

Deposit Insurance and Financial Inclusion in the Economic Community of Central African States

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Abstract : We investigate whether and how deposit insurance program affects savings decisions in the Economic Community of Central African States (ECCAS). Specifically, using the World Bank's 2014 and 2011 Global Financial Inclusion (Global Findex) databases, we apply special regressor approach. We find that the deposit insurance program increases significantly, everything else equal, the probability that people save their money at a financial institution by 11 percentage points in Gabon, by 22.2 percentage points in DR Congo and by 15.1 percentage points in Chad. These effects are matched with positive effects of age and education level. But in Cameroon, the effect of deposit insurance is not significant. The policies aimed at fostering financial inclusion will be more effective if there is a deposit insurance scheme in place, along with awareness among young people, and education programs. JEL Classification: G21, O12, O16

Keywords : deposit insurance, savings, special regressor, ECCAS countries

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