

PRESENTATION AT ICTD CONFERENCE

REMARKS BY PROF. PETER QUARTEY, GIVEN BY ADADZEWA OTOO.

Across Africa, it is becoming clear that the taxation of mobile money and digital transactions is here to stay. In many countries across the continent, The implementation has being rough. The trend has been characterized by a cycle: introduce, stop, re design, re introduce. This points to the need for more learning and evidence.

Governments may think they understand the evidence and reasons, but the performance of mobile money taxation tells a different story. Tax receipts consistently fall below projections, indicating that there's still much to learn about utilizing this tool for effective tax mobilization. Additionally, the vast size of the growing digital finance ecosystem in many African countries can be both a boon and a challenge. While governments may see it as low-hanging fruit for taxation, there can be significant trade-offs involved -e.g. in financial inclusion and transition to cash-lite economy.

Unlike traditional tax instruments with decades of data, mobile money taxation is a new regime with limited data, evidence and literature. Beyond the nascent evidence, careful modeling and scenario analysis can provide valuable insights. Sometimes there's enough data to produce evidence, other times modeling can still guide policy in the absence of sufficient evidence. Academia plays a crucial role in both scenarios, using rigorous technical tools to investigate evidence and providing advice based on it, or generating insights through modeling when evidence is lacking.

Given the uniqueness of mobile money in Africa, much of this literature will need to come from African countries. If African governments fail to partner with their academic institutions, they risk repeating mistakes. This presents a clear opportunity for Africa to lead in generating relevant data and insights for effective taxation policy.

Hence, governments must prioritize research and partnership with academia to inform policy design.