

ARE AFRICAN BANKS EFFICIENT, INCLUSIVE AND STABLE?

An interview of Alexandra Zins, 2018 doctoral graduate of LaRGE by Francis Osei-Tutu, first year PhD student.



Hello Alexandra, could you briefly present yourself?

My name is Alexandra Zins. I undertook a PhD under the supervision of Laurent Weill in the Laboratoire de Recherche en Gestion et Economie (LaRGE). I defended my PhD in September 2018.

What were your motivations for pursuing a PhD degree?

Before I decided to do research, I wanted to work for an international organization. More specifically, I wanted to work for an international organization focused on the African continent. Financing development projects was my field of interest. I gathered information about working in an international organization and learned that having a PhD would help. During my 5th year of study, I wrote a master thesis on Islamic banking and realized that I really liked to do research. I thus decided to follow with a PhD.

Why did you decide to research on “Banking in Africa”?

As I said, during my Master 2, I wrote on Islamic banking. I didn't want to do a PhD on Islamic finance because I didn't want to be specialized only in this field. I thought about it and went back to my first idea. I wanted to work on financing development in Africa. For my PhD, I decided to focus on the continent I was interested in before starting my master; the African continent. As I was working on banking, the issue of banking in Africa became logical.

What was the main research focus of your thesis? Did the research focus change over time?

The idea was to realize three essays on banking in Africa. The first paper was then on financial inclusion on the continent. I read a lot during my first year about banking in Africa. At some point, I learned about Pan-African banks and their expansion on the continent. With my PhD supervisor, we decided to focus on these actors in the following chapters of the thesis. The research focus thus changed over time; from a more global point of view, we focused more on the specific issue of bank ownership, and especially on Pan-African banks.

What were the key findings of your research? Did you find any surprising results?

For me, the most striking results of the research deal with Pan-African banks. We find that these actors are the most cost-efficient, least procyclical and most inclusive type of bank ownership on the continent. It was somehow

surprising since these actors expanded fast recently. My PhD supervisor gave me a great advice when I started research with him. Before launching my regressions, hypotheses lying on economic basis have to be built. The idea is that, as a researcher, we always have to keep in mind economic intuitions behind our research problematic. Thus, although the results were somehow surprising, we also had economic intuitions that helped us to understand them.

How will your study contribute to the existing body of knowledge?

First, the study contributes to the literature on bank ownership in general. It compares foreign banks to domestic banks, private banks to public ones, and even foreign banks with other foreign banks from different geographic areas. Second, the study contributes to knowledge on banking in Africa. It helps to assess the different actors of the African banking systems. It adds information on cost efficiency, stability and financial inclusion on the continent.

What would you include to your study if you are told to add something new to it?

I would like to add a qualitative analysis. It would be very interesting to focus on the business model of Pan-African banks by, for example, realizing interviews with key managers of such banks. It would then help to understand our results. To explain our results, we built several hypotheses. Such qualitative analysis could help improving such hypotheses. Here are some examples of questions I would like to ask: (1) could you give us your key strategies for the future? (2) on which customers are you focusing? (3) which products do you develop for business

customers? (4) which products do you develop for individuals? (5) do you plan on expanding your activities? (6) what do you think about regulatory requirements?

Could you highlight some of the main challenges you faced and how you overcame them?

One key challenge for me was econometrics. I took several classes and spent many hours on understanding the key issues of econometrics but also different methodologies useful for my research. Econometric issues were one of the key challenges since I didn't have econometric lessons during my studies. If you are in my case, take this advice: don't give up and try your best. Follow your pace. I was very bad at econometrics at the beginning (I discovered OLS regressions during my master thesis) and succeeded in using four different econometric methodologies in my research. Keep in mind that it is not impossible if you keep trying.

Another challenge during the PhD is to deal with the amount of work. Sometimes, we feel overwhelmed. I think one key issue is to learn how to deal with such a feeling. Somedays, we go back home with the feeling that we have not done anything in the day. I think we first have to get used with this feeling. It is, according to me, a feeling that is unavoidable. But we can learn to live with it and even to soften it. Sometimes we just need to feel that we accomplished something. My advice is to realize checklists. But don't be too optimistic (like I am still sometimes) because it can get frustrating. Each morning write down a list of three or four tasks you want to be done in the day. But be gentle with yourself: don't write 5 research papers to get understood plus a new econometrical model to understand.

What new skills have you acquired during your PhD?

Like I said previously, econometrics was a key challenge for me. I thus learned a lot about econometric methodologies and about Stata. I had to learn how to use this software. I also improved my redactional skills. Like my supervisor usually said, I always wanted to say too many things and thus I get the reader confused. I learned how to focus on the most important and I became more effective in my redaction. I also improved my communicational skills thanks to presentations during conferences and also through teaching. I am now capable of talking about my research. But it will also help for other fields of my professional and personal life. Finally, the experience of a PhD taught me patience. The first year is, for me, the most difficult one. We are in front of a three-year period of research, not knowing where we are going and how. Progressively, we learn how to organize our work and how to be more efficient. But more important, we learn how to accept when we are less efficient (or even counterproductive sometimes).

What do you plan to do with your work after the PhD?

For the moment, honestly, I am taking a break by travelling to Jordan in order to learn Arabic. After that, I want to move to Africa (certainly West Africa). I am still wondering whether I will work at a university or for an international organization. It may depend on job opportunities.

From your experience, how can a new PhD student succeed in their study?

Keep three things in mind:

- i. ***Organization matters.*** Try to organize your day (or your week, it depends on you) for example with a list of tasks you want to accomplish (ex: today I have to read 2 articles on this topic and to clean such dataset, etc.). Take note of everything you read. For example, I had an excel doc containing all the articles I read with a quick résumé (2-3 lines max).
- ii. ***Be patient and don't panic.*** You will spend days going back home with the sad feeling that you didn't accomplish a lot today. Take a breath and think about the day. Some tasks may look useless, but they will in fact help you the next day to go faster.
- iii. ***Don't stay alone.*** Don't hesitate to ask for help to other PhD-students or your supervisor. Speak about your work but don't compare yourself too much with other PhD students. You don't have the same subject, either the same supervisor. Your research may take more time on the literature part or you may struggle more on econometric issues. Hence, don't feel stupid or less good when someone goes faster.

Interview by Francis Osei-Tutu, PhD student at LaRGE.

Contact: alexandrazins19@gmail.com

