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

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Paper: Innovative Financial Services and Commercial Bank's Profitability in Africa

Introduction: "Research indicates a positive correlation between the adoption of innovative financial services and customer satisfaction, which increases profitability in commercial banks". (Who say that??... Lack of references!).

In the introduction, the authors emphasize the positive correlation between the adoption of innovative financial services and customer satisfaction. Does this necessarily imply improved profitability? ... Is customer satisfaction the only criterion for improving bank profits? More references are needed to support this idea.

In the literature review:

1) It's not a question of defining concepts (concept of profitability) in a literature review.

2) A glaring lack of references: for the ATM service/profitability relationship, the authors stated their hypothesis 1 on the basis of just two references. Similarly, for the mobile banking and profitability relationship and the Internet banking and profitability relationship, the authors relied on just two references for each relationship. The literature review is very poor, lacking in references and research studies on the issues addressed in the study.

The five theories of financial innovations presented by the authors are interesting, but they are presented in a very concise way, with a flagrant lack of authors and references. The foundations of these theories should be explored in greater depth and adjusted to the context of the study, although I'm rather reticent about the two theories: Blockchain technology theory and cryptocurrency concept, which in my opinion are concepts not aligned with the research context.

The paragraph "literature review gaps" should be introduced in the literature review and contain references to support the ideas presented, which are certainly not unique to the authors.

When I read the title of the article, "... in Africa", I thought I'd find a sample with a high number of banks representing Africa. But I was disappointed to read that the sample included only 17 African banks! A number of 17 banks is not representative of the whole of Africa!

In their econometric model, the authors considered three independent variables. However, control variables that may improve the results should also be taken into account. For example: bank size variable, intermediation variable, risk variable, management ratio variable, nature of bank variable (private/public)... The authors also considered ROA as a measure of bank profitability. It would be interesting to consider other measures, such as ROE and net interest margin. It would be even more robust to analyze bank efficiency, given that, according to recent literature, profitability ratios have many limitations. Estimating the model using non-parametric (such as the data envelopment analysis, DEA) or parametric (Stockastic frontier analysis, SFA) approaches would be an asset.

The authors have used the OLS model. I wonder why they didn't use a panel model instead, since they have the years (temporal) and the banks (individual).

In Table 5, the ATM, MBS and OBS variables are measured in the same way ("Natural log of revenue generated from ATM service")???!!!

Result: "ATM services, MBS and internet banking services have a positive effect on the profitability of commercial banks...". The results of this study are quite obvious. We didn't expect anything else!