

ANALYSIS OF THE INFLUENCE OF FINANCIAL INSTITUTIONS AND BANKING STABILITY ON THE HUMAN DEVELOPMENT INDEX IN BRICS



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Abstract

This study aims to examine the relationship between financial institutions and banking stability and the Human Development Index. The BRICS countries, specifically Brazil, Russia, China, India, Indonesia, and South Africa, were sampled. Secondary data from the UNDP, IMF, and World Bank were used. The analysis technique used in this study was panel data regression for the period 2000–2022. The results of the fixed effect model estimation indicate that financial institutions and banking stability have a positive and complementary effect on improving the Human Development Index (HDI) in BRICS countries. Inclusive financial institutions promote access to basic services. Banking stability strengthens economic confidence and supports the financing of social development.

Keywords: Financial Institution, Banking stability, Human Development Index

INTRODUCTION

The dynamics of the global economy over the past decade have shown increasing complexity, marked by multidimensional disruptions that significantly affect the quality of human development (King, 2022). The global health crisis caused by the COVID-19 pandemic, the escalation of geopolitical tensions such as the Russia–Ukraine conflict and tensions in the Asia-Pacific region, as well as volatility in the international financial sector have created structural uncertainties that hinder the achievement of the Sustainable Development Goals, particularly those related to improving human development (Hamrouni et al., 2022). Amid these dynamics, BRICS countries have emerged as new economic powers that play an important role in the global structure. Contributing more than 40% of the world’s population and around 25% of global Gross Domestic Product (GDP), BRICS not only acts as a driver of economic growth but also serves as an important indicator for examining social inequality, progress in human development, and the resilience of the financial sector (Gabriela et al., 2014).

Although economic growth in BRICS countries has been relatively impressive, achievements in the aspect of human development have not been fully aligned. The Human Development Index, which represents the quality of life of the population through dimensions of education, health, and per capita income, still shows disparities both between and within BRICS countries (Vansiya & Sharma, 2021). China and Russia show stable improvements in their Human Development Index, while South Africa and India still face major challenges related to social inequality, structural poverty, and access to basic services (Hidayat & Shodroková, 2025a).

One of the fundamental factors influencing human development is the existence and quality of financial institutions (Huazheva et al., 2024). Inclusive and efficient financial institutions can expand access to credit, stimulate investment in productive sectors, and encourage the economic participation of lower-income communities (Xu et al., 2023). In the context of BRICS, the diversity in the structure of financial institutions indicates that the effectiveness of this sector’s role in influencing the Human Development Index still requires further study, particularly in distinguishing between nominal economic growth and real improvements in welfare (Onatunji, 2024).

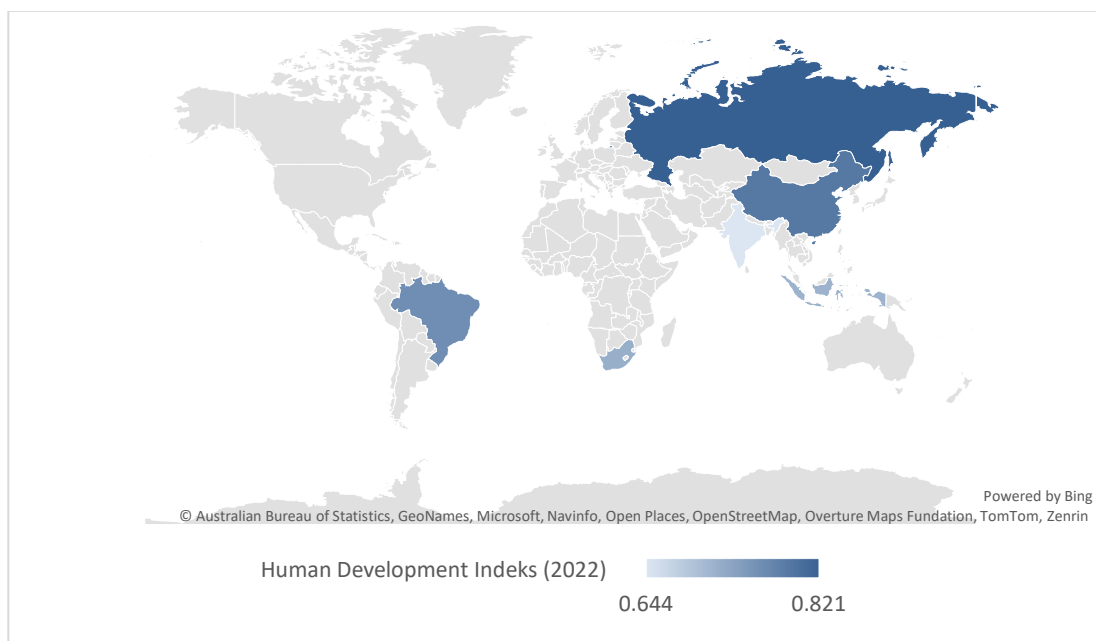


Figure 1.
Human Development Index in BRICS
Source: UNDP (2026)

