



# World Bank Research E-Newsletter

A Monthly Summary of Our New Research

## May 2018 — Financial Inclusion

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## The 2017 Global Findex and the Fintech Revolution

According to the recently launched 2017 Global Findex, 1.2 billion adults have opened an account since 2011, including 515 million in the last three years alone. Leora Klapper, Lead Economist in the research department, unveiled the latest global, national, and regional trends from the 2017 Global Findex at a recent [Policy Research Talk](#). Results show that digital technology is driving access to and use of financial services. In Sub-Saharan Africa, mobile money account ownership rose from 12 percent to 21 percent. India also drove large gains in financial access, where a government policy using biometric identification lifted account ownership by 27 percentage points. Despite these encouraging advances, gaps remain. In developing economies, a 9-percentage point gender gap has persisted since 2011. Fintech offers a path forward for those who remain locked out of the formal financial system: of the 1.7 billion unbanked adults, 1.1 billion have a mobile phone. Now in its third edition, the Global Findex has inspired global efforts to promote financial inclusion and is used to track progress toward the goal of Universal Financial Access by 2020.

[Video](#) | [Presentation](#) | [Blog: New Global Findex data shows big opportunities for digital payments](#) | [Blog: The gender gap in financial inclusion won't budge. Here are three ways to shrink it](#) | [Report & Database](#)

## Moral considerations in credit card debt repayment

This field experiment, conducted with the credit card customers of a large Islamic bank in Indonesia, was designed to understand the role of moral considerations in debt repayment. In the main treatment group, customers who had failed to make their required monthly minimum payment were sent a text message stating that “non-repayment of debts by someone who is able to repay is an injustice.” This moral appeal was culturally resonant and credit card delinquency fell by 4.4 percentage points from a baseline of 66 percent in the control group, and lowered the probability of credit card default among the customers with the highest ex-ante credit risk by up to 80 percent. Additional treatments help trace the underlying mechanisms, benchmark the effects against direct financial

incentives, and rule out competing explanations, such as reminder effects, priming religion, and provision of new information.

[Moral Incentives in Credit Card Debt Repayment: Evidence from a Field Experiment](#), Leonardo Bursztyn, Stefano Fiorin, Daniel Gottlieb, and [Martin Kanz](#), *Forthcoming, Journal of Political Economy*.

## Agent banking vs. traditional banking

This study looks at the impacts of banking with agents — local retailers that double up as lower-cost alternatives to bank branches — on opening and usage of a savings account in urban and peri-urban areas in Senegal. Individuals that live equidistant from agents and branches were encouraged to open a no-cost savings account either at an agent or the bank branch. Clients directed to the agent increased their overall number of deposits and withdrawals compared to clients directed to a bank branch. Also, visits to agents are around 10 minutes shorter than visits to branches (time, travel), but rather than using agents exclusively, clients chose the agent or the branch depending on the size of the transaction. These patterns are consistent with the notion that social proximity to agents can contribute to deeper financial inclusion among groups that are typically underserved by the formal financial service providers. But while agents entail lower transaction costs (time, travel), clients prefer the privacy of a formal bank setting for larger transactions.

[Banking with Agents: Experimental Evidence from Senegal](#), Sinja Buri, [Robert Cull](#), [Xavier Giné](#), Sven Harten, and Soren Heitmann, World Bank Policy Research Working Paper 8417, April 2018.

## Rising access to financial services in India

Individual-level survey data across 13 Indian states show an increase in account ownership, especially by women and poor adults. New research studies the costs of opening an account and the efficiency of the account application process. The data suggest that India's flagship financial inclusion program, the Jan Dhan Yojana scheme, has made it easier to get an account, through lower costs and greater ease of applying. Yet despite the scheme's initial successes, people who wish to apply for an account continue to incur a range of costs. The survey results suggest several recommendations that could improve the account application process and increase ownership and usage of accounts.

[Making It Easier to Apply for a Bank Account: A Study of the Indian Market](#), [Asli Demirguc-Kunt](#), [Leora Klapper](#), [Saniya Ansar](#), and [Aditya Jagati](#), World Bank Policy Research Working Paper 8205, September 2017.

## Digitizing government-to-person payments

More than 100 million poor people receive government-to-person payments for wages and transfer (e.g. pensions and social benefits) in cash or paper-based checks, which are vulnerable to leakage (fraud and corruption) and crime. Digitizing government-to-person payments has the potential to dramatically reduce transaction costs, increase efficiency and transparency, and help recipients protect their financial assets, which can be especially important for women. Governments play a pivotal role when it comes to digitizing payments in an economy. They can lead by example by shifting government payments into accounts, and play a catalytic role in building a digital payments infrastructure and ecosystem where all kinds of payments — including private-sector wages, payments for the sale of agricultural products, utility bills, remittances, and everyday purchases — are done digitally. Government's essential role is to create an enabling regulatory environment and to promote consumer identification, protection, and education to facilitate the shift to digital payments.

[The Opportunities and Challenges of Digitizing Government-to-Person Payments](#), Leora Klapper and Dorothe Singer, *World Bank Research Observer* 32 (2): 211–26, August 2017.

## Simplified financial account disclosure improves decision-making by the illiterate

The way information is presented matters when comparing products and services. In a study, 1,700 individuals from Mexico and Peru chose among loans and savings accounts based on information presented in a simplified key-facts statement or the current marketing brochures. The results show that individuals are three times more price sensitive when comparing loans using the simplified key-facts statement compared to the brochures, with smaller effects for savings products. The effect of the disclosure format for loans is about three times larger than what can be attributed to financial literacy. And the key-facts statements help financially illiterate individuals better understand the accounts being described.

[Information Disclosure and Demand Elasticity of Financial Products: Evidence from a Multi-Country Study](#), Xavier Giné, Cristina Martínez Cuellar, and Rafael Keenan Mazer, *World Bank Policy Research Working Paper* 8210, October 2017.

## Financial inclusion and inclusive economic growth: A review

Financial inclusion means adults have access to and can effectively use a range of financial services. At its most basic level, it includes a deposit or transaction account to make and receive payments and store or save money. This global overview reviews the empirical evidence on how the use of financial products — such as payments services, savings accounts, loans, and insurance — contribute to inclusive growth and economic development. What we learn is that not all financial products are equally effective in reaching development goals, including reductions in poverty and inequality. The biggest impacts come from savings accounts — provided they are inexpensive and serve a specific purpose — and digital payments. The impact of microcredit is mixed and modest. Some studies show that people with insurance invest in riskier, higher return technologies, though little is known about its impact on welfare measures. This review is a good start for understanding how different dimensions of financial inclusion affect economic development.

[Financial Inclusion and Inclusive Growth: A Review of Recent Empirical Evidence](#), Asli Demirguc-Kunt, Leora Klapper, and Dorothe Singer, *World Bank Policy Research Working Paper* 8040, April 2017.

## RESEARCH DIGEST | RESEARCH BRIEFS

### **Research Digest (Spring 2018): Development challenges of fragility, conflict, and violence**

This issue focuses on the causes and consequences of conflict, and policies and programs aimed at recovery and stabilization.

[Read the digest](#)

### **The Fintech Revolution: A Threat to Global Banking?**

Juan J. Cortina and [Sergio L. Schmukler](#), April 2018

Since the global financial crisis of 2008 a broad set of tech-driven financial companies have emerged (“fintech”), acting in parallel with traditional banking services. Although the new players are ramping up competition, pushing digital transformation and exerting pressure on the global financial sector, their services appear to be highly complementary to the services provided by established banks, which are also embracing these technologies.

Read the [brief](#) | [Blog](#) | [More briefs](#)

### **Financial integration in East Asia and Pacific**

Ruth Llovet Montanes and [Sergio L. Schmukler](#), May 2018

EEconomies in East Asia and Pacific have been integrating internationally through trade and financial investments. However, during the last two decades most of the trade integration has been within the region, while most of the financial integration has been with countries outside the region. On closer examination, the investment types show a relative lack of regional financial connectivity, mostly equity, bonds, and bank syndicated loans (in so-called arm’s length investments). The region is connected more through foreign direct investment via mergers and acquisitions and greenfield investments.

Read the [brief](#) | [More briefs](#)

## ANNOUNCEMENTS

### **The Sundaran Memorial Prize for Young Malaysian Researchers**

The prize will be awarded for the best research paper in economics and related social sciences for addressing a development issue in a rigorous, clear, and compelling way. The award ceremony will take place at the conference on Globalization: Contents and Discontents, to be held in Kuala Lumpur on January 15-16, 2019. The prize is open to all Malaysian nationals below 40 years of age as of 31 March 2019, who are working on their doctoral studies or have received their doctorate degree no earlier than 31 March 2014. The deadline for submissions is 31 October 2018.

Details [here](#).

### **Call for Papers: Conference on “Globalization: Contents and Discontents,” Kuala Lumpur, January 15-16, 2019**

We welcome research papers by macro and micro-economists, and social scientists from any discipline, that examine various aspects of globalization (economic, social, political, and cultural), and its consequences. Topics include but are not limited to: Trade, Migration, Financial Flows, Culture, Diffusion of Information, Ideas and Technologies, the History of Globalization, Winners and Losers, Identity and Citizenship, and the Governance of Globalization. All conference costs, including travel, for presenters of selected papers will be covered. Please submit only completed papers, no longer than 12,000 words, by **October 1, 2018**.

Details [here](#).

## EVENTS

- **June 12–15, 2018:** [Disruptive Innovations, Value Chains, and Rural Development](#)

- **June 15, 2018:** [Launch of Policy Research Report: Moving for Prosperity: Global Migration and Labor Markets](#)
- **June 18–22, 2018:** [World Bank Group Financial Overview Course: Finance in the Digital Era](#)
- **June 18–22:** [DIME Field Coordinator Workshop Manage Successful Impact Evaluations](#)
- **June 25–26, 2018:** [Annual Bank Conference on Development Economics 2018: Political Incentives and Development Outcomes](#)
- **September 7:** [5th Urbanization and Poverty Reduction Research Conference: The Spatial Organization of Cities and Economic Growth](#)
- **January 15–16, 2019:** [Globalization: Contents and Discontents](#) (Kuala Lumpur)
- **January 16–17, 2019:** [Enhancing the Quality of Service Delivery](#) (Kuala Lumpur)

[All upcoming events](#)

## BLOGS AND MEDIA

### The Value of Measuring Financial Inclusion

Kaushik Basu, *Project Syndicate*, 24 May 2018

*Most financial policy decisions are based on observed regularities in data, which makes the World Bank's Global Findex database a goldmine for analysis. Beyond supporting evidence-based policymaking, the report also spurs healthy competition among countries in areas that ultimately improve citizens' wellbeing.*

NEW YORK – In modern economics, the interaction between supply and demand with regard to goods and services is well understood, thanks to the [pioneering work](#) of the late [Kenneth Arrow](#) and Gérard Debreu. But the links between the domain of goods and services and that of money and finance are so mathematically complex that, despite repeated attempts, our understanding of them remains rudimentary. As a result, most policy decisions in the domain of money and finance are based on observed regularities in the data.

[Read the blog](#)

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### What's the latest systems research on the quality of governance?

Daniel Rogger, *Let's Talk Development*, 25 May 2018

Blog reader: "Dan! The government is one big system. Why didn't your [blog](#) on the latest research on the quality of governance take this into account?"

Dan (Rogger): "Well, typically frontier papers in the field don't frame their work as 'modeling the system' [which do?] However, [Martin Williams](#) at the Blavatnik School of Government hosted a [conference](#) last week on 'Systems of Public Service Delivery in Developing Countries' that directly aims to discuss how research can take into account the systemic elements of governance.

[Read the blog](#)

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## Human capital round-up: May 2018

David Evans, *Impact Development*, 23 May 2018

Here are 30+ studies on the economics of education and health that I've encountered and found interesting recently. Add your own in the comments!

[Read the blog](#)

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## Cigarettes or the Greek Islands? The deal my dad offered me

Damien de Walque, *Let's Talk Development*, 22 May 2018

When I was a teenager in Belgium, my parents wanted to make sure that I wouldn't become a smoker. At the age of 15, I had tried a few [cigarettes](#) with friends and they were worried I would pick up the habit. They could have organized a complicated system of surveillance and sanctions to monitor and prevent my smoking behavior. Instead, my dad offered me a very simple deal: "if you are not smoking by the time you graduate from high school, I will pay your trip to a destination of your choice in Europe during the summer before you start college". My dad's deal worked well: I took a great trip to [Greece](#) — my first flight — with a few friends and I have never smoked after those first cigarettes at 15.

