

## DOES INSTITUTIONAL QUALITY INFLUENCE THE EFFECT OF MIGRANTS' REMITTANCES ON FINANCIAL INCLUSION IN WEST AFRICA?

Oladejo Ajibola F.

African Science Frontiers Initiatives

Correspondence email: [ajibolaoladejo95@gmail.com](mailto:ajibolaoladejo95@gmail.com)

**Objective:** This paper assessed the moderating role of institutional quality between migrants' remittances and financial inclusion in West Africa during 2004–2021. Migrant remittances play a critical role in financing the economies of Africa as well as the West African region other than FDI and ODA. It is also a major driver of financial inclusion, notwithstanding, there is still exist financial exclusion in the region.

**Methods:** Secondary data was used for this study, sourced from the World Bank's World Development Indicators (WDI), the World Governance Indicator (WGI), and the IMF's Financial Access Survey (FAS), 2023. This study employs the Panel Fixed Effects (PFE) estimation technique, which accounts for Driscoll and Kraay's (1998) standard error. In order to ensure the robustness of the findings derived from the fixed effects approach, I augment this analysis with the utilisation of feasible generalised least squares (FGLS), pioneered by Zellner (1962) and Theil (1965).

**Results:** There was an overall positive impact of institutional quality on FI, at a significant rate of 120.8% accounting deposit-taking microfinance institutions, thereby highlighting that institutions play a crucial part in the improvement of financial inclusion in West Africa. Also, the moderating effect of institutional quality had a more positive impact on microfinance institutions as compared to commercial banks, at a significant rate of 16.2%.

**Conclusion:** In summary, attention should be given to establishing more microfinance institutions. This serves as a better distribution channel for remittance, with emphasis on enhancing better quality in financial services delivery. This also brings in more people into being financially included thereby making better economic use of the remittance in West African.

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