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Research on the Influence of Digital Inclusive Finance on China's Labor Income Share

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Abstract

Digital inclusive finance is a hot research project in recent years, and labor income share is an important standard to measure the fairness of social distribution in a country. Scholars at home and abroad have a large number of literature studies.This project focuses on the study of the impact of digital inclusive finance on labor income share. Based on the data of digital inclusive finance from The Institute of Finance of Peking University and the data of labor income share from major databases, theoretical analysis and the construction of panel model and empirical analysis method of intermediary effect model are adopted. Dig deeply into the action path of digital inclusive finance on labor income share and its heterogeneous impact, and put forward corresponding countermeasures and suggestions for the development of both.

Keywords

Digital Universal Finance; Share of Labor Income; Industrial Upgrading; A Mediation Model; Heterogeneity.

1. Introduction

Labor factor income is an important part of China's national income, and it is also an important factor to realize the common prosperity of the whole country. After 1990s, with the growth of China's economy, the share of China's labor income has been declining. After 2007, there is a slow increase, but there is still a big gap compared with the developed countries and the global average. Therefore, the party and the government are very concerned about the share of labor income, and have formulated a series of income distribution policies for this purpose. The Fourth Plenary Session of the 19th CPC Central Committee pointed out that to promote the high-quality development of China's economy, it is necessary to "increase the proportion of labor remuneration in the initial distribution", and at the same time, it was clearly stated in the report of the 19th CPC National Congress that "the labor productivity should be improved while the labor remuneration should be simultaneously improved". The fifth plenary session of the 19th CPC Central Committee further emphasized that by 2035, all people should make more obvious substantive progress in common prosperity. In this context, it is particularly important to explore the path to increase the share of labor income.

At the same time, the Internet and big data began to penetrate into the financial industry. In 2015, the State Council defined the position of inclusive finance in the Plan for Promoting the Development of inclusive finance (2016-2020), and based on the requirement of equal opportunities and the principle of sustainable business, provided appropriate and effective financial services for all social strata and groups. At the Fourth Plenary Session of the 19th CPC Central Committee, it was proposed for the first time that data should be used as production factors to participate in distribution according to contribution, which marked that China entered the era of large-scale release of digital economic dividend. While traditional financial institutions increase the practice of Inclusive Finance, they rely on innovative digital finance such as information technology, big data technology and cloud computing, which further

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widens the reach ability and service scope of Inclusive Finance. Therefore, on the one hand, digital inclusive finance greatly reduces the service cost of financial institutions, on the other hand, residents in economically underdeveloped areas can also enjoy convenient financial services.

In view of this, this paper studies the impact of digital Inclusive Finance on labor income share and its mechanism based on provincial panel data. The marginal contribution lies in: first, it expands the research on the driving factors of the change of labor income share. It is found that digital Inclusive Finance significantly improves the labor income share; Second, it clarifies the internal mechanism of digital Inclusive Finance affecting labor income share: Digital inclusive finance promotes the upgrading of industrial structure, and then improves the labor income share. Relevant research has important enlightenment on how to guide the development of digital Inclusive Finance to optimize labor income distribution and realize common prosperity.

2. Literature Review and Research Hypothesis

2.1. Literature Review

(1) Economic consequences of the development of digital Inclusive Finance

Some scholars believe that digital inclusive finance can improve the quality of labor force to narrow the income gap by lowering the threshold of financial products and services and relaxing credit constraints (Ouma [1] et al., 2017; Song Xiaoling [2], 2017; Liang Lu and Liu Peipei [3], 2019). Li Lianmeng and Wu Qing (2021) studied through the fixed effect panel model that the coverage of digital inclusive finance, credit business, payment business and digital support services can significantly promote the income growth of urban low-income groups [4]. Since entering the new era, digital inclusive finance has also had a profound impact on industrial upgrading. Tang Wenjin and others (2019) believe that there is a nonlinear relationship between digital finance and industrial structure [5]. Du Jinmin (2020) and others use the intermediary effect analysis to conclude that digital finance can better improve the income gap in China, thus promoting the upgrading of industrial structure [6]. Tu Qiangnan and He Yiqing (2021) used the intermediary and threshold model to study: with the improvement of scientific and technological innovation capability, the role of digital inclusive finance in promoting the upgrading of industrial structure of middle-end manufacturing industry declined [7]. On the contrary, it will promote the high-end manufacturing industry. With the help of the development of computers and big data, digital inclusive finance can accurately match each demand end of the industrial chain, provide digital financial support for industrial development in a timely and effective manner, further promote the rational allocation of resources and promote the optimization and upgrading of industrial structure (Huang Yiping, Huang Zhuo, 2018) [8].

