



## Article

# Reducing Information Asymmetry with ICT: A critical review of loan price and quantity effects in Africa

Pyke, Chris, Nwachukwu, Jacinta Chikaodi, Le Roux, Sara and Asongu, Simplice

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**Reducing Information Asymmetry with ICT: A critical review  
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## Reducing Information Asymmetry with ICT: A critical review of loan price and quantity effects in Africa

### Abstract

**Purpose-** This study investigates loan price and quantity effects of information sharing offices with ICT, in a panel of 162 banks consisting of 42 African countries for the period 2001-2011.

**Design/methodology/approach-** The empirical evidence is based on a panel of 162 banks in 42 African countries for the period 2001-2011. Misspecification errors associated with endogenous variables and unobserved heterogeneity in financial access are addressed with Generalised Method of Moments and Instrumental Quantile Regressions.

**Findings-** Our findings uncover several major themes. *First*, ICT when integrated with the role of public credit registries significantly lowered the price of loans and raised the quantity of loans. *Second*, while the net effects from the interaction of ICT with private credit bureaus do not improve financial access, the corresponding marginal effects show that ICT could complement the characteristics of private credit bureaus to reduce loan prices and increase loan quantity, but only when certain thresholds of ICT are attained. We compute and discuss the policy implications of these ICT thresholds for banks with low, intermediate and high levels of financial access.

**Originality/value-**This is one of the few studies to assess how the growing ICT can be leveraged in order to reduce information asymmetry in the banking industry with the ultimate aim of improving financial access in a continent where lack of access to finance is a critical policy syndrome.

*JEL Classification:* G20; G29; L96; O40; O55

*Keywords:* Financial access; Information asymmetry; ICT

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### 1. Introduction

There have been very few papers that study information sharing for financial access. Most specifically, we are interested in studying the gains that can be made from information sharing in terms of enhanced access to financial services in the context of the African banking sector, where investments are increasingly needed in order for the continent to develop. When compared to the rest of the world, the African continent has more room for information and communication technology (henceforth ICT) penetration. Moreover, there are growing concerns that there is excess liquidity in African banking institutions, due primarily to the growing problems of information asymmetry in the sector. A substantial bulk of the current

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3 literature on African business emphasises the need for more domestic private investment  
4 because, for the most part, the structural adjustment programmes initiated over the past  
5 decades have failed to generate the much needed external finance (Tuomi, 2011; Rolfe &  
6 Woodward, 2004; Darley, 2012; Bartels *et al.*, 2009).  
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9 Additionally, as documented by Penard *et al.* (2012), there is ample room for  
10 improving the penetration of ICT in Africa because ICT growth is stagnating in the high-end  
11 economies of North America, Europe and Asia. For instance, as of 2010, whereas developed  
12 countries were experiencing saturation points in mobile phone and internet penetrations of 41  
13 percent, the corresponding diffusion rate in Africa was 9.6 percent. Therefore, we may infer  
14 that there is considerable potential for leveraging ICT for economic development outcomes  
15 in the African continent.  
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20 The concerns of surplus liquidity in African financial institutions (Saxegaard, 2006;  
21 Fouda, 2009; Asongu, 2014, p.70) are traceable to information asymmetry between lenders  
22 and borrowers. In this light, policies conducive to the establishment of information sharing  
23 offices have been founded on the need to address the surplus liquidity issues as well as a  
24 plethora of factors that are endogenous to increasing information asymmetry, namely:  
25 physical access, affordability and eligibility to lending from banks (Allen *et al.*, 2011; Batuo  
26 & Kupukile, 2010).  
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31 Studies on information sharing offices have for the most part been positioned on  
32 developed countries. Most specifically, a substantial number of existing papers focused on  
33 countries in the Organisation for Economic Co-operation and Development (OECD), Latin  
34 America and Asia. This is ironic because these high-income nations have fewer financial  
35 access problems compared with less developed countries (Asongu *et al.*, 2016a). To put  
36 things in perspective, no African country was included in the study by Galindo and Miller  
37 (2001). Love and Mylenko (2003) considered only four African countries. This was then  
38 followed by Barth *et al.* (2009) who covered nine African countries.  
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42 The study by Triki and Gajigo (2014), is closest to the positioning of our present  
43 inquiry. They used Probit models to evaluate the effects of public and private credit bureaus  
44 on access to finance by enterprises in 42 African countries for the 2006 to 2009 period. Our  
45 study is distinct from Triki and Gajigo (2014) in three main ways. First, we make use of a  
46 larger and more comprehensive dataset of countries for a longer time period 2001-2011.  
47 Second, in terms of methodology, we use a Generalised Method of Moments (GMM) in order  
48 to address concerns of endogeneity by controlling for time invariant omitted variables and  
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heterogeneity in access to finance. Indeed, Triki and Gajigo (2014) acknowledged the failure to account for such endogenous variable errors as a caveat of their inquiry. Additionally, we investigate the linkages throughout the conditional distributions of access to finance using Instrumental Variable Quantile Regressions (IVQR). Such allows us to understand the role of information sharing credit registries in facilitating access to finance in banks with low, intermediate and high levels of intermediation. The policy relevance of this Quantile Regression is that it highlights the deficiency of traditional one-size fits all policies designed to improve financial access across countries through the functions of information sharing offices. Such blanket arrangements may not be effective *unless* they are contingent on existing levels of financial access and tailored to suit the unique characteristics of institutions with different levels of financial intermediation.

*Third, we integrate* ICT-related policy variables into the modelling exercise in order to examine how internet and mobile phone penetrations complement the role of information sharing offices in lessening information asymmetry. Such should enhance financial access, in terms of increased quantity of loans and reduced price of loans<sup>1</sup>.

Overall, assessing the impact on loan price and quantity of policies to reduce information asymmetry with ICT is of particular interest to governments in emerging and developing economies. This is because the findings would inform policy makers on which technology platforms could be employed to boost access to financial services. Such should enable poor households and small businesses to increase consumption, investment and productivity which would ultimately culminate in higher employment and economic well-being. Another study closest to this paper is Asongu (2017) which directly investigated the relationship between information asymmetry and financial access, excluding ICT as a policy variable. In the current inquiry, we recognise the need to include those policy instruments which public and private registries could use to efficiently enhance the flow of information between banks and their customers. Therefore, within this policy framework, we employ ICT in terms of mobile phone and internet penetration rates. Theoretically speaking, these are the mechanisms by which the functioning of information sharing offices can be directly

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<sup>1</sup> Throughout the study, the term financial access is used interchangeably with 'loan quantity' and/or 'loan price'. Sections 2.2 and 2.3 link financial access to loan price and quantity while discussing how the role of information sharing offices are related to loan price and quantity. In these sections, we further substantiate the positioning of the current study by justifying how the banking industry collect and shares information with credit registries through the use of technological platforms like mobile phone and internet in order to improve or make adjustment to loan prices and quantity of loans.

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3 supervised by governments. This concept is consistent with recent literature on the relevance  
4 on ICT as a policy tool in promoting positive macroeconomic outcomes (Asongu *et al.*, 2017).  
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6 Our results broadly show that the integration of ICT with the role of public credit  
7 registries for collecting and sharing information on credit transactions significantly decrease  
8 the price of loans and increase the quantity of loans extended by banks. By contrast, the net  
9 effects from the interaction of ICT with the functions of private credit bureaus do not lead to a  
10 marked improvement in access to financial intermediation. Such substantiates our decision to  
11 clearly account for the distinction in the main goals and regulatory structures of public credit  
12 registries (PCRs) and private credit bureaus (PCBs) in our empirical modelling. Nevertheless,  
13 the corresponding marginal effects show that ICT can complement the functions of private  
14 credit bureaus to lower loan prices and raise loan quantity, but only after certain thresholds of  
15 ICT penetration rates are attained. We compute and discuss the feasibility of these ICT  
16 thresholds which are required to boost the efficiency of these technology platforms.  
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24 The findings contribute both to the scholarly and policy literature in two key ways.

25 *First*, by employing the ICT moderating proxies, our study complements a recent  
26 strand of African development literature which has exclusively articulated the relevance of  
27 information sharing offices in reducing information asymmetry, leading to better access to  
28 finance. Examples of these papers include: Triki and Gajigo (2014) and Asongu (2017) which  
29 were discussed in the prior paragraphs; Kusi *et al.* (2017) and Kusi and OpokuMensah  
30 (2018) confirmed that information sharing reduces bank credit risk and the cost of funding;  
31 Muaza and Alagidede (2017) concluded that, the rewards of financial access from collecting  
32 and the sharing of information on loan transactions is less apparent in French civil law  
33 countries, compared with their English common law counterparts<sup>2</sup>.  
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40 *Second*, on the policy front, the study employs policy ICT variables that can be  
41 leveraged to modulate the effect of the availability and design of information sharing offices  
42 on households' and firms' access to finance. To this end, by providing thresholds at which  
43 ICT can effectively complement the activities of information sharing offices to boost financial  
44 access, the study provides specific critical cut-off points which policymakers should target  
45 where the management of ICT diffusion rate is concerned. The confirmation of positive ICT  
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52 <sup>2</sup> Moreover, a recent bulk of African financial development literature has failed to recognise the relevance of  
53 information sharing offices in financial access (Fowowe, 2014; Daniel, 2017; Wale & Makina, 2017;  
54 Chikalipah, 2017; Osah & Kyobe, 2017; Bocher *et al.*, 2017; Oben & Sakyi, 2017; Chapoto & Aboagye, 2017;  
55 Ofori-Sasu *et al.*, 2017; Iyke & Odhiambo, 2017; Boadi *et al.*, 2017).  
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3 thresholds is consistent with a recent strand of economic development literature which  
4 characterizes the effectiveness of the inclusion of moderating policy variables in empirical  
5 modelling in the following terms: “no positive thresholds, no policy” (Asongu *et al.*, 2018a,  
6 p.1).  
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9 The rest of the paper is structured as follows. Section 2 outlines the stylized facts,  
10 background and theoretical underpinnings. Section 3 describes the data and methodology.  
11 Section 4 discusses the empirical results with related policy implications. Section 5 concludes  
12 and provides future research directions.  
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## 18 **2. Stylized facts, background and theoretical underpinnings**

### 19 **2.1 Stylized facts and background**

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21 Less than 20 percent of African households have access to formal financial services  
22 (IFAD, 2011). The stylized facts maintain that the main factors limiting formal financial  
23 access include: poor transport facilities, low population densities and limited communication  
24 infrastructure. According to the narrative, even in regions with comparatively higher rates of  
25 financial intermediation, some households and small corporations may still be faced with  
26 credit constraints allied with strict documentation and considerable collaterals. Moreover, in  
27 cases where the underlying lending conditions are fulfilled, financial access could still be  
28 limited by high costs (e.g. transaction fees) and substantial minimum saving requirements.  
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34 Credit reference offices are institutions that are designed to collect and share  
35 information on the financial records of borrowers (both individual and commercial) from  
36 many sources. These may include public bodies such as courts, government departments,  
37 utilities, retailers, banks and credit card providers (Tchamyou & Asongu, 2017a). Once the  
38 data is collected, it is cross-checked for accuracy and then consolidated into a comprehensive  
39 report for use by lenders to better understand the creditworthiness of their borrowers. The  
40 published data would normally encompass both positive and negative borrower credit  
41 histories. Examples of positive information include reports on the size of loans and repayment  
42 profiles of debtors while negative information is overwhelmingly dominated by default data  
43 and court judgements.  
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50 According to Mylenko (2008), prior to the year 2008, information sharing offices were  
51 solidly established for the most part in Asia, Latin America, European and North American  
52 countries. However, the global financial crisis and growing ICT, prompted the creation of  
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3 credit reference agencies across Africa. *Indeed*, before 2008, with the exception of South  
4 Africa, not many African countries had well-functioning credit reference bureaus, *either*  
5 private or public. What is more, the majority of institutions for collecting and disseminating  
6 credit information were publicly owned with a stated goal of supervising the banking sector  
7 rather than satisfying a market demand for reliable borrower information. Consequently, the  
8 price of loans in Africa remained high when compared with the other emerging and  
9 developing regions for two main reasons. *First*, the inability of credit registries to provide  
10 timely and accurate information on borrowers' credit history. *Second*, the limited use of new  
11 and innovative technologies by credit bureaus to disseminate credit information on borrowers  
12 and their lenders online. This latter point articulates the complementary role of ICT in  
13 facilitating the goal of information sharing agencies to reduce information asymmetry and  
14 consequently enhance access to finance for all economic operators.

## 23 **2.2 Information sharing and financial access: theoretical and empirical evidence**

### 24 *2.2.1. Theoretical underpinnings*

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27 The objective of this section is twofold. *First*, it links financial access to loan price and  
28 quantity. *Second*, it discusses how information sharing offices are related to loan price and  
29 quantity. From a logical standpoint, a reduction in loan price signifies greater access to credit,  
30 particularly for households and microenterprises which are generally financially underserved.  
31 These investors are now incentivised to borrow at the cheaper rate. Similarly, an increase in  
32 loan quantity reflects alleviation in the ability of banks to transform deposits into credit. Such  
33 should lead to an improvement in access to financial services for economic agents. Therefore,  
34 loan price and loan quantity have been used as proxies for financial access in recent literature  
35 on the effects of information sharing agencies on household and/or corporate access to finance  
36 (see for example, Asongu, 2017; Asongu *et al.*, 2018b).

