

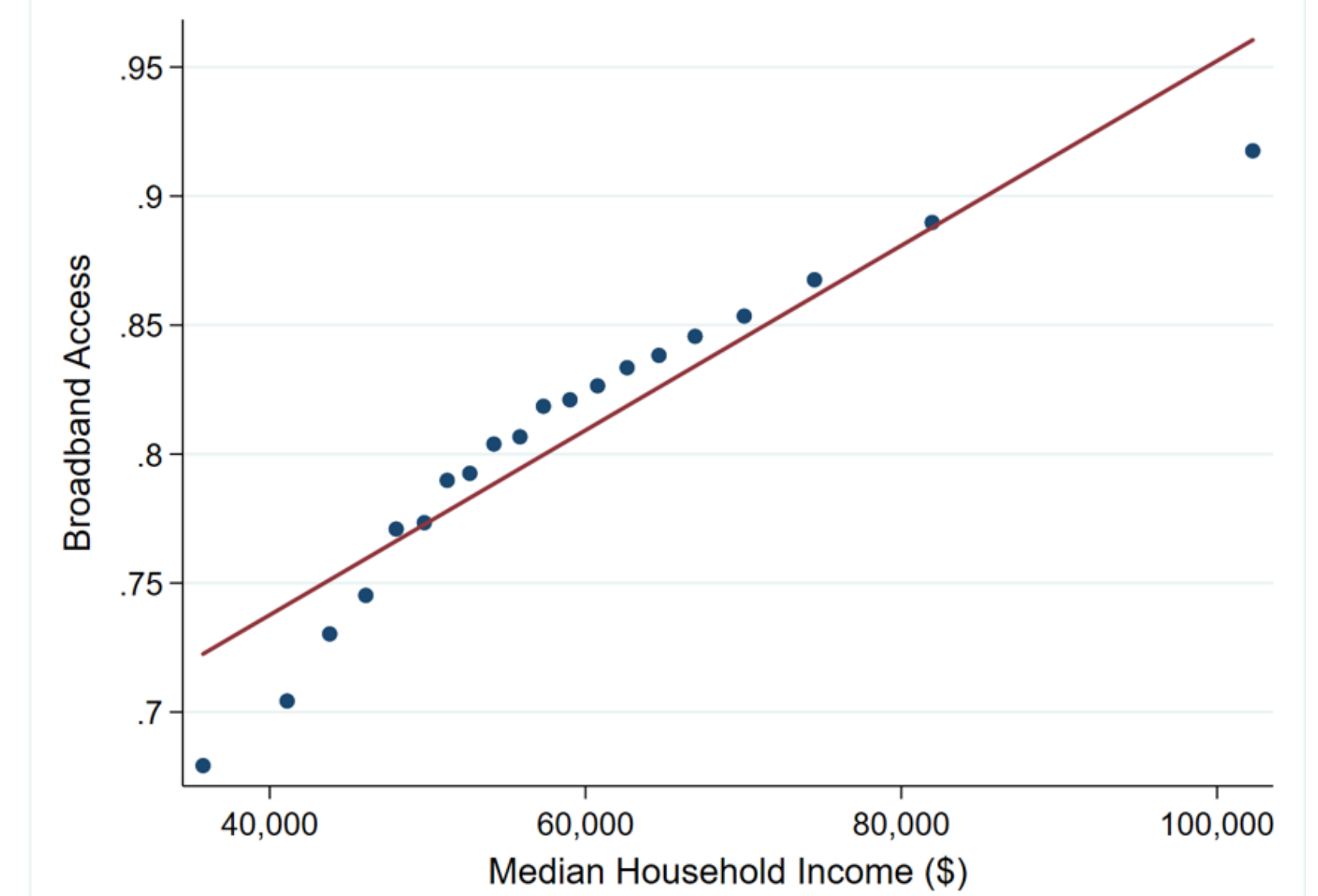
# Is Internet Essential (and Sufficient) for Financial Inclusion? Evidence from Internet Essentials

