

# Evidence from randomized evaluations on financial inclusion

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J-PAL's affiliated researchers have over 170 ongoing or completed randomized evaluations related to financial inclusion in 39 countries



# Key findings

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Basic microcredit has had a small positive impact on well-being.

Evaluations of savings products show more positive welfare effects, but many barriers prevent the poor from accessing and using formal savings products.

Weather index insurance can help farmers invest more, but low demand is a key challenge for scale.

Product design and diversity matter.

Little evidence that microcredit has transformative effects on the poverty of the average borrower, but it has had small positive impacts in other spheres

Country	Take-up of microcredit	Impact on business investment?	Impact on avg. income?	Positive non-economic impacts?
<a href="#">Bosnia and Herzegovina</a>	100%	Yes	No	No
<a href="#">Ethiopia</a>	31%	No	n/a	No
<a href="#">India</a>	18%	Yes	No	No
<a href="#">Mexico</a>	19%	Yes	No	Yes
<a href="#">Mongolia</a>	57%, 50%	Yes	No	Yes
<a href="#">Morocco</a>	17%	Yes	No	Yes
<a href="#">Philippines</a>	n/a	Yes (-)	No	No

Banerjee, Abhijit, Dean Karlan, and Jonathan Zinman. “[Six Randomized Evaluations of Microcredit: Introduction and Further Steps.](#)” Forthcoming AEJ Applied, January 2015.

Evaluations of savings products hint at more positive effects on welfare, but many barriers prevent the poor from accessing and using savings products

Result of being offered a savings product	Study location
Increased entrepreneurial or farm investment	<a href="#">Kenya</a> , <a href="#">Malawi</a>
Increased income or wealth	<a href="#">Kenya</a> , <a href="#">Nepal</a>
Increased investment in health or education	<a href="#">Kenya</a> , <a href="#">Nepal</a> , <a href="#">Uganda</a>
Increased food security, better food consumption	<a href="#">Mali</a> , <a href="#">Nepal</a>
Reduced debt	<a href="#">Chile</a>
Reduced vulnerability to health shocks	<a href="#">Nepal</a>
Increased female decision-making power	<a href="#">Philippines</a>

Karlan, Dean et al. 2014. "[Savings by and for the Poor: A research review and agenda.](#)" *The Review of Income and Wealth* 60 (1): 36-78.

# Weather index insurance can help farmers invest more, but demand is a key challenge for scale

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Study location	Take-up	Positive impact on crop choice?	Positive impact on total input investment?
<a href="#">Ghana</a>	40-50%	Yes	Yes
<a href="#">Andhra Pradesh, India</a>	39%	Yes	No
<a href="#">Tamil Nadu, Andhra Pradesh, and Uttar Pradesh, India</a>	40%	Yes	n/a

Karlan, Dean, Robert Osei, Isaac Osei-Akoto, and Christopher Udry. [2014](#).

Shawn Cole, Xavier Gine, James Vickery. [2013](#).

Mobarak, Ahmed Mushfiq, and Mark R. Rosenzweig. [2013](#).

# Recent research on remittance and payments products

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Reducing transaction costs, labeling remittances for certain purposes, and offering migrants control over spending are promising ways to increase the development impact of remittances.

(El Salvador, Guatemala, US: [Aycinena et al.](#) 2010, [Ambler et al.](#) 2014, [Ashraf et al.](#), 2014; Italy, Philippines: [De Arcangelis et al.](#), 2014)

Mobile payments can help households cope with negative income shocks.

(Kenya: [Suri and Jack](#), 2013)

Electronic payments can reduce leakages and user transaction costs in social welfare programs.

(India: [Muralidharan et al.](#) 2014; Niger: [Aker et al.](#) 2014)