

# Tracking how mobile banking and texting are impacting lives in Africa

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MIT Sloan applied economics professor Tavneet Suri wishes for the day when data sets are as readily available in developing countries as they are in the United States. In an effort to help that disparity, she's been

researching the link between mobile banking apps and poverty levels in Kenya.

## Why data tracking is important to your work

"I think the sad thing is in emerging markets in developing countries—at least the ones I worked in Africa—data is so sparse. When I started my Ph.D. it was very clear that I wasn't going to be able to take a data set off the shelf. It doesn't exist. Whatever you want to study, it doesn't exist. And I always envy people who work on the U.S. because it's like, 'oh, go find this data set, apply for it.' And I'm like wow, what would the world be like if there were a hundred [data sets](#) on different things?

"I think my wish list would be, everybody who's doing this, put your data out and make it public."

## Data that matters

When [mobile banking](#) reached Africa, Suri watched what happened to the financial resilience of Kenyan citizens. Thanks to the ease of sending and receiving money by phone, friends and family could more quickly help someone who needed financial help.

"After we did this resilience piece we waited a few years and went back in 2014 to say 'OK, the product's been around for six, seven years. What's the longer term effect it has over those periods?'

"We found that it reduced poverty by 2 percentage points in Kenya. This was approximately 190,000 households moved out of extreme poverty as a result. And then we see that these effects are slightly bigger for the female-headed households. Then we also looked within the household and we see that one of the ways this is happening is that women were

switching occupations. They were moving out of agriculture into more business-retail. I don't mean 'starting Apple' business. I mean, a little bit of retail. Instead of just growing your vegetables for your own consumption, taking them to the market and setting up a stall and selling, that sort of small-scale business."

## **What should you focus on in the future?**

"What's next is a bunch of work with actually private-sector players in the market. So with the telcos, and with the banks, trying to think about how do you build the right set of digital products that will help poor people. And what sorts of digital products do you want and how do you build them in the way that creates a lot of impact for people but also preserves the fact that you might need to make some money at the end of the day.

"The way the private sector seems to be able to scale in emerging markets is really striking. Every household in Kenya has an account on mobile money now. It would have been very hard for an NGO to try and go door-to-door to get everybody to do this."

Provided by MIT Sloan School of Management

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