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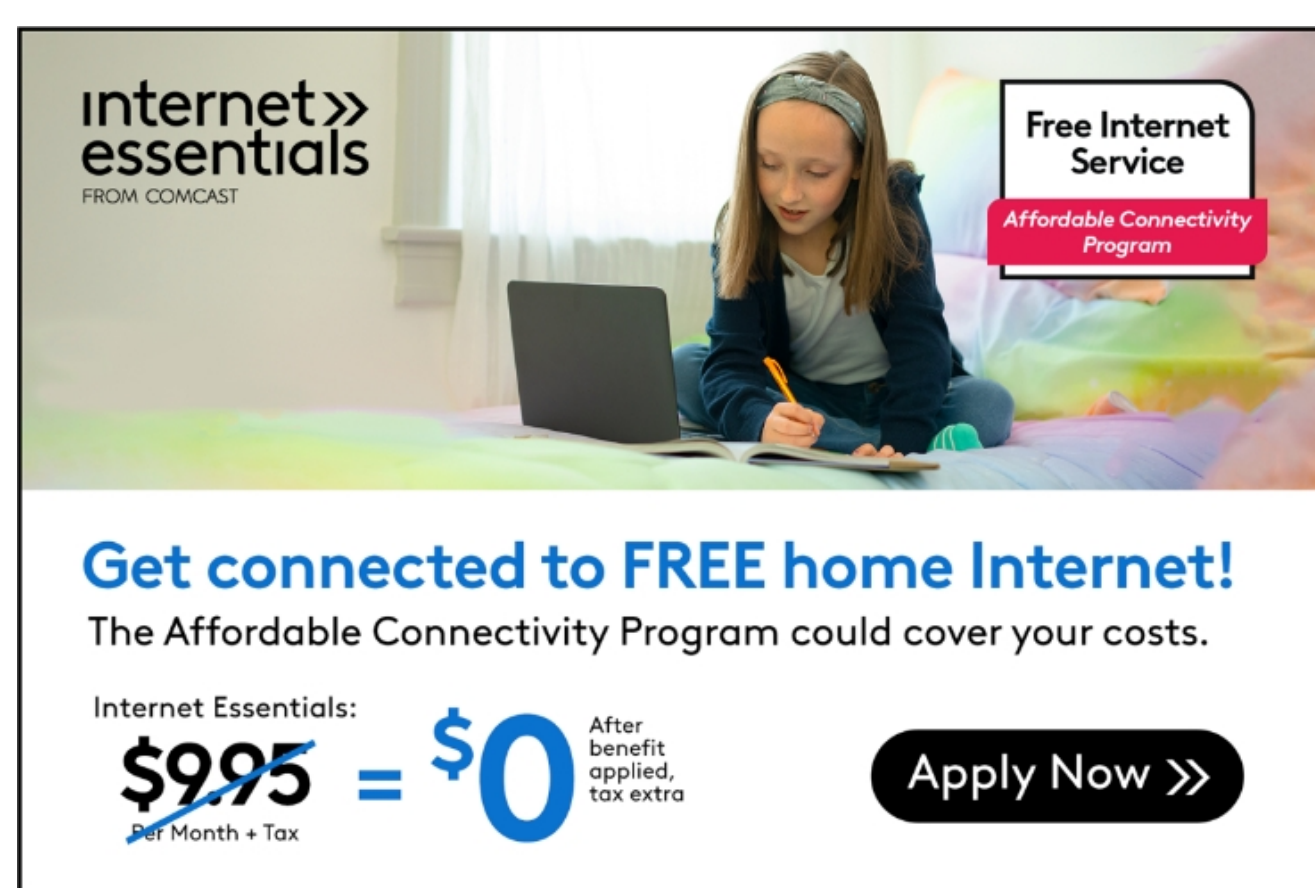
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## Can Access to Broadband Internet Improve Low-income Households' Financial Inclusion?

- Internet access is important for daily tasks but can be costly for low-income households
- Previous literature suggests that, for the average household, the availability of high-speed internet meaningfully improves financial inclusion outcomes (such as stock market participation).
- However, this conclusion may not apply to low-income households, who cannot afford high-speed internet even if it is available.
- To precisely estimate the effect on low-income households, an ideal experiment needs to randomize *within* low-income households who do not previously have internet access, provide some of them with subsidized broadband, and compare their outcomes in financial inclusion.



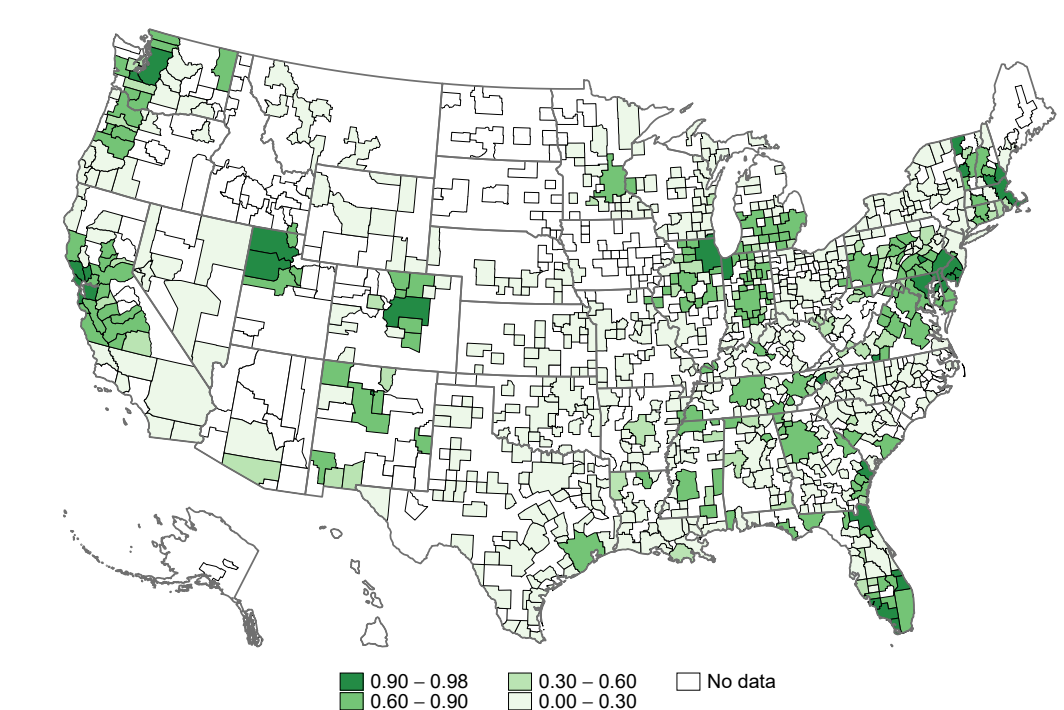
## The Internet Essentials (IE) "Experiment"



Credit: IE Program

- Provides subsidized internet for qualifying low-income households with school-age kids
- Comcast pledged in 2010 as part of the merger deal with NBC Universal
- Piloted in 2011 (Chicago and DC)
- Available nationwide in 2012
- Internet Essentials reduced the digital divide by 30%

