SOCIAL REPUBLIC OF VIETNAM

Independence – Freedom - Happiness

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THE INFORMATION OF NEW CONTRIBUTIONS OF THE THESIS

Thesis title: Financial Inclusion, Foreign Direct Investment, and Economic Growth

Major: Finance - Banking **Code:** 9340201

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With the overall objective of evaluating the independent impacts of Foreign Direct Investment (FDI) and Financial Inclusion (FI) on economic growth, while conducting an in-depth analysis of the moderating role of FI in the transmission mechanism of foreign capital inflows within the Emerging and Growth-Leading Economies (EAGLEs), the thesis is constructed based on the inheritance and development of macroeconomic theoretical frameworks. By identifying and addressing existing research gaps, this study not only provides robust empirical evidence but also establishes a foundation for policymaking aimed at optimizing FDI absorptive capacity and enhancing the effectiveness of financial inclusion. Consequently, the thesis yields novel contributions from both scientific-theoretical and practical perspectives, specifically as follows:

New theoretical contributions

(1) ***Extending empirical evidence on the moderating role of financial inclusion in the FDI–growth nexus:*** Using the interaction term (FDI*FI) and marginal effect analysis, the dissertation identifies threshold levels of FI where the magnitude and direction of FDI's impact shift across growth quantiles. This clarifies the conditional nature of the gains from foreign capital: at low levels of FI, the effect of FDI on economic growth is negative across most growth quantiles; conversely, at higher levels of FI, this impact turns positive.

(2) ***Broadening the perspective on financial absorptive capacity:*** By utilizing traditional FI metrics to capture the breadth and coverage of the financial system, indicators of banking access and usage complement conventional financial depth approaches. This framework evaluates the specific financial conditions required for an economy to absorb and leverage FDI inflows.

(3) ***Uncovering the heterogeneity of FDI and FI impacts across growth distributions:*** The study highlights variations across conditional quantiles of LGDP. Combining the

Method of Moments Quantile Regression (MMQR), interaction terms, and marginal effect analyses reveals nuances and distribution-specific differences that standard mean-based estimation methods fail to capture.

New empirical contributions

(1) ***Providing empirical benchmarks for policy formulation in EAGLEs economies:*** The study establishes the baseline conditions of FI necessary to enhance the growth effects of FDI across 12 EAGLEs countries from 2008 to 2023, underscoring disparities across quantiles and financial environments. Despite attracting substantial FDI, developing EAGLEs still exhibit constrained absorptive and retention capacities. A key underlying factor is the fragmentation within their financial inclusion systems; aside from a few nations with mature financial depth, many face infrastructural bottlenecks, cash reliance, and elevated rates of dormant bank accounts. These findings offer a basis for evaluating FDI attraction strategies alongside access to and usage of conventional banking services.

(2) ***Developing a tailored policy roadmap driven by empirical evidence:*** Rather than relying on generic macroeconomic recommendations, the study translates econometric findings into two actionable policy directions: (1) establishing a dual-track implementation strategy that simultaneously attracts high-quality FDI inflows and fortifies the foundation of Financial Inclusion (FI) to prevent the risk of crowding out domestic resources; (2) formulating a flexibly stratified policy solution system based on the MMQR model results. Instead of applying a one-size-fits-all paradigm, policy focuses are specifically tailored for each group of EAGLEs corresponding to their growth trajectories in order to optimize absorptive capacity and the spillover effects from foreign capital flows.

(3) ***Serving as an empirical reference for policymakers and international organizations:*** The empirical insights and policy implications can assist governments in EAGLEs and peer developing economies, as well as multilateral institutions (such as the World Bank and the IMF), in structuring technical assistance and policy advisory programs focused on sustainable and inclusive economic growth.

PhD Candidate