

Financial Inclusion and Accounts-Based Digital Currencies



Findings

- Mobile money impacted labor outcomes by allowing workers to shift into more productive occupations and firms to invest in fixed assets In Northern Uganda, self-employment increased from 3% to 6% for individuals that lived far away from a bank branch (Weiser et al., 2019).
- Mobile money had direct impacts on consumption, the ability to cope with shocks, and extreme poverty
- Mobile money users were more likely to send and receive remittances and to have additional household members migrate.
- Mobile money does not tend to impact the level of savings; however, there is suggestive evidence that mobile money accounts can be used as a substitute for informal savings.

Token-Based Digital Currencies for Financial Inclusion: Extensive & **Evidential Studies**



Can Stablecoins Actually Improve Financial Inclusion: Exploring the IT Affordances of Token-Based Digital Currencies

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A Scenario for Stablecoins for Financial Inclusion (WEF)

Scenario	Environment that constrains affordances	Actor(s)	IT Artifact
Cross-border remittance to Honduras	Intermediary Ecosystem	José and Maria	Stable coins

	Intermediary Ecosystem for viable use case requires			
Use case actor	Technically sophisticated user	Well-functioning technical architecture	Widespread intermediary participation	Large or benevolent intermediary to mitigate these challenges
Jose and Maria (WEF)	×	×	×	×
Libertarian bitcoin user (JAIS)			×	×
Financially excluded cash user (MIT)	N/A	N/A		N/A
Financially excluded CBDC user (MIT)	?	?	?	

- Financial needs of the financially excluded persons (Makuvaza et. al, 2018 [Gates Foundation]) as Affordances Transfer value
- Maintain liquidity Stay resilient to financial shocks

Financial Goals

Send remittances from José to Maria at

Develop a credit history that can be used

across many loan providers in Honduras

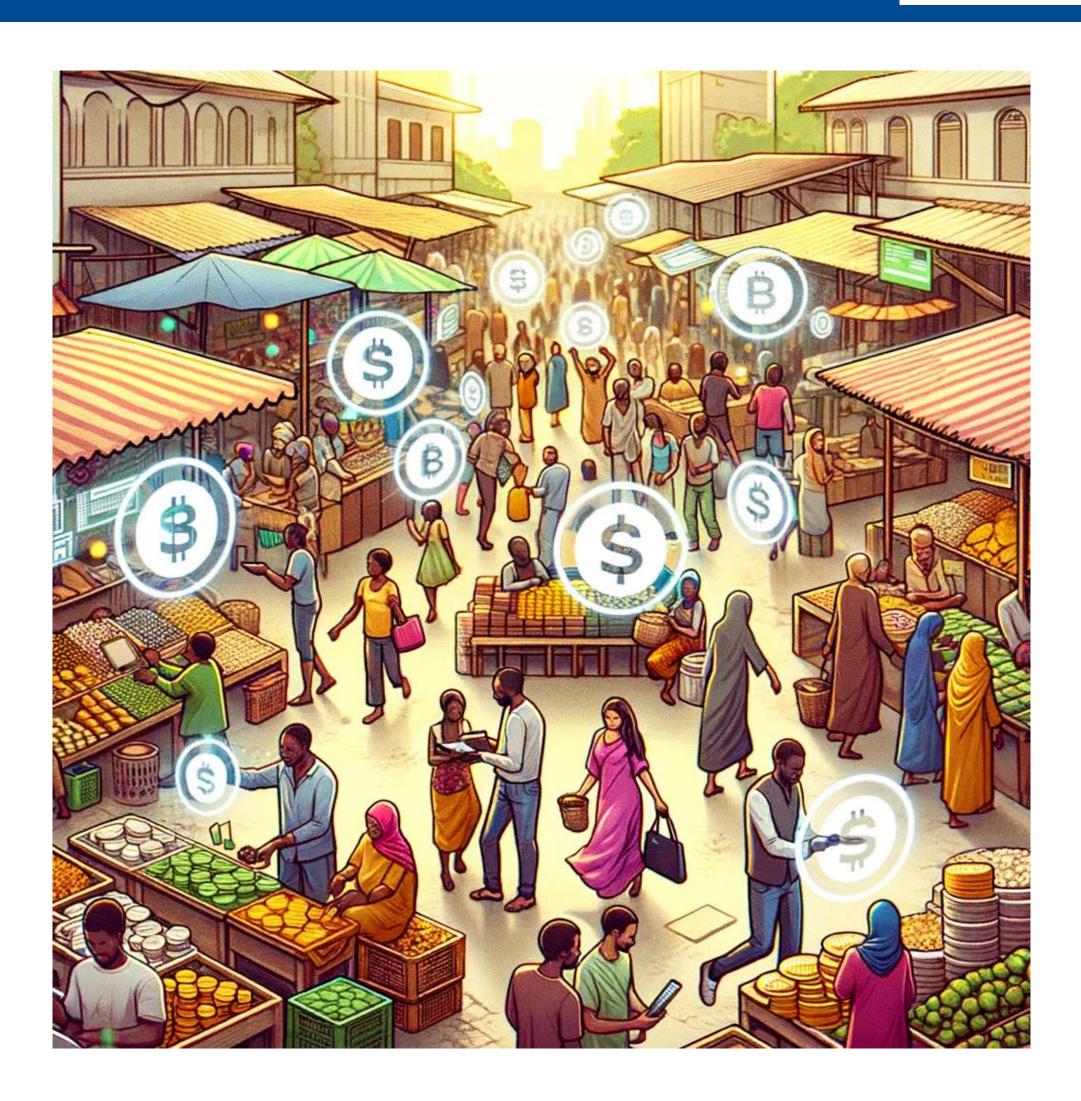
Obtain affordable and suitable health

made possible because there are

affordably priced loan options

and automotive insurance

- Meet other family or lifestyle goals



- These affordances are need-based, not value-based as in JAIS and MIT papers
- To realize Jose and Maria's affordances with
- stablecoins, their intermediary ecosystem is complex and requires many human intermediaries to participate

Why Stablecoins for Financial Inclusion Narrative is Unremarkable: Towards a Theory-Driven IT Affordance Perspective

- MIT Digital Currency Initiative, WEF studies are extensive, evidential, and high-profile. For IS research, we can...
 - Reframe in theoretical lens of IT Affordance
 - Theorize about intermediary ecosystem
 - Theorize about needs of the financial excluded as IT affordances

Take away message

- inclusion
- anything more than a narrative

Stablecoins for Financial Inclusion: Misfit in the Environment that Constrains IT Affordance

IT affordances

Transfer value

Maintain liquidity

Stay resilient to

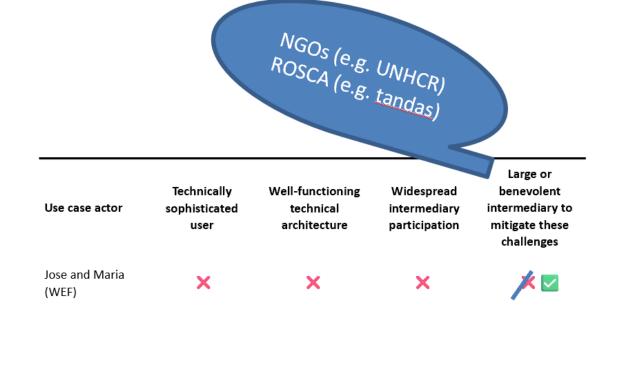
financial shocks

Meet other family

or lifestyle goals



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For a Compelling Use Case... Global South Solution to a Global South Challenge

• Stablecoins and cryptocurrencies can eventually aid in financial

• For now, though, required technological, financial, and even energy infrastructures are lacking, especially in the Global South, to make this



