

## Digital Transformation, Financing Microstructures, and Impact on Well-Being and Income Inequality

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**Abstract :** Financing microstructures are increasingly seen as a means of financial inclusion and improving overall well-being in developing countries. In practice, digital transformation in finance can accelerate the optimal functioning of financing microstructures, such as access by households to microfinance and microinsurance. Large households' access to finance can lead to a reduction in income inequality and an overall improvement in well-being. This paper explores the impact of access to digital finance and financing microstructures on household well-being and the reduction of income inequality. To this end, we use the propensity score matching, the double difference, and the smooth instrumental quantile regression as estimation methods with two periods of survey data. The paper uses the FinScope consumer data (2016) and the Harmonized Living Standards Measurement Study (2018) from Togo in a comparative perspective. The results indicate that access to digital finance, as a cultural game changer, and to financing microstructures improves overall household well-being and contributes significantly to reducing income inequality.

**Keywords :** financing microstructure, microinsurance, microfinance, digital finance, well-being, income inequality

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