

## Western Economic Association International Conference 참석 결과 보고

### 1

#### 출장 개요

- 출장자: 교수 손 욱
- 출장기간: 2023. 4.11-4.16 (6일간)
- 출장지: 오스트레일리아 멜버른
- 출장목적: 2023 Western Economic Association Conference 참석
  - 논문 발표: Financial Inclusion: A Case of Village Banks in Malawi – What Determines Household Participation in Credit Markets? (발표자료 첨부 2 참조)
  - 논문 토론: The Naxalite Conflict in India: Does Ethnic Distance Matter? (토론자료 첨부 3 참조)
  - 관심세션 참석, 최근 연구동향 파악, 학회 참석자들과의 연구 교류, 연구정보 수집 등

### 2

#### 활동 내용

#### 1. 논문 발표

**“Financial Inclusion: A Case of Village Banks in Malawi - What Determines Household Participation in Credit Markets?”**

**Summary:** This study examines the relationship of demand-side factors on household participation in Malawi's formal and informal credit markets, using pooled cross-sections of nationally representative IHS data. The study specifically adds to the body of knowledge on what influences households' decisions to borrow from formal institutions and unchartered channels. Most households are expected to be in the formal credit scope. The deviation from this expectation and strong preference for informal credit is the motivation for this study.

Using a sample of 7,411 households, we find that 84.7% of Malawians overwhelmingly source credit from informal sources. For individual credit sources, Malawians predominantly use village banks (32.2%). The results further indicate marginal household borrowing from formal institutions. For instance, only 3.6% and 0.8% of households source credit from commercial banks and MARDEF, respectively.

Our estimates yield several interesting results. First, the results suggest that young and aged Malawians are more likely to experience credit constraints from formal credit providers, which explains why they often borrow from unchartered sources. The findings also show that educational attainment has a strong negative effect on borrowing from informal sources. Interestingly, despite the increase in formal institutions, we find increased interest in borrowing from informal sources in 2016 and 2020 compared to 2011. Furthermore, asset ownership, wage employment, hospitalization, intended credit use, and the province of residence influence household borrowing from uncharted sources.

In terms of individual credit sources, women are more likely to borrow from village banks and NGOs but are less likely to borrow from loan sharks, relatives, or neighbors. Furthermore, the findings indicate that the household head's age has a negative non-linear effect on borrowing from village banks, commercial banks, SACCOs, and NGOs. Household heads with higher educational attainment are less likely to seek credit from loan sharks. Surprisingly, educational level has no effect on borrowing from most formal institutions, such as commercial banks. Credit for investment is generally sourced from formal institutions while consumption loans are generally sought from informal sources such as relatives. When a household is affected by some shock requiring finances, it is likely to obtain funds from informal sources. In terms of

structural changes, we observe a decrease in credit sourcing from all formal institutions and relatives in 2016 and 2020, as compared to 2011.

This study's findings have significant policy implications. The collateral requirement to access credit from the formal sources is an impediment in making credit accessible to potential entrepreneurs who could have realistic business ideas. As such, policy intervention that would help poor people without tangible assets for collateral access small loans to start businesses is needed. One suggestion is to group them in entrepreneurial cooperatives for easy follow-up during repayment. Further, tailor-made credit options for poor people who might have bankable ideas for small and medium enterprises are needed. One daunting issue that formal credit providers face in providing credit to some sections of the population is traceability during repayment, particularly when national identification registration has a low coverage. As an enabler, the government of Malawi should consider improving national registration, which would help solve the traceability issue. Since access to credit has welfare enhancing effects, it would be plausible to have policies that would encourage coverage of credit provision across the country. According to summary statistics, farmers travel an average of 29.84 kilometers to the district administrative central, where most formal financial institutions are located. Offering incentives to formal credit providers to expand into rural areas may improve credit accessibility. Finally, we recommend providing adequate financial resources to village banks to improve low-income households' access to financial services.

There are a few limitations in this study. Firstly, access to credit is determined by both demand and supply factors. This study has only focused on demand side factors because the data on supply side factors are not available. It is therefore, recommended that, subject to availability of comprehensive supply side factors data, future research should examine the supply side factors in determining access to credit in Malawi. Secondly, the Malawi Government has attempted to implement policies to achieve financial inclusion. This study has not robustly whether these policies have been effective or not. Further research could therefore attempt to establish if such pro-inclusion policies have worked in Malawi.

## 2. 논문 토론

### “The Naxalite Conflict in India: Does Ethnic Distance Matter?”

**Summary:** Given the ideological background of the conflict, i.e., establishing and controlling a left-wing Maoist state which could be termed as a ‘public prize’ as in Esteban et al. (2012) and the nature of the participants (note that the proportions of SC and ST in the population remain positive predictors of conflict), we investigate if one specific ethnic marker, viz., ‘ethnic distance’ plays an important role in instigating and prolonging the Naxalite conflict.

