

Crowdfunding and Financial Inclusion

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Abstract : The paucity of entrepreneurial finance in Sub-Saharan Africa (SSA) can plausibly be tied to her comparatively less-developed capital markets, which potentially hurts entrepreneurial activities. The high rate of informality in SSA worsens information asymmetry, which restricts the supply of funds in a heavily bank-led environment. In this paper, we ask whether the adoption of recent technological improvements in delivering financial services, such as crowdfunding, assists the financially excluded within Africa. Secondly, we investigate the individual determinants of crowdfunding, such as income, level of education, demographics, culture/trust, and the effects of crowdfunding on households' usage of formal financial services. The paper discusses the long-term policy implications of this particular type of fintech in achieving financial inclusion within the regional bloc and its advantage for Africa-Agenda-2063.

Keywords : fintech, banks, entrepreneurship, regional integration

Conference Title : ICBFEM 2022 : International Conference on Business, Finance, Economics and Management

Conference Location : Paris, France

Conference Dates : December 29-30, 2022