## Cross-sectional Variations



- Varying Comcast availability
- Varying household eligibility

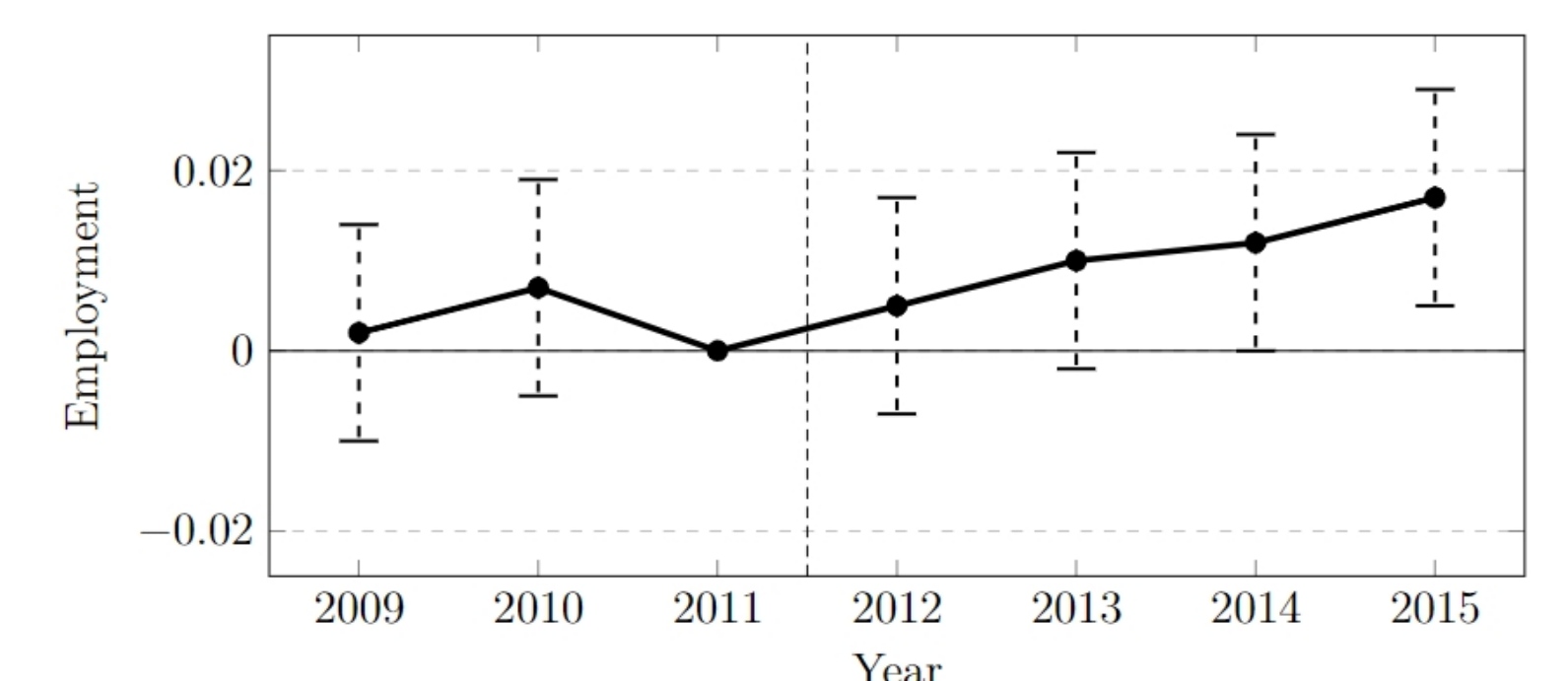
## Data and Empirical Specification

- Census Microdata
  - ACS: Labor outcomes, investment
  - CPS: Dividend, interest
- Estimation window: 2009-2015
- Sample: households at or below 200% FPL
- Triple differences estimation:
  - Post × Comcast × Eligible
  - Controls (household/individual characteristics)
  - Saturated fixed effects



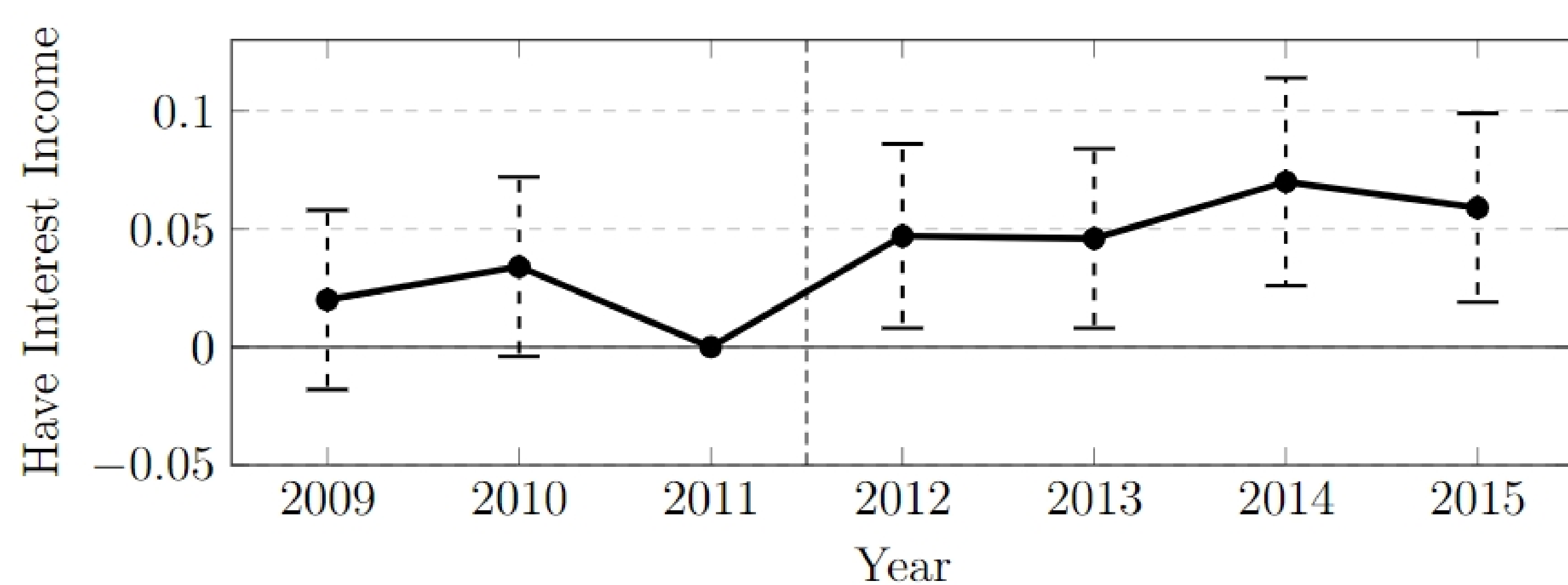
Credit: IE Progress Report (2016)