(2) Influencing factors of labor income share change

Wemy (2019) made an empirical investigation on the share of labor income in connection with the relative price of investment in the United States, and found that the specific technological progress caused by capital or investment may play an important role in the long-term decline of the share of labor income [9]. Chen Yong (2020) based on the function of industrial structure on the distribution pattern of factor income, further investigation proves once again that industrial structure is an important factor acting on the share of labor income [10]. Kuang Jing and Wang Shaoguo (2020) found that China's technological progress mainly showed capital bias, different forms of technology bias were different, and capital bias increased the relative income share of capital [11]. Under the influence of "double circulation" pattern, Lin Zhifan (2015) [12], Liu Shuaiguang (2016) [13] and Li Xiaolin (2016) [14] tried to explain the decline of labor income share from monetary policy. Tao Minyang (2019) studied the influence of population structure change on the share of labor income. The research shows that the factors

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of economic development are complementary, and the aging of population and the decline of birth rate in China have a negative impact on the share of labor income in China [15]. A Meng and Zhang Cheng (2021) pointed out that the expansion of foreign capital and the distortion of wages will reduce the share of labor income, and with the intensification of the distortion of wages, the negative effect of foreign capital on the share of labor income has been alleviated to some extent [16].

The existing literature mostly studies the bias of technological progress, the development of artificial intelligence, the adjustment of industrial structure, etc., while few studies discuss the influence of digital inclusive finance on the share of labor income. As a new financial format, digital inclusive finance has strong geographical restrictions, breaks through the time and space restrictions of traditional financial services, has the characteristics of wide coverage and low threshold, and can promote technological innovation of enterprises, increase employment, promote industrial upgrading and economic growth. The latter will further affect the share of labor income. However, there is still a lack of systematic theoretical analysis and reliable empirical evidence, and further research is needed.

2.2. Research Hypothesis

(1) Direct influence

Since 1990s, with the rapid rise of innovative technologies such as big data, artificial intelligence and cloud computing, China's digital inclusive finance has achieved remarkable development results. It can provide efficient and fast payment methods, convenient and accessible financial services, reduce people's access to financial products and have an important impact on all aspects of social economy. With the continuous combination of high-tech and financial industry, traditional financial institutions will further change their service modes and upgrade their technology in the process of digital transformation, which will improve the efficiency of implementation in inclusive finance, broaden the scope of implementation in inclusive finance, make finance more inclusive, and enable underdeveloped areas and low-income groups to enjoy better financial services. At the same time, digital Inclusive Finance has broadened the source of funds of enterprises to a certain extent, improved financing efficiency and alleviated financing constraints. Zhu Shujin and Zhao Yulong (2016) expounded that financing constraints will affect the payment of "working capital" by enterprises from the perspective of "working capital", so as to reduce the payment of labor factors [17]. In addition, when enterprises have difficulties in external financing, they mainly borrow internal funds as operational financing, which will inevitably affect the income distribution of enterprises to workers. Jiang Xuanyu (2021) from the perspective of corporate bond financing: after the reduction of financing constraints, the overall debt cost will be reduced, and there is no need to supplement working capital with debt financing to pay employees' wages, so as to increase the share of labor income [18]. Therefore, the following research assumptions are put forward:

Hypothesis 1: the development of digital inclusive finance can increase the share of labor income.

(2) Indirect influence

Thanks to the iterative optimization and rapid upgrade of algorithm and computer technology, digital inclusive finance can quickly match all the demand ends of the industrial chain, provide funds for industrial development in a timely and effective manner and provide deep-seated digital financial service support, and further promote the rational and efficient allocation of financial resources to promote industrial optimization and upgrading. According to Petty-Clark theorem, with the continuous improvement of economic level, the relative proportion of national income and labor force in the primary industry gradually decreases, while the relative proportion of national income and labor force in the secondary industry gradually increases.

