

Servicification: Digital Economy & Platforms

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Summary

1. *Social Media for Business: Scoping Exercise for Sri Lanka*

- **All** sampled MSMEs exclusively use Facebook and Instagram to market products
- **52%** use IG influencers!
- But **cash/bank transfer payments** remain high
- (Would love to know this fraction on a **representative** sample)

2. *FinTech Lending and Cashless Payments*

- **Cashless** payments generate verifiable data that non-traditional banks use to screen borrowers
- **Feedback** loop: potential borrowers adopt cashless payments

3. *Suitability for ML and Immunity to the Covid-19 Pandemic*

- **Occupations** differ in exposure to machine learning
- ML-suited occupations more **resilient** during pandemic

Towards a Discussion of Policy Implications

- First two papers suggest a natural role for policy
 - Facilitate non-cash/non-bank payments through credit cards, mobile money, etc.
 - Promote the use social media and online platforms
 - FinTech paper suggests more opportunities for MSMEs to borrow as a result of this data
- But, what happens at scale?
 - Removing distortions to payment choices and marketing channels **will remove** deadweight loss
 - But while overall pie increases, **distribution** may not
 1. Imagine **all** MSMEs market through social media
 - IG congestion of Colombo street vendors – not all MSMEs will benefit; see Bai et al. (2021)
 - Will MSME superstars emerge?

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- But
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India's Fastest Omelet Making | Bread Cheese Omelette | Indian Street Food

42,402,304 views • Jan 18, 2020

Khan Omelette in Chandni Chawk

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 2. Imagine **all** payments data are shared
 - All lenders now use common data, so screening is based on investments in more data and algorithms (eg, street-view imagery)
 - current cream-skimming equilibrium gets reinforced
 - The value of the open data gets compressed
 - Who owns the data? Do MNCs get access? See debates on international data sharing.

Towards a Discussion of Policy Implications

- ML and resiliency of jobs
 - SML variance across sectors seems low? How does it correlate with US occupations? More texture!

Table C.1: SML Scores for Sectors (2-digit NIC)

NIC Code	Sector Title	SML
01	Crop and animal production, hunting and related service activities	3.368
02	Forestry and logging	3.495
03	Fishing and aquaculture	3.752
05	Mining of coal and lignite	3.262
06	Extraction of crude petroleum and natural gas	3.537
07	Mining of metal ores	3.024
08	Other mining and quarrying	3.049
97	Activities of households as employers of domestic personnel	3.198
99	Activities of extraterritorial organizations and bodies	3.414
	Mean	3.529
	Std Dev.	0.182
	Median	3.566
	Maximum	3.872
	Minimum	3.024

- ML and resilient
– SML variance

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Towards a Discussion of Policy Implications

- ML and resiliency of jobs during the pandemic
 - SML variance across sectors seems low? How does it correlate with US occupations? More texture!
 - Finding seems to capture a correlation between SML and work-from-home (WFH)
 - Sectoral variation --> spatial variation?
- Follow up questions: what are the implications for a country like India?
 - WFH reshapes the structure of cities, **unbundling** where people live vs where people work
 - Implications for Delhi, Jaipur...?
 - Does India have a comparative advantage in WFH jobs? How has it evolved over time?
 - Understanding this key statistic would provide some sense of whether India can rely on service-led exports as a source of growth