

## SDC 2019 Annual Meeting Abstracts

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**Title: Digital Based Technology Development In China**



While poverty and inequalities in income has received wide attention, inequalities in other dimensions such as access to resources, information, and facilities is another major challenge for policy makers and researchers. One of the obstacles to inclusive development is the lack of trust and the heavy transaction costs have hindered wider access to resources and facilities, and reduced efficiency in the economy and society.

To what extent and in what ways can digital credit, an innovation using digital technology, can help to build up social trust, address the information gap and enable greater access to resources and facilities? While there is some literature on the application of digital credit on inclusive finance, our understanding of how digital credit can have wider applications and help to bridge the divide in access to other resources and facilities is very limited. This study aims to fill in this important gap by examining the impact of digital credit on social trust building and users' subsequent satisfaction to life and wellbeing based on a case study of a privately-owned technology company, Sesame Credit.

The research uses a mixed methods approach combining qualitative fieldwork with statistical analysis of datasets collected from three purposely designed dedicated surveys with a total of more than 3,500 users in China, covering three different applications: deposit-free transportation, housing and commodities.

Results from the study suggest that, deposit-free schemes can increase the welfare of users without compromising the risk service providers face. Moreover, the adoption of digital credit is associated with greater improvements in welfare of those disadvantaged communities and hence reduces inequalities in the society. From a social perspective, the use of deposit-free schemes is associated with a higher level of trust and wellbeing, both felt and given, by the youth, women, the poorer, and the migrants. Although these relatively disadvantaged groups of the society do not feel higher level of trust and satisfaction than their counter parts, the higher positive changes that they experience through the deposit-free schemes are higher and statistically significant. This contributes to the goal of making a more inclusive society as indicated in the SDGs.