

Introducing Mobile Money in Rural Mozambique: Evidence from a Field Experiment^{*}

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Abstract

What is the economic impact of newly introducing mobile money in rural areas underserved by financial services? This study is the first to use a randomized control trial to answer this research question, in a sample of rural communities in Southern Mozambique. Our experimental results show that the availability of mobile money translated into a clear degree of adoption of these services, measured through administrative data on mobile money transactions. We find that introducing mobile money made rural households less vulnerable to adverse shocks, and reduced investment in agriculture and other businesses. We also observe an increase in the remittances received by rural households, while savings and asset accumulation are kept basically unchanged. We interpret these results as evidence that mobile money acted as a mechanism of informal insurance provided by urban migrants to their rural family members. In a context where households face binding credit constraints, this additional insurance may have reduced the incentives for investment.

JEL Classifications: O12, O16, O33, F24, G20, R23.

Keywords: mobile money, risk-sharing, vulnerability, investment, remittances, savings, Mozambique, Africa.

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