Equally important, banking sector stability is the foundation for public trust in the financial system and the effectiveness of monetary policy (Chugunov et al., 2021). Banking crises such as the one experienced by Russia in 1998 or the credit crisis that hit Brazil in early 2010 demonstrate how instability in this sector can directly impact public services and public welfare (Calvo, 2010). In the long term, banking instability can disrupt resource allocation and exacerbate social inequality, thereby slowing human development (Cornia, 2023).

Despite the growing literature on financial development and economic growth, limited studies examine the relationship between financial institutions, banking stability, and human development, particularly in BRICS economies. Furthermore, empirical evidence using panel data covering a long period remains relatively scarce. Therefore, this study aims to analyze the influence of financial institutions and banking stability on the Human Development Index in BRICS countries.

This study examines the relationship between financial institutions and banking stability and the human development index in Brazil, Russia, China, India, Indonesia, and South Africa. The BRICS region is relevant for this study because it holds a strategic position in the global economy but faces complex structural challenges. Therefore, This study contributes to the literature by integrating two independent variables that influence the human development index using panel data from 2000 to 2022.

REVIEW OF LITERATURE

The Human Development Index (HDI) is a composite indicator developed by the United Nations Development Programme (UNDP) to measure the level of human

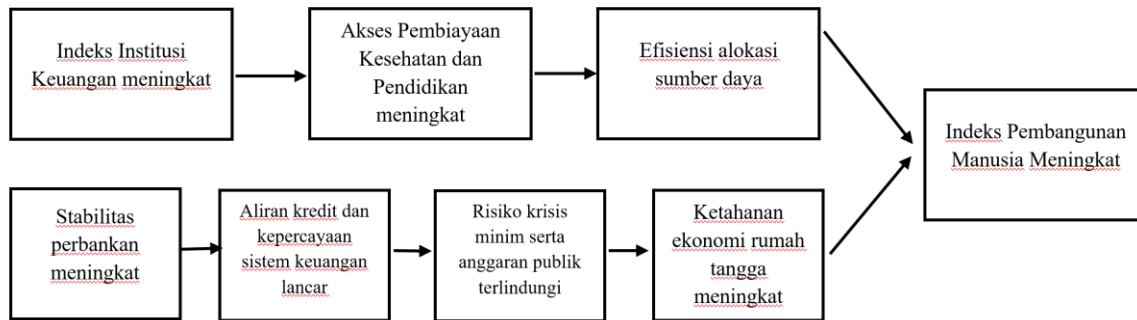
development comprehensively. This index covers three main dimensions: health, measured through life expectancy; education, assessed through mean years of schooling and expected years of schooling; and standard of living, represented by Gross National Income (GNI) per capita (UNDP, 2018). The Human Development Index aims to provide a more comprehensive picture of human welfare compared to relying solely on economic indicators such as Gross Domestic Product (GDP) (Sajith & Malathi, 2020). Human development theory emphasizes that development should not only be measured by economic growth but also by the extent to which individuals possess the capabilities and freedoms to live the lives they value (Kuhumba, 2022). Human capital theory further reinforces that investment in education and health directly contributes to increased productivity and long-term welfare (Islam & Amin, 2022). Therefore, the Human Development Index becomes an important tool to assess the effectiveness of economic and social policies in improving the overall welfare of society.

The role of financial institutions in economic and social development has become a major concern in various economic theories, particularly in the context of developing countries (Ediagbonya & Tioluwani, 2022). One modern approach to measuring the quality of financial institutions is through the Financial Institution Index, developed by the International Monetary Fund (IMF) within the framework of the Financial Development Index. This index measures three key aspects of financial institutions: depth, access, and efficiency, which collectively describe the capacity of the financial system to support economic and social activities (Svirydenka, 2016). This enables a more efficient allocation of resources and financing for productive activities, including investments in education and health that directly improve the Human Development Index. Strong financial institutions create efficient resource allocation mechanisms and are able to minimize information asymmetry, which is a major barrier in the process of productive investment (Khan & Yau, 2025). Previous research by Hidayat & Shodroková, (2025) shows that improvements in the financial institutions index are positively correlated with the Human Development Index in several developing countries, particularly through increased public access to financing for education, health, and entrepreneurship. These findings are supported by Abaidoo & Agyapong, (2023), who found that improvements in the efficiency of financial institutions promote human development in Africa.

Banking stability, measured through the Bank Z-score, is an important indicator of the resilience of the financial system against shocks. A higher Z-score indicates that banks are better able to withstand bankruptcy risk and maintain credit continuity (Azzahrah, 2024). This stability is crucial for human development because financial crises often trigger economic recessions, public budget cuts, and a decline in the quality of basic services such as health and education (Nguyen et al., 2024). When the banking sector operates under stable conditions, the risk of financial system instability is reduced, which could otherwise create economic uncertainty and other negative impacts on human development (Hidayat & Shodroková, 2025b). In financial stability theory, the existence of stable banks is essential to maintain the smooth flow of funds within the economy, support long-term investment, and reduce the likelihood of financial crises (Dwita & Raz, 2025). Keynesian and Post-Keynesian theories emphasize that financial crises can damage the real economy, hinder growth, and reduce the quality of life of society (King, 2022). Therefore, a stable banking system is

crucial to ensure sustainable economic growth and improve quality of life, which is reflected in the Human Development Index (HDI) (Hidayat & Shodrokov, 2025c).

Transmission Scheme



Source: Author Compilation, (2026)

Considering the conceptual basis and previous research findings, this study hypothesizes that financial institutions and banking stability have a positive influence on the human development index in BRICS countries.

RESEARCH METHOD

This study employs a quantitative approach using panel data regression analysis to examine the relationship between financial institutions, banking stability, and the Human Development Index (HDI) in BRICS countries. The quantitative approach was chosen because it enables the analysis of relationships between variables using numerical data and statistical techniques. Panel data analysis combines cross-sectional and time-series data, allowing a more comprehensive examination of variations across countries and over time. The research design is explanatory, aiming to analyze the causal relationship between financial institutions, banking stability, and the Human Development Index.

The study focuses on BRICS countries (Brazil, Russia, China, India, and South Africa) and includes Indonesia as an additional emerging economy in the analysis. Secondary data are obtained from the United Nations Development Programme (UNDP), the World Bank, and the International Monetary Fund (IMF) for the period 2000–2022. The BRICS countries represent an economic bloc with unique characteristics and significant influence on the global economy, yet they have not been widely studied collectively in relation to the financial sector and the Human Development Index (HDI). Moreover, financial integration initiatives such as BRICSPay and the New Development Bank reflect broader geopolitical and financial dynamics, making the region particularly relevant for this study. An explanation of the variables used in this study is presented in Table 1.

Table 1.
Operational Definitions of Variables

Variable	Definition	Unit	Source
Human Development Index	A measure of the average achievement in the main dimensions of human development.	Index	UNDP
Financial Institutions Index	The Financial Institutions Index measures the development of the financial institutions sector (banking, insurance, pension funds, etc.) in terms of depth, access, and efficiency.	Index	IMF
Banking Stability	Banking stability is measured using the Bank Z-Score Index, which indicates the bank's ability to absorb losses without failing. is a constant; FI is Financial institutions; BZS is Bank Z-Score $\frac{ROA + CAR}{\sigma ROA}$	Score	World Bank

Source: Author Compilation, (2026)

$$HDI_{it} = \beta_0 + \beta_1 FI_{it} + \beta_2 BZS_{it} + e_{it}$$

Where:

- HDI_{it} represents the Human Development Index in country i at time t
- β_0 is the constant term
- FI_{it} represents financial institutions development
- BZS_{it} represents banking stability measured by the Bank Z-Score
- β_1 and β_2 are regression coefficients
- e_{it} is the error term
- i denotes the country and t denotes the time period

The dependent variable in this study is the Human Development Index (HDI), which measures human development based on three key dimensions: health, education, and standard of living. The HDI data are obtained from the United Nations Development Programme (UNDP). Financial Institutions (FI) are measured using the Financial Institutions Index obtained from the International Monetary Fund (IMF). This index reflects the depth, access, and efficiency of financial institutions within a country's financial system. Banking stability is measured using the Bank Z-Score (BZS), which reflects the probability of insolvency in the banking sector. A higher Z-Score indicates a more stable banking system and a lower risk of bank failure.

To determine the most appropriate panel data model, several specification tests are conducted. The Chow test is used to compare the common effect model and the fixed effect model, while the Hausman test is used to determine whether the fixed effect or random effect model is more appropriate. Based on these tests, the fixed effect model is selected as the most suitable model for estimating the relationship between financial institutions, banking stability, and human development. The panel data regression analysis in this study is conducted using EViews 12 software.

RESULTS AND DISCUSSION

Analysis of Human Development Index Variable Movements in the BRICS

According to Figure 2, the trend in the Human Development Index in BRICS countries shows a diverse pattern over the past two decades. Russia holds the highest position in the Human Development Index (HDI) among BRICS countries, indicating success in education, health, and income. However, in recent years, there has been a decline, likely due to economic and geopolitical pressures, including international sanctions and the impact of the COVID-19 pandemic (Kaur et al., 2021). Brazil has shown a steady upward trend in the HDI since its inception, but has tended to stagnate since entering the second decade. This may be attributed to the domestic economic crisis and persistently high social inequality, which also impact human development indicators (Vansiya & Sharma, 2021).

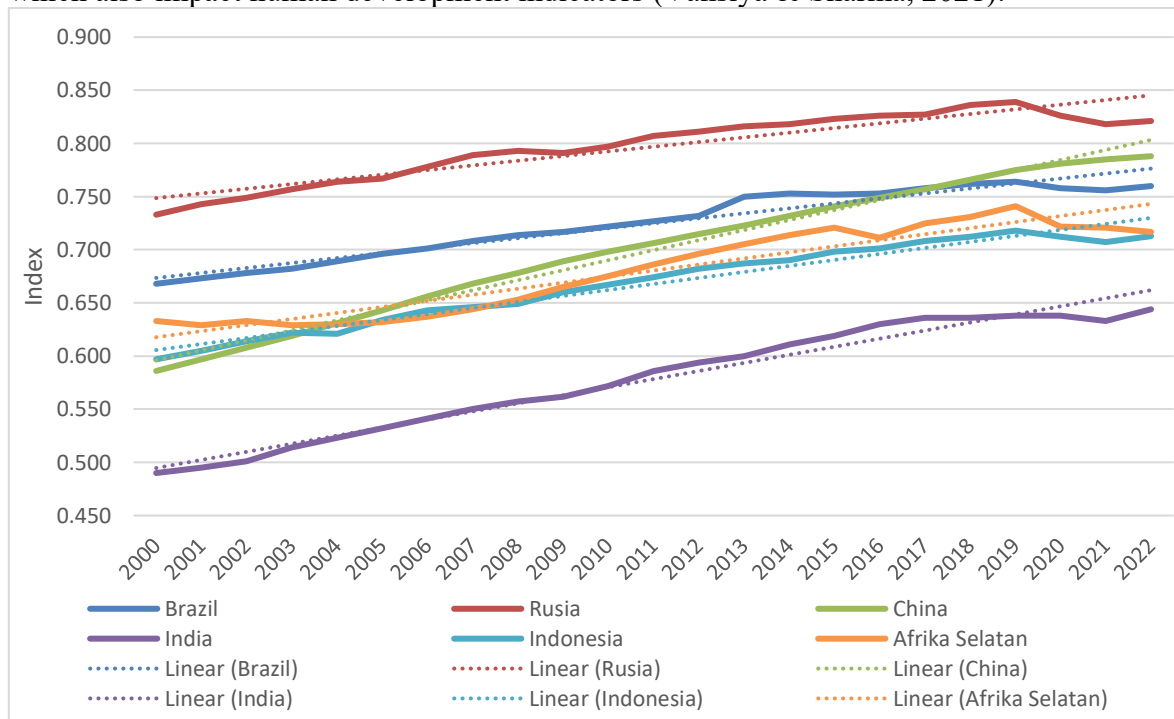


Figure 2.
Human Development Index in BRICS
Source: UNDP, (2026)

Meanwhile, China recorded the fastest increase in its human development index, driven by strong economic growth, substantial investment in the health and education sectors, and a reduction in extreme poverty. This increase has been relatively consistent without significant fluctuations (Bortolotti & Biggeri, 2022). India started with a lower human development index score than other BRICS countries, but has shown gradual and steady improvement. Development policies focused on access to basic education, improved sanitation, and social security programs contributed to this positive trend, although challenges in terms of social inequality and infrastructure remain (DTE, 2025).

South Africa exhibited the most unstable trend in its human development index. Despite initial increases, it has seen a decline or stagnation in recent years. This is likely

driven by significant challenges in the healthcare system, high unemployment rates, and unresolved racial and economic inequalities (Gumede, 2021). Meanwhile, Indonesia has shown steady and significant progress. This increase in the human development index was driven by increased access to education, expanded health insurance, and relatively sustained economic growth (Leiwakabessy & Amaluddin, 2020). In recent years, Indonesia has even surpassed South Africa in its HDI achievement and continues to approach the achievements of other previously superior BRICS countries.

Analysis of Financial Institution Index Variable Movements in the BRICS

Brazil holds the highest position in the financial institution index in the BRICS region. Fluctuations occurred, particularly in the early 2010s, related to the fiscal crisis and domestic economic instability. Nevertheless, its extensive banking infrastructure and relatively mature regulatory system have kept Brazil's financial institutions ahead in performance (Nassif et al., 2016). South Africa showed a steady upward trend with a slight decline towards the end of the period. This reflects a relatively robust financial system, although it still faces challenges such as unequal access and fiscal pressures (Gumata, 2022). Meanwhile, according to Figure 3, China recorded significant improvements thanks to financial system modernization, a digitalization push, and institutional reforms. Fluctuations in the mid-2010s can be attributed to macroeconomic policy adjustments and a domestic economic slowdown (Xiong et al., 2023). Russia, despite an upward trend, has shown a slight decline in recent years, likely driven by international sanctions and isolation from the global financial system due to geopolitical tensions (Oliynyk et al., 2025).

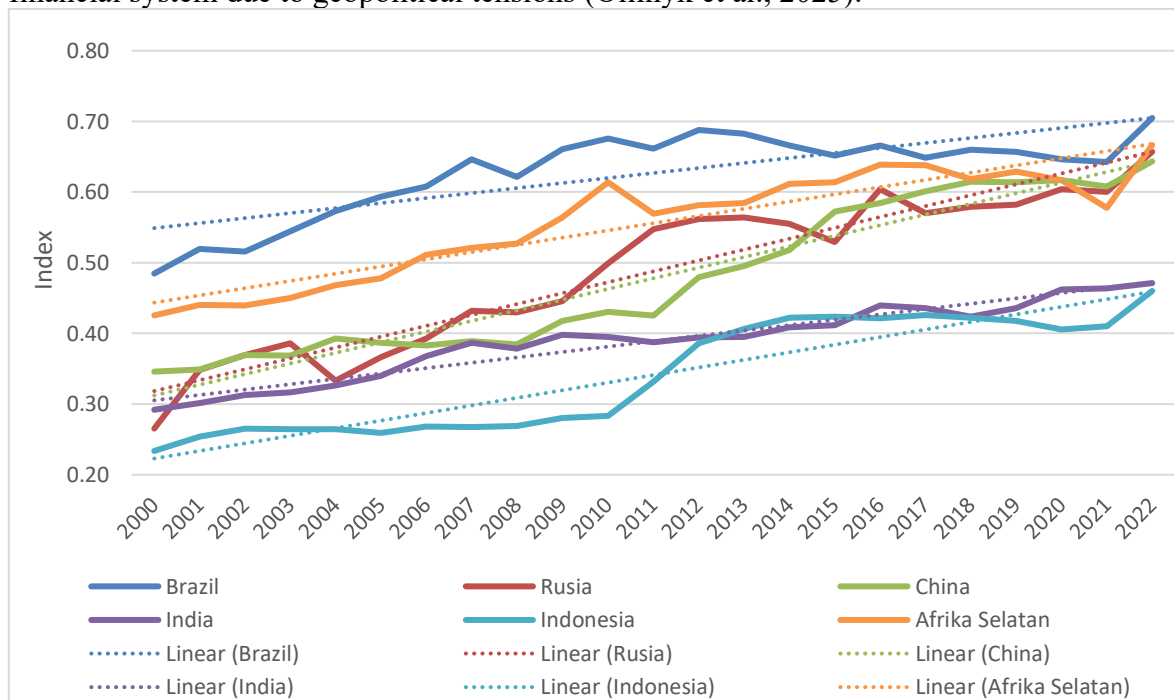


Figure 3.
Financial Institutions Index in BRICS
Source: IMF, (2026)

India has shown slow but consistent growth. This increase is driven by digital-based financial inclusion programs and banking reforms. However, limited infrastructure and unequal access to financial services remain obstacles (Rathnayake & Kasturiratne, 2024). Meanwhile, Indonesia, as a new BRICS member, has shown a significant surge, particularly since 2010. This index growth was driven by the expansion of digital financial services, the increasing role of fintech, and the strengthening of pro-innovation financial regulations. Although the score is not as high as that of other BRICS countries, the steady upward trend reflects a positive direction in developing more inclusive and efficient national financial systems (Dasgupta & Banik, 2025). Figure 3 shows that the strengthening of financial institutions in BRICS countries is heavily influenced by reform policies, macroeconomic stability, and digital transformation. Indonesia's accession adds weight and diversity to the BRICS structure, while also opening opportunities for broader cooperation in strengthening the financial systems of developing countries.

Analysis of Banking Stability Variable Movements in the BRICS

According to Figure 5, a higher Z-Score indicates stronger financial stability and a lower risk of bankruptcy (Azzahrah, 2024). China recorded the most significant improvement in stability compared to other BRICS countries. The sharp increase from 2005 to 2022 reflects major structural reforms in the banking system, the consolidation of state-owned banks, and government intervention in maintaining liquidity and managing systemic risk. Furthermore, the accumulation of foreign exchange reserves and strict controls on non-performing loans have strengthened China's financial system (Kong, 2022). India exhibits a relatively stable Z-Score trend, with only a slight increase over the past two decades. This is influenced by financial sector reforms and bank restructuring policies, including the restructuring of state banks and measures to control non-performing loans taken by the Reserve Bank of India. Increased financial inclusion and the adoption of digital banking systems have also contributed to increased banking sector stability (Puri et al., 2023).

Indonesia's banking stability improved after the 1997–1998 monetary crisis through regulatory reforms, strengthening bank capital, and increased supervision by the Financial Services Authority (OJK). Although the score remains low compared to other countries, the improving trend indicates strengthening confidence in the domestic banking system (Nasution, 2014). Meanwhile, Brazil exhibited relatively stable fluctuations throughout the observation period. Despite a slight decline around 2015–2016, caused by the fiscal and domestic political crises, Brazil overall maintained its Z-Score in the mid-range. This indicates that, although the banking system has not experienced significant improvements, it remains relatively resilient to economic shocks (Naqvi, 2023).

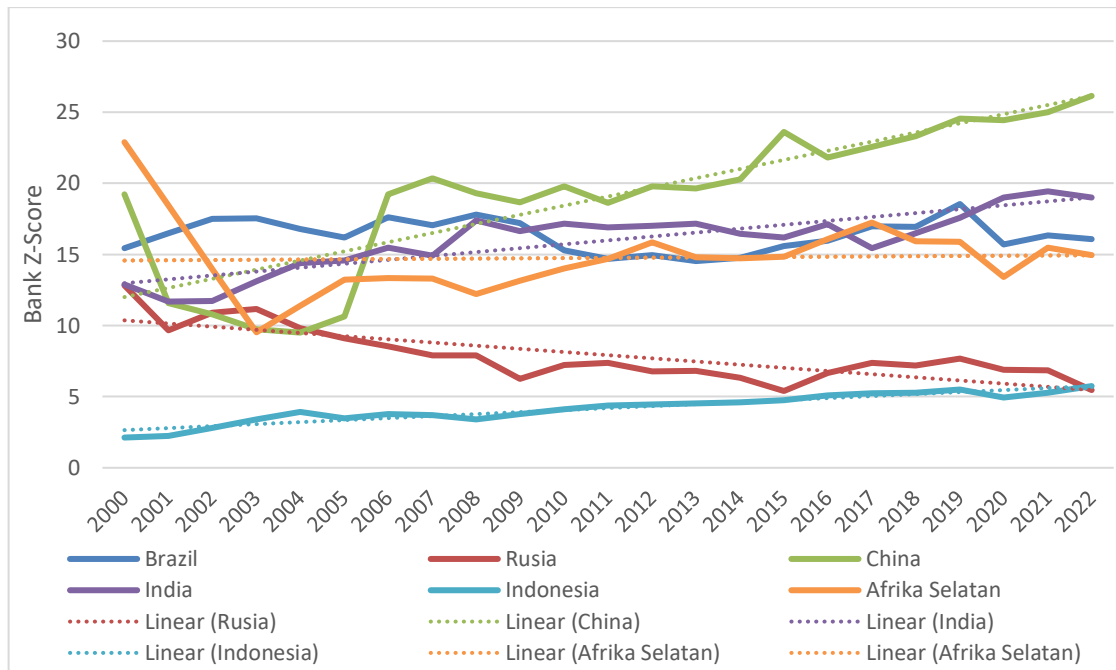


Figure 5.
Banking Stability in BRICS
 Source: World Bank (2026)

In contrast, Russia has shown a consistent downward trend in its Z-Score since 2005. This decline was influenced by economic pressures from international sanctions since 2014, the volatility of the ruble exchange rate, and dependence on the energy sector, which makes the financial system vulnerable to fluctuations in global commodity prices. Limited transparency and the dominance of state-owned banks also add to the systemic risks that weigh on Russian banking stability (Smutka & Kotyza, 2021). South Africa showed a sharp decline in its Z-Score in the early 2000s, likely driven by financial system reforms and the initial impact of global economic integration. However, since the mid-2000s, the Z-Score has gradually and steadily increased in the mid-range, reflecting the country's efforts to improve financial supervision and strengthen its banking capital structure (Oosthuizen, 2017). Overall, this graph shows that movements in banking stability are strongly influenced by macroeconomic conditions, domestic regulatory policies, and exposure to global risks. Countries that consistently implement structural reforms and maintain strict oversight of the banking sector tend to have more positive Z-Score trends.

Descriptive Statistics

Based on the descriptive statistics analysis in Table 2, the Human Development Index (HDI) variable shows an average of 0.691 with relatively low variation, reflecting a relatively stable level of human development in BRICS countries throughout the study period. The Financial Institutions (FI) variable has an average of 0.480 with moderate variation, indicating differences in the level of development of financial institutions across countries, both in terms of depth, accessibility, and efficiency. Meanwhile, Banking Stability (BZS), an indicator of financial system resilience, has an average of 13.048 with considerable variation,

reflecting significant differences in the resilience of the banking systems of each BRICS country.

Table 2.
Descriptive Statistics

	FI	BZS	HDI
Mean	0.479723	13.04830	0.691341
Median	0.460959	14.67469	0.699500
Maximum	0.704797	26.14799	0.839000
Minimum	0.233759	2.127169	0.490000
Std. Dev.	0.125977	5.869576	0.079207
Skewness	-0.044239	-0.128337	-0.316211
Kurtosis	1.853473	2.113749	2.693607
Jarque-Bera	7.603532	4.895099	2.839551
Probability	0.022331	0.086505	0.241768
Sum	66.20175	1800.665	95.40500
Sum Sq. Dev.	2.174228	4719.913	0.859497
Observations	138	138	138

Source: Eviews, (2026)

Heteroscedasticity Test

Based on the heteroscedasticity test results in Table 3, all independent variables, such as financial institutions (FI) and banking stability (BZS), do not show any indication of heteroscedasticity. This is indicated by the probability values for each variable, namely 0.0609 for FI and 0.6223 for BZS, which are above the five percent significance threshold. Therefore, there is no significant relationship between the independent variables and the model residuals, and it can be concluded that this regression model meets the assumption of homoscedasticity.

Table 3.
Heteroscedasticity Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.000551	0.000199	2.770454	0.0064
FI	-0.000832	0.000440	-1.890369	0.0609
BZS	4.67E-06	9.45E-06	0.493772	0.6223

Source: Eviews, (2026)

Multicollinearity Test

Based on the results of the multicollinearity test in Table 4, it is known that there are no serious multicollinearity problems among the independent variables in the model. This is indicated by the correlation coefficient values between the variables, which are below 0.80, which is the general threshold for identifying high multicollinearity. The correlation value between financial institutions (FI) and banking stability (BZS) is 0.437, which is still within acceptable limits. Thus, the regression model can be declared free of multicollinearity problems and meets one of the classical regression assumptions.

Table 4.
Multicollinearity Test

	FI	BZS
FI	1.000000	0.437445
BZS	0.437445	1.000000

Source: Eviews, (2026)

Thus, the relationship between the independent variables can still be considered reasonable and does not excessively distort each other in the regression model. This means that each variable still has a sufficiently independent contribution in explaining the dependent variable, and the regression model can be used further without concerns about multicollinearity.

Regression Estimation Results

Based on Table 5, the best model was selected using the Chow and Hausman tests. The test results indicate that the selected model is the Fixed Effect Model, as evidenced by the probability value of both tests being 0.0000, or less than the five percent significance level. Table 5 shows that the variables financial institutions (FI) and banking stability (BZS) have a positive and significant effect on the human development index (HDI). The coefficient of financial institutions is 0.412452 with a probability value of 0.0000, indicating that improving the quality of and access to financial institutions can substantially increase the HDI. Similarly, the banking stability variable has a coefficient of 0.003577 with a probability of 0.0000, indicating that the more stable the banking sector, the greater the increase in human development.

This model demonstrates excellent quality, as indicated by an R-squared value of 0.970870 and an adjusted R-squared value of 0.969301, indicating that approximately 97 percent of the variation in HDI can be explained by the variables in the model. The F-statistic value of 618.9606 with a probability of 0.0000 indicates that the overall model is statistically significant. The results of the country-specific fixed effects (cross-section effects) indicate that there are differences in characteristics between countries that influence human development achievements. This reflects that structural factors, institutional conditions, and domestic policies of each country play a role in determining HDI levels.

Table 5.
Fixed Effect Model

Dependent Variable: HDI

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.446806	0.008420	53.06259	0.0000
FI	0.412452	0.014851	27.77282	0.0000
BZS	0.003577	0.000449	7.963793	0.0000
R-squared	0.970870		Mean dependent var	27.02160
Adjusted R-squared	0.969301		S.D. dependent var	45.37660
S.E. of regression	1.005222		Sum squared resid	131.3613
F-statistic	618.9606		Durbin-Watson stat	0.901466
Prob(F-statistic)	0.000000			
R-squared	0.970870			

Source: Eviews, (2026)

The Effect of Financial Institutions on the Human Development Index

The estimation results show that financial institutions have a positive and significant influence on the Human Development Index (HDI). This finding reflects the importance of financial institutions in supporting social development through expanding access to inclusive and efficient financial services (Tay et al., 2022). In the context of BRICS countries, the relationship between financial institutions and human development becomes increasingly complex and strategic. Financial institutions that function optimally not only serve macroeconomic needs but also act as instruments for equitable development, particularly in supporting financing for the education and health sectors as well as community empowerment programs (Wilson, 2012).

