Authors: Catia Batista, Universidade Nova de Lisboa, NOVAFRICA, and IZA
Pedro C. Vicente, Universidade Nova de Lisboa, NOVAFRICA, and BREAD

Title: Improving Access to Savings through Mobile Money: Experimental Evidence from Smallholder Farmers in Mozambique

Investment in improved agricultural inputs is infrequent for smallholder farmers in Africa. One barrier may be limited access to formal savings. We designed and conducted a field experiment with a sample of smallholder farmers in rural Mozambique. This sample included a set of primary farmers and their closest farming friends. We work with two cross-randomized interventions. The first treatment gave access to a remunerated savings account through mobile money. The second treatment targeted closest farming friends and gave them access to the exact same interventions as their primary counterparts. We find that the savings account increased savings, the probability of fertilizer use, and the use of other agricultural inputs. We also show that the savings account increased household expenditures, in particular non-frequent ones. Our results suggest that the network intervention decreased social pressure to share resources and that the mobile savings account protected farmers against this network pressure. Our research shows that mobile money can be used effectively to increase financial inclusion in countries of low agricultural productivity like Mozambique. Farmers are particularly in need of financial products that enable them to save resources from harvest to planting, namely to invest in improved inputs like fertilizer. Access to a tailored mobile savings account can lead to higher levels of investment and productivity by smallholder farmers.