

## Interview - Lucy Corkin

Written by E-International Relations

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Lucy Corkin is a Research Associate of the Africa-Asia Centre at SOAS. Her PhD on Chinese public infrastructure financing in Angola was published in 2013 as *Uncovering African Agency: Angola's Management of China's Credit Line*. She works as a Business Strategist at Rand Merchant Bank and her previous roles include Projects Director at Stellenbosch University's Centre for Chinese Studies in South Africa and public relations roles for several South African mining and corporate firms. Lucy's research focuses on China's relations with African countries; she frequently consults, speaks and writes on this subject for governmental, business and academic audiences.

### **Where do you see the most exciting research/debates happening in your field?**

In the space of Africa-China relations, there are some very good case studies emerging that unpack the nuance and complexity of interactions of a particular set of actors, in social and economic spheres. There is also a much more thoughtful application (and at times amendment of) theory to these dynamics, which provides for much richer reading than the previous purely descriptive studies. I am always interested in the contribution of Africa-China related studies to discourse analysis and critical thinking. I am also increasingly interested in emerging applications of financial technology (so-called fintech) in African economies. Given China's growing leadership in the Artificial Intelligence and Cloud applications space, one could look at this with an Africa-China lens, but I am wary of forcing this connection, and more interested in the societal impact these developments are having in the markets in which they are emerging.

### **How has the way you understand the world changed over time, and what (or who) prompted the most significant shifts in your thinking?**

Having spent a large part of my childhood growing up in apartheid South Africa, looking back, I realise how embarrassingly naïve I was politically. As a young adult, being brought to a fuller appreciation of South Africa's reality forced me to question everything that I had previously been taught to hold as truth. It was a valuable lesson not only for me as a researcher, but also a human being learning to navigate our post-truth world and our own unconscious biases.

### **What were the most significant challenges you faced in undertaking your research on Chinese public infrastructure financing in Angola? How far does this research and your findings underpin your current work?**

The crux of my research was uncovering the terms of the China Exim Bank loan to Angola and the manner in which the arrangement was negotiated. Given that this was in the context of 2008, precious little in the way of empirical data had been published on China Exim Bank loans to sovereigns and the hardest part was finding reliable data. I quickly realised that my particular research question was more suited to a qualitative case study, and, in my case, it was really just finding appropriate respondents who were willing to talk to me on what, at the time, was a very secretive and controversial issue. However, the flipside was that this challenge, together with the combination of languages required for meaningful interviews, meant that there were not a whole lot of researchers on this topic and this made it exciting and fairly pioneering for its time. Despite often feeling like I was hitting my head against a wall, I did end up breaking new ground. As far as it's related to my current work, my career direction and research interests

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have evolved somewhat. Interestingly, the power of narrative and discourse, which I focussed on quite a bit in prior research, is something that continues to influence my work. I work on strategic initiatives particularly with regards to business expansion in the African continent and dominant narratives of the continent, whether fact-based or not, are very powerful in shaping perceptions of business on the continent.

**Various international business groups have criticised Chinese companies operating in Africa for having low labour and environmental standards, but you have pointed out that these concerns have often been dismissed by African governments. Is there a limit to how far African governments can dismiss these factors? Are the benefits of Chinese economic engagement generally considered to outweigh these concerns?**

Bear in mind that the context of my discussion of African government's dismissal of criticism of Chinese companies labour and environmental standards is that Chinese companies can hardly be singled out for such behaviour on the African continent. Furthermore, numerous examples of substandard environmental practices by Western companies have seriously diminished the credibility of Western-supported lobby groups for important issues of this nature, regardless of their saliency. That having been said, all corporate activity should be held to account for its environmental and societal impact, and governments also need to take ownership of their responsibility to protect local labour regimes and their jurisdiction's environment. Sadly, there are too many countries where industrial development and sustainable practice are seen as a zero-sum game. Presented with this choice, developing countries will at times choose economic development over labour and environmental protection.

**Can you identify any risks faced by African governments in trying to play a balancing act between the influence of China and of western Bretton Woods Institutions? Which countries have been most successful at doing this?**

There is always a risk in attempting to play powerful actors off one-another. Particularly if one's value as an ally for both sides is over-estimated, there is a risk that the government doing the balancing will eventually be shunned by both sides. However, this is perhaps compensated for by the potentially higher reward in assuming this stance than choosing an alliance. African governments became adept at this political dance during the Cold War, as multiple sides were played off against each other during Africa's proxy Cold War battles. It is often assumed that African liberation movements were manipulated by the Cold War powers to fight their battles for them, but I have come to think that the reverse was actually true.

**What are the most important consequences of the fintech revolution in Africa? Are claims that it is bringing about an unprecedented opportunity to achieve universal access to finance justified?**

Financial inclusion is a critical issue on the African continent, and traditional banking penetration is abysmally low. Advances in mobile money, particularly in East Africa, have facilitated a much broader access to financial products and services by piggy-backing off the distribution channel made possible by the growing rate of mobile phone ownership on the continent. Further unexpected positive consequences, such as increasing financial independence for rural communities and women (often less financially independent due to prevailing societal norms) via access to mobile money, have also occurred. So yes, I would argue that the horizon of opportunities is very exciting. However, I would caution against blind optimism. Some fintech applications are not able to transition beyond a local context due to differences in markets circumstances. Similarly, we are also talking about the most financially vulnerable segments of society, which is why regulators are becoming more cautious vis-à-vis fintech developments.

**You have pointed out that in 2016 only 2% of adults worldwide used mobile money whereas this figure was 10% for adults in Sub-Saharan Africa, partly due to the lack of or impracticality of visiting traditional physical bank branches. Does this set a precedent for other parts of the world with limited banking infrastructure? Will this innovation have a significant impact on traditional banking in advanced economies?**

Mobile money as a means for transferring value has huge potential for countries with limited physical banking

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infrastructure. My understanding is that most countries have a version of mobile money applications, with varying degrees of sophistication. The level of success depends upon the degree to which the specific pain points of the local context are addressed. On the question of its application in developed countries, mobile money and digital banking are related, but distinct concepts. Where means of digital value transfer already existed, mobile money may not be as widely adopted. Instead, what seems to be happening is mobile network operators (MNOs) seeking to embed payments systems within phones – ApplePay, AppleCard, SamsungPay etc.

**You have argued that the fintech revolution in Africa has been supported by governments, in part because the digitisation of the largely cash-based informal economy will allow governments to trace economic activity more effectively and increase the tax base. Do you expect some actors in the informal economy to seek ways to avoid this scrutiny while still benefiting from the use of digital money?**

I argued that digital payments would offer up a number of benefits for African governments, including the widening of the tax base as mentioned above, so they are in theory supportive of it. However, I also noted that the regulators' primary consideration is financial stability and as a result are very wary of the potential consequences of large-scale adoption of any fintech channel, in particular crypto-currencies at times leading to conservative policy stances that actually hinder innovation in the fintech space. Actors in the informal economy may seek to do as you suggest, and it is unlikely that cash will disappear completely – demonetisation drives are very controversial, but it is also likely that taxation will happen more in a 'pay-as-you-go' type manner, similar to VAT. Several African governments are already seeking to tax the mobile money revenues at the transaction level and it is likely that this cost will be passed on to the consumer

**What is the most important advice you could give to scholars of International Relations?**

That's a big question! I suppose it would be to carve out a niche for yourself in what is a very broad school of thought. Find your relevance. Always be open to conversations across disciplines, as innovative thinking often comes from outside of one's direct field.