

Securing online transactions through a Public Key Infrastructure (Ethiopia)

Good practice: Boosting digital security, economic inclusion and growth with Fayda

Relevant DFI commitment(s): Promote the protection of consumers, in particular vulnerable consumers, from online scams and other unfair practices online and from dangerous and unsafe products sold online.

Type of the initiative: Initiative

Stakeholder Group: Government

Launch/adoption: 2024 - Now

Goals

Ethiopia is implementing a comprehensive digital transformation strategy with key objectives:

Mandatory National Digital ID (Fayda) for Banking: By 2026, all banking transactions will require the use of Fayda, Ethiopia's national digital ID system. This initiative aims to modernize the financial sector, enhance security, and promote financial inclusion.

Establishment of Public Key Infrastructure (PKI): Launched in August 2024, the PKI system is designed to secure online transactions and communications, ensuring data integrity and confidentiality across digital platforms.

Description

The phased implementation of the Fayda digital ID system began in January 2025 in Addis Ababa, with plans to extend to major cities by July 2025 and nationwide by January 2026. All bank accounts must be linked to Fayda IDs by December 31, 2026. As of now, over 11 million Ethiopians have registered for Fayda, reflecting significant progress in the initiative.

Complementing this, Ethiopia's PKI system was inaugurated to enhance digital security. PKI employs cryptographic techniques to secure electronic communications, enabling digital signatures and encryption essential for protecting sensitive information online. This infrastructure supports various applications, including secure online banking, e-commerce, and electronic government services.

These initiatives contribute to the principles of an open internet by:

- **Enhancing Security and Trust:** The integration of Fayda with PKI ensures that online transactions are secure, fostering trust among users and service providers. This security is fundamental to encouraging the use of digital platforms and services.
- **Promoting Financial Inclusion:** By mandating the use of a national digital ID for banking, Ethiopia aims to bring more citizens into the formal financial system, providing equitable access to financial services and reducing barriers to entry.
- **Facilitating Access to Digital Services:** A secure and reliable digital ID system enables citizens to access a wide range of online services, from banking to government portals, thereby expanding the digital ecosystem and promoting inclusivity.
- **Supporting Digital Economy Growth:** The establishment of robust digital infrastructure, including PKI, lays the foundation for a thriving digital economy by ensuring that electronic transactions are secure and efficient.

In summary, Ethiopia's initiatives to mandate the Fayda digital ID for banking transactions and establish a national PKI are pivotal steps toward enhancing digital security, promoting financial inclusion, and supporting the growