

## Project Update. 1<sup>st</sup> September 2023

Kai Liu

- We have completed data collection and cleaning the household data required for the empirical analysis part as well as establishing how they can be applied in conjunction with the micro-finance reform to study the interplay between roscas (informal) and formal credit markets.
- We have now conducted an empirical analysis of the potential impact of the formal credit reform on roscas participations and obtained preliminary results. For instance, we find that the effects of micro credit provision on roscas are positive across all the outcomes considered both in the short and over the long run.
- We are still working on a theoretical framework which could help explain our initial findings
- Next step: equipped with the empirical evidence, a theoretical/structural model will be developed and calibrated to illustrate individual/household's motives for joining Roscas and to disentangle potential channels through which Roscas participation may have interacted with formal credit arrangements.
- For the last few months, the progress of the project has been slow as Mr Ben Prommawin (co-author of the project) must focus on finishing his PhD thesis, which needs to be submitted before December 2023. I expect the project to progress quickly after Ben has submitted his thesis in a few months.
- In the meantime, Kai Liu has made progress on another project on risk and return in human capital investments. He has presented outputs from that project at CERF activities and expects to have a CERF working paper from that project by the end of the year.