The impacts of mobile money: Risk, poverty, and investment

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Financial inclusion

• According to the Global Findex:

“Financial inclusion is critical in reducing poverty and achieving inclusive economic growth. When people can participate in the financial system, they are better able to start and expand businesses, invest in their children’s education, and absorb financial shocks.”

*Based on interviews with about 150,000 nationally representative and randomly selected adults (age 15+) in over 140 countries.
Measuring the impact of mobile money

- The early expansion of the agent network was not correlated with household characteristics.
When times get bad.....

Consumption per capita
When times get bad.....

**Likelihood of receiving a remittance**

- **8.5%**
- **-3.7%**
When times get bad.....

Number of people sending remittances

13.4%

-4.9%
When health shocks hit.....

.....mobile money provides insurance

- Medical expenses: +33%, +29%, -14%
- Non-food expenses: +10%
- Food expenses: +5%, -4%
Per-capita consumption

186,000 households out of extreme poverty

Households without growth in M-PESA agents
Households with growth in M-PESA agents
How did that happen?

- M-PESA users save more
- Women move from agriculture into business
- Households are smaller – fewer kids at home
Banking, saving, and schooling (High Hopes)

- No deposit interest
- No credit
- 2-5% deposit interest
- One-month credit at 7.5%
- 1% bonus deposit interest
Who is saving?

Cumulative Mobile Gross Savings (Admin)

Percentile

Control

MBA/LSA
Total financial savings

Cumulative Total Financial Savings

- Percentile
- Total financial savings

- Control
- MBA/LSA
Financial inclusion and high school enrollment

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Comparison: MBA (ITT)  LSA (ITT)

Treatment effect: M-Shwari  LSA
Insurance

- Bima Pima – bit-by-bit insurance
- Sold and initiated over the mobile phone
- Provides a convenient savings mechanism towards the purchase of insurance
- What are impacts on farmer resilience and investment behaviors?
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