
BICM Research Seminar 7

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Paper details	
Title	Financial Openness and Income Inequality in Emerging Economies: A Panel Data Approach
Author	Safaeduzzaman Khan Assistant Professor Bangladesh Institute of Capital Market (BICM)
Presentation details	
Presenter researcher	Safaeduzzaman Khan
Date:	September 21, 2021 (Tuesday)
Time:	11:00 AM - 12:30 PM
Venue:	BICM Multipurpose Hall
Expected Participants	Faculty Members of BICM & Invited Guests
Discussants	Dr. Habibur Rahman Executive Director Bangladesh Bank (BB)
	Dr. S.M. Zulfiqar Ali Senior Research Fellow Bangladesh Institute of Development Studies (BIDS)

About the presenter
Safaeduzzaman Khan received BSS and MSS in Economics from the University of Dhaka. He has been serving as an Assistant Professor in Bangladesh Institute of Capital Market (BICM) since 2020. His research interest lies primarily in the field of open-economy macroeconomics.

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The paper abstract is given below. If you have any questions regarding the seminar or you wish to present a paper or invite a guest researcher, please do not hesitate to communicate S. M. Kalbin Salema, Lecturer, BICM at kalbin@bicm.ac.bd.

**Financial Openness and Income Inequality in Emerging Economies:
A Panel Data Approach**

Safaeduzzaman Khan¹

Abstract

Interconnectedness of financial resources across economy is theoretically understood to benefit economic growth across several dimensions of the macroeconomic machinery through reducing information asymmetry, allocation of credit, and efficient distribution of capital risk. Through the previously mentioned channels and mechanisms, financially-constrained local firms are enabled to raise low-cost capital, expansion, and production frontiers followed by external economies of scale. With respect to the relative complementarity of capital and skilled labor, the labor-market impact of financial openness are of primeval importance of interest as having far-reaching consequence of efficiency-equity paradigm when considered in horizons of skilled labor and unskilled labor. Using capital account liberalization as a proxy for financial openness, we present a panel data analysis of this specific question in light of economic composition of eleven Asia-Pacific countries. Our analysis with relevant generalized methods of moments (GMM) techniques posit that increased degree of financial openness vis a vis capital account liberalization leads to an increase in income of the skilled categories of labor disproportionately more than unskilled counterpart of it. Finally, we comment on addressing the results with relevant policy propositions which are categorically contextual for Bangladesh.

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