[Read the blog](#)

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## Informing policy with research that is more than the sum of the parts

Markus Goldstein and Doug Parkerson, *Development Impact*, 16 May 2018

A couple of years ago, an influential [paper](#) in *Science* by Banerjee and coauthors looked at the impact of poverty graduation programs across 6 countries. At the time (and probably since) this was the largest effort to look at the same(ish) intervention in multiple contexts at once — arguably solving the replication problem and proving external validity in one fell swoop.

[Read the blog](#)

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## Justice delayed is justice denied: Speeding up court pre-trials

Florence Kondylis and Mattia Stein, *VoxDev*, 14 May 2018

*Evidence from Senegal shows that the length of legal pre-trials can be reduced whilst not impacting quality of decisions*

The speed of justice matters for development. Court efficiency affects transaction costs in enforcing contracts and allowing gains from trade (North 1991, Djankov et al. 2008). Djankov et al. (2003) identify legal origins and procedural formalism as main drivers of court inefficiency. For this reason, measures of the investment climate such as those found in the Doing Business report reward legal reforms aimed to simplify procedures and speed up

adjudication. However, there is no evidence that legal reforms affect judges' behaviour in a way that combats de facto formalism (La Porta et al. 2008).

This relates to the wider issue of bureaucratic performance. The drive to improve court efficiency and reduce procedural formalism relates to a more general problem in increasing government performance. While incentives may improve performance when civil servants face a single task, or in addressing the extensive margin of service provision (e.g. absenteeism), performance contracts may in fact be counterproductive in multi-tasking environments (Finan et al. 2017, Rasul and Rogger 2017).

[Read the article](#)

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### **Do firms benefit from capital inflows?**

[Sergio Schmukler](#), *Let's Talk Development*, 11 May 2018

In 2014, foreign investors invested more than one trillion U.S. dollars into emerging countries. Of those inflows, 90 billion U.S. dollars came in the form of equity financing. On aggregate, capital inflows have helped many developing countries invest and grow, even despite the associated volatility they might entail. But we still do not know how those inflows are transmitted within an economy once they arrive.

[Read the blog](#)

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### **Do business plan competitions work? (Video)**

[David McKenzie](#), *VoxDev*, 10 May 2018

The Nigerian Government ran a business plan competition to identify capable entrepreneurs and provided them with US\$50,000 each to invest in their business. David McKenzie (World Bank) discusses the success of this programme and its policy implication.

[Watch the video](#)

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### **Postwar generations shut out of economic mobility, finds report**

*The Guardian*, 9 May 2018

*US ranks poorly for providing opportunities to join top 25% of earners, says World Bank*

Children around the world have failed to [get a better education than their parents](#) and improve their economic circumstances, so generations of poor people in developing countries are becoming "trapped in a cycle of poverty determined by their circumstance at birth", says a World Bank report.

According to the report, [Fair Progress? Economic Mobility across Generations Around the World](#), successive generations in the postwar era, far from enjoying a better life than their parents, have been “unable to ascend the economic ladder due to inequality of opportunity”, or they have seen their progress stall in recent years.

The report monitored the education of groups born between 1940 and 1980 and found that 46 of 50 countries with the lowest rates of mobility were part of the developing world.

[Read the article](#)

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### **Growing or fading? The long-run impacts of educational interventions**

[David Evans](#) and [Mũthoni Ngatia](#), *Development Impact*, 9 May 2018

Many education investments focus on the first years of primary education or – even before that – early child education. The logic behind this is intuitive: Without a solid foundation, it's hard for children and youth to gain later skills that use those foundations. If you can't decipher letters, then it's going to be tough to learn from a science textbook. Or even a math textbook. But it's important to remember that for most “investors” (whether governments or parents or the children themselves), the most basic skills aren't the ultimate goal. The objective is better life outcomes. Most of the justification for these early interventions are that they will translate into better lives once these children grow up.

[Read the blog](#)

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### **The Fintech revolution: The end of banks as we know them?**

[Sergio Schmukler](#) and [Juan Jose Cortina Lorente](#), *All About Finance*, 7 May 2018

The retrenchment and intensified regulation of the traditional banking system after the global financial crisis, combined with greater access to information technology and wider use of mobile devices, have allowed a new generation of firms to flourish and deliver a wide array of financial services. What does this mean for the traditional banking system?