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With the further development of economy, the relative proportion of national income and labor force in the tertiary industry is gradually increasing. First, the labor force transfers from the primary industry to the secondary industry, and finally to the tertiary industry. Therefore, in the early stage of economic development, the proportion of the output value of the primary industry dropped significantly, and the development of the tertiary industry was still insufficient, which may lead to the decline of the total labor income share. With the further development of economy, the proportion of output value of tertiary industry has increased substantially, and more labor force has been absorbed. And the labor income share of the secondary and tertiary industries is steadily increasing, which may lead to an increase in the overall labor income share. Therefore, the following research assumptions are put forward:

Hypothesis 2: Digital inclusive finance promotes the upgrading of industrial structure and then increases the share of labor income.

3. Model Assumptions and Empirical Analysis

3.1. Model Building

To test research hypothesis 1, that is, to examine the direct influence of digital inclusive finance on the share of labor income, the following model is constructed:

$$Ls_{i,t} = \alpha_0 + \alpha_1 index_{i,t} + \alpha_2 X_{i,t} + \varepsilon_{i,t} \quad (1)$$

The subscript i represents each province, and t represents the year, supplementing the meaning of Ls. $index_{i,t}$ represents the development level of digital financial inclusion in a certain province in a certain year, $X_{i,t}$ represents the control variable, and $\varepsilon_{i,t}$ represents the random error term.

To test the research hypothesis 2, the following model is constructed:

$$industry_{i,t} = \gamma_0 + \gamma_1 industry_{i,t} + \gamma_2 X_{i,t} + \tau_{i,t} \quad (2)$$

$$Ls = \theta_0 + \theta_1 index_{i,t} + \theta_2 Mediator_{i,t} + \theta_3 X_{i,t} + \omega_{i,t} \quad (3)$$

Among them, industry is the intermediary variable of industrial structure optimization, and other variables are the same as model (1). Models (1)-(3) constitute a group of mediation effect test models. See Wen Zhonglin et al. (2004) for the discrimination method of mediation effect, which will not be repeated here.

3.2. Variable Description

(1) Share of labor income

Total wages of laborers as a proportion of GDP. There are two methods to calculate the labor income share: (1) calculate the labor income share of each province according to the increase of factors, that is, the labor income share = the remuneration of workers / (GDP- net production tax); (2) The income method can also be calculated, that is, the labor share = labor remuneration /GDP (Chen Yufeng et al., 2013) [20].

(2) Digital inclusive Finance

Measured by the digital inclusive finance index of each province provided by the Digital Finance Research Center of Peking University (Guo Feng et al. (2020), with this reference attached).

(3) Control variable

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According to the existing research, this paper adds a series of intermediary variables that affect the share of labor income (1) Economic development level (variable name): the GDP of each province is used to measure the economic development level of a province. (2) Human capital (variable name): It reflects the knowledge, skills, cultural and technical level and health status of workers, and is measured by the proportion of college degree or above in the total population. (3) Government expenditure (lngov): It reflects the support of provincial governments for industrial upgrading and technological development, and is measured by provincial fiscal expenditure. (4) Urbanization level: measured by the proportion of urban population in each province to the total population. (5) Foreign direct investment (fdi): It is mainly measured by the per capita FDI of each province. (6) labor: To a certain extent, it shows the quality and structure of population factors between industries and within industries, which is expressed by the average wage of employed persons in urban units.

(4) Mediating variable

Industrial upgrading. Referring to the practice of * * (year), the industrial structure upgrading coefficient is expressed by the sum of the product of the level value of each industry and the proportion of the output value of each industry in GDP. ($=\sum_{i=1}^{3}\sqrt{L_i} * P_i, i = 1,2,3$, L_i is the labor productivity of each industry, Pi is the ratio of the added value of each industry to GDP, and i represents the industry. In order to avoid the difference between high and low productivity within the industry, the labor productivity group is prescribed in the actual calculation.) (Zhou Changlin and Wei Jianlin, 2007[23])

3.3. Relevant Data Description and Descriptive Statistics

The data in this paper come from China Statistical Yearbook, China Labor Statistical Yearbook and Guotai'an database. China Statistical Yearbook and major databases provide data resources of labor income share. We selected the data of 2011-2017, and the data of other controlled variables came from the national Taian database, including economic development level (lngdp), government expenditure (lngov), human capital (hca), urbanization level (urban), foreign direct investment (fdi) and labor cost (labor).

