Can Mobile Phones Really Work to Extend Banking Services to the Unbanked? Empirical Lessons from Selected Sub-Saharan Africa Countries

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##semicolon## bancarisation rate##common.commaListSeparator## contestable market##common.commaListSeparator## e-banking##common.commaListSeparator## mobile phone##common.commaListSeparator## unbanked

##article.abstract##

Poor, vulnerable and low-income households in Sub-Saharan Africa (SSA) countries often lack access to bank accounts and face high costs for conducting basic financial transactions. The rapid growth of mobile phones usage with E-banking can bridge the economic transformation and increase the bancarisation rate. This paper aims to discuss how mobile phones can be used to extend banking services to the unbanked, poor and vulnerable population. Regression analysis was applied to identify the effects of mobile phones on bancarisation rate and, on poor and vulnerable populations. Mobile phone is statistically significant at 1 per cent level, showing that the level of the mobile phone utilization in an economy at any given time impact the bancarisation rate. The coefficient of the explanatory variable shows that increasing in mobile phone result to about 46.8 per cent increasing in the bancarisation rate. Mobile phone is a specific electronic financial channel using in the 30 selected SSA countries to bank the unbanked. The mobile phone presents a great opportunity for the provision of financial services to the unbanked. In addition to technological and economic innovation, policy and regulatory innovation is needed to make these services a reality.

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