[Read the blog](#)

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### **April 2018 global poverty update from the World Bank**

[Christoph Lakner](#), [Joao Pedro Azevedo](#), [Daniel Mahler](#), [Espen Beer Prydz](#), *Let's Talk Development*, 30 April 2018

In April, [PovcalNet](#) revised the World Bank's global and regional poverty estimates from 1981 to 2013. The next major update of global and regional poverty estimates is scheduled for October 2018, when the global poverty estimates for the reference year 2015 will be released. This will coincide with the launch of the next Poverty and Shared Prosperity report (the 2016 Poverty and Shared Prosperity report can be found [here](#)).

[Read the blog](#)



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## **A call to Turkey to close the financial gender gap**

[Asli Demirgüç-Kunt](#) and [Ceyla Pazarbasioglu](#), *All About Finance*, 26 April 2018

Financial inclusion is on the rise globally. The third edition of the [Global Findex data](#) released last week shows that worldwide 1.2 billion adults have obtained a financial account since 2011, including 515 million since 2014. The proportion of adults who have an account with a financial institution or through a mobile money service rose globally from 62 to 69 percent.

Why do we care? Having a financial account is a crucial stepping stone to escape poverty. It makes it easier to invest in health and education or to start and grow a business. It can help a family withstand a financial setback. And research shows that account ownership can help reduce poverty and economically empower women in the household.

[Read the blog](#)

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## **Low-income country debt: Déjà vu all over again?**

[Shanta Devarajan](#), *Future Development*, April 25, 2018

Finance ministers attending the recent Spring Meetings of the International Monetary Fund and World Bank clearly heard the alarm that [Indermit Gill](#) and [Kenan Karakūlah](#) sounded on African debt: The only topic for discussion at the Development Committee lunch was debt in low-income countries. The conversations in hallways and meetings reminded me of those 20 years ago, when the same countries were facing a debt crisis, which subsequently led to the [Heavily Indebted Poor Countries \(HIPC\)](#) Initiative and the [Multilateral Debt Relief Initiative \(MDRI\)](#).

The debt-relief programs of the early 2000s have generally been considered a (qualified) [success](#). How then are we back to sounding alarm bells about African debt? At least four reasons come to mind.

[Read the blog](#)

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## **Pitfalls of Patient Satisfaction Surveys and How to Avoid Them**

[David Evans](#), *Development Impact*, 25 April 2018

A child has a fever. Her father rushes to his community's clinic, his daughter in his arms. He waits. A nurse asks him questions and examines his child. She gives him advice and perhaps a prescription to get filled at a pharmacy. He leaves.

How do we measure the quality of care that this father and his daughter received? There are many ingredients: Was the clinic open? Was a nurse present? Was the patient attended to swiftly? Did the nurse know what she was talking about? Did she have access to needed equipment and supplies?

Both health systems and researchers have made efforts to measure the quality of each of these ingredients, with a range of tools. [Interviewers pose](#) hypothetical situations to doctors and nurses to test their knowledge. [Inspectors examine the cleanliness](#) and organization of the facility, or [they make surprise visits](#) to measure health worker attendance. [Actors posing as patients test](#) both the knowledge and the effort of health workers.

[Read the blog](#)

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### **Microcredit that helps more than just the borrower**

[David Evans](#), *Let's Talk Development*, 24 April 2018

Prices in African agricultural markets fluctuate a lot: “Grain prices in major markets regularly” rise “by 25-40% between the harvest and lean seasons, and often more than 50% in more isolated markets.” To an economist, this looks like a massive missed opportunity: Why don't farmers just hold onto their harvested grain and sell at a much higher price during the lean season?

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### **Evidence-based or interpretation-based?**

[Berk Ozler](#), *Development Impact*, 23 April 2018

When people say “evidence-based policymaking” or they talk about the “credibility revolution, they are surely trying to talk about the fact that (a) we have (or trying hard to have) better evidence on impacts of various approaches to solve problems, and (b) we should use that evidence to make better decisions regarding policy and program design. However, the debate about the Haushofer and Shapiro (2018) paper on the three-year effects of GiveDirectly cash transfers in Kenya taught me that how people interpret the evidence is as important as the underlying evidence. The [GiveDirectly blog](#) (that I discussed [here](#), and GiveDirectly posted an update [here](#)) and [Justin Sandefur's recent post on the CGD blog](#) are two good examples.

