**Revisiting bank stability: An inclusive study with global evidence**

**Ahanaf Shahriar** (corresponding author)

Department of Business and Technology Management, Islamic University of Technology, Gazipur, **BANGLADESH**, Email: [ahanafshahriar@iut-dhaka.edu](mailto:ahanafshahriar@iut-dhaka.edu)

**Saima Mehzabin**

Department of Business and Technology Management, Islamic University of Technology, Gazipur, **BANGLADESH**, Email: [saimamehzabin@iut-dhaka.edu](mailto:saimamehzabin@iut-dhaka.edu)

**Md. Nahin Hossain**

Department of Business and Technology Management, Islamic University of Technology, Gazipur, Bangladesh

Email: [nhsaad@iut-dhaka.edu](mailto:nhsaad@iut-dhaka.edu)

**Khadija Khanom**

Department of Business and Technology Management, Islamic University of Technology, Gazipur, Bangladesh

Email: [khadija@iut-dhaka.edu](mailto:khadija@iut-dhaka.edu)

**Novera Nahar Bhuiyan**

Department of Finance and Banking, Bangladesh University of Professionals,

Mirpur Cantonment, Dhaka-1216, BANGLADESH, Email: noveranaharbup@gmail.com

**Abstract:**

Following the global financial crisis of 2008, both academics and politicians have focused on enhancing financial inclusion and ensuring the stability of the banking industry. However, there is limited knowledge about the impact of financial inclusion on the stability of the financial services sector. This study examines the relationship between financial inclusion, economic freedom, the national governance index, bank profitability, and their effects on bank stability. The stability of banks across 42 countries in four major regions—Africa, America, Asia, and Europe—is analyzed in this research. The study analyzes data from 2004 to 2020, utilizing a fixed effect panel data regression on a well-balanced panel of regional banks from four different regions, covering a total of 42 countries. The findings indicate that financial inclusion is negatively associated with bank stability; as financial inclusion increases, bank stability decreases. Additionally, economic independence does not significantly affect bank stability, suggesting that changes in bank culture have minimal impact. However, the national governance score has a notably positive effect on bank stability. Moreover, bank profitability positively influences bank stability, with higher profitability enhancing stability in various regional countries. The study explores bank stability by including factors such as financial inclusion, economic freedom, the country governance index, and bank profitability, thereby providing an extended understanding to the existing literature. Overall, the authors' findings contribute valuable new data to the literature on bank stability. The recommendations provided could enhance the long-term performance of 42 banks across four different regions.

**Keywords:** Financial inclusion; country governance index; heritage index; profitability; stability; Africa, America, Asia, Europe.