

Mobile Phones for Financial Inclusion: What Explains the Diffusion of Mobile Money Innovations?

Discussion:

Thomas Lambert (RSM)

Hard marriage?

- Quantitative analysis
 - Explore cross-country variations
- Qualitative analysis
 - Explore within country dynamics (Kenya)
- My (only) comment
 - I do not think that both analyses are complementary here

Can we avoid a divorce?

- Page 10: *“While our quantitative analysis is useful for assessing the relative importance of different diffusion determinants, it is less capable of providing in-depth understanding of how mobile money innovations emerge”*
- Page 11: *“More particularly, it leaves unanswered the question of how mobile money innovations are able to extend financial inclusion”*
- **NEW:** The Global Financial Inclusion database now provides survey data for 2011, 2014, and 2017

Let's see what the new data say...

Summary statistics: Sample (incl. 2017)

	Mean	Std. Dev.	Min	Max	Obs
Dependent variables					
Mobile accounts	5.08	10.52	0.00	72.93	316
Sending money	3.57	8.12	0.00	54.19	316
Receiving money	3.18	7.16	0.00	50.12	316
Demand factors					
Account at form. fin. inst.	56.06	30.56	3.49	100.00	285
ATM penetration	53.75	46.40	0.76	280.97	205
Private credit	54.48	41.49	1.58	249.95	259
Supply factors					
Mobile subscription rate	109.07	36.28	12.02	249.02	298
Macro-level factors					
log GDP per capita	9.34	1.19	6.65	11.76	306
GDP growth	3.53	3.08	-3.89	10.25	306
Urbanization	59.80	22.48	11.78	100.00	312

Exploit within variation (in line with the case study)

Replications: Sample (incl. 2017)