Table 1. Descriptive statistical analysis

	Whole country			East		Central section		West	
Chinese description	Symbol	Average value	Standard deviation	Average value	Standard deviation	Average value	Standard deviation	Average value	Standard deviation
Labor income share	Ls	56.135	5.540	55.932	5.596	54.167	4.100	58.150	5.968
Digital inclusive finance	index	171.000	77.840	190.081	78.475	163.387	75.711	155.039	75.184
upgrade industries	industry	44.880	9.423	49.432	11.704	40.545	6.122	43.334	5.891
Level of economic development	lngdp	9.636	0.975	10.144	0.805	9.852	0.369	8.833	1.030
Government spending	lngov	18.060	0.593	18.259	0.601	18.161	0.312	17.720	0.637
manpower capital	hca	187.500	51.310	206.814	51.411	193.593	26.007	158.789	55.949
Urbanization level	urban	55.580	13.380	65.764	13.573	52.899	5.027	45.778	9.274
foreign direct investment	fdi	6.283	1.485	7.535	1.022	6.117	0.475	4.929	1.287
Labor cost	labor	10.290	1.403	10.441	1.271	10.206	1.290	10.193	1.639

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This paper intercepts the provincial panel data from 2011 to 2017, and the descriptive statistics of the samples are shown in Table 1.

As shown in Table 1, the average value of digital inclusive finance index is 171, and the average level of development is relatively good, among which the average level in the eastern region is higher than that in the central and western regions. From the perspective of labor income share, the distribution pattern occupied by labor distribution accounts for about 50%, with little difference between the east, central and western regions, which is relatively reasonable. The industrial upgrading coefficient is 44.88, and the output efficiency of different industries is quite different. The average level of economic development is 9.636, of which the eastern region is higher than the central and western regions. The average government expenditure is 18.060, and the investment in technological innovation and industrial upgrading is similar everywhere. The average cost of human capital is 187.5. The knowledge and skills, cultural and technical level and health status of workers in the eastern region are relatively high, while the level in the western region is low, which still needs attention. The average urbanization level of each province is 55.580, of which the urbanization level in the East is much higher than that in the central and western regions, reflecting the high level of economic development in the East. Similarly, foreign direct investment is also higher in the east than in the central and western regions, but there is little difference in labor costs. The control variables reflect some regional differences, and the heterogeneity of these different regions may have an impact on the labor income share of different regions.

3.4. Analysis of Empirical Results

(1) Benchmark regression

According to table 2, model 1 is a regression with only core variables and explained variables, model 2 adds control variables, and model 3 adds intermediary variables on the basis of model 2. From the three models, we can conclude that the coefficients of core explanatory variables are strictly positive, and all three models pass the 1% significance level, which shows that digital inclusive finance has a positive effect on the increase of labor income share. Among them, the optimization of intermediary variable industrial structure has the same promoting effect as digital inclusive finance, which stems from the further optimization of industry, the tertiary industry absorbs more labor, and the share of labor income of the secondary and tertiary industries is steadily increasing. This may lead to an increase in the overall share of labor income. The regional GDP is not significant in model 2, but it has passed the significance of 0.1% in model 3, which has little negative influence on the share of labor income. The coefficient of government expenditure (lngov) is not significant, which may be due to the short time span of sample selection, which makes the influence effect not obvious. However, the government's macro-financial policy of expanding government expenditure has a positive impact on poverty alleviation. Human capital (hca) refers to the knowledge, skills, cultural and technical level of workers themselves, which has a negative impact on the share of labor income. Education can improve the quality of labor force, workers' working ability and technical level, but it cannot improve labor productivity. The urbanization rate is significantly negative. It can be seen that as the population gradually shifts from rural areas to cities, it is likely to cause labor shortage in some areas, which will reduce the share of labor income. To a certain extent, foreign direct investment has promoted the share of China's labor income, making more labor force have a place to go and a place to use.