[Read the blog](#)

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### **What's the latest research on the quality of governance?**

[Daniel Rogger](#), *Governance for Development*, 20 April 2018

Last week I attended Stanford University's Quality of Governance [conference](#), expertly organized by a rising star of the field, [Saad Gulzar](#). I thought I'd follow in the footsteps of [Dave Evans](#) and others and summarize the findings of the papers presented. They provide a sketch of the frontier of research on state capacity.

[Read the blog](#)

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## Global Findex: Technology Can Bridge Financial Inclusion Gap

Jon Clifton and [Leora Klapper](#), *Gallup*, 19 April 2018

A new [World Bank report](#) based on data collected in partnership with Gallup shows that 1.2 billion adults worldwide have opened a bank account since 2011, including 515 million in the past three years. Globally, 69% of adults — 3.8 billion people—now have an account at a bank or with a mobile money provider.

These numbers are important because bank accounts offer people a pathway out of poverty by helping them invest in education and business opportunities. They also make it easier to manage unexpected expenses—like a hospital bill or the loss of a breadwinner — that can push families into hardship.

That's why the World Bank and Gallup work together to collect data for the Global Financial Inclusion ([Global Findex](#)) database, which tracks how adults in more than 140 economies use bank accounts, save money, access credit and manage financial risks.

[Read the blog](#)

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## Firming up pay equality

Jishnu Das and [Clement Joubert](#), *Future Development*, 19 April 2018

That women are paid less than men for the same job is unacceptable. Yet, as countries [name and shame firms to tackle pay disparity](#), some caution is necessary. Firms are not countries, and equality within firms may imply little equality in the economy. For instance, contracting out low-paid jobs where female workers happen to be a majority (nurses versus doctors) will enhance pay equality for the remaining workers within the firm. But that would not tackle the root causes — we need more male nurses and female doctors. For the [World Bank Group's most ambitious](#) look at how it pays its staff, we developed a [new methodology](#) that decomposes what looks like a large pay gap at the institution, highlighting the complex issues that firms will have to grapple with when they embark on similar analyses.

[Read the blog](#)

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## The history of randomized control trials: scurvy, poets and beer

Markus Goldstein, 18 April 2018

The other night I was reading Julian Jamison's well written and intriguing recent [paper](#): "The Entry of Randomized Assignment into the Social Sciences," which plumbs history to understand where it is that RCTs come from.

The ideas start with the title. Julian draws a distinction between random assignment and random allocation. Random assignment is when the condition (what was done, when, to whom or what, etc.) is randomly assigned across observations. Random allocation — which is what I think of when I think RCT — is related but (I think) a subset of random assignment. Julian argues that "randomized assignment serves a deeper purpose than simply impartially dividing a sample into subsamples, and it may apply even when causality is not a central concern: it guarantees us

that any two observations we collect are comparable (in expected terms) across dimensions other than those we know about and vary in a controlled manner.”

[Read the blog](#)

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## **New Global Findex data shows big opportunities for digital payments**

[Asli Demirgüç-Kunt](#) and [Leora Klapper](#), *All About Finance*, 15, April 2018

We're delighted to release [the 2017 Global Findex](#), the third round of the world's most detailed dataset of how adults save, borrow, make payments, and manage risk.

Drawing on surveys with more than 150,000 adults in more than 140 economies worldwide, the latest Global Findex features new data on fintech transactions made through mobile phones and the internet. It also provides time series updates for benchmark financial inclusion indicators.

The data shows that financial inclusion is on the rise globally, with 1.2 billion adults opening accounts since 2011, including 515 million in the last three years alone. That means 69 percent of adults globally have an account, up from 62 percent in 2014 and 51 percent in 2011. We see that Fintech, or financial technology, plays a progressively greater role in countries like China, where 50% of account owners use a mobile phone to make a transaction from their account. Compared to 2014, twice as many adults in Brazil and Kenya are paying utility bills digitally.

[Read the blog](#)

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## **What gets measured gets done: Evidence from court**

[Florence Kondylis](#) and [Laurent Corthay](#), 16 April 2018

Are judicial reforms worth doing? It turns out, we cannot be sure, but we have a story to tell about a reform, its impact, and the impact of having measured that impact.