## Treatment Validation

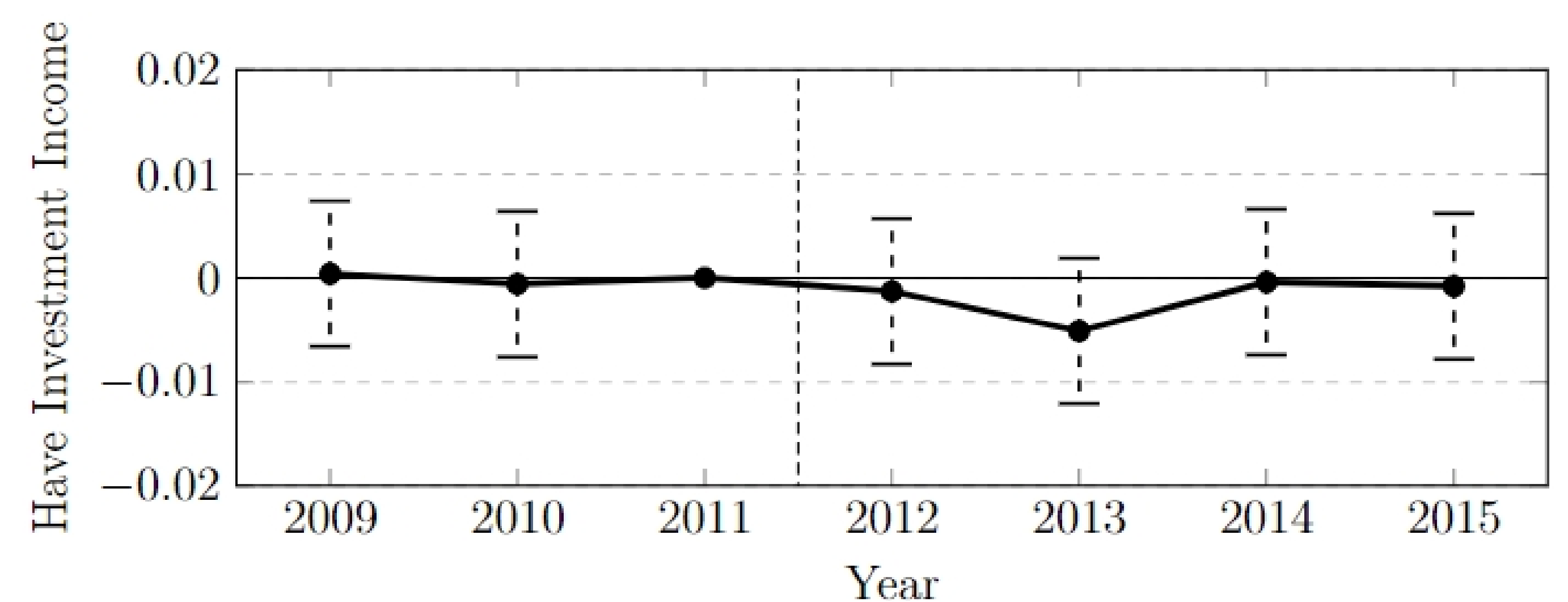


- IE brings improvement in labor outcomes, as shown in prior literature (Zuo, 2021)
- Increased employment by 0.8 pps
- Increased annual labor income by \$142
- About 2% increase compared to the mean, significant at the 5% level

## Meaningful Improvement in Savings, but not Stock Market Participation



Internet access leads to a 3.6 pps increase in the savings rate



Internet access has no impact on stock market participation

## Takeaways and Next Steps

- Internet is essential for financial inclusion (such as savings)
- But may not be sufficient for stock market participation
- Also looking into consumer credit outcomes using credit bureau data
- Preliminary results suggest improvement in credit outcomes