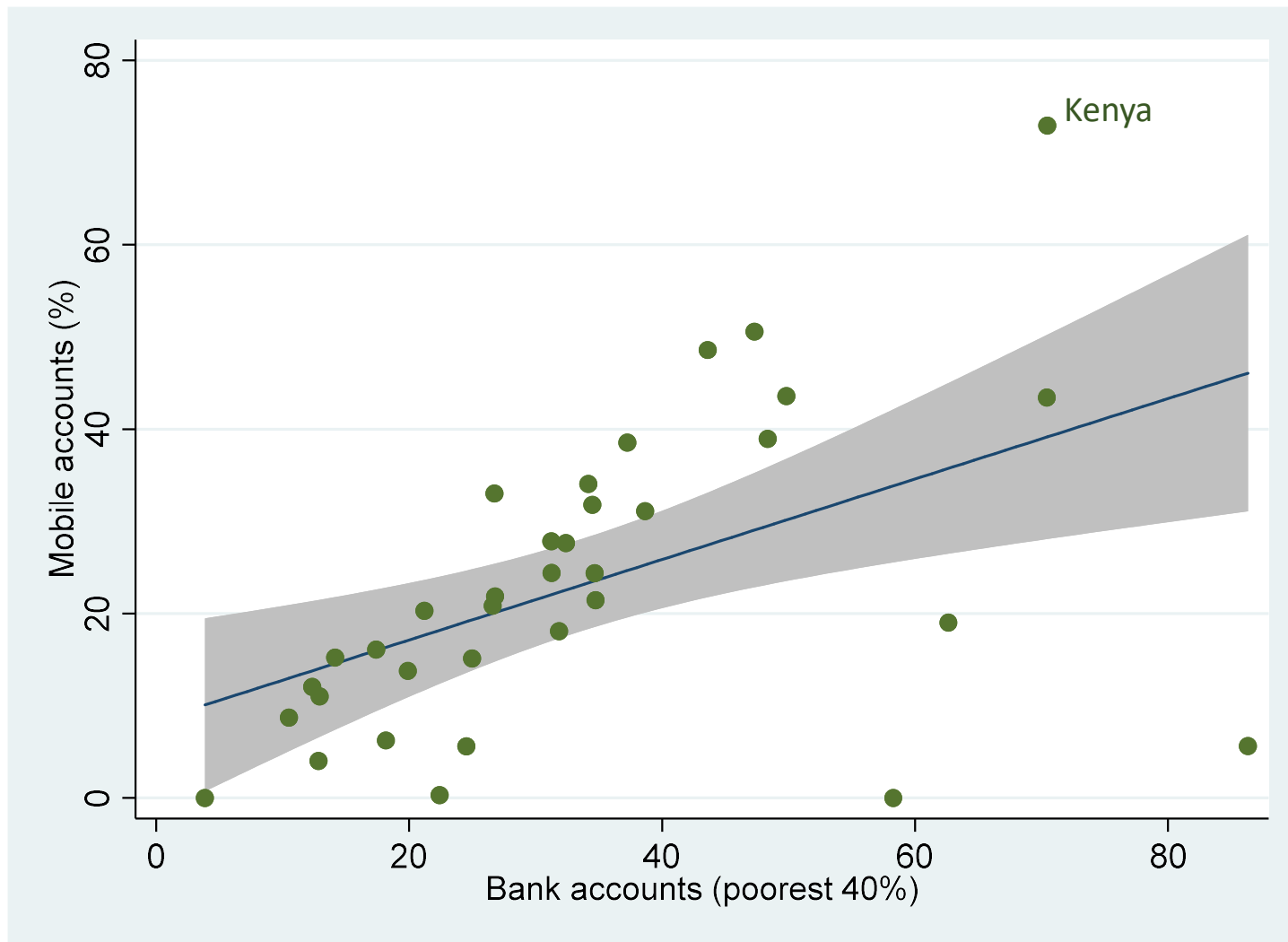
	Mobile accounts	Sending money	Receiving money	Mobile accounts	Sending money	Receiving money
	Pooled estimations			Within estimations		
Demand factors						
Bank accounts	0.069*	0.053	0.055*	-0.020	0.047	0.095*
	(0.042)	(0.033)	(0.031)	(0.078)	(0.042)	(0.052)
ATM penetration	-0.012*	-0.005	-0.003	0.080	-0.030	-0.042
	(0.007)	(0.006)	(0.007)	(0.065)	(0.029)	(0.037)
Supply factors						
Mobile subscription rate	0.019	0.019**	0.014	0.024	0.009	0.012
	(0.014)	(0.009)	(0.009)	(0.024)	(0.009)	(0.012)
Macro-level factors						
GDP growth	0.293*	-0.008	0.024	-0.002	-0.024	0.052
	(0.158)	(0.120)	(0.106)	(0.180)	(0.086)	(0.083)
log GDP per capita	-2.204**	-1.236	-1.277*	4.097	1.679	0.892
	(1.074)	(0.758)	(0.733)	(6.707)	(3.856)	(3.181)
Urbanization	0.009	-0.040	-0.036	1.779**	0.700**	0.553
	(0.030)	(0.024)	(0.023)	(0.861)	(0.336)	(0.376)
Sub-Saharan Africa dummy	9.220***	9.283***	7.728***			
	(2.194)	(1.982)	(1.732)			
Country Fixed Effects	No	No	No	Yes	Yes	Yes
Obs.	188	188	188	188	188	188
Nb. of countries	134	134	134	134	134	134
Adj. R-squared	0.316	0.357	0.334	0.276	0.262	0.258
F-test	4.302	4.302	4.302	3.056	3.056	3.056
Prob>F	0.000	0.000	0.000	0.008	0.008	0.008

Other systematic evidence (consistent with the case)