[Read the blog](#)

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## **Brick and mortar operations of international banks**

[Claudia Ruiz](#) and [Bob Cull](#), 16 April 2018

The existing evidence from both cross-country and country case studies on the determinants of foreign bank entry and on the impact of foreign banks on host economies suggests the brick-and-mortar operations of international banks have important implications for competition and efficiency of the local financial sectors and for financial stability and access to credit in the host country (World Bank, 2018).

The [Global Financial Development Report 2017/2018: Bankers without Borders](#) contributes to the policy dialogue on international banks by summarizing what has been learned so far about: i) the risks and opportunities posed by

foreign banks when entering developing countries and ii) under what circumstances host economies can reap most benefits from the entry of international banks.

[Read the blog](#)

[All World Bank blogs](#)

## List of New Policy Research Working Papers

- [8406. Sharing the Benefits of Innovation-Digitization: A Summary of Market Processes and Policy Suggestions](#) by Roumeen Islam
- [8407. Why Are Connection Charges So High? An Analysis of the Electricity Sector in Sub-Saharan Africa](#) by Moussa Blimpo, Shaun McRae, and Jevgenijs Steinbuks
- [8408. Electricity Provision and Tax Mobilization in Africa](#) by Moussa Blimpo, Justice Tei Mensah, K. Ochieng' Opalo, and Ruifan Shi
- [8409. The Economics of the Gender Wage Gap in Armenia](#) by Lourdes Rodriguez-Chamussy, Nistha Sinha, and Andrea Atencio
- [8410. Place-Based Policies for Development](#) by Gilles Duranton, and Anthony J. Venables
- [8411. Firm Location, Transport Connectivity, and Agglomeration Economies: Evidence from Liberia](#) by Atsushi Iimi and Kulwinder Rao
- [8412. Efficiency, Legitimacy and Impacts of Targeting Methods: Evidence from an Experiment in Niger](#) by Patrick Premand, and Pascale Schnitzer
- [8413. Transport Connectivity and Health Care Access: Evidence from Liberia](#) by Atsushi Iimi, Kulwinder Rao
- [8414. Estimating Intergenerational Mobility with Incomplete Data: Coresidency and Truncation Bias in Rank-Based Relative and Absolute Mobility Measures](#) by M. Shahe Emran, and Forhad Shilpi
- [8415. Jobs! Electricity Shortages and Unemployment in Africa](#) by Justice Tei Mensah
- [8416. Impact of Free Trade Agreement Use on Import Prices](#) by Kazunobu Hayakawa, Nuttawut Laksanapanyakul, Hiroshi Mukunoki, and Shujiro Urata
- [8417. Banking with Agents: Experimental Evidence from Senegal](#) by Sinja Buri, Robert Cull, Xavier Giné, Sven Harten, and Soren Heitmann
- [8418. Capital Flow Measures: Structural or Cyclical Policy Tools?](#) by Poonam Gupta and Oliver Masetti
- [8419. The 2014–16 Oil Price Collapse in Retrospect: Sources and Implications](#) by Marc Stocker, John Baffes, Y. Modeste Some, Dana Vorisek, and Collette M. Wheeler
- [8420. Designing Pension Systems with Coherent Funded Private Pillars Including Issues for Notional Defined Contribution Schemes](#) by William Price
- [8421. School Costs, Short-Run Participation, and Long-Run Outcomes: Evidence from Kenya](#) by David K. Evans and Mũthoni Ngatia
- [8422. One More Time: What Are Institutions and How Do They Change?](#) by Roumeen Islam
- [8423. Trade Linkages Between the Belt and Road Economies](#) by Mauro Boffa
- [8424. The Use of Financial Incentives to Prevent Undesirable Behaviors](#) by Damien de Walque
- [8425. Infrastructure Development in Sub-Saharan Africa: A Scorecard](#) by César Calderón, Catalina Cantú, and Punam Chuhan-Pole

- 8426. [Do Demographics Matter for African Child Poverty?](#) by Yele M. Batana and John Cockburn
- 8427. [A Randomized Evaluation of a Low-Cost and Highly Scripted Teaching Method to Improve Basic Early Grade Reading Skills in Papua New Guinea](#) by Kevin Macdonald and Binh Thanh Vu
- 8428. [Political Connections and Firms: Network Dimensions](#) by Maurizio Bussolo, Simon Commander, and Stavros Poupakis
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