

## ABSTRACT

This study examines the relationship between financial inclusion, remittances, and unemployment in eight ASEAN countries from 2008 to 2022. A Financial Inclusion Index (FII) is constructed using a two-stage Principal Component Analysis (PCA) to capture access and usage dimensions of financial services, while remittances are measured as personal transfers (% of GDP). Using a fixed-effects panel regression with country-clustered robust standard errors, the results show that financial inclusion has a statistically significant negative association with unemployment, suggesting that expanding the reach and use of financial services can reduce joblessness by easing credit constraints, fostering entrepreneurship, and encouraging productive investment. Remittances also display a significant negative relationship with unemployment, reflecting their role in stimulating household consumption and supporting small-scale business activities. Additional pooled OLS estimations show that financial inclusion becomes statistically insignificant when unobserved heterogeneity is not accounted for, while remittances remain consistently significant. These findings highlight the importance of promoting inclusive finance and lowering remittance costs as parallel strategies for reducing unemployment. Policy measures should focus on strengthening financial infrastructure, enhancing financial literacy, channeling remittances into productive uses, and implementing youth-focused employment programs to address demographic pressures in ASEAN countries.

**Keywords:** Financial Inclusion, Remittances, Unemployment, ASEAN, Multidimensional Analysis