Indonesia, as a new member of BRICS, provides a relevant example of how strengthening financial institutions can drive achievements in human development. The Indonesian government's efforts to promote financial inclusion through national strategies, the digitalization of financial services, and expanded access to microfinance have made tangible contributions to improving people's quality of life. This is reinforced by the presence of social programs such as People's Business Credit (KUR), non-cash social assistance, and the integration of digital financial services targeting vulnerable groups, women, and micro, small, and medium enterprises (MSMEs) (Taufan & Maqvira, 2025).

Conversely, other BRICS countries face varying challenges in optimizing the role of financial institutions in supporting human development. India and South Africa are still struggling with structural inequality, financial exclusion in rural areas, and low levels of financial literacy, which may hinder the direct benefits of the financial sector for HDI (Nanda & Kaur, 2016). China, although successful in building a modern and expansive financial system, still faces disparities in access between urban and rural areas. Russia shows relatively positive performance, which may be associated with the institutional stability of its financial sector and a relatively well-established social service system (Brühl, 2024). Meanwhile, Brazil faces political and fiscal challenges that affect the effectiveness of financial institutions in supporting social development (Prado et al., 2016).

The positive influence of financial institutions on HDI in BRICS countries confirms that a healthy, inclusive financial system integrated with social development policies can become a major driver of human development. However, institutional strengthening must be accompanied by contextual approaches, including structural reforms, redistributive policies, and innovations in digital financial services so that development benefits can be experienced equally by all levels of society. Therefore, cooperation among BRICS members in sharing best policy practices and strengthening the regional financial architecture is essential to achieve equitable and sustainable human development.

The Effect of Banking Stability on the Human Development Index

Banking stability plays an important role in encouraging improvements in the Human Development Index (HDI) in various countries. As a key pillar of the financial system, a stable banking sector creates confidence in the economic system and enables the efficient distribution of credit to productive sectors, including micro, small, and medium enterprises (MSMEs). Support for this sector contributes to job creation and increases household income, which in turn strengthens public access to education and health services—two key components in the HDI assessment (Hidayat & Shodroková, 2025a).

The stability of the banking system also has an indirect effect through increasing a country's fiscal capacity. When the financial system operates effectively, economic activity increases and government tax revenues tend to improve. This provides governments with greater fiscal space to allocate larger budgets to strategic sectors such as education, health, and social protection. Countries such as China and India have demonstrated how a solid financial system can expand access to public services and significantly improve human development indicators (Ntarmah et al., 2019).

However, the positive impact of banking stability on HDI is not evenly distributed across all BRICS countries. China has a banking system that is strongly controlled by the state, making it easier to finance large-scale social development programs (Chen, 2020). On the other hand, Brazil and South Africa still face challenges such as social inequality and low financial inclusion, which reduce the effectiveness of banking stability in improving public welfare. This disparity indicates that banking stability must be accompanied by inclusive financial policies so that its benefits can be widely felt across all segments of society (Phiri, 2017).

Amid global risks such as exchange rate fluctuations, geopolitical tensions, and health crises such as the COVID-19 pandemic, banking stability also functions as a safeguard for economic and social systems. Countries with strong financial systems tend to be more resilient to external shocks, allowing human development programs to continue even during periods of crisis. Therefore, efforts to strengthen banking system stability must be accompanied by stronger social policies and expanded access to financial services. The synergy between financial stability and human development will be a key factor for BRICS countries in achieving inclusive and sustainable growth in the future.

CONCLUSION

Financial institutions and banking stability have a positive and complementary influence on improving the Human Development Index (HDI) in BRICS countries. Inclusive financial institutions promote access to basic services. Banking stability strengthens economic confidence and supports financing for social development. However, the impact of both depends heavily on the country's capacity to manage inequality and expand inclusion. Therefore, synergy between economic and social policies and cooperation among BRICS countries is crucial for achieving sustainable and equitable human development. Brazil needs to expand financial inclusion and maintain fiscal stability to reduce inequality. Russia is advised to encourage digital financial innovation to reach remote areas. China needs to increase access to financial services in rural areas and strengthen social policies. India should expand basic services and financial literacy in rural areas. Indonesia can strengthen social inclusion and protection programs for vulnerable groups. South Africa should focus on job creation and financial access in underdeveloped regions. All BRICS countries need to strengthen collaboration to promote inclusive human development.

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