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Mobile Phone Ownership and Welfare: Evidence from South Africa's Household Survey

by Ken Miyajima

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Mobile Phone Ownership and Welfare: Evidence from South Africa's Household Survey

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Abstract

Digitalization is accelerating as countries fight against the COVID-19 pandemic. In this context, the impact of mobile phone ownership on welfare (represented by consumption) is estimated for South Africa using rich household survey data in a panel format, the National Income Dynamics Study (NIDS) with 5 waves spanning 2008–17. The literature argues mobile phone ownership facilitates greater and more affordable access to information and generate welfare gains. We attempt to disentangle the two-way relationship between consumption and mobile phone ownership, which is inherently difficult, and add to the literature by investigating distributional effects. Estimated results suggest that consumption of mobile phone owners tends to be 10–20 percent above that of non-owners. Benefits tend to accrue more on individuals with relatively low levels of consumption, potentially as a greater number of new users, likely with higher marginal positive effects on consumption, and a faster rate of user cost reduction help reap greater gains.

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