The ethnic distance idea is rooted with the extant literature on ethnic markers (Esteban and Ray, 2011; Esteban et al. 2012) which establishes that ethnicity matters if the conflict is over public good like ideology/political power. From the empirical perspective, Montalvo and Reynal-Querol (2005) find that the “deep cleavages” along large group lines affect conflict across the world. Arbatli et al. (2020) establish that the degree of diversity within ethnic groups plays an important role in instigating and prolonging social conflict across the world. In a different setting, Gomes (2020) reports that ethnic distance adversely affects maternal health outcome in 14 sub-Saharan African countries.

In our context, we analyse if ethnic distance between different groups could influence the Naxalite conflict. Caselli and Coleman (2013) define ethnic distance as “*the cost to be borne by a member of one group to successfully pass himself as a member of the other group*”. This could be a very good testing ground for India as there are marked caste divisions or *jatis* which are very rigid as people inherit their castes by their birth (born in a particular sub-caste or *jati*) and movements across castes are extremely rare. Some castes are linked with occupations like the caste ‘naiya’ means barber or people in the haircutting profession. Historically, higher caste people have more education and higher income earning opportunities than lower caste people. The Government of India introduced affirmative action for lower castes in the Indian Constitution in 1950 (hence the name Scheduled Caste) and similar action was put forward for indigenous tribes in the Constitution in 1950 (hence the name, Scheduled Tribes). There is some evidence of income convergence (during the period between 1983 and 2005) between the higher castes (like Brahmins) and SCs and STs due to the prolonged affirmative action

(Hnatkovska, Lahiri and Paul, 2012). However, there remains stark regional disparities in wage earnings across these caste groups especially in the above conflict prone states. In addition, there is no information about the income convergence at the jati/sub-caste level as the jati data is not available after 1931. Hence, investigating the impact of caste distance on initiation and duration of Naxalite conflict is of first-order importance.

This study sheds light on one important historical ethnic marker, caste distance, in explaining one of the later civil strife, Naxalite conflict in India. We find consistent support that ethnic distances based on sub-castes of non-SC&ST groups and SC groups and ST groups play statistically significant role in explaining the conflict onset and continuation. The findings are in line with the ethnicity and conflict literature pioneered by Esteban et al. (2012). The robustness checks reveal that the caste distance between non-SC&ST and SC groups play pertinent role in the civil strife.

### **3. 관심세션 참석, 최근 연구동향 파악, 학회 참석자들과의 연구 교류, 연구 정보 수집 등**

**April 12, 4:45 PM - 6:30 PM**

**[042] BANKING: CURRENT AND EMERGING CHALLENGES**

**Chair:** Kevin Davis, The University of Melbourne

**Panelists:**

Christine Brown, Monash University

Wayne Byres, previously Australian Prudential Regulation Authority and Basel Committee on Banking Supervision

Joseph Healy, Judo Bank

Barry Williams, Monash University

**April 12, 6:45 PM - 8:00 PM**

**WELCOME RECEPTION**

**April 13, 8:30 AM - 10:15 AM**

**[057] COUNTRY STUDIES: ASIA and AFRICA**

**Papers:**

Does Lack of Access to Formal Credit Affect Land Tenure Contracts? Evidence from Indian Agricultural Households, Debdatta Pal, Indian Institute of Management Lucknow  
Information Technology Adoption and Micro Small and Medium Enterprise (MSME) Performance: Does IT Adoption Reduce Rural Penalty, Chikadibia George Ekeoma, Ritsumeikan University Japan

The Impacts of Monetary Policy on Households Income and Wealth Inequalities in a Developing Economy: Evidence from Thailand, Mutita Ariyavutikul, National Graduate Institute for Policy Studies (GRIPS)

**Discussants**

Chikadibia George Ekeoma, Ritsumeikan University Japan  
Bun Song Lee, University of Arkansas at Fort Smith  
Debdatta Pal, Indian Institute of Management Lucknow

**April 13, 10:30 AM - 12:00 PM**

**[058] REBUILDING THE U.S. ECONOMY**

**Introduction**

A. Abigail Payne, Melbourne Institute, the University of Melbourne

**Address**

Cecilia Rouse, Princeton University

**April 13, 12:45 AM – 2:30 PM**

**[061] BEHAVIORAL ECONOMICS AND RISK, RISKY BEHAVIOR IN CONTEXT (SABE)**

**Papers:**

Randomization Preference and the Timing of Uncertainty Resolution, Evan Calford, Australian National University

My needs, My context and My finances: Enabling financial self-awareness and persona discovery through behavioral frameworks, Jayasree Raveendran, TCS Research

VIIs There a Beauty or Sexiness Effect in the Health and Fitness Industry? A Lab Based Experiment, Hannah Altman, Queensland University of Technology

