0.4011$), while economic growth (Z) has a significant negative effect on poverty ($p = 0.0107$). This finding confirms that economic growth can suppress poverty rates, but savings do not directly contribute to this process. This may occur because savings have not been fully channeled into productive sectors capable of driving improvements in welfare.

Table 7. Effect of X2, Z, and Interaction X2Z on Y

Variable	Coefficient	Std. Error	t-Statistic	prob
	935.7827	29.04423	32.21923	0.0000
X2	-0.000923	0.000169	-5.460445	0.0000
Z	-0.000896	0.000413	-2.167415	0.0310
X2Z	2.23E-09	3.76E-10	5.941026	0.000

Source: Processed Data (2025)

The interaction test results show that X2Z is significant ($p = 0.0000$) with a positive coefficient ($2.23E-09$). This means the interaction between savings and economic growth moderates the effect of savings on poverty. Economic growth strengthens the role of savings in reducing poverty, so savings only become effective in curbing poverty when supported by robust economic growth.

DISCUSSION

This study provides an in-depth understanding of the roles of credit, savings, and economic growth in poverty reduction in Indonesia during the 2015–2024 period. Overall, the estimation results indicate that financial access through credit plays a significant role in reducing poverty, while savings only become effective when supported by economic growth.

Credit and Poverty

The findings demonstrate that credit (X1) has a negative and significant effect on poverty, both in simultaneous and partial tests. These results are consistent with financial deepening theory, which emphasizes the importance of credit access in enhancing community productivity and income. Credit enables poor households to start businesses, expand production scale, and increase more productive consumption. This reinforces evidence that access to credit provides economic stimulus that directly impacts poverty reduction (Abdul Sada & Al-Shammari, 2019). These findings also support research by (Sipahutar, 2016), which shows that credit distribution significantly reduces poverty rates, as well as studies by (TRIDEWI et al., 2023) stating that credit, particularly working capital credit, plays a crucial role in poverty alleviation efforts, and (Ilmiati Iztihar, 2018), who confirms that credit depth significantly improves community welfare.

However, when economic growth (Z) was tested directly alongside credit, economic growth was not significant while credit remained significant. This indicates that although credit effectively reduces poverty, economic growth at the macro level does not automatically strengthen this relationship. Nevertheless, the interaction between credit and economic growth (X1Z) proved significant, showing that credit becomes more effective in reducing poverty when supported by favorable economic growth conditions. In other words, economic growth acts as a catalyst that amplifies credit's benefits for poverty eradication.

Savings and Poverty

Unlike credit, the savings variable (X2) showed no significant effect on poverty when tested partially. This can be explained through the phenomenon of precautionary saving, where poor communities tend to save not for productive investment but as a form of protection or reserve against future risks. Consequently, savings do not directly contribute to income improvement or poverty reduction. This aligns with findings by (TRIDEWI et al., 2023) who state that increased savings do not necessarily directly impact poverty reduction, and contrasts with research by (Olori et al., 2021), which suggests that savings enhance family economic resilience and reduce poverty.

However, the results show that when savings interact with economic growth (X2Z), their effect becomes significant. This means savings only become effective in reducing poverty when supported by sound economic growth. In a growing economy, savings can be channeled into productive sectors through banking intermediation, thereby generating positive impacts on community welfare improvement.

Economic Growth and Poverty

Directly, economic growth (Z) showed no significant effect on poverty. This finding indicates a weak trickle-down effect in Indonesia, where the benefits of economic growth have not been evenly distributed across all societal layers, particularly among poor groups. This condition aligns with research by (Badu et al., 2020), which states that poverty increased alongside economic growth, and is supported by (R & Sukartini, 2025), who found that GDP growth does not always positively impact poverty reduction in East Java Province.

However, in interaction with both credit and savings, economic growth proved capable of strengthening their relationship with poverty reduction. This means economic growth still plays an important role, though not directly, but as a moderator that ensures financial instruments are more effective in reducing poverty. As (TRIDEWI et al., 2023) found, financial inclusion through accessible credit and savings services constitutes an essential strategy in supporting sustainable poverty alleviation efforts.

CONCLUSION

This study examines the role of economic growth as a moderating variable in the relationship between credit, savings, and poverty reduction in Indonesia from 2015 to 2024, using panel data from 34 provinces. The findings reveal several key insights: 1) Credit (X1)

has a significant negative effect on poverty, both directly and in interaction with economic growth. This indicates that access to credit enables productive investments, business expansion, and improved household consumption, thereby reducing poverty. 2) Savings (X2), when examined independently, does not significantly affect poverty. This suggests that savings behavior among the poor may primarily serve as a precautionary measure rather than a mechanism for productive investment. However, when interacting with economic growth (X2Z), savings become significant and contribute to poverty reduction. This implies that savings can be effective only when supported by a growing economy that facilitates productive investment. 3) Economic growth (Z) does not directly reduce poverty, indicating a weak trickle-down effect and uneven distribution of economic benefits. Nonetheless, it plays a crucial moderating role by strengthening the impact of both credit and savings on poverty reduction. 5) The moderating effect of economic growth is evident through the significant interaction terms (X1Z and X2Z). This confirms that economic growth enhances the effectiveness of financial instruments in alleviating poverty. 6) The study underscores the importance of integrated policies that combine financial inclusion with equitable economic growth. Expanding access to credit, promoting productive use of savings, and ensuring inclusive economic growth are essential for sustainable poverty reduction.

Overall, this research confirms the importance of synergy between the financial sector and economic growth in poverty alleviation. Credit proves effective as a direct instrument for poverty reduction, while savings require economic growth support to function optimally. Economic growth itself does not automatically reduce poverty but can strengthen the impact of financial instruments on community welfare improvement. The policy implications of these findings include the need to expand inclusive credit access, encourage public savings to be invested in productive sectors, and ensure equitable economic growth. Therefore, poverty alleviation strategies in Indonesia should be directed toward strengthening financial intermediation while ensuring equitable distribution of economic growth benefits.

Theoretical and Practical Implications: 1) The findings support financial deepening theory and highlight the need for inclusive financial policies. 2) Policymakers should focus on enhancing credit accessibility, especially for low-income households and micro-enterprises, while also encouraging savings mobilization into productive investments. 3) Economic policies must prioritize equitable growth to ensure that financial instruments effectively reduce poverty. Limitations and Future Research: 4) This study did not account for regional inequality, inflation, or other macroeconomic variables that may influence poverty. 5) Future research could incorporate these factors or use more advanced econometric models to explore causal relationships further. In summary, financial inclusion and economic growth are a sustainable and inclusive approach to poverty reduction in Indonesia. Credit directly reduces poverty, savings require economic growth to be effective, and economic growth serves as a catalyst for enhancing the impact of financial access on poverty alleviation.

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