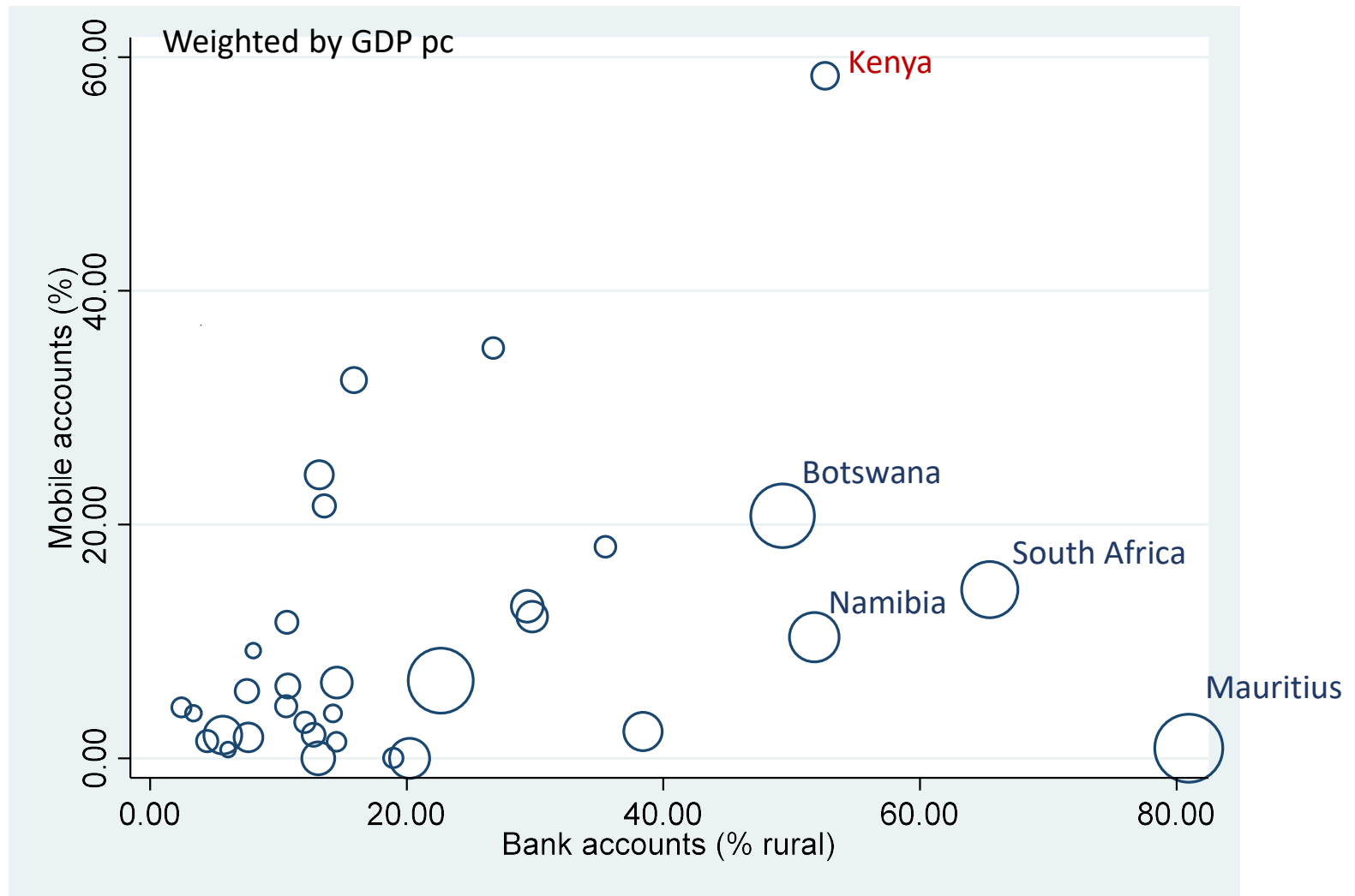
Additional results: Sample (incl. 2017)

[illegible]

Financial inclusion I: Less unbanked among the poorest



Financial inclusion II: Less unbanked in rural areas



Further quantitative analyses provide...

... in-depth understanding of mobile banking

- Better identification and systematic evidence
- Page 10: ~~“While our quantitative analysis is useful for assessing the relative importance of different diffusion determinants, it is less capable of providing in-depth understanding of how mobile money innovations emerge”~~

... insights on the effect of mobile banking on financial inclusion

- Mobile banking negatively associated with unbanked populations
- Page 11: ~~“More particularly, it leaves unanswered the question of how mobile money innovations are able to extend financial inclusion”~~

Alternative empirical strategies:

- Collect data at the firm level across African countries

Conclusion

- There is a lot to like in the paper: interesting analyses, topical issue
- Better motivate the paper/analyses
- Strengthen the quantitative part
- Very unclear (to me) how the conclusions of the qualitative analysis emerge from the semi-structured interviews
- Good luck with the paper!