# FINANCIAL INCLUSION IN THE AGE OF ARTIFICIAL INTELLIGENCE: NAVIGATING ETHICAL GOVERNANCE, LEGAL ACCOUNTABILITY, EQUITY FOR VULNERABLE POPULATIONS, AND SUSTAINABLE HUMAN FLOURISHING IN EMERGING ECONOMIES – EVIDENCE FROM SRI LANKA

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**Abstract**

Artificial intelligence (AI) is reshaping financial services in emerging economies through algorithmic credit scoring, digital payments, automated advice, and AI-assisted financial education, creating opportunities to widen access while raising concerns about bias, opacity, privacy, accountability, and unequal participation. This paper examines how AI-enabled finance can advance financial inclusion in Sri Lanka while protecting equity and human wellbeing. It adopts a conceptual, interdisciplinary, and policy-oriented methodology, using a thematic synthesis of literature on AI governance, algorithmic decision-making, financial inclusion, digital capability, and human-centered development, alongside doctrinal and policy analysis of Sri Lanka's financial-inclusion and data-governance context. The analysis identifies two interconnected dimensions: first, governance conditions required for trustworthy AI-mediated finance; ethical oversight, legal accountability, and data protection and transparency; and second, inclusion conditions concerning distributional equity, generational capability, and human outcomes. Evidence indicates that AI can improve access and efficiency, but its effects are conditional: algorithmic systems may reproduce disparities where data, model design, or institutional capabilities are uneven, while improved prediction can expand access for underserved borrowers. Sri Lankan policy and regulatory analysis highlights digital finance, consumer protection, financial literacy, data, and regulatory oversight as foundations for inclusion. Synthesising these evidence-derived requirements, the paper proposes a six-pillar framework comprising ethical oversight, legal accountability, data protection and transparency, equity for vulnerable populations, generational inclusivity, and sustainable human flourishing. Generational inclusivity is advanced as a synthesis linking financial and digital capability with differences in participation across generations, while human flourishing provides the framework's normative outcome. The framework is a conceptual proposition rather than an empirically validated model and provides a basis for future empirical testing and policy evaluation. The paper argues that AI-enabled financial inclusion should be assessed not only by expanded digital access, but by whether financial systems remain fair, contestable, protective of dignity, and supportive of meaningful participation and wellbeing.

**Keywords:** AI equity, financial inclusion, vulnerable populations, Sri Lanka, human flourishing