**Discussants:**

Evan Calford, Australian National University

Jayasree Raveendran, TCS Research

Hannah Altman, Queensland University of Technology

**April 13, 2:45 PM - 4:30 PM**

**[070] FINANCIAL MARKETS AND SERVICES (IBEFA)**

**Papers:**

Asset Pricing with Restricted Assets: The Victorian Trustee, Lyndon Moore, Monash University

What's Wrong with Annuity Markets, Pei Cheng Yu, UNSW Sydney

Geographical and Cultural Proximity in Retail Banking, Santiago Carbo-Valverde, University of Valencia and Funcas

**Discussants**

Pei Cheng Yu, UNSW Sydney

Santiago Carbo-Valverde, University of Valencia and Funcas

Lyndon Moore, Monash University

**April 14, 8:30 AM – 10:15 AM**

**[092] HISTORICAL BANKING AND FINANCIAL DEVELOPMENT IN THE WORLD**

**Papers:**

How Do Enterprises Select and Motivate Their Employees in a Transitional Environment: the Case of Chinese Modern Banking Industry, Lingyu Kong, Zhongnan University of Economics and Law

Going for Broke: Underwriter Reputation and the Performance of Mortgage-Backed Securities, Abe De Jong, Monash University

Cliques and Directors: Informal and formal networks between Banks in Republican China, Florian Ploeckl, The University of Adelaide

The Allocation of Talent and Financial Development, 1897 to 1936, Chicheng Ma, The University of Hong Kong  
Lyndon Moore, Monash University

**Discussants**

Lingyu Kong, Zhongnan University of Economics and Law

Abe De Jong, Monash University

Florian Ploeckl, The University of Adelaide

Chicheng Ma, The University of Hong Kong  
Lyndon Moore, Monash University

**April 14, 12:45 PM - 2:30 PM**

**[109] GOVERNANCE, ETHNICITY AND FINANCIAL INCLUSION**

**Papers:**

Economic Growth in China and its Impact on Demand for Food-Away-From-Home, Varghese A. Manaloor, University of Alberta

The Naxalite Conflict in India: Does Ethnic Distance Matter?, Prasad Sankar Bhattacharya, Deakin University, Australia

Financial Inclusion: A Case of Village Banks in Malawi, Wook Sohn, KDI School of Public Policy and Management

The Quality of Governance and Economic Growth in Oceania Countries, Oluwole Owoye, Western Connecticut State University

**Discussants:**

Prasad Sankar Bhattacharya, Deakin University, Australia

Wook Sohn, KDI School of Public Policy and Management

Oluwole Owoye, Western Connecticut State University

Varghese A. Manaloor, University of Alberta

**April 14, 2:45 PM - 4:30 PM**

**[112] DTF SESSION 1: ADVANCES IN FORECASTING FOR PUBLIC POLICY MAKING AND ANALYSIS**

**Papers:**

Confidence Intervals for Model Combinations of Direct and Iterated Forecasts: with an Application to Forecasting Australian Household Consumption, Jonathan Graeme Dark,

The University of Melbourne

Can Machine Learning Improve Government Revenue Forecasting?, Ching Hin (Jeffrey) Wong, Department of Treasury and Finance, Victoria, Australia

A Narrative Approach to Forecasting Macro Effects of Australian Tax Policies, Changchen Ge, Monash University,

Mapping Local Economic Recovery Paths using Pedestrian Counts: A City of Melbourne Case Study, Ashton de Silva, RMIT University

**Discussants**

Ashton de Silva, RMIT University

Changchen Ge, Monash University

Jonathan Graeme Dark, The University of Melbourne

Ching Hin (Jeffrey) Wong, Department of Treasury and Finance, Victoria, Australia

**April 14, 4:45 PM - 6:30 PM**

**[130] DEVELOPMENT AND ESG**

**Papers:**

Farmer Family Firms and Missing Markets: Evidence from the Philippines, 1970-2016, Anna Josephson, University of Arizona

Structural Transformation and Environmental Externalities: Evidence from Rural Roads in India, Hemant Kumar Pullabhotla, Deakin University

Impacts of Firm ESG Activities on Green Innovation: The Case of Korean Firms, Seon Ju Lee, Korea University

**Discussants**

Hemant Kumar Pullabhotla, Deakin University

Seon Ju Lee, Korea University

Anna Josephson, University of Arizona

**April 15, 8:30 AM - 10:15 AM**

**[135] ISSUES IN MACRO POLICY**

**Papers:**

Aggregate Implications of Child-Related Transfers with Means Testing, Darapheak Tin,

The Australian National University

Progressive Pension and Optimal Tax Progressivity, Nabeeh Zakariyya, Australian National University

Sunk Entry Costs and the Comovement of Unemployment and Labor Productivity, Mario R. Silva, Hong Kong Baptist University

**Discussants**

Nabeeh Zakariyya, Australian National University

Mario R. Silva, Hong Kong Baptist University

Darapheak Tin, The Australian National University