The Impact of Mobile Money in Kenya: Observational and Experimental Evidence

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Jack and Suri (AER 2014)

• **Context:**
  Following spectacularly successful M-PESA roll-out in Kenya.

• **Main Result:**
  Show that M-PESA usage has contributed to increased risk sharing

• **Mechanisms:**
  Mostly extended network remittances - presumably because of lower transaction costs allowed by M-PESA
Grepin, Habyarimana and Jack (ongoing)

• **Objective:**
  evaluate how cell phone usage (mobile money and sms interventions) can improve maternal health.

• **Intervention:**
  – Financial incentives - paying for health costs and/or transportation costs to maternal health consultations and attended delivery;
  – Informational incentives – delivered by more or less detailed SMS’s.
Grepin, Habyarimana and Jack (ongoing)

• Results:

  - financial incentives do improve maternal health keeping;
  
  - both maternal health and transportation vouchers seemed to be effective – although conditional transport vouchers more effective, at least for postnatal care;
  
  - informational incentives do not seem as effective.
Grepin, Habyarimana and Jack (ongoing)

- **Questions/Comments:**
  - Which is intervention target?
  - Who are the women in the sample? How were they chosen?
  - Do they have own cell phones or do they depend on others (e.g. husbands) to access financial incentives and sms information? (Potential reason why conditional transport vouchers are most effective for post-natal care? Or potential reason for maternal healthcare information not to reach potentially inattentive or uninformed intended recipients?)
  - In which region are they based? What is M-PESA agent coverage there?
Batista and Vicente (ongoing)

• Very limited access to financial services in rural areas of Mozambique, namely in terms of:

  – **Formal savings products:**
    only 1.3% of adult rural population (Finscope, 2009) vs. average 20% in SSA (Gallup 2009)

  – **Formal money transfers:**
    used in less than 20% of urban-rural remittance flows (Finscope, 2009)
Batista and Vicente (ongoing)

• This project is an impact evaluation (randomized field experiment) of the introduction of mobile money (mKesh) in rural locations of Mozambique.

Includes the following stages:

– 1\textsuperscript{st} stage: rural agent recruitment and mobile money dissemination in rural communities

– 2\textsuperscript{nd} stage: mobile money dissemination among urban migrants from sampled rural communities

– 3\textsuperscript{rd} stage: follow panel of rural households and corresponding urban migrants over time
Batista and Vicente (ongoing)

• **Adoption – administrative and behavioral measures**
  – 66 percent of treated respondents made transactions in the 12 months following initial dissemination efforts;
  – 81 percent of treated respondents wanted to keep a balance in mKesh – 87 percent actually did.

• **Transfers and Savings - experimental behavioral measures**
  – Evidence of (marginal) willingness to send *increased remittances*;
  – Clear (marginal) willingness to use *mKesh to substitute for alternative channels (for both savings and remittances).*

• **Information and trust - experimental survey measures**
  – Clear improvements in financial literacy and knowledge about mKesh;
  – Trust on local agent and mCel financial services increased with intervention.
Batista and Vicente (ongoing)

- Clear administrative and behavioral evidence of **good levels of mKesh adoption in rural areas** in the twelve months following dissemination.

- Marginal willingness to **send increased remittances due to the availability of mKesh**; not as clear for savings.

- Clear willingness to **use mKesh to substitute for traditional unreliable remittance and savings channels**.
Batista and Vicente (ongoing)

• Ongoing research:
  – Study effects of disseminating mKesh to urban migrants
    – urban migrants randomized into:
      – Subsidized price of mKesh operations (cost margin);
      – Gift of equivalent mKesh balance (20USD) for experimentation (trust margin);
      – Control.
  – Follow up on rural households and urban migrants to assess longer term impact on adoption and broader outcomes.
  – Using mKesh to promote microenterprise development in Maputo urban markets;
  – Using mKesh to promote agricultural modernization in Manica province.