

Building Sustainable Financial Inclusion Through Digital Payment: The Roles of Agency Banking and Digital Infrastructure in West Africa

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Abstract

Despite rapid growth in mobile money and digital payment systems, financial exclusion remains widespread across the region, highlighting the need to understand the conditions under which digital finance promotes inclusive development. Using panel data from selected West African countries covering the period 2017–2024, the study employs Fixed Effects and Random Effects estimators, with the Hausman specification test used to select the appropriate model. Financial inclusion is proxied by active mobile money accounts, while digital payments are measured using mobile money transaction volume and transaction value. Agency banking is represented by active agent outlets, and digital infrastructure is measured by internet usage. Robust standard errors are applied to address heteroskedasticity and cross-sectional dependence. The findings reveal that digital payment adoption significantly improves financial inclusion. The results further show that agency banking and digital infrastructure strengthen the positive effect of digital payments on financial inclusion. The study concludes that digital payment technologies play a significant role in expanding access to formal financial services and promoting inclusive financial systems. Policy recommendations are provided for governments, regulators, and financial institutions across West Africa.

Keywords: Digital payments; financial inclusion; agency banking; digital infrastructure; mobile money; panel data; West Africa; fintech; digital finance and sustainable development