

The Digital Divide, Financial Exclusion and Mobile Phone Technology: Two Problems, One Solution?

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Abstract

The recent growth in the use of electronic communications throughout the world has not included everyone. The vast majority of the world's population is still unable to gain access to digital technology, especially the Internet, hence the 'digital divide'. However, this divide is not restricted to the developing world; with the divide also prevalent within the UK, again particularly in terms of internet access. A result of this situation is that while the UK and many of its citizens reap the benefits that the Internet brings, areas are left even deeper in a state of financial exclusion from mainstream banking facilities. As more people take advantage of the convenience the Internet can bring to managing financial affairs, the banking industry has identified a need for less branches and staff. From their understandable perspective it makes more sense to close unprofitable, high risk branches. These are ultimately in rural or poor inner city areas; the areas that are less likely to have Internet access. This paper will examine the extent of the UK's digital divide and its correlation to financial exclusion. The potential of mobile phone technology, particularly recent developments in Kenya, will be assessed to see whether it could be the solution to not only bridging the divide but also bringing people back into the financial mainstream. This paper will end by linking in with the EU review of electronic communications regulations to ensure that sufficient security measures are in place for this proposal to work.

Key words: digital divide, financial exclusion, electronic communications