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Table 2. Benchmark regression results

	(1)	(2)	(3)
index	0.012***	0.024***	0.018**
	(5.73)	(3.02)	(2.37)
lngdp		-1.303	4.847***
		(-0.88)	(2.77)
lngov		0.088	-6.758***
		(0.04)	(-3.01)
hca		-0.041***	-0.044***
		(-4.49)	(-5.10)
urban		-0.049	-0.205***
		(-0.98)	(-3.81)
fdi		0.278	-0.636
		(0.40)	(-0.95)
labor		-0.166	0.084
		(-0.46)	(0.25)
industry			0.341***
			(5.70)
_cons	54.009***	73.387***	135.870***
	(133.49)	(2.84)	(5.13)
N	217	217	217

t statistics in parentheses. * p<0.05, ** p<0.01, *** p<0.001

(2) Endogenous treatment and robustness test

① Endogenous treatment. This paper aims to consider whether digital inclusive finance will affect the share of labor income. Specifically, we use the provincial digital inclusive finance to evaluate its influence on the share of labor income at the same level. To identify the influence between the two, we should first consider the reverse causality, that is, the share of labor income in one place will in turn affect the development of digital inclusive finance. This paper further uses the instrumental variable method to alleviate the endogeneity. The existing research on digital Inclusive Finance, The Internet penetration rate is used as the instrumental variable of the digital inclusive financial index (Xie Huali, 2018). On the one hand, the Internet penetration rate, as the infrastructure of the digital inclusive financial index, is closely related to it. At the same time, the Internet penetration rate is not closely related to the share of labor income, so it is more appropriate to be used as an instrumental variable.

Table 3. Instrumental variable method

	Stage 1	Stage 2
Variable	Index	Ls
ipr	2.531***	
	(5.73)	
Index		0.064***
		(2.94)
Control variable	YES	YES
N	217	217
Adj R2	0.357	0.437
Wald F		87.720

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As shown in Table 3, the first stage regression shows that Internet penetration rate is a good tool variable of digital inclusive finance. In the second stage of regression, after considering endogenous problems, the digital inclusive finance still significantly increased the share of labor income, which is consistent with the research conclusion. The remaining control variables are slightly more significant than before.

② Robustness check

Replace the independent variable, before using panel effect to measure the share of labor income. This time, we take the logarithm ($\ln index$) of the digital inclusive finance index as the explained variable, and carry out the above benchmark regression. For example, after replacing the core explanatory variables in Table 4, the digital inclusive finance is still significantly positive, that is, the digital inclusive finance has increased the share of labor income.

Calculation method of replacement labor income share: the ratio of labor remuneration to GDP in national income accounting is regarded as labor income share (Ls'). The robustness test results are basically consistent with the previous benchmark regression results, which shows that the research conclusion of this paper is robust.

Table 4. Robustness test

	(1)	(2)	(3)	(4)
	Ls	Ls	Ls	
$\ln index$	1.404*** (5.69)	4.246*** (3.36)		
index			0.013*** (7.35)	0.023*** (3.44)
Control variable	Yes	Yes	Yes	Yes
Intercept term	49.151*** (39.69)	56.318** (2.43)	45.748*** (141.39)	45.748*** (141.39)
Adjust R^2	0.536	0.574	0.543	0.632
Observed value	217	217	217	217

Table 5. Mediation effect test

	Ls	industry	Ls
index	0.024*** (0.005)	0.048** (0.001)	0.012*** (5.730)
Industry			0.235*** (0.045)
lngdp	-.0.181* (3.360)	-6.540 (9.020)	-1.182** (3.220)
lngov	0.522* (1.086)	-1.197 (1.584)	0.805* (1.023)
hca	-0.055*** (0.008)	-0.023* (0.012)	-0.050*** (0.008)
urban	-0.087* (0.047)	0.531*** (0.069)	-0.212*** (0.051)
fdi	1.566* (0.628)	-1.717 (0.9158)	1.971*** (0.596)
Sample size	217	217	217
Adjust R^2	0.455	0.534	0.532
Sobel test P value			0.000
Mediating effect ratio			48.4%

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(3) Mediating effect test

According to column (1), under the influence of intermediary variables, the digital inclusive finance promoted the share of labor income under the significance of 1%. According to column (2), digital inclusive finance has significantly promoted the upgrading of industrial structure. According to column (3), both the digital inclusive finance and the upgrading of industrial structure have significantly increased the share of labor income. According to the intermediary effect discrimination method proposed by Wen Zhonglin and others (2004). Industrial upgrading plays an intermediary role in the logical path of "digital inclusive finance-labor income share", and the intermediary effect accounts for 48.40%. That is, research hypothesis 2 is verified.

