

Editorial: Multi-level socio-economic determinants of mobile money adoption in the Middle East and North Africa (MENA): introduction to the thematic collection

Dimitrios Reppas and Glenn Muschert

The Middle East and North Africa (MENA) region, with its distinct social, economic and technological landscape, often presents a unique case in the global context. This is particularly evident in the region's slow pace in adopting mobile money (MM) systems and innovations in digital financial services, which often operate outside the formal banking system. Unlike mobile banking, where customers access their formal bank accounts via mobile devices, MM enables users to make basic financial transactions without needing a formal bank account. These transactions, including person-to-person remittances, person-to-business, person-to-government, business-to-person and government-to-person payments, play a pivotal role in increasing financial inclusion and driving economic growth.

For over two decades, Sub-Saharan Africa has been the epicenter of MM systems (particularly Kenya, Tanzania, Uganda, Ethiopia, Nigeria and Ghana), where the industry registered 234 million active accounts in 2023, with over US\$912bn in transactions processed (GSMA, 2024). Several African empirical studies have shown that MM enables various socioeconomic benefits (Nan *et al.*, 2021, provide a systematic review). MM has also gained popularity outside Africa, such as in parts of South Asia (e.g. Afghanistan, Pakistan, Indonesia and Bangladesh) and Latin America (e.g. Colombia and Paraguay). Nevertheless, MENA countries still exhibit a lower adoption rate: in 2023, there were only 30 live services, seven more compared to 2019 (the majority in Jordan, Tunisia, Egypt and Morocco). MENA is lagging compared to other developing regions regarding financial inclusion, particularly for women and youth (Demirgüç-Kunt *et al.*, 2022; Lyons and Kass-Hanna, 2021).

The existing literature has extensively explored the reasons behind the widespread use of MM in low- and middle-income countries (Reppas and Muschert, 2021). However, most of these studies have focused on individual countries in Africa, leaving a significant gap in our understanding of MM's lower levels of market penetration in the MENA region. Despite favorable conditions for MM adoption in MENA, such as high literacy levels and extensive digital infrastructure development (see Reppas and Temouri, 2023), the deployment of MM systems in MENA remains lower than in other world regions. This thematic collection of articles aims to fill this gap in the research literature by identifying the socio-economic determinants and factors behind the slower adoption of MM within the MENA region.

Evidence suggests MM adoption at higher rates in countries with lower access to traditional banking services, which explains why MM seems less prevalent in economies with robust

Dimitrios Reppas is based at the Department of Economics, University of Birmingham, Birmingham, UK. Glenn Muschert is based at the Department of Humanities and Social Sciences, Khalifa University of Science and Technology, Abu Dhabi, United Arab Emirates.

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banking systems (Della Peruta, 2018; IMF, 2020). Similarly, trust in financial institutions, distance to banks, lack of documentation, and service costs are key barriers affecting the probability of using formal financial services (Amari and Anis, 2021). Recent research in the context of African countries has identified age, income and education as critical micro-determinants of MM usage (Amoah *et al.*, 2020; Meli *et al.*, 2022). Research on macroeconomic factors remains scarce; for instance, Nguena (2019) identified human capital, remittances, infrastructure, credible monetary policies and trade as essential macrodeterminants of mobile banking development in Africa.

The contributors to this thematic collection have answered the call to shed light on this understudied topic. In all, we proudly present three articles examining the theme of MM in the MENA region. Each article examines the socio-economic determinants of MM development in the MENA region, using either a micro- or macro-economic empirical approach. In the first study, “The Adoption of Digital Payments in Emerging Economies: Challenges and Policy Responses,” authors Jayaprada Putrevu and Charilaos Mertzanis present an analysis of digital payments’ emergence and their consequential role in boosting competitiveness. The paper advocates for policy interventions to accelerate digital payment adoption, delineating provider and user benefits. It scrutinizes the technological advancements fueling digital payment systems, pinpoints essential adoption criteria and evaluates associated risks with strategies for mitigation. The research underscores the imperative of prudent implementation and user protection to fully harness digital payment advantages, calling for a robust infrastructure to support digital payment services. This piece provides comprehensive policy guidance and practical insights, making it a valuable resource for stakeholders navigating the shift to a digital payments landscape.

Second, “Assessing the Economic Impact of Mobile Telecommunications in Egypt: A Structural Model Approach” by Raúl Katz and Noha Emara employs a structural econometric model to dissect the influence of mobile telecommunications on Egypt’s economic growth from 2000 to 2019. The study reveals that increased mobile unique subscribers and mobile broadband device penetration significantly affect Egypt’s GDP. Specifically, a 1% rise in these indicators correlates with an average annual GDP growth of 0.172% and 0.016%, respectively. The paper underscores the necessity for strategic investments in network utilization to foster social and economic development in the MENA region. It fills a gap in the literature by providing insights into the direct and indirect economic impacts of the Egyptian telecommunications sector, aligning with the Egypt Vision 2030, and offering valuable context-specific recommendations.

The third article, “Socio and Macroeconomic Determinants of Mobile Money Adoption: A Cross-cultural Study of Selected MENA and Sub-Saharan Countries,” by Aysa Siddika and Abdullah Sarwar, not only talks about the socioeconomic and macroeconomic factors that affect the use of MM in MENA and Sub-Saharan Africa, but it also gives useful information. The study uses a quantitative method to look at data from 23 countries using the generalized least squares method. It finds that gender and income levels are positive predictors of MMS adoption, while the affordability index shows an opposite relationship. Political stability also correlates positively with MM adoption in the MENA region. The study suggests that future research should delve into market competition and the psychological aspects of user behavior to understand the low MM adoption rates in MENA. This work significantly advances the comprehension of digital transformation’s socio-economic drivers through MM adoption, offering valuable implications for policymakers and practitioners.

Overall, this thematic collection clarifies hopes and impediments to the adoption of MM in the MENA region, presenting an exploration into digital remittances and highlighting the transformative power of MM. A common thread is the emphasis on digital financial services adoption’s socio-economic determinants and macroeconomic implications. The articles collectively underscore the need for strategic policy frameworks and infrastructure development to foster economic growth and financial inclusion, revealing that technological

advancements, gender, income levels and political stability are significant factors influencing MM adoption. The empirical results suggest the potential of MM to boost GDP and drive broader economic progress across the region. These insights strengthen our understanding of digitalization's challenges and opportunities, advocating for an inclusive approach to policy-making and implementation.

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