

Ethiopia Financial Inclusion Forecasting

Assignment Report · 2026-02-01

Understanding and Defining the Business Objective

The National Financial Inclusion Consortium led by the National Bank of Ethiopia, EthSwitch, and ke
Grounded in the Global Findex framework, the objective is to translate multi-source evidence into a
Rapid policy shifts (FX liberalization, instant payments, donor financing) require forward-looking sig

Stakeholder Alignment

- Primary stakeholders: National Bank of Ethiopia policy board, Ministry of Innovation, EthSwitch
- Decisions supported: prioritizing capital for agent network densification, interoperability upgrad
- Success metric: raise account ownership toward 60% by 2027 while keeping gender and rural g

Discussion of Completed Work

Unified Schema Components

- Observations: quantitative indicator values with metadata on direction, unit, geography, and region
- Events: dated policy, market, or infrastructure milestones (e.g., Telebirr launch, FX liberalization)
- Impact_links: hypothesized mappings between events and indicators with lags, directions, and magnitudes
- Targets: forward-looking commitments such as NFIS-II benchmarks to benchmark forecast attainment

Data Enrichment Process

- Documented manual enrichments on 2026-01-28 covering 2022 account ownership, mobile subscriptions, and internet usage
- Appended infrastructure and event signals (Fayda ID enrollment, Telebirr/M-Pesa launches, AfDB projects)
- Validated schema conformity by checking indicator codes, coercing dates, and harmonizing directions

Initial Analysis Highlights

- Access slowdown: national account ownership plateaued around 46-49% between 2021 and 2024
- Gender gap: 2021 male ownership (56%) exceeded female (36%) by 20 percentage points, unchanged since 2014
- Mobile money surge: account penetration doubled from 4.7% (2021) to 9.45% (2024) alongside 10x increase in transactions
- Infrastructure catch-up: 4G coverage jumped from 37.5% in FY22/23 to 70.8% in FY24/25 (~89% nationwide)
- Usage substitution: EthSwitch data shows P2P transactions rising 158% YoY in FY24/25 while ATM withdrawals fell 12%
- Digital ID scaling: Fayda enrollment expanded from 8M (Aug 2024) to 15M (May 2025), providing 100% coverage

Figure 1. Account ownership trajectory (2014-2024)

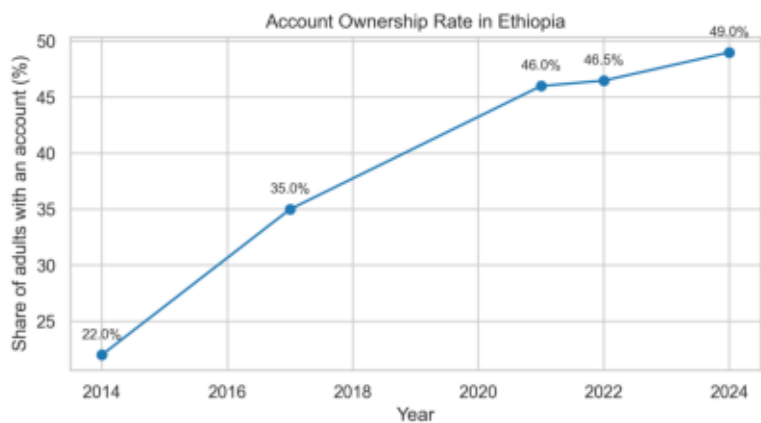


Figure 2. P2P vs ATM transaction growth (FY 2024/25)

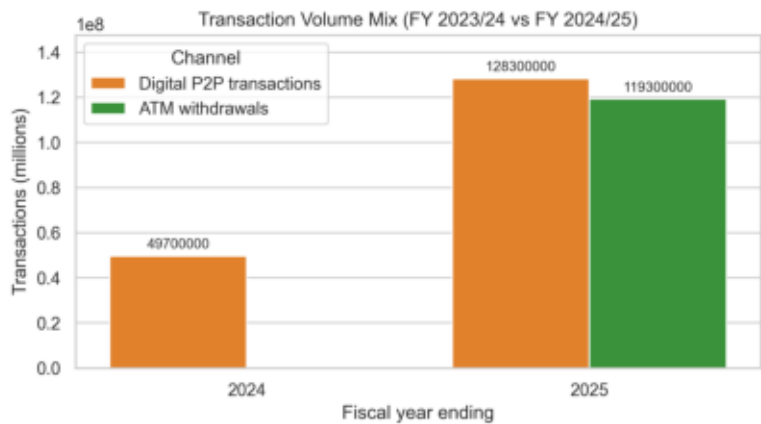


Figure 3. Digital finance milestone timeline (2021-2025)

Next Steps and Key Areas of Focus

Task 3: Event-Indicator Association Roadmap

- Construct event-indicator association matrix by joining events and impact_links, encoding lags, and generating lagged indicator series.
- Back-test associations on historical periods (2019-2024) using rolling-window regressions to quantify predictive power.
- Stress-test matrix sensitivity by perturbing lag assumptions (6, 12, 18 months) and re-scoring correlation metrics.

Data Limitations Identified

- Sparse frequency: usage indicators are annual; requires interpolation or alternative high-frequency data sources.
- Limited rural segmentation: observation records are national aggregates; need regional splits to capture localized effects.
- Event metadata gaps: several events lack quantified budgets/scale, necessitating supplemental research.

Impact Modeling Hypotheses to Test

- Telebirr and M-Pesa interoperability accelerates wallet adoption, lifting account ownership by ≥ 15% in rural areas.
- AfDB-funded instant payments trigger a second wave of P2P volume growth, with spillovers into merchant payments.
- FX liberalization and NFIS-II reforms reduce dormant accounts by incentivizing remittance-linked services.