According to Table 5, we conclude that the P value is <0.05, so the mediation effect is significant, and the following conclusions are drawn:

(4) Regional heterogeneity

Table 6. Regional heterogeneity

	(1)	(2)	(3)
	East	Midland	West
index	0.017*	0.088	0.067***
	(1.70)	(1.47)	(3.88)
lngdp	-7.626***	12.873**	12.317***
	(-3.20)	(2.44)	(3.21)
lngov	7.427**	-11.462	-11.011*>
	(2.41)	(-1.41)	(-1.94)
hca	-0.059***	-0.068***	-0.066***
	(-4.08)	(-2.93)	(-4.55)
urban	0.102	-0.055	-0.345**
	(1.31)	(-0.45)	(-2.23)
fdi	-2.513**	1.230	-3.546***
	(-2.26)	(0.77)	(-2.67)
labor	-0.124	-0.052	-0.621
	(-0.25)	(-0.10)	(-1.21)
_cons	20.182	140.072	184.194**
	(0.57)	(1.41)	(2.49)
N	84	63	70

t statistics in parentheses* p < 0.1, ** p < 0.05, *** p < 0.01

The regression results in Table 6 show that the influence of digital inclusive finance on the share of labor income has significant regional heterogeneity. The significance of 1% digital inclusive finance in the eastern region has a significant role in promoting the share of labor income, and the share of labor income increases by 1.7% for every unit of digital inclusive finance. Its promotion effect is not as significant as that of the central and western regions. The main reasons may be that the eastern part of China has a high level of economic development, a high level of financial development and a good digital inclusive finance environment. The infrastructure is complete, and the traditional financial institutions have formed a relatively complete service system. Therefore, digital inclusive finance supplements traditional finance on this basis and serves online credit such as third-party payment, and it is not obvious to optimize the industrial structure. Compared with the eastern region, the central region has the highest influence on the share of labor income, which is mainly due to the relatively perfect

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economic development in the central region. Traditional finance and digitalization in central China complement each other, which makes digital inclusive finance have a better promotion effect on the share of labor income. Under the influence of geographical environment, the economic development of the western region is relatively backward, the infrastructure is even less perfect, and people's acceptance of digital inclusive finance is low, which leads to the fact that its share of labor income will not change greatly. From the data point of view, the share of labor income increases by 6.7% for every unit of digital inclusive finance, which shows that digital inclusive finance can still play such a role in such a scarce financial environment, and it can be seen that its role in the share of labor income cannot be ignored.

4. Conclusion

This paper brings digital inclusive finance into the theoretical framework of China's labor income share, and discusses the influence mechanism of digital inclusive finance on labor income share. The sample found: First, digital inclusive finance significantly increased China's share of labor income. Secondly, digital inclusive finance has effectively promoted the growth of labor income share through the role of intermediary variable industrial upgrading. Third, the digital inclusive finance in the central region is developing rapidly, which has promoted the growth of labor income share more than that in the eastern region. In the western region, due to geographical location, economic development level and other factors, the influence of digital inclusive finance on labor income share is not particularly prominent.

On the basis of theory and demonstration, this paper confirms that digital inclusive finance is one of the important influencing factors of labor income share, which enriches the related literature of economic consequences of digital inclusive finance and also helps to deepen the influence of labor income share. Therefore, this paper puts forward the following policy implications:

On the basis of advanced technology, the government should comprehensively strengthen the role of digital inclusive finance in promoting the financial field, and broaden the accessibility and service scope of inclusive finance, so that people in remote and backward areas can use digital inclusive finance to carry out rural inclusive finance activities. Digital inclusive finance eases the financing constraints of small and medium-sized enterprises. Enterprises should use debt financing to reduce financing costs, attract high-quality talents through higher incentive levels, realize industrial upgrading of enterprises, and stimulate the share of labor income in the whole country. The government should encourage and promote the influence of digital inclusive finance, reduce the cost of bond financing, create more convenient conditions for enterprise financing, and increase the share of labor income under controllable risks. There is room for development in areas with relatively backward industries, and relevant banks should improve the service level of digital inclusive finance and deepen the degree of digitalization. Government departments should increase capital investment in building financial infrastructure, and society should support the use of convenient scientific and technological achievements such as mobile payment to further promote industrial upgrading, thus increasing the share of labor income. Due to regional heterogeneity, the digital inclusive finance in the eastern, central and western regions promotes the share of labor income differently. Focusing on digital inclusive finance, we will promote the development of the western region and the rise of the central region, establish the coordination and mutual assistance mechanism in the eastern, central and western regions, promote the complementary advantages of different regions in China and promote common development.

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