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43 Two principal views exist in the literature on the theoretical connection between credit  
44 reference agencies and access to finance (Claus & Grimes, 2003). The *first* perspective is  
45 oriented towards bank liquidity provisions, whereas the *second* considers the capacity of  
46 financial institutions to *manage credit transactions and associated* risk characteristics. Both  
47 views however are founded on the *premise that the* main goal of financial institutions is to  
48 *boost* intermediation by *reducing the cost of* transforming mobilised deposits into credit. The  
49 theoretical foundations of the linkage between information sharing offices and improved  
50 financial intermediation are substantiated by the imperfect market information literature. The  
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principal role of information sharing registries in financial intermediation is to reduce the costs of information on credit transactions that are caused by information asymmetry between lenders and borrowers in the banking industry. By addressing this problem of asymmetric information, credit bureaus aim to lessen the financial constraints and raise competition, with concomitant improvement in the efficient allocation of capital.

In the light of the above, the relationship between financial access and information sharing offices faces two major problems: (i) adverse selection from lenders and (ii) moral hazard from borrowers. On the one hand, information sharing offices reduce adverse selection in banks by providing them with a comprehensive picture of the credit history of borrowers. Consolidated knowledge on information from borrowers reduces incremental interest rates that would have been levied by financial institutions in order to compensate for the risk of adverse selection. On the other, once loans have been granted to borrowers, they are liable of moral hazard — a behaviour that consists of concealing the nature and/or return on the activities to which the loan is granted with the ultimate aim of avoiding and/or limiting compliance with their repayment obligations. Consequently, a key role of credit bureaus is to inform borrowers on the perils of defaulting on their debts including those obtained from the informal sector. The informal financial sector is normally considered as a viable alternative to the formal banking sector by credit registries when compiling credit histories for borrowers. Information sharing offices can thus reduce a borrower's moral hazard by playing a role in the design and enforcement of policies aimed at encouraging market discipline. In summary: information sharing offices help (i) mitigate adverse selection ex-ante of lending and (ii) reduce moral hazard, ex-post of lending.

### 2.2.2 Empirical literature

While there is a bulk of literature on the effects of information sharing offices on financial access (Pagano & Jappelli, 1993; Padilla & Pagano, 2000; Karapetyan & Stacescu, 2014a, 2014b; Kusi *et al.*, 2017; Kusi & OpokuMensah, 2018; Muaza & Alagidede, 2017; Boateng *et al.*, 2018c; Asongu & Nwachukwu, 2018), two main strands are worthy of further explanation.

The first feature in the literature proposes that the free flow of information increases competition in the credit market, disciplines borrowers, reduces moral hazard and mitigates adverse selection. Accordingly, studies within this strand argue that the sharing of information between banks enables them to make quicker and more accurate decisions on the

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3 creditworthiness of their borrowers (Jappelli & Pagano, 2002, 2006; Padilla & Pagano, 1997,  
4 2000; Bennardo *et al.*, 2015). Some conclusions in the literature include positions that the  
5 sharing of information between banks: renders borrowers less likely to default on their debts  
6 (Klein, 1992); is related to more compliance on debt obligations from borrowers (Karapetyan  
7 & Stacescu, 2014a); reduces bank credit risks (Kusi et al., 2017); mitigates funding cost  
8 (Kusi & Opoku-Mensah, 2018) and is more beneficial for financial access in countries with  
9 English common tradition in relation to their counterparts with French civil law tradition  
10 (Muaza & Alagidede, 2017).  
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16 The second strand of the literature articulates the negative aspects of information  
17 sharing between banks. Dell’Ariccia and Marquez (2004) established that the systematic  
18 sharing of information is positively linked to banking crisis whereas Jappelli and Pagano  
19 (2006) propose that such information sharing has the tendency to increase risky lending  
20 and/or the extension of more funds to borrowers that may not eventually comply with their  
21 financial obligations towards banks. In summary, it is argued in this strand of the literature  
22 that increased sharing of information by credit registries motivates banks to look for other  
23 channels of improving their competitive positions. This may involve collecting strategic  
24 information that is not subsequently disclosed to information sharing offices  
25 (Vercammen, 1995; Petersen & Rajan, 1995; Hauswald & Marquez, 2003; Karapetyan &  
26 Stacescu, 2014a, 2014b). Irrespective of positions adopted by the two contending strands, by  
27 conception and definition, the mission of information sharing offices is facilitated by ICT.  
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### 36 **2.3 ICT, information sharing and financial access**

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38 While information sharing has been shown to impact on loan price and quantity  
39 provided by financial institutions (Triki & Gagigo, 2014; Asongu, 2017), the channel through  
40 which ICT interacts with offices involved in the sharing of information to affect loan price  
41 and quantity of loans has not been discussed in the literature. Hence, this section further  
42 substantiates the positioning of the study by justifying how the banking industry collects and  
43 shares information with credit registries through the use of technology platforms like mobile  
44 phones and internet in order to improve and/or make adjustments to loan prices and quantity  
45 of loans.  
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51 ICT is a policy instrument for improving the work of information sharing offices  
52 because it is logically connected with the goal of disseminating information and reducing  
53 information asymmetry between lenders and borrowers. Therefore, in order to collect and  
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3 share information with banks, credit bureaus are very likely to use ICT mechanisms.  
4 Moreover, according to Hellstrom (2008), ICT enables transparency through the free-flow of  
5 information by credit agencies online. For instance, Asongu *et al.* (2018c) recently reported  
6 that the sharing of information by means of ICT in the banking sector reduces market power  
7 for financial access because, ICT enables, *inter alia*: (i) the free flow of information and (ii)  
8 credit registries to distribute information more effectively. They further argued that ICT  
9 enables financial institutions to have up-to-date information, encourages the participation of  
10 customers in the lending process, reduces informational rents previously enjoyed by big banks  
11 and reduces the abuse of market power by large financial institutions.  
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17 To summarize, the use of ICT by information sharing offices has the potential to  
18 reduce information asymmetry between borrowers and lenders. *Firstly*, ex-ante of lending, the  
19 complementarity between ICT and information sharing offices reduces the risk of adverse  
20 selection faced by banks. Such enables them to have more timely and accurate information  
21 about borrowers' creditworthiness. *Secondly*, ex-post of lending, moral hazard might be  
22 considerably reduced because the diffusion of information enables credit registries to educate  
23 borrowers on the relevance of accountability and transparency. Such reduces the likelihood  
24 that borrowers will default on their debts once credit has been obtained. It is suggested that  
25 information sharing offices are most likely to use various ICT mechanisms to communicate  
26 with borrowers and their lenders in an effort to reduce moral hazard. *Third*, the sharing of  
27 information by means of ICT has the potential to reduce informational rents enjoyed by a few  
28 large sized financial institutions within the banking sector. Such increases financial sector  
29 competition and access to financial services including savings and loan extension (Asongu &  
30 Nwachukwu, 2017). This is essentially because ICT reduces the power of those institutions  
31 with privileged market information, decentralises information and reduces information  
32 monopoly (Snow, 2009). This perspective conforms to the literature on the relevance of ICT  
33 in management effectiveness (Boulianne, 2009; Diamond, 2010; Pierskalla & Hollenbach,  
34 2013; Grossman *et al.*, 2014; Weidmann & Shapiro, 2015; Manacorda & Tesei, 2016). It is  
35 reasonable to propose that such management effectiveness naturally extends to the banking  
36 industry.  
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### 3. Data and Methodology

#### 3.1 Data

We examine a panel of 162 banks in 42 African countries<sup>3</sup>, with data from the World Bank Development Indicators and Bankscope, for the period 2001-2011. The periodicity, choice of countries and number banks are constrained by data availability. For example, information on credit bureaus from the World Bank Development indicators is only available from 2001. In accordance with Coccorese and Pellicchia (2010), dependent variables for 'loan price' and 'loan quantity' are respectively the 'price charged on loans' and 'logarithms of loans'. These variables are used as proxies for financial access in line with the recent financial development literature (Asongu, 2017; Asongu *et al.* 2018b). We have already explained how loan price and quantity are associated with financial access in Section 2.2.1. These dependent variables are also persistent because of a high correlation between their contemporary and lagged values. Moreover, substantial differences between minimum and maximum values of the dependent variables are clearly apparent. As will be discussed in subsequent sections, the persistence and high range of the dependent variables provides justification for the use of Generalized Method of Moments and Quantile regressions as estimation strategies.

Consistent with Triki and Gajigo (2014), information sharing offices are measured with public credit registries (PCRs) and private credit bureaus (PCBs). Internet penetration and mobile phone penetration are used to measure ICT. Market-oriented features (*GDP per capita growth, inflation and population density*), bank-related characteristics (*Deposits/Assets and Bank branches*) and binary dummy variables for the unobserved heterogeneity are used as control indicators. The dummies include the following bank attributes: ownership (foreign versus vs. domestic), size (large vs. small) and 'compliance with Sharia finance' (Islamic vs. non-Islamic).

In line with economic theory, we expect the following signs with regard to *bank-oriented* features. We expect the 'deposit to asset ratio' should increase both the quantity and price of loans. This is because deposits are the principal source of bank financing. A higher proportion of deposits in liquid liabilities can increase loan quantity and/or interest rate charges, since good organisation is necessary for effective mobilisation of savings and its management. Intuitively, an increase in the number of bank branches should raise the loan quantity as well as the price of loans. This last is primarily due to the higher overhead costs.

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<sup>3</sup> The list of countries we are studying is available in Appendix 5.

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3 With regards to *market-related* features, the following signs are expected.  
4 **Theoretically speaking**, GDP per capita (which is included to account for business cycle  
5 fluctuations) is expected to influence the quantity of loans positively. Conversely, the  
6 anticipated sign for loan price is ambiguous because it is contingent on market dynamism and  
7 expansion. **For example**, if GDP per capita is decreasing over time, it can affect both loan  
8 **price and quantity negatively** as a result of **falling** demand. We anticipate negative signs  
9 because the population on average across Africa has been growing at a faster rate than GDP,  
10 leading to a **declining** GDP per capita for this period (Asongu, 2013a). Population density is  
11 anticipated to **raise** both the price and quantity of loans. This is because **a growing** demand  
12 for loans, owing to high density in population, increases loan price. Moreover, we **suggest that**  
13 **inflation is likely** to decrease the quantity of loans and increase the price of loans. This is  
14 essentially because investors prefer to invest in economic environments that are less  
15 ambiguous (see **Kelsey, & le Roux, 2017a, 2017b**). **Hence**, given that less investment **are**  
16 **observed** during **periods of** economic uncertainty (e.g. inflation), loan quantity is predicted to  
17 fall. By contrast, the price of loans is **predicted** to increase with inflation because the **nominal**  
18 interest rates **levied** on loans are usually adjusted for inflation.

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Establishing **the** anticipated signs for **the** dummy variables is difficult. For example  
both small and big banks (for bank size heterogeneity) can be associated with positive and  
negative effects resulting from loan dynamics, though big banks are comparatively more  
**efficient at managing and coordinating the several processes needed to improve access to**  
**financial services**. Furthermore, addressing the challenges that come with increasing bank  
size is also a cause of inefficiency, owing to **problems** encountered with resolving **the**  
**compliance of a growing customer base**. **Similarly**, the incidence of foreign versus domestic  
banks (ownership heterogeneity) and Islamic versus non-Islamic banks (compliance with  
Sharia finance) depends on a multitude of features, which include: market dynamism and  
expansion as well as staffs' organisational capabilities.

Appendix 1 summarizes the expected signs of the control variables and Appendix 2  
provides the definitions and sources of variables employed in the study. Appendix 3 and  
Appendix 4 present the summary statistics and correlation matrix **in that order**.

## 3.2 Methodology

### 3.2.1 Generalised methods of moments: specification, identification and exclusion restrictions

The GMM empirical approach is adopted by this inquiry for five principal reasons. While the first-two are basic requirements for using the estimation strategy, the last-three are advantages that are associated with the choice of the empirical approach (Tchamyou, 2018; Tchamyou *et al.*, 2018).

(1) The empirical approach takes into account persistence in loan quantity and price given that the criterion or rule of thumb to ascertain persistence in the two dependent variables is met. The correlation between loan price and loan quantity and their first lags are respectively 0.845 and 0.996, which are above the 0.800 rule of thumb.

(2) The  $N$  (or 162)  $>$   $T$  (or 11) criterion needed for a GMM technique is also met given that the number of time series in each cross section is lower than the number of cross sections.

(3) Endogeneity is accounted for in all regressors by the estimation technique because instrumental variables are employed for suspected endogenous regressors. Moreover, the use of time-invariant omitted variables also helps to control for endogeneity.

(4) Biases in the difference estimator are addressed with the system estimator.

(5) Cross-country variations are incorporated into the specifications.

As shown by Bond *et al.* (2001), the system GMM estimator used by Arellano and Bond (1995) and Blundell and Bond (1998) has better estimation properties than the difference estimator used in Arellano and Bond (1991). This inquiry adopts an extension by Roodman (2009ab) of Arellano and Bover (1995) which uses forward orthogonal deviations instead of first differences. The advantages of such a modified empirical strategy were documented by Baltagi (2008) and Love and Zicchino (2006) to include a restriction on over-identification or limitation on instrument proliferation. In the specification, a *two-step* approach is adopted because it controls for heteroscedasticity.

The following equations in levels (1) and first difference (2) summarize the estimation procedure for loan quantity.

$$LQ_{i,t} = \sigma_0 + \sigma_1 LQ_{i,t-\tau} + \sigma_2 ISO_{i,t} + \sigma_3 ICT_{i,t} + \sigma_4 Inter_{i,t} + \sum_{h=1}^5 \delta_h W_{h,i,t-\tau} + \eta_i + \xi_t + \varepsilon_{i,t} \quad (1)$$

$$LQ_{i,t} - LQ_{i,t-\tau} = \sigma_1 (LQ_{i,t-\tau} - LQ_{i,t-2\tau}) + \sigma_2 (ISO_{i,t} - ISO_{i,t-\tau}) + \sigma_3 (ICT_{i,t} - ICT_{i,t-\tau}) + \sigma_4 (Inter_{i,t} - Inter_{i,t-\tau}) + \sum_{h=1}^5 \delta_h (W_{h,i,t-\tau} - W_{h,i,t-2\tau}) + (\xi_t - \xi_{t-\tau}) + \varepsilon_{i,t-\tau} \quad (2)$$

where  $LQ_{i,t}$  is the loan quantity of bank  $i$  at period  $t$ ;  $ISO$  is an information sharing office (PCR (Private Credit Registries) or PCB (Public Credit Bureaus));  $\sigma_0$  is a constant;  $\tau$  is the degree of auto-regression;  $W$  is the vector of control variables (*GDP per capita growth, Inflation, Population density, Deposit/Assets and Bank Branches*),  $\eta_i$  is the country-specific effect,  $\xi_t$  is the time-specific constant and  $\varepsilon_{i,t}$  the error term. Dummy variables are not included in the GMM specifications because fixed effects are eliminated. Equations (1) and (2) are replicated when the dependent variable is loan price.

With regards to exclusion restrictions and identification, all explanatory variables are considered as potential endogenous or predetermined variables whereas only *years* are acknowledged to be strictly exogenous (this is consistent with Dewan & Ramaprasad, 2014; Asongu & Nwachukwu, 2016a; Tchamyou, 2018), essentially because it is not likely for *years* to become endogenous in first difference (see Roodman, 2009b). Therefore, the procedure for treating *ivstyle* (*years*) is ‘iv (*years*, eq(diff))’ whereas the *gmmstyle* is used for suspected endogeneous variables.

With the above background, the strictly exogenous instruments or *years* influence the outcome variables exclusively through the suspected endogenous or predetermined variables. Furthermore, the statistical validity of the exclusion restriction is assessed with the Difference in Hansen Test (DHT) for instrument exogeneity. Accordingly, the null hypothesis of this test should not be rejected for the instruments to elucidate loan quantity and loan price exclusively via the predetermined variables. Hence, whereas in the standard instrumental variable (IV) estimation technique, failure to reject the null hypothesis of the Sargan Overidentifying Restrictions (OIR) test is an indication that instruments do not elicit the outcome variable beyond the endogenous variables (see Beck *et al.*, 2003; Asongu & Nwachukwu, 2016b; Boateng *et al.*, 2018), in the GMM approach which employs forward orthogonal deviations, the information criterion employed to investigate if *years* exhibit strict exogeneity is the DHT. Therefore, in the findings that are reported in Section 4, the exclusion restriction assumption is validated if the alternative hypothesis of the DHT corresponding to IV (*year*, eq(diff)) is rejected.

### 3.2.2 Instrumental Quantile regressions

In order to account for existing levels of loan price and loan quantity, the current study employs the Quantile Regressions (QR) technique. This technique is consistent with the

literature on conditional determinants (see Keonker & Hallock, 2001; Billger & Goel, 2009; Okada & Samreth, 2012; Asongu, 2013b; Tchamyou & Asongu, 2017b). The approach consists of assessing the nexus between information sharing offices and the outcome variables throughout the conditional distributions of loan price and quantity, with particular emphasis on banks with low, intermediate and high levels of financial access.

The existing literature on information sharing has been oriented towards the conditional mean of financial access (see Asongu *et al.*, 2016b; Triki & Gajigo, 2014). While mean effects are relevant, the underlying literature is extended with an estimation approach that controls for existing levels of loan price and quantity. In addition, studies that use Ordinary Least Squares (OLS) to emphasise mean effects is based on the assumption that error terms are normally distributed. However, with QR, the hypothesis of normally distributed errors does not hold. In addition, the QR is robust to presence of outliers because parameters are estimated at various points in the conditional distribution of the dependent variable (Koenker & Bassett, 1978).

The concern about endogeneity is addressed by using an Instrumental Variable QR (IVQR) procedure. The instrumentation procedures for an information sharing office (e.g. private credit bureaus) and an ICT indicator (e.g. Internet penetration) are respectively in Eqs. (3) and (4) below.

$$PCB_{i,t} = \alpha + \delta_j(PCB_{i,t-1}) + \eta_i + \varepsilon_{i,t} , \quad (3)$$

where,  $PCB_{i,t}$ , is the private credit bureaus indicator of bank  $i$  at period  $t$ ,  $\alpha$  is a constant,  $PCB_{i,t-1}$ , represents private credit bureaus in bank  $i$  at period  $t-1$ ,  $\eta_i$  is the bank-specific effects and  $\varepsilon_{i,t}$  the error term.

$$Internet_{i,t} = \alpha + \delta_j(Internet_{i,t-1}) + \eta_i + \varepsilon_{i,t} , \quad (4)$$

where,  $Internet_{i,t}$ , is the internet penetration rate of bank  $i$  at period  $t$ ,  $\alpha$  is a constant,  $Internet_{i,t-1}$ , represents internet penetration rate in bank  $i$  at period  $t-1$ ,  $\eta_i$  is the bank-specific effects and  $\varepsilon_{i,t}$  the error term.

The procedure of instrumentation in Eq. (3) consists of regressing the information sharing offices on their first lags. The corresponding fitted values are then saved and later used as the independent variables of interest in Eq. (5). The specifications are Heteroscedasticity and Autocorrelation Consistent (HAC) in standard errors. The  $\theta^{\text{th}}$  quantile estimator of loan quantity and loan price is obtained by solving for the following optimization problem, which is disclosed without subscripts for simplicity in Eq. (5)



$$\min_{\beta \in R^k} \left[ \sum_{i \in \{i: y_i \geq x_i' \beta\}} \theta |y_i - x_i' \beta| + \sum_{i \in \{i: y_i < x_i' \beta\}} (1 - \theta) |y_i - x_i' \beta| \right], \quad (5)$$

where,  $\theta \in (0,1)$ .

As opposed to OLS that is fundamentally based on minimizing the sum of squared residuals, with QR, the weighted sum of absolute deviations are minimised. For example, the 10<sup>th</sup> decile or 25<sup>th</sup> quartile (with  $\theta=0.10$  or  $0.25$  respectively) are examined by approximately weighing the residuals. The conditional quantile of financial access or  $y_i$  given  $x_i$  is:

$$Q_y(\theta / x_i) = x_i' \beta_\theta, \quad (6)$$

where, unique slope parameters are modelled for each  $\theta^{\text{th}}$  specific quantile.

This formulation is analogous to  $E(y / x) = x_i' \beta$  in the OLS slope where parameters are investigated only at the mean of the conditional distribution of loan quantity and price.

For the model in Eq. (6), the dependent variable  $y_i$  is either loan quantity or loan price whereas  $x_i$  contains a constant term, *public credit registries, private credit bureaus, ICT, GDP per capita growth, Inflation, Population density, Deposit/Assets, Bank Branches, Small banks, Domestic banks and Islamic banks*.

## 4. Empirical results

### 4.1 Presentation of results

Table 1 and Table 2 present GMM results related to loan price and loan quantity respectively. Each table has eight specifications, consisting of four specifications pertaining respectively to public credit registries and private credit bureaus. Each of the set of four specifications has two sub-sets of specifications pertaining respectively to mobile phone and internet penetrations. Each of the ICT-related specification embodies two more sub-specifications reflecting a full sample and a partial sample.

The full sample is from 2001-2011 while the partial sample is from 2005-2011. Two main reasons motivate the choice of a partial sample. It enables the study to limit concerns about over-identification or instrument proliferation because T is reduced from 11 to 7. Moreover, the data on information sharing offices in most countries is only available from the year 2005.

We employ four principal information criteria to assess the validity of the GMM model with forward orthogonal deviations.<sup>4</sup> Based on the information criteria, the following findings can be confirmed. From the third specification in Table 1, we see that the net effect from the interaction between public credit registries and mobile phones is 0.00198 (i.e.,  $[-0.00003 \times 34.107] + 0.003$ ), when the mean value of mobile phone penetration is 34.107, the unconditional effect of public credit registries (PCRs) equals (0.003), while the corresponding conditional impact of PCRs is found to be (-0.00003). Consequently, we conclude that there is a negative marginal effect and a positive net effect, for the role of mobile phones in facilitating the essential characteristics of public credit registries for improving access to financial services where the management of loan prices are concerned.

In Table 2, we find that there is a positive net effect from the interaction between private credit bureaus and mobile phones (of 0.0006). We find that the significant control variables in Tables 1 and 2, have the expected signs as hypothesised in Section 3.1.

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<sup>4</sup> “First, the null hypothesis of the second-order Arellano and Bond autocorrelation test (AR(2)) in difference for the absence of autocorrelation in the residuals should not be rejected. Second the Sargan and Hansen over-identification restrictions (OIR) tests should not be significant because their null hypotheses are the positions that instruments are valid or not correlated with the error terms. In essence, while the Sargan OIR test is not robust but not weakened by instruments, the Hansen OIR is robust but weakened by instruments. In order to restrict identification or limit the proliferation of instruments, we have ensured that instruments are lower than the number of cross-sections in most specifications. Third, the Difference in Hansen Test (DHT) for exogeneity of instruments is also employed to assess the validity of results from the Hansen OIR test. Fourth, a Fischer test for the joint validity of estimated coefficients is also provided” (Asongu & De Moor, 2017, p.200).

**Table 1: Price Effects of Reducing Information Asymmetry (GMM)**

	Dependent variable: Price of Loans							
	Public Credit Registries (PCR)				Private Credit Bureaus (PCB)			
	Mobile Phones		Internet		Mobile Phones		Internet	
	Full Sample	Partial Sample	Full Sample	Partial Sample	Full Sample	Partial Sample	Full Sample	Partial Sample
Constant	-0.006 (0.576)	0.143 (0.149)	-0.001 (0.848)	<b>-0.094*</b> (0.068)	0.0008 (0.927)	<b>0.164***</b> (0.000)	<b>-0.016*</b> (0.058)	0.021 (0.614)
Price of Loans (-1)	<b>0.686***</b> (0.000)	<b>0.803***</b> (0.000)	<b>0.640***</b> (0.000)	<b>0.781***</b> (0.000)	<b>0.653***</b> (0.000)	<b>0.838***</b> (0.000)	<b>0.690***</b> (0.000)	<b>0.853***</b> (0.000)
Mobile Phones	0.00002 (0.706)	<b>0.0001**</b> (0.048)	---	---	0.00003 (0.663)	-0.00008 (0.343)	---	---
Internet	---	---	0.0001 (0.373)	-0.0002 (0.283)	---	---	<b>0.0008***</b> (0.000)	0.0001 (0.313)
PCR	<b>-0.002**</b> (0.010)	<b>0.003***</b> (0.002)	<b>-0.001**</b> (0.022)	-0.0003 (0.503)	---	---	---	---
PCB	---	---	---	---	<b>0.0005***</b> (0.000)	0.00003 (0.851)	<b>0.0002***</b> (0.006)	0.00005 (0.510)
PCR × Mobile Phones	<b>0.00001**</b> (0.024)	<b>-0.00003***</b> (0.001)	---	---	---	---	---	---
PCB × Mobile Phones	---	---	---	---	<b>-0.000005***</b> (0.000)	0.0000006 (0.730)	---	---
PCR × Internet	---	---	<b>0.00002*</b> (0.087)	0.000002 (0.878)	---	---	---	---
PCB × Internet	---	---	---	---	---	---	<b>0.00001***</b> (0.009)	-0.00001 (0.799)
GDPpcg	<b>0.0007**</b> (0.032)	-0.0003 (0.478)	<b>0.0007*</b> (0.055)	-0.0001 (0.804)	0.0003 (0.275)	0.0001 (0.730)	-0.0001 (0.657)	-0.0003 (0.331)
Inflation	<b>0.0006***</b> (0.000)	<b>0.001***</b> (0.000)	<b>0.0008***</b> (0.000)	<b>0.001***</b> (0.000)	<b>0.0005***</b> (0.002)	0.0004 (0.130)	<b>0.0008***</b> (0.000)	<b>0.0008***</b> (0.001)
Pop. density	<b>0.00002**</b> (0.041)	0.00001 (0.148)	0.00001 (0.100)	0.00001 (0.400)	<b>0.00004***</b> (0.002)	0.00001 (0.333)	<b>0.00004***</b> (0.001)	0.0000007 (0.430)
Deposit/Assets	<b>0.038***</b> (0.001)	<b>0.025***</b> (0.004)	<b>0.035***</b> (0.000)	<b>0.050**</b> (0.029)	<b>0.046***</b> (0.000)	0.014 (0.427)	<b>0.045***</b> (0.000)	<b>0.035**</b> (0.036)
Bank Branches	-0.00002 (0.923)	<b>-0.0007**</b> (0.010)	-0.0003 (0.347)	0.0001 (0.573)	<b>-0.0007***</b> (0.002)	-0.0002 (0.371)	<b>-0.001***</b> (0.000)	-0.0004 (0.168)
Net effect of the Mobile	nsa	0.0019	---	---	nsa	na	---	---
Net effect of the Internet	---	---	nsa	na	---	---	nsa	na
AR(1)	(0.000)	(0.088)	(0.000)	<b>(0.296)</b>	(0.000)	(0.002)	(0.000)	(0.221)
AR(2)	<b>(0.811)</b>	<b>(0.189)</b>	<b>(0.803)</b>	<b>(0.433)</b>	<b>(0.850)</b>	<b>(0.693)</b>	<b>(0.847)</b>	<b>(0.355)</b>
Sargan OIR	(0.001)	<b>(0.671)</b>	<b>(0.238)</b>	<b>(0.918)</b>	(0.000)	<b>(0.407)</b>	(0.000)	<b>(0.205)</b>
Hansen OIR	(0.006)	<b>(0.309)</b>	(0.072)	<b>(0.541)</b>	(0.003)	(0.057)	(0.041)	(0.069)
DHT for instruments								
(a) Instruments in levels								
H excluding group	(0.003)	(0.090)	(0.038)	<b>(0.767)</b>	(0.010)	<b>(0.296)</b>	(0.020)	<b>(0.958)</b>
Dif(null, H=exogenous)	<b>(0.159)</b>	<b>(0.647)</b>	<b>(0.295)</b>	<b>(0.345)</b>	(0.032)	(0.053)	<b>(0.253)</b>	(0.012)
(b) IV (years, eq(diff))								
H excluding group	(0.072)	<b>(0.181)</b>	<b>(0.148)</b>	<b>(0.501)</b>	(0.085)	(0.012)	(0.033)	(0.038)
Dif(null, H=exogenous)	(0.008)	<b>(0.734)</b>	<b>(0.110)</b>	<b>(0.506)</b>	(0.002)	<b>(0.954)</b>	<b>(0.325)</b>	<b>(0.540)</b>
Fisher	<b>70.20***</b>	<b>105.40***</b>	<b>71.88***</b>	<b>61.99***</b>	<b>48.89***</b>	<b>109.18***</b>	<b>41.94***</b>	<b>83.38***</b>
Instruments	42	41	42	41	42	40	42	40
Banks	144	112	144	111	144	109	144	108
Observations	698	140	679	139	690	138	671	137

\*, \*\*, \*\*\*: significance levels of 10%, 5% and 1% respectively. DHT: Difference in Hansen Test for Exogeneity of Instruments' Subsets. Dif: Difference. OIR: Over-identifying Restrictions Test. The significance of bold values is twofold. 1) The significance of estimated coefficients, Hausman test and the Fisher statistics. 2) The failure to reject the null hypotheses of: a) no autocorrelation in the AR(1) and AR(2) tests and; b) the validity of the instruments in the Sargan OIR test. na: not applicable due to the insignificance of marginal effects. nsa: not specifically applicable because the information criteria does not valid the model.

**Table 2: Quantity Effects of Reducing Information Asymmetry (GMM)**

	Dependent variable: Quantity of Loans							
	Public Credit Registries (PCR)				Private Credit Bureaus (PCB)			
	Mobile Phones		Internet		Mobile Phones		Internet	
	Full Sample	Partial Sample	Full Sample	Partial Sample	Full Sample	Partial Sample	Full Sample	Partial Sample
Constant	<b>0.306***</b> (0.000)	0.089 (0.575)	<b>0.118**</b> (0.042)	-0.255 (0.125)	<b>0.264***</b> (0.000)	0.004 (0.954)	<b>0.210***</b> (0.000)	0.150 (0.117)
Quantity of Loans (-1)	<b>0.934***</b> (0.000)	<b>1.009***</b> (0.000)	<b>0.962***</b> (0.000)	<b>0.995***</b> (0.000)	<b>0.935***</b> (0.000)	<b>0.997***</b> (0.000)	<b>0.951***</b> (0.000)	<b>0.994***</b> (0.000)
Mobile Phones	<b>-0.002***</b> (0.000)	-0.0006 (0.108)	---	---	<b>-0.002***</b> (0.000)	0.00004 (0.899)	---	---
Internet	---	---	<b>-0.002**</b> (0.026)	0.001 (0.186)	---	---	<b>-0.003**</b> (0.012)	0.001 (0.166)
PCR	0.004 (0.474)	-0.002 (0.782)	0.003 (0.207)	<b>0.005*</b> (0.054)	---	---	---	---
PCB	---	---	---	---	0.0004 (0.632)	<b>0.001**</b> (0.026)	-0.0003 (0.548)	0.0005 (0.213)
PCR×Mobile Phones	-0.00004 (0.481)	0.00002 (0.736)	---	---	0.000004 (0.544)	---	---	---
PCB×Mobile Phones	---	---	---	---	---	<b>-0.00001**</b> (0.017)	---	---
PCR×Internet	---	---	-0.0001 (0.107)	-0.0001 (0.124)	---	---	---	---
PCB×Internet	---	---	---	---	---	---	0.00001 (0.515)	<b>-0.00006**</b> (0.044)
GDPpcg	<b>0.004**</b> (0.026)	<b>0.007***</b> (0.003)	<b>0.004**</b> (0.022)	<b>0.006***</b> (0.003)	<b>0.005***</b> (0.001)	0.003 (0.185)	<b>0.042**</b> (0.015)	<b>0.005***</b> (0.000)
Inflation	0.0003 (0.708)	<b>-0.001*</b> (0.058)	0.001 (0.226)	0.00003 (0.970)	<b>0.001**</b> (0.026)	0.0006 (0.546)	<b>0.001*</b> (0.089)	-0.0003 (0.637)
Pop. density	<b>-0.0002**</b> (0.013)	0.00002 (0.826)	-0.00002 (0.678)	-0.00005 (0.468)	<b>-0.0001**</b> (0.016)	0.00001 (0.719)	-0.00006 (0.304)	-0.00003 (0.447)
Deposit/Assets	0.023 (0.803)	0.039 (0.713)	0.124 (0.157)	<b>0.177**</b> (0.042)	0.059 (0.471)	0.136 (0.178)	0.090 (0.223)	0.119 (0.102)
Bank Branches	<b>0.005**</b> (0.012)	-0.002 (0.251)	0.001 (0.294)	<b>-0.005***</b> (0.000)	<b>0.003*</b> (0.073)	<b>-0.002**</b> (0.060)	0.001 (0.666)	<b>-0.004***</b> (0.006)
Net effect of the Mobile	na	na	---	---	na	0.0006	---	---
Net effect of the Internet	---	---	na	na	---	---	na	na
AR(1)	(0.000)	<b>(0.533)</b>	(0.000)	<b>(0.919)</b>	(0.000)	<b>(0.187)</b>	(0.000)	<b>(0.877)</b>
AR(2)	<b>(0.754)</b>	<b>(0.894)</b>	<b>(0.694)</b>	<b>(0.951)</b>	<b>(0.734)</b>	<b>(0.806)</b>	<b>(0.737)</b>	<b>(0.247)</b>
Sargan OIR	(0.000)	(0.065)	(0.000)	(0.007)	(0.003)	(0.007)	(0.000)	(0.015)
Hansen OIR	(0.038)	<b>(0.434)</b>	(0.001)	<b>(0.627)</b>	(0.041)	<b>(0.288)</b>	(0.017)	<b>(0.637)</b>
DHT for instruments								
(a) Instruments in levels								
H excluding group	<b>(0.611)</b>	<b>(0.302)</b>	<b>(0.742)</b>	<b>(0.262)</b>	<b>(0.286)</b>	<b>(0.514)</b>	<b>(0.433)</b>	<b>(0.481)</b>
Dif(null, H=exogenous)	(0.013)	<b>(0.523)</b>	(0.000)	<b>(0.793)</b>	(0.036)	<b>(0.220)</b>	(0.008)	<b>(0.630)</b>
(b) IV (years, eq(dif))								
H excluding group	(0.038)	<b>(0.525)</b>	(0.005)	<b>(0.609)</b>	(0.023)	<b>(0.337)</b>	(0.018)	<b>(0.657)</b>
Dif(null, H=exogenous)	<b>(0.258)</b>	<b>(0.233)</b>	(0.055)	<b>(0.489)</b>	<b>(0.455)</b>	<b>(0.238)</b>	<b>(0.217)</b>	<b>(0.412)</b>
Fisher	<b>761.21***</b>	<b>1665.19***</b>	<b>1553.32***</b>	<b>3038.86***</b>	<b>896.39***</b>	<b>3991.86***</b>	<b>885.73***</b>	<b>2475.98***</b>
Instruments	42	39	42	41	42	37	42	39
Banks	145	115	145	113	145	112	145	110
Observations	735	145	713	143	728	144	706	142

\*, \*\*, \*\*\*: significance levels of 10%, 5% and 1% respectively. DHT: Difference in Hansen Test for Exogeneity of Instruments' Subsets. Dif: Difference. OIR: Over-identifying Restrictions Test. The significance of bold values is twofold. 1) The significance of estimated coefficients, Hausman test and the Fisher statistics. 2) The failure to reject the null hypotheses of: a) no autocorrelation in the AR(1) and AR(2) tests and; b) the validity of the instruments in the Sargan OIR test. na: not applicable due to the insignificance of marginal effects.

Tables 3-6 present IVQR related findings. In particular, Tables 3-4 are related to the relationships between ICT and public credit registries while Tables 5-6 focus on the

connections between ICT and private credit bureaus. For each information sharing office, one table concentrates on loan price (Table 3 and Table 5) while the other is on loan quantity (Table 4 and Table 6).

See Tables 1-2, for the findings in terms of marginal and net effects; for the purpose of the computation of net effects, mean values are based on instrumented ICT values, notably: 37.019 is the instrumented mean value of mobile phone penetration whereas 7.809 is the instrumented mean value of internet penetration. For all tables: (i) the consistent differences in estimated coefficients in OLS versus quantiles (with respect to sign, significance and magnitude of significance) justify the relevance of the QR empirical strategy and (ii) 'mobile phone'-related regressions are disclosed on the left-hand-side whereas internet-oriented estimations are presented on the right-hand-side.

The following findings are observed from Table 3 on price effects of public credit registries with ICT: The net effect from the interaction between public credit registries and mobile phones is negative for the bottom quantiles; while the net effect from the interaction between public credit registries and internet is positive from the 25<sup>th</sup> to the 75<sup>th</sup> quantiles. In Table 4 on loan effects from public credit registries with ICT, the net effect from the interaction between public credit registries and the mobile phone is positive in the 25<sup>th</sup> quartile whereas the net effect from the interaction between public credit registries and the internet is positive only in the 25<sup>th</sup> and 50<sup>th</sup> quartiles.

In Table 5, private credit bureaus with the internet have a positive net effect on loan prices in the 75<sup>th</sup> quartile. In Table 6, private credit bureaus with the internet (mobile phone) have a negative net effect on loan quantity in the 50<sup>th</sup> quartile (from the 10<sup>th</sup> decile to the 75<sup>th</sup> quartile). The corresponding positive marginal effects from the interaction with mobile phones is an indication that positive net effect from mobile phones can be reached if certain thresholds of mobile phones are attained. Most of the significant control variables have the expected signs.

Table 3: Price Effects of Public Credit Registries with ICT (IVQR)

	Dependent variable: Price of Loans											
	Mobile Phones						Internet					
	OLS	Q.10	Q.25	Q.50	Q.75	Q.90	OLS	Q.10	Q.25	Q.50	Q.75	Q.90
Constant	<b>-0.084***</b> (0.000)	<b>0.071***</b> (0.000)	<b>0.065***</b> (0.000)	<b>0.073***</b> (0.000)	<b>0.095***</b> (0.000)	<b>0.098***</b> (0.000)	<b>0.083***</b> (0.000)	<b>0.045***</b> (0.001)	<b>0.065***</b> (0.000)	<b>0.084***</b> (0.000)	<b>0.097***</b> (0.000)	<b>0.094***</b> (0.000)
Mobile Phones(IV)	<b>-0.0001*</b> (0.091)	<b>-0.0004***</b> (0.000)	<b>-0.0001**</b> (0.018)	-0.00004 (0.590)	-0.00008 (0.354)	-0.00006 (0.603)	---	---	---	---	---	---
Internet (IV)	---	---	---	---	---	---	<b>-0.0007***</b> (0.008)	-0.0005 (0.174)	<b>-0.0004*</b> (0.084)	<b>-0.0006**</b> (0.025)	<b>-0.001***</b> (0.000)	<b>-0.001**</b> (0.019)
PCR (IV)	<b>-0.002***</b> (0.008)	<b>-0.004***</b> (0.004)	<b>-0.003***</b> (0.000)	<b>-0.002*</b> (0.083)	-0.001 (0.295)	-0.002 (0.293)	<b>-0.003***</b> (0.000)	<b>-0.002***</b> (0.009)	<b>-0.003***</b> (0.000)	<b>-0.003***</b> (0.000)	<b>-0.004***</b> (0.000)	-0.002 (0.180)
PCR(IV) × Mobile Phones(IV)	0.00001 (0.241)	<b>0.00002*</b> (0.082)	<b>0.00002***</b> (0.006)	0.000009 (0.475)	0.000002 (0.868)	0.000004 (0.835)	---	---	---	---	---	---
PCR(IV) × Internet(IV)	---	---	---	---	---	---	<b>0.00005**</b> (0.026)	0.00002 (0.483)	<b>0.00005**</b> (0.016)	<b>0.00006**</b> (0.025)	<b>0.00007**</b> (0.031)	0.00003 (0.583)
GDPpcg	<b>-0.0008**</b> (0.046)	-0.0009 (0.105)	-0.00001 (0.975)	-0.0005 (0.247)	-0.0006 (0.233)	<b>-0.001**</b> (0.046)	-0.0006 (0.114)	0.0001 (0.869)	-0.00002 (0.956)	-0.0004 (0.303)	<b>-0.001**</b> (0.011)	-0.0009 (0.153)
Inflation	<b>0.001***</b> (0.000)	0.0001 (0.837)	<b>0.001***</b> (0.000)	<b>0.001***</b> (0.000)	<b>0.002***</b> (0.000)	<b>0.003***</b> (0.000)	<b>0.001***</b> (0.000)	0.0005 (0.423)	<b>0.001***</b> (0.000)	<b>0.002***</b> (0.000)	<b>0.002***</b> (0.000)	<b>0.003***</b> (0.000)
Pop. density	<b>0.00006***</b> (0.001)	0.00004 (0.185)	<b>0.00006***</b> (0.000)	<b>0.00008***</b> (0.000)	<b>0.00006***</b> (0.001)	<b>0.00006***</b> (0.007)	<b>0.00007***</b> (0.000)	0.00007 (0.130)	<b>0.00007***</b> (0.000)	<b>0.00009***</b> (0.000)	<b>0.0001***</b> (0.000)	<b>0.00006***</b> (0.002)
Deposit/Assets	<b>0.017**</b> (0.019)	0.007 (0.503)	<b>0.017***</b> (0.004)	<b>0.020**</b> (0.012)	<b>0.017*</b> (0.050)	<b>0.036***</b> (0.008)	<b>0.015**</b> (0.033)	0.007 (0.569)	<b>0.015**</b> (0.035)	0.006 (0.407)	<b>0.021***</b> (0.005)	<b>0.042***</b> (0.001)
Bank Branches	-0.0005 (0.120)	<b>0.001**</b> (0.022)	<b>-0.0007**</b> (0.017)	<b>-0.001***</b> (0.008)	<b>-0.0009**</b> (0.032)	-0.0001 (0.734)	-0.00005 (0.914)	0.001 (0.158)	-0.0006 (0.142)	-0.0003 (0.459)	<b>0.0009*</b> (0.096)	0.0003 (0.740)
Small Banks	<b>0.008**</b> (0.027)	<b>0.012**</b> (0.043)	<b>0.011***</b> (0.001)	0.001 (0.717)	0.002 (0.605)	0.008 (0.233)	<b>0.007*</b> (0.072)	<b>0.015**</b> (0.046)	<b>0.008*</b> (0.058)	0.003 (0.537)	0.003 (0.506)	0.009 (0.173)
Domestic Banks	0.001 (0.560)	<b>-0.010**</b> (0.026)	-0.002 (0.362)	<b>0.007**</b> (0.041)	<b>0.008**</b> (0.046)	0.001 (0.852)	0.001 (0.700)	<b>-0.014**</b> (0.022)	-0.001 (0.759)	0.005 (0.118)	0.004 (0.192)	0.002 (0.635)
Islamic Banks	<b>-0.017***</b> (0.009)	<b>-0.003</b> (0.791)	<b>-0.016**</b> (0.016)	<b>-0.015*</b> (0.093)	-0.014 (0.175)	-0.013 (0.347)	<b>-0.012*</b> (0.091)	0.009 (0.570)	-0.013 (0.160)	-0.012 (0.248)	0.004 (0.661)	0.001 (0.946)
Net effect of the Mobile	na	-0.0032	-0.0022	na	na	na	---	---	---	---	---	---
Net effect of the Internet	---	---	---	---	---	---	-0.0026	na	-0.0026	-0.0025	-0.0034	na
Pseudo R <sup>2</sup> /R <sup>2</sup>	0.216	0.116	0.150	0.158	0.149	0.136	0.222	0.093	0.151	0.169	0.173	0.142
Fisher	<b>21.67***</b>						<b>22.71***</b>					
Observations	728	728	728	728	728	728	700	700	700	700	700	700

\*\*\* \*\* \*: significance levels of 1%, 5% and 10% respectively. IV: Instrumented Variable. OLS: Ordinary Least Squares. R<sup>2</sup> (Pseudo R<sup>2</sup>) for OLS (Quantile Regressions). Lower quantiles (e.g., Q 0.1) signify nations where Market Power is least. na: not applicable due to the insignificance of marginal effects.

Table 4: Quantity Effects of Public Credit Registries with ICT (IVQR)

	Dependent variable: Quantity of Loans											
	Mobile Phones						Internet					
	OLS	Q.10	Q.25	Q.50	Q.75	Q.90	OLS	Q.10	Q.25	Q.50	Q.75	Q.90
Constant	3.806*** (0.000)	2.762*** (0.000)	2.982*** (0.000)	3.361*** (0.000)	4.596*** (0.000)	4.943*** (0.000)	3.920*** (0.000)	2.752*** (0.000)	2.970*** (0.000)	3.495*** (0.000)	4.492*** (0.000)	5.400*** (0.000)
Mobile Phones(IV)	0.003* (0.088)	0.004** (0.012)	0.003 (0.337)	0.003 (0.288)	0.006** (0.011)	0.005*** (0.002)	---	---	---	---	---	---
Internet (IV)	---	---	---	---	---	---	0.039*** (0.000)	0.020*** (0.0006)	0.030** (0.022)	0.063*** (0.000)	0.035*** (0.000)	0.021*** (0.001)
PCR (IV)	0.066** (0.016)	0.104*** (0.001)	0.064 (0.300)	0.080 (0.222)	-0.016 (0.719)	-0.049 (0.229)	0.075*** (0.000)	0.088*** (0.000)	0.081* (0.052)	0.101** (0.016)	0.012 (0.637)	-0.005 (0.734)
PCR(IV)×Mobile Phones(IV)	-0.0005** (0.045)	-0.0008*** (0.006)	-0.0003 (0.615)	-0.0006 (0.302)	0.00009 (0.836)	0.0004 (0.220)	---	---	---	---	---	---
PCR(IV) ×Internet(IV)	---	---	---	---	---	---	-0.002*** (0.003)	-0.002*** (0.000)	-0.002 (0.125)	-0.002** (0.033)	-0.0001 (0.821)	0.0002 (0.606)
GDPpeg	-0.014 (0.221)	0.020** (0.048)	-0.019 (0.317)	-0.031 (0.191)	0.002 (0.856)	-0.014 (0.129)	-0.018 (0.118)	0.020** (0.032)	-0.031* (0.083)	-0.031 (0.174)	-0.008 (0.574)	-0.027 (0.027)
Inflation	-0.024*** (0.000)	-0.004 (0.329)	-0.010 (0.329)	-0.031** (0.025)	-0.025*** (0.005)	-0.002 (0.637)	-0.022*** (0.001)	-0.008 (0.160)	-0.010 (0.344)	-0.028* (0.058)	-0.022*** (0.006)	-0.007 (0.309)
Pop. density	-0.001*** (0.002)	-0.0007** (0.013)	-0.001** (0.024)	-0.0007 (0.386)	-0.001* (0.050)	-0.001** (0.018)	-0.001*** (0.000)	-0.002*** (0.000)	-0.002*** (0.000)	-0.0009 (0.263)	-0.001*** (0.001)	-0.0009* (0.065)
Deposit/Assets	1.867*** (0.000)	1.057*** (0.000)	2.034*** (0.000)	2.544*** (0.000)	1.306*** (0.000)	1.279*** (0.000)	1.741*** (0.000)	1.217*** (0.000)	2.063*** (0.000)	2.432*** (0.000)	1.173*** (0.000)	1.018*** (0.000)
Bank Branches	-0.063*** (0.000)	-0.043*** (0.000)	-0.055*** (0.000)	-0.072*** (0.000)	-0.052*** (0.000)	-0.052*** (0.000)	-0.100*** (0.000)	-0.056*** (0.000)	-0.075*** (0.000)	-0.140*** (0.000)	-0.095*** (0.000)	-0.078*** (0.000)
Small Banks	-0.775*** (0.000)	-1.190*** (0.000)	-1.268*** (0.000)	-0.715*** (0.001)	-0.326** (0.028)	-0.250** (0.012)	-0.820*** (0.000)	-1.010*** (0.000)	-1.171*** (0.000)	-0.872*** (0.000)	-0.457*** (0.001)	-0.418*** (0.001)
Domestic Banks	0.401*** (0.000)	0.078 (0.378)	0.408** (0.010)	0.460** (0.010)	0.440*** (0.000)	0.436*** (0.000)	0.451*** (0.000)	0.117 (0.253)	0.447*** (0.005)	0.523*** (0.005)	0.606*** (0.000)	0.600*** (0.000)
Islamic Banks	-0.587*** (0.000)	0.322** (0.031)	-0.085 (0.822)	-0.287 (0.481)	-1.193*** (0.000)	-1.340*** (0.000)	-0.546*** (0.007)	0.081 (0.726)	0.104 (0.815)	-0.357 (0.487)	-0.982*** (0.003)	-1.205*** (0.000)
Net effect of the Mobile	0.0474	0.0743	na	na	na	na	---	---	---	---	---	---
Net effect of the Internet	---	---	---	---	---	---	0.0593	0.0723	na	0.0853	na	na
Pseudo R <sup>2</sup> /R <sup>2</sup>	0.198	0.085	0.115	0.152	0.111	0.126	0.206	0.089	0.125	0.150	0.111	0.117
Fisher	31.37***						27.13***					
Observations	751	751	751	751	751	751	719	719	719	719	719	719

\*\*\* \*\* \*: significance levels of 1%, 5% and 10% respectively. IV: Instrumented Variable. OLS: Ordinary Least Squares. R<sup>2</sup> (Pseudo R<sup>2</sup>) for OLS (Quantile Regressions). Lower quantiles (e.g., Q 0.1) signify nations where Market Power is least. na: not applicable due to the insignificance of marginal effects.

Table 5: Price Effects of Private Credit Bureaus with ICT (IVQR)

	Dependent variable: Price of Loans											
	Mobile Phones						Internet					
	OLS	Q.10	Q.25	Q.50	Q.75	Q.90	OLS	Q.10	Q.25	Q.50	Q.75	Q.90
Constant	<b>0.080***</b> (0.000)	<b>0.067***</b> (0.000)	<b>0.077***</b> (0.000)	<b>0.077***</b> (0.000)	<b>0.084***</b> (0.000)	<b>0.093***</b> (0.000)	<b>0.078***</b> (0.000)	<b>0.061***</b> (0.000)	<b>0.057***</b> (0.000)	<b>0.069***</b> (0.000)	<b>0.084***</b> (0.000)	<b>0.091***</b> (0.000)
Mobile Phones(IV)	<b>-0.0002***</b> (0.000)	<b>-0.0003***</b> (0.000)	<b>-0.0005***</b> (0.000)	<b>-0.0003***</b> (0.000)	<b>-0.0002**</b> (0.042)	-0.0001 (0.355)	---	---	---	---	---	---
Internet (IV)	---	---	---	---	---	---	0.0003 (0.247)	-0.0003 (0.329)	0.0006 (0.127)	<b>0.0005**</b> (0.035)	0.00006 (0.865)	0.00001 (0.976)
PCB (IV)	<b>0.0008***</b> (0.007)	0.0002 (0.540)	0.0001 (0.678)	<b>0.0006**</b> (0.017)	<b>0.0006*</b> (0.081)	<b>0.001***</b> (0.003)	<b>0.0009***</b> (0.000)	<b>0.0007***</b> (0.000)	<b>0.0003***</b> (0.002)	<b>0.0006***</b> (0.000)	<b>0.0006**</b> (0.010)	<b>0.0009***</b> (0.006)
PCB(IV)×Mobile Phones(IV)	-0.000001 (0.684)	0.000006 (0.142)	<b>0.0000007*</b> (0.094)	-0.0000004 (0.894)	-0.000001 (0.670)	-0.000005 (0.209)	---	---	---	---	---	---
PCB(IV)×Internet(IV)	---	---	---	---	---	---	<b>-0.00003***</b> (0.000)	-0.000004 (0.700)	-0.00003 (0.186)	-0.00002 (0.174)	<b>-0.00004*</b> (0.071)	-0.00004 (0.120)
GDPpcg	<b>-0.0009**</b> (0.038)	<b>-0.001**</b> (0.012)	-0.0007 (0.284)	<b>-0.001**</b> (0.024)	0.0004 (0.405)	0.0006 (0.316)	-0.0004 (0.316)	0.00005 (0.936)	0.0001 (0.851)	-0.0002 (0.535)	0.0001 (0.734)	0.0005 (0.264)
Inflation	<b>0.001***</b> (0.000)	0.0002 (0.620)	<b>0.001***</b> (0.000)	<b>0.002***</b> (0.000)	<b>0.002***</b> (0.000)	<b>0.003***</b> (0.000)	<b>0.002***</b> (0.000)	0.0005 (0.283)	<b>0.001***</b> (0.000)	<b>0.002***</b> (0.000)	<b>0.002***</b> (0.000)	<b>0.002***</b> (0.000)
Pop. density	<b>0.00004***</b> (0.000)	0.00003 (0.103)	0.00003 (0.189)	<b>0.00004***</b> (0.004)	<b>0.00005***</b> (0.001)	<b>0.00007***</b> (0.000)	<b>0.00005***</b> (0.000)	<b>0.00005**</b> (0.015)	<b>0.00004**</b> (0.048)	<b>0.00005***</b> (0.000)	<b>0.00006***</b> (0.000)	<b>0.00007***</b> (0.000)
Deposit/Assets	<b>0.022***</b> (0.001)	0.008 (0.347)	0.014 (0.209)	<b>0.024***</b> (0.001)	<b>0.026***</b> (0.005)	<b>0.038***</b> (0.000)	<b>0.020***</b> (0.004)	-0.001 (0.872)	0.017 (0.148)	<b>0.016**</b> (0.017)	<b>0.021**</b> (0.020)	<b>0.042***</b> (0.000)
Bank Branches	<b>-0.001***</b> (0.000)	<b>-0.001***</b> (0.000)	-0.0004 (0.308)	<b>-0.0009***</b> (0.008)	<b>-0.001**</b> (0.029)	<b>-0.001***</b> (0.002)	<b>-0.002***</b> (0.000)	<b>-0.002***</b> (0.000)	<b>-0.002***</b> (0.000)	<b>-0.003***</b> (0.000)	<b>-0.001***</b> (0.004)	<b>-0.002**</b> (0.018)
Small Banks	<b>0.009**</b> (0.012)	<b>0.012**</b> (0.025)	0.006 (0.318)	0.002 (0.512)	0.004 (0.462)	0.010 (0.114)	0.005 (0.198)	0.008 (0.149)	0.002 (0.750)	0.001 (0.633)	0.005 (0.288)	0.007 (0.337)
Domestic Banks	-0.001 (0.736)	-0.005 (0.261)	-0.003 (0.552)	0.0035 (0.325)	0.003 (0.408)	-0.0003 (0.947)	-0.001 (0.699)	<b>-0.012***</b> (0.009)	-0.002 (0.609)	0.003 (0.237)	0.003 (0.506)	0.0006 (0.913)
Islamic Banks	<b>-0.021*</b> (0.058)	-0.001 (0.880)	-0.012 (0.305)	<b>-0.014*</b> (0.093)	-0.005 (0.603)	-0.013 (0.243)	-0.008 (0.139)	0.015 (0.216)	-0.003 (0.826)	-0.010 (0.260)	-0.012 (0.321)	-0.015 (0.306)
Net effect of the Mobile	na	na	na	na	na	na	---	---	---	---	---	---
Net effect of the Internet	---	---	---	---	---	---	0.0006	na	na	na	0.0002	na
Pseudo R <sup>2</sup> /R <sup>2</sup>	0.245	0.155	0.181	0.171	0.156	0.140	0.232	0.136	0.160	0.167	0.155	0.135
Fisher	<b>23.83***</b>						<b>21.73***</b>					
Observations	729	729	729	729	729	729	701	701	701	701	701	701

\*\*\* \*\* \*: significance levels of 1%, 5% and 10% respectively. IV: Instrumented Variable. OLS: Ordinary Least Squares. R<sup>2</sup> (Pseudo R<sup>2</sup>) for OLS (Quantile Regressions). Lower quantiles (e.g., Q 0.1) signify nations where Market Power is least. na: not applicable due to the insignificance of marginal effects.



**Table 6: Quantity Effects of Private Credit Bureaus with ICT (IVQR)**

	Dependent variable: Quantity of Loans											
	Mobile Phones						Internet					
	OLS	Q.10	Q.25	Q.50	Q.75	Q.90	OLS	Q.10	Q.25	Q.50	Q.75	Q.90
Constant	<b>3.829***</b> (0.000)	<b>2.386***</b> (0.000)	<b>3.271***</b> (0.000)	<b>3.345***</b> (0.000)	<b>4.624***</b> (0.000)	<b>4.862***</b> (0.000)	<b>3.787***</b> (0.000)	<b>2.277***</b> (0.000)	<b>2.888***</b> (0.000)	<b>3.489***</b> (0.000)	<b>4.771***</b> (0.000)	<b>5.156***</b> (0.000)
Mobile Phones(IV)	0.002 (0.354)	<b>0.003**</b> (0.030)	-0.001 (0.745)	<b>0.007***</b> (0.003)	<b>0.004*</b> (0.088)	<b>0.005***</b> (0.000)	---	---	---	---	---	---
Internet (IV)	---	---	---	---	---	---	<b>0.047***</b> (0.000)	<b>0.018**</b> (0.048)	<b>0.051***</b> (0.001)	<b>0.047***</b> (0.000)	<b>0.049***</b> (0.000)	<b>0.029***</b> (0.002)
PCB (IV)	<b>-0.024***</b> (0.006)	<b>-0.008*</b> (0.096)	<b>-0.027**</b> (0.018)	<b>-0.029***</b> (0.001)	<b>-0.056***</b> (0.000)	-0.008 (0.150)	-0.006 (0.303)	-0.0009 (0.856)	-0.0002 (0.984)	<b>-0.017**</b> (0.029)	0.0006 (0.879)	0.005 (0.197)
PCB(IV)×Mobile Phones(IV)	<b>0.0002***</b> (0.008)	<b>0.0001**</b> (0.036)	<b>0.0003**</b> (0.011)	<b>0.0002**</b> (0.039)	<b>0.0006***</b> (0.000)	0.00009 (0.140)	---	---	---	---	---	---
PCB(IV) × Internet(IV)	---	---	---	---	---	---	<b>0.001*</b> (0.061)	0.0005 (0.253)	0.0002 (0.759)	<b>0.001**</b> (0.018)	<b>0.0005*</b> (0.078)	0.000004 (0.987)
GDPpcg	-0.004 (0.172)	<b>0.014*</b> (0.087)	-0.013 (0.431)	-0.008 (0.565)	0.001 (0.940)	<b>-0.013*</b> (0.061)	-0.0002 (0.983)	0.008 (0.349)	<b>-0.038*</b> (0.051)	-0.015 (0.386)	0.008 (0.468)	<b>-0.018*</b> (0.096)
Inflation	<b>-0.022***</b> (0.001)	<b>-0.010**</b> (0.010)	-0.011 (0.228)	<b>-0.029***</b> (0.000)	<b>-0.022***</b> (0.003)	-0.001 (0.761)	<b>-0.015**</b> (0.022)	<b>-0.009*</b> (0.095)	-0.017 (0.104)	<b>-0.020*</b> (0.068)	<b>-0.017***</b> (0.005)	0.005 (0.392)
Pop. density	<b>-0.0009***</b> (0.002)	<b>-0.0002*</b> (0.096)	-0.002 (0.583)	<b>-0.0009**</b> (0.039)	<b>-0.001***</b> (0.005)	<b>-0.0007**</b> (0.028)	<b>-0.0008***</b> (0.009)	<b>-0.0007***</b> (0.001)	-0.00002 (0.964)	-0.0005 (0.370)	<b>-0.001***</b> (0.005)	<b>-0.0009**</b> (0.048)
Deposit/Assets	<b>1.883***</b> (0.000)	<b>0.949***</b> (0.000)	<b>1.160***</b> (0.000)	<b>2.525***</b> (0.000)	<b>1.482***</b> (0.000)	<b>1.327***</b> (0.000)	<b>1.789***</b> (0.000)	<b>1.157***</b> (0.000)	<b>2.240***</b> (0.000)	<b>2.314***</b> (0.000)	<b>1.266***</b> (0.000)	<b>1.162***</b> (0.000)
Bank Branches	<b>-0.050***</b> (0.000)	<b>-0.010*</b> (0.073)	<b>-0.026**</b> (0.049)	<b>-0.063***</b> (0.000)	<b>-0.059***</b> (0.000)	<b>-0.056***</b> (0.000)	<b>-0.106***</b> (0.000)	<b>-0.022**</b> (0.023)	<b>-0.098***</b> (0.000)	<b>-0.111***</b> (0.000)	<b>-0.115***</b> (0.000)	<b>-0.082***</b> (0.000)
Small Banks	<b>-0.830***</b> (0.000)	<b>-0.824***</b> (0.000)	<b>-1.318***</b> (0.000)	<b>-0.819***</b> (0.000)	<b>-0.400***</b> (0.004)	<b>-0.216**</b> (0.019)	<b>-0.920***</b> (0.000)	<b>-0.689***</b> (0.000)	<b>-1.388***</b> (0.000)	<b>-0.759***</b> (0.000)	<b>-0.656***</b> (0.000)	<b>-0.508***</b> (0.000)
Domestic Banks	<b>0.392***</b> (0.000)	0.085 (0.239)	<b>0.407***</b> (0.004)	<b>0.517***</b> (0.000)	<b>0.465***</b> (0.000)	<b>0.404***</b> (0.000)	<b>0.415***</b> (0.000)	0.035 (0.698)	<b>0.524***</b> (0.002)	<b>0.485***</b> (0.001)	<b>0.622***</b> (0.000)	<b>0.556***</b> (0.000)
Islamic Banks	<b>-0.544***</b> (0.000)	<b>0.434***</b> (0.005)	0.085 (0.796)	-0.388 (0.121)	<b>-1.172***</b> (0.000)	<b>-1.294***</b> (0.000)	-0.350 (0.127)	<b>0.389*</b> (0.079)	-0.060 (0.900)	-0.043 (0.913)	<b>-0.659**</b> (0.013)	<b>-0.940***</b> (0.000)
Net effect of the Mobile	-0.0165	-0.0042	-0.0158	-0.0215	-0.0337	na	---	---	---	---	---	---
Net effect of the Internet	---	---	---	---	---	---	na	na	na	-0.0091	na	na
Pseudo R <sup>2</sup> /R <sup>2</sup>	0.204	0.085	0.113	0.160	0.124	0.131	0.226	0.083	0.122	0.164	0.132	0.137
Fisher	<b>34.85***</b>						<b>30.37***</b>					
Observations	754	754	754	754	754	754	722	722	722	722	722	722

\*\*\*, \*\*, \*: significance levels of 1%, 5% and 10% respectively. IV: Instrumented Variable. OLS: Ordinary Least Squares. R<sup>2</sup> (Pseudo R<sup>2</sup>) for OLS (Quantile Regressions). Lower quantiles (e.g., Q 0.1) signify nations where Market Power is least. na: not applicable due to the insignificance of marginal effects.

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3 It is important to note that the presentation of the findings has been limited to net  
4 effects because with interactive regressions, interpreting individual effects can be misleading.  
5 This is essentially because the issue of multicollinearity between interactive variables is  
6 overlooked in the specifications (Brambor *et al.*, 2006). In the presence of multicollinearity,  
7 variables with a high degree of substitution have opposite signs in the regression output (Beck  
8 *et al.*, 2003). Therefore, focusing on net effects (i.e. the sum of unconditional and conditional  
9 effects) for policy implications is essential for a comprehensive assessment of the relevance of  
10 the policy variable in moderating the effect of the independent variable of interest on the  
11 outcome variable (Brambor *et al.*, 2006). Moreover, the analysis is not exclusively limited to  
12 net effects because where, marginal effects are consistent with theoretical expectations,  
13 thresholds at which the policy variable effectively modulates the independent variable of  
14 interest to achieve the desired effect on the outcome variable are computed. These findings  
15 are discussed in Section 4.2 with regards to the role that ICT policy reforms could play in  
16 modifying the key functions of credit registries which are relevant for increasing access to  
17 credit.  
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#### 29 **4.2 Further discussion of results and policy implications**

30 This section reconciles the findings of the present inquiry with existing literature.  
31 Additionally, it explores the policy implications of our findings in terms of how unexpected  
32 results can be leveraged for enhanced financial access for both households and firms. From  
33 the several regression outcomes it is obvious that the relationship between ICT and public  
34 credit registries (PCRs) leads to greater access to finance compared with the nexus between  
35 ICT and private credit bureaus (PCBs). Our results are not directly comparable with the  
36 previous studies reviewed in the introductory section which have directly examined the  
37 effects of information sharing offices (i.e., PCRs and PCBs) on financial access. Our  
38 assessment of the nexus between information sharing offices and access to credit is not direct  
39 because the relationship is contingent on the role of ICT. Nonetheless, we take a minimalist  
40 approach by assuming that ICT also indirectly influenced those characteristics of information  
41 sharing offices which are essential for promoting financial access.  
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50 From a broad perspective, the findings are not consistent with Singh *et al.* (2009) who  
51 reported that African nations which have information sharing offices enjoy comparatively  
52 higher degrees of financial access. The results are supported by Galindo and Miller (2001)  
53 who found that nations with better developed credit registries are associated with less  
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3 financial constraints, **relative** to countries with less developed information sharing offices.  
4 This narrative is consistent with the **present** study because from our sample, public credit  
5 registries are more developed compared **with** private credit bureaus. The **suggestion** is  
6 supported by **evidence in** Appendix 5 which shows that public credit registries **are more**  
7 **widespread than** private credit bureaus in many **African** countries.  
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11 Conversely, our findings do not align with Love and Mylenko (2003) who **concluded**  
12 that private credit bureaus are associated with more financial access when compared with  
13 public credit registries. **Besides, our results are not supported** with Triki and Gajigo (2014)  
14 who **reported** that countries with private credit bureaus enjoy higher levels of financial access  
15 relative to countries with public credit registries or neither institution.  
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19 It is also important to explore how the unexpected findings from private credit bureaus  
20 can be leveraged to enhance financial access. Accordingly, we have seen from the Quantile  
21 Regressions findings that private credit bureaus increase (decrease) loan price (quantity).  
22 Fortunately, corresponding marginal effects are negative (positive). This implies that at  
23 certain thresholds of ICT, the unconditional positive (negative) effect from private credit  
24 bureaus on loan prices (quantity) can be changed to negative (positive). **Thus**, the price effect  
25 of private credit bureaus with internet penetration in the 75<sup>th</sup> quartile of Table 5 can become  
26 negative if internet penetration reaches a threshold of 15 (0.0006/0.00004). This internet  
27 threshold makes economic sense because it is within the range (minimum to maximum) of  
28 internet penetration provided by the summary statistics (0.037 to 51.000).  
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32 Table 6 **shows that** the positive marginal effects from the interaction between mobile  
33 phones and private credit bureaus can convert the unconditional negative effects of private  
34 credit bureaus on the quantity of loans into overall positive effects on the quantity of loans.  
35 Hence, mobile phone penetration thresholds of 80 (0.008/0.0001), 90 (0.027/0.0003), 145  
36 (0.029/0.0002), 93.33(0.056/0.0006) are needed respectively in the 10<sup>th</sup> decile, 25<sup>th</sup>, 50<sup>th</sup> and  
37 75<sup>th</sup> quartiles to convert the unconditional negative effects into overall positive effects. **These**  
38 thresholds also make economic sense because they are within the range of mobile phone  
39 penetration disclosed by the summary statistics (0.000 to 147.202).  
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43 **In the light of the above, the significant net negative effects may be taken as evidence**  
44 **that the penetration of ICT in Africa is a necessary but not a sufficient condition in the**  
45 **modulation of the role of information sharing offices in promoting financial access. This may**  
46 **be due to the low penetration of ICT or the ineffectiveness of ICT in providing timely and up-**  
47 **to-date credit information that are required by information sharing offices. The poor**  
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3 infrastructure associated with ICT such as electricity outage and poor connection networks  
4 may also hamper the effectiveness of ICT in complementing information sharing offices to  
5 reduce information asymmetry in the banking industry in order to enhance financial access.  
6 As a policy implication both the quantity and quality of ICT need to be improved. In term of  
7 loan quantity, in order to increase ICT penetration, governments of our sample of African  
8 countries should design and implement policies that promote universal access and low  
9 pricing. On the quality perspective, information sharing offices need to be endowed with  
10 modern ICT infrastructure as well as information systems that enable the accurate, timely and  
11 effective collection and distribution of information on borrowers' characteristics between  
12 banks.  
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## 20 21 **5. Conclusion and future research directions**

22 This study has investigated loan price and quantity effects of information sharing  
23 offices with ICT in a panel of 162 banks consisting of 42 African countries for the period  
24 2001-2011. The empirical evidence is based on Generalised Method of Moments and  
25 Instrumental Quantile Regressions. *The following trends are uncovered.*  
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28 *First*, the findings broadly show that the use of ICT to complement the functions of  
29 public credit registries would significantly decrease the price of loans and increase the  
30 quantity of loans. *By contrast*, the net effects from the interaction of ICT with private credit  
31 bureaus do not lead to a noticeable improvement in financial access. *Nevertheless*, the  
32 corresponding marginal effects show that ICT can complement the role of private credit  
33 bureaus to raise loan quantity and lower loan prices when certain thresholds of ICT usage are  
34 attained. These thresholds were computed and discussed for banks with low, intermediate and  
35 high levels of finance access.  
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41 *Second*, the statistically significant negative net effects demonstrate that ICT remains a  
42 necessary but not a sufficient complementary mechanism with which information sharing  
43 offices can reduce information asymmetry in the banking industry in order to promote  
44 financial access. This could also imply that the current policy to raise the ICT penetration rate  
45 in the regions has been unsuccessful both in terms of quantity and quality. Therefore, the  
46 feasibility of the estimated negative net effects should not be judged within the framework of  
47 publication bias or the file drawer concern in social sciences (Rosenberg, 2005; Franco *et al.*,  
48 2014). There authors remarked that whereas strong and expected results are more likely to  
49 be accepted and published in scientific journals, weak, null and unexpected findings such as  
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3 the negative net effects reported in this study are readily discarded or consigned to the file  
4 drawer in social sciences. As a main policy implication, ICT needs to be improved for the  
5 sampled countries of the study both in terms of quantity and quality. With regards to quantity,  
6 governments of African countries need to design and implement policies that promote  
7 universal access to and low pricing of ICT. From a quality perspective, credit agencies need to  
8 be equipped with modern ICT infrastructure as well as information systems that enable the  
9 accurate, timely and effective collection and sharing of information between them and their  
10 clients, including banks, individual households and corporations.  
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16 Future studies can improve extant literature by assessing if the established linkages  
17 could withstand further scrutiny when investigated within comparative economic frameworks,  
18 notably, in terms of bank: ownership (foreign vs. domestic), size (large vs. small) and  
19 ‘*compliance with Sharia finance*’ (Islamic vs. non-Islamic).  
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## Appendices

### Appendix 1: Summary of expected signs

	Variables	Expected sign on loan price	Expected sign on loan quantity
Bank-oriented features	Deposit/Asset ratio	+	+
	Bank Branches	-	+
Market-related characteristics	GDP per capita growth	Uncertain	+
	Population density	+	+
	Inflation	+	-
Characteristics of the unobserved heterogeneity	Small versus(vs). Big banks	Uncertain	Uncertain
	domestic vs. foreign banks	Uncertain	Uncertain
	Islamic vs. non-Islamic banks	Uncertain	Uncertain

### Appendix 2: Definitions of Variables

Variables	Signs	Definitions of Variables	Sources
Mobile Phones	Mobile	Mobile phone subscriptions (per 100 people)	WDI (World Bank)
Internet Penetration	Internet	Internet penetration (per 100 people)	WDI (World Bank)
Loan Quantity	Quantity	Logarithm of Loans Quantity	BankScope
Price (charged on Loans or Quantity)	Price	(Gross Interest and Dividend income +Total Non-Interest Operating Income)/Total Assets	BankScope
Public credit registries	PCR	Public credit registry coverage (% of adults)	WDI (World Bank)
Private credit bureaus	PCB	Private credit bureaus coverage (% of adults)	WDI (World Bank)
GDP per capita	GDP	GDP per capita growth (annual %)	WDI (World Bank)
Inflation	Infl.	Consumer Price Index (annual %)	WDI (World Bank)
Populaton density	Pop.	People per square kilometers of land area	WDI (World Bank)
Deposits/Assets	D/A	Deposits on Total Assets	BankScope
Bank Branches	Bbrchs	Number of Bank Branches (Commercial bank branches per 100 000 adults)	BankScope
Small Banks	Ssize	Ratio of Bank Assets to Total Assets (Assets in all Banks for a given period) $\leq 0.50$	Authors' calculation and BankScope
Large Banks	Lsize	Ratio of Bank Assets to Total Assets (Assets in all Banks for a given period) $>0.50$	Authors' calculation and BankScope
Domestic/Foreign banks	Dom/Foreign	Domestic/Foreign banks based on qualitative information: creation date, headquarters, government/private ownership, % of foreign ownership, year of foreign/domestic ownership...etc	Authors' qualitative content analysis.
Islamic/Non-Islamic	Islam/NonIsl.	Islamic/Non-Islamic banks based on financial statement characteristics (trading in derivatives and interest on loan payments...etc)	Authors' qualitative content analysis; Beck et al. (2010); Ali (2012).

WDI: World Development Indicators. GDP: Gross Domestic Product. The following are dummy variables: Ssize, Lsize, Dom/Foreign and Islam/NonIsl.

**Appendix 3: Summary Statistics**

		Mean	S.D	Minimum	Maximum	Observations
ICT	Mobile	34.107	32.409	0.000	147.202	1776
	Internet	7.268	8.738	0.037	51.000	1757
Dependent variables	Price of Loans	0.338	0.929	0.000	25.931	1045
	Quantity of Loans (ln)	3.747	1.342	-0.045	6.438	1091
Information sharing	Public credit registries	2.056	6.206	0.000	49.800	1240
	Private credit bureaus	7.496	18.232	0.000	64.800	1235
Market variables	GDP per capita growth	13.912	96.707	-15.306	926.61	1782
	Inflation	10.239	22.695	-9.823	325.00	1749
	Population density	81.098	106.06	2.085	633.52	1782
Bank level variables	Deposits/Assets	0.664	0.198	0.000	1.154	1052
	Bank Branches	6.112	6.158	0.383	37.209	1129
	Small Size	0.195	0.396	0.000	1.000	1255
	Large Size	0.804	0.396	0.000	1.000	1255
Dummy variables	Domestic	0.753	0.431	0.000	1.000	1782
	Foreign	0.246	0.431	0.000	1.000	1782
	Islamic	0.037	0.188	0.000	1.000	1782
	Non-Islamic	0.962	0.188	0.000	1.000	1782

Ln: Logarithm. GDP: Gross Domestic Product. S.D: Standard Deviation. GDP: Gross Domestic Product.

**Appendix 4: Correlation Matrix (Uniform sample size : 684)**

Market-Level Controls			Bank-Level Controls				Dummy-Controls				ICT		Info. Sharing				
GDP	Infl.	Pop.	D/A	Bbrchs	Price	Quantity	Ssize	Lsize	Dom.	Foreign	Islam	NonIsl.	Mobile	Internet	PCR	PCB	
1.000	0.136	0.007	-0.008	-0.068	-0.014	-0.026	-0.0002	0.0002	0.034	-0.034	0.0001	-0.0001	-0.261	-0.122	0.019	-0.163	GDP
	1.000	-0.028	0.037	-0.236	0.256	-0.009	0.046	-0.046	0.028	-0.028	-0.050	0.050	-0.315	-0.238	-0.205	-0.178	Inf.
		1.000	0.112	0.410	-0.029	-0.125	-0.098	0.098	-0.045	0.045	-0.088	0.088	0.056	0.335	0.546	-0.233	Pop.
			1.000	-0.041	0.080	0.306	-0.041	0.041	-0.062	0.062	-0.210	0.210	-0.087	-0.036	-0.038	-0.083	D/A
				1.000	-0.266	-0.227	-0.078	0.078	0.135	-0.135	-0.051	0.051	0.610	0.747	0.602	0.139	Bbrchs
					1.000	-0.075	0.094	-0.094	0.016	-0.016	-0.097	0.097	-0.206	-0.219	-0.342	0.094	Price
						1.000	-0.171	0.171	0.052	-0.052	-0.067	0.067	-0.096	-0.118	-0.096	0.007	Quantity
							1.000	-1.000	0.026	-0.026	-0.020	0.020	0.146	0.089	-0.084	0.080	Ssize
								1.000	-0.026	0.026	0.020	-0.020	-0.146	-0.089	0.084	-0.080	Lsize
									1.000	-1.000	0.089	-0.089	0.151	0.039	0.010	0.187	Dom.
										1.000	-0.089	0.089	-0.151	0.039	-0.010	-0.187	Foreign
											1.000	-1.000	-0.045	-0.039	-0.014	-0.071	Islam
												1.000	0.045	-0.032	0.014	0.071	NonIsl.
													1.000	0.634	0.304	0.519	Mobile
														1.000	0.513	-0.010	Internet
															1.000	-0.151	PCR
																1000	PCB

Info: Information. PCB: Private Credit Bureaus. PCR: Public credit registries. GDP: GDP per capita growth. Infl: Inflation. Pop: Population growth. D/A: Deposit on Total Assets. Bbrchs: Bank branches. Ssize: Small banks. Lsize: Large banks. Domestic: Domestic banks. Foreign: Foreign banks. Islam: Islamic banks. NonIsl: Non-Islamic banks. Price: Price of Loans. Quantity: Quantity of Loans. ICT: Information and Communication Technology. Mobile: mobile phone penetration. Internet: internet penetration.  
5% critical value (two-tailed) = 0.0750 for n = 684.



**Appendix 5: Country-specific average values from information sharing offices**

	Public Credit Registries	Private Credit Bureaus
1) Algeria	0.216	0.000
2) Angola	2.412	0.000
3) Benin	8.037	0.000
4) Botswana	0.000	48.150
5) Burkina Faso	1.750	0.000
6) Burundi	0.212	0.000
7) Cameroon	2.312	0.000
8) Cape Verde	17.042	0.000
9) Central African Republic	1.412	0.000
10) Chad	0.400	0.000
11) Comoros	0.000	0.000
12) Congo Democratic Republic	0.000	0.000
13) Congo Republic	3.400	0.000
14) Côte d'Ivoire	2.487	0.000
15) Djibouti	0.200	0.000
16) Egypt	2.062	5.271
17) Equatorial Guinea	2.566	0.000
18) Eritrea	0.000	0.000
19) Ethiopia	0.087	0.000
20) Gabon	12.716	0.000
21) The Gambia	0.000	0.000
22) Ghana	0.000	1.700
23) Guinea	0.000	0.000
24) Guinea-Bissau	1.000	0.000
25) Kenya	0.000	1.750
26) Lesotho	0.000	0.000
27) Liberia	0.280	0.000
28) Libya	na	na
29) Madagascar	0.162	0.000
30) Malawi	0.000	0.000
31) Mali	2.812	0.000
32) Mauritania	0.187	0.000
33) Mauritius	27.866	0.000
34) Morocco	1.200	4.812
35) Mozambique	1.637	0.000
36) Namibia	0.000	50.362
37) Niger	0.825	0.000
38) Nigeria	0.025	0.000
39) Rwanda	0.425	0.275
40) Sao Tome & Principe	0.000	0.000
41) Senegal	3.787	0.000
42) Seychelles	0.000	0.000
43) Sierra Leone	0.000	0.000
44) Somalia	na	na
45) South Africa	0.000	57.312
46) Sudan	0.000	0.000
47) Swaziland	0.000	40.216
48) Tanzania	0.000	0.000
49) Togo	2.550	0.000
50) Tunisia	15.975	0.000
51) Uganda	0.000	0.512
52) Zambia	0.000	0.975
53) Zimbabwe	0.000	0.000

na: not applicable because of missing observations.

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3 **Reducing Information Asymmetry with ICT: A critical review of loan price and**  
4 **quantity effects in Africa**  
5

6 18-Apr-2018  
7

8 Dear .....,  
9

10  
11 Manuscript ID IJMF-01-2018-0027 entitled "Reducing Information Asymmetry with ICT: A  
12 critical review of loan price and quantity effects in Africa" which you submitted to the  
13 International Journal of Managerial Finance, has been reviewed. The comments of the  
14 reviewer(s) are included at the bottom of this letter.  
15  
16

17 The reviewer(s) have recommended publication, but also suggest some revisions to your  
18 manuscript. Therefore, I invite you to respond to the reviewer(s)' comments and revise your  
19 manuscript.  
20  
21

22 To revise your manuscript, log into <https://mc.manuscriptcentral.com/ijmf> and enter your  
23 Author Centre, where you will find your manuscript title listed under "Manuscripts with  
24 Decisions." Under "Actions," click on "Create a Revision." Your manuscript number has  
25 been appended to denote a revision.  
26  
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28 You will be unable to make your revisions on the originally submitted version of the  
29 manuscript. Instead, revise your manuscript using a word processing program and save it on  
30 your computer. Please also highlight the changes to your manuscript within the document by  
31 using the track changes mode in MS Word or by using bold or coloured text. Once the revised  
32 manuscript is prepared, you can upload it and submit it through your Author Centre.  
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36 When submitting your revised manuscript, you will be able to respond to the comments made  
37 by the reviewer(s) in the space provided. You can use this space to document any changes  
38 you make to the original manuscript. In order to expedite the processing of the revised  
39 manuscript, please be as specific as possible in your response to the reviewer(s).  
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43 manuscript. Please delete any redundant files before completing the submission.  
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47 International Journal of Managerial Finance, your revised manuscript should be uploaded as  
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49 of time, we may have to consider your paper as a new submission.  
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6 guarantee publication.  
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8  
9 Once again, thank you for submitting your manuscript to the International Journal of  
10 Managerial Finance and I look forward to receiving your revision.  
11

12 Yours sincerely,

13 Prof. Alfred Yawson

14 Editor, International Journal of Managerial Finance

15 [alfred.yawson@adelaide.edu.au](mailto:alfred.yawson@adelaide.edu.au)

16 **Response(s)**

17 -Thank you for the opportunity to revise and resubmit this manuscript.  
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19  
20

21 Reviewer(s)' Comments to Author:  
22

23  
24 Reviewer: 1  
25

26 Recommendation: Major Revision  
27

28  
29 Comments:

30 Title: Reducing Information Asymmetry with ICT: A critical review of loan price and  
31 quantity effects in Africa  
32

33  
34 1. Introduction: Theoretical Foundation and General Information

35 The study investigates loan price and quantity effects of information sharing offices with ICT  
36 in Africa.

37 Author(s) demonstrate(s) good knowledge and understanding of the relevant literature in the  
38 field. Motivation of the study has been justified. Discussions on theories are appropriate.  
39

40 **Response(s)**

41 -Thank you for the opportunity to revise and resubmit this manuscript.  
42  
43

44 However, several significant work has been ignored. The author did not focus on concepts of  
45 loan price and loan quantity especially in the introduction section. I suggest issues on  
46 financial access should be linked to loan price, loan quantity and how information sharing  
47 offices relate to loan price and loan quantity.  
48

49 **Response(s)**

50 -Section 2.2 has been expanded to incorporate this comment (Please see page 6, page 7 and  
51 page 8).  
52

53 -A corresponding highlight has been provided in the introduction (Please see Footnote 1 on  
54 page 3).  
55  
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Information sharing has been found to impact the price of loan and the quantity of loans provided by financial institutions, however, the channel (ICT) by which information sharing is used to affect loan price and quantity of loans – has not been discussed in the literature. Thus, authors must justify by establishing the literature on how the banking industry share information with the institutions (credit registries) through the use of infrastructure (like mobile phone and internet) to improve or make adjustment to loan prices and quantity of loans.

Response(s)

-Section 2.3 has been added to incorporate this comment (Please see page 8 and page 9).

-A corresponding highlight has been provided in the introduction (Please see Footnote 1 on page 5)

Author should review the works by Stiglitz and Weiss (1981) and many other related studies (Kusi et al, 2016, 2017) to improve on the introduction section. Author should provide extant empirical literature on the key issues relevant to the study

Response(s)

-The introduction has been improved with a summary of the key findings and the contribution of key findings in the light of extant literature. The suggested studies have been engaged accordingly (Please see page 4).

## 2. Design and Relevance of the Methodology used

The methodology used is described in some detail and appropriately applied to the relevant research objective. The choice of models employed was justified and it's robust to the study. However, description, definition and measurement of dependent variables were missing in the methodology.

Response(s)

-More information has been provided on the dependent variables in the first paragraph of Section 3.1 (Please see page 9).

## 3. Major findings from the study

Results are well presented clearly, analysed appropriately and reasonably explained. However, a better and more robust discussion of the empirical results obtained would be helpful. Moreover, some empirical results are missing in the tables. For instance, Information sharing office variables alone is likely to affect loan prices and loan quantity; ICT variables (mobile and internet penetration) alone also can affect loan prices and loan quantity; interaction of ICT variables and information sharing office variables in the presence of ICT variables and/or information sharing office variables – can affect loan price and loan quantity. I suggest that author presents results that capture these components to compare the net effects of the all models. This provides better and more rigorous empirical findings.

Response(s)

-We have limited the findings to net effects because with interactive regressions, interpreting individual effects can be misleading. This is essentially because the issue of multicollinearity between interactive variables is overlooked in the specifications (Brambor *et al.*, 2006). In the presence of multicollinearity, variables with a high degree of substitution have opposite signs

in the regression output (Beck *et al.*, 2003). Hence, focusing on net effects (i.e. the sum of unconditional and conditional effects) for policy implications is essential for a comprehensive assessment of the relevance of the policy variable in modulating the effect of the independent variable of interest on the outcome variable (Brambor *et al.*, 2006). Moreover, the analysis is not exclusively limited to net effects because when marginal effects are consistent with theoretical expectations, thresholds at which the policy variable effectively modulates the independent variable of interest to have the desired effect on the outcome variable are computed as it is the case in Section 4.2 (Please see page 24). The computation of these thresholds is also recommended by Brambor *et al.* (2006). This clarification has been provided towards the end of Section 4.1 in order to enhance readability (Please see page 23 ).

Implications of key findings are not discussed.

Response(s)

-More implications of the key findings have been discussed in Section 4.2 (Please see page 23 to 25).

4. Clarity, Justification of conclusions and recommendations

Conclusions are largely appropriate, but author should provide appropriate policy implication to justify key elements of the paper

Response(s)

-This comment has been incorporated in the concluding section (Please see pages 25 and 26).

Additional Questions:

**1. Originality:** Does the paper contain new and significant information adequate to justify publication?: Yes, in my opinion the paper contains new and significant information that is relevant and adequate to justify publication. However, some clarifications need to be done.

Response(s)

-Thank you. Please see responses above.

**2. Relationship to Literature:** Does the paper demonstrate an adequate understanding of the relevant literature in the field and cite an appropriate range of literature sources? Is any significant work ignored?: Author(s) demonstrate(s) good knowledge and understanding of the relevant literature in the field. Motivation of the study has been justified. Discussions on theories are appropriate. However, several significant work has been ignored. The author did not focus on concepts of loan price and loan quantity especially in the introduction section. I suggest issues on financial access should be linked to loan price, loan quantity and how information sharing offices relate to loan price and loan quantity. The channel (ICT) by which information sharing is used to affect loan price and quantity of loans – has not been discussed in the literature. Thus, authors must justify by establishing the literature on how the banking industry share information with the institutions (credit registries) through the use of infrastructure (like mobile phone and internet) to improve or make adjustment to loan prices and quantity of loans.

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3 Response(s)

4 - Thank you. Please see responses above.  
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6 <b>3. Methodology: </b>Is the paper's argument built on an appropriate base of theory,  
7 concepts, or other ideas? Has the research or equivalent intellectual work on which the paper  
8 is based been well designed? Are the methods employed appropriate?: The paper's argument  
9 is built on an appropriate base of theory, although it lacks some level of originality. The choice  
10 of models employed was justified and it's robust to the study. However, description,  
11 definition and measurement of dependent variables were missing in the methodology.  
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14 Response(s)

15 - Thank you. Please see responses above.  
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18 <b>4. Results: </b>Are results presented clearly and analysed appropriately? Do the  
19 conclusions adequately tie together the other elements of the paper?: Results are well  
20 presented clearly, analysed appropriately and reasonably explained. However, a better and  
21 more robust discussion of the empirical results obtained would be helpful. Moreover, some  
22 empirical results are missing in the tables. For instance, Information sharing office variables  
23 alone is likely to affect loan prices and loan quantity; ICT variables (mobile and internet  
24 penetration) alone also can affect loan prices and loan quantity; interaction of ICT variables  
25 and information sharing office variables in the presence of ICT variables and/or information  
26 sharing office variables – can affect loan price and loan quantity. I suggest that author  
27 presents results that capture these components to compare the net effects of the all models.  
28 This provides better and more rigorous empirical findings.  
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32 Conclusions are largely appropriate, but author should provide appropriate policy implication  
33 to justify key elements of the paper  
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35 Response(s)

36 - Thank you. Please see responses above.  
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39 <b>5. Implications for research, practice and/or society: </b>Does the paper identify clearly  
40 any implications for research, practice and/or society? Does the paper bridge the gap between  
41 theory and practice? How can the research be used in practice (economic and commercial  
42 impact), in teaching, to influence public policy, in research (contributing to the body of  
43 knowledge)? What is the impact upon society (influencing public attitudes, affecting quality  
44 of life)? Are these implications consistent with the findings and conclusions of the paper?:  
45 Implications of key findings are not discussed. Rather, it explains the results from an  
46 economic and statistical point of view, confirming the robustness of the tests. The paper  
47 bridges the gap between theory and practice; hence, I think it can be partially used in practice,  
48 particularly in the banking sector, institutions (credit registry) or to influence public policy.  
49 The contribution to the body of knowledge is quite appropriate and needs improvement. In my  
50 opinion, the paper provides relevant impact upon society, in terms of influencing the public  
51 attitudes, affecting quality of life, etc.)  
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55 Response(s)

56 - Thank you. Please see responses above.  
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4 <b>6. Quality of Communication: </b> Does the paper clearly express its case, measured  
5 against the technical language of the field and the expected knowledge of the journal's  
6 readership? Has attention been paid to the clarity of expression and readability, such as  
7 sentence structure, jargon use, acronyms, etc.: In my opinion, the author clearly expresses  
8 case, measured against technical language of the field and the expected knowledge of the  
9 journal's readership. High attention has been paid to the clarity of expression and readability.  
10 From the point of view of the structure, the author fails to highlight key issues that is relevant  
11 to the study, which affects the flow of ideas and concepts. I recommend proofreading, review  
12 and revision.

#### 15 Response(s)

16 -The introduction and Section 2 have been improved in the light of attendant comments.

17 -The manuscript has also been proofread.  
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#### 21 References

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