Review of: "Innovative Financial Services and Commercial Banks' Profitability in Africa"

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INNOVATIVE FINANCIAL SERVICES AND COMMERCIAL BANKS' PROFITABILITY IN AFRICA

The author(s) examine the impact of innovative financial services on the profitability of commercial banks in Africa. The authors utilize panel data from commercial banks spanning the years 2010-2022 and employ the random effect estimation method. They contend that innovative financial services serve as a crucial avenue for African commercial banks to enhance their profitability. The authors emphasized the importance of policy decisions that promote the growth of innovative financial services in the African banking industry. As much as possible and to help the author(s) improve on their work, I suggest that the following issues as outlined below be addressed before the paper can be further considered:

1. Barring journal word count limitations, I invite the authors to reconsider the literature review. Including a section on stylized facts (graphs) in the literature review is recommended for studies of this kind. This information would provide readers with a comprehensive understanding of the performance of commercial banks in different African countries.

2. The estimation of the equation on page 9 may face challenges related to cross-sectional dependence, autocorrelation, and heteroscedasticity. The current study does not address the issue of cross-sectional dependence among the units, despite the authors resolving the autocorrelation, and heteroscedasticity issues. Contemporaneous correlation can lead to a connection between errors occurring at the same time for different commercial banks. These issues lead to inefficiency in the results and bias in the standard errors of the conventional OLS estimator. Hence, it is crucial for the authors to conduct tests to determine the existence of cross-sectional dependence in the study.

3. I recommend that the authors explore an alternative estimation model to the random effect model in order to conduct a robustness check.

4. The authors provide insightful narrative information on the impact of ATM, mobile, and internet banking services on the performance of banks and customer satisfaction, as discussed in the interviews with bank managers. The inclusion of quantitative analysis using structural equation modelling (SEM) would enhance the value of these narratives for readers and contribute to the existing literature. I invite the authors to consider this suggestions in order to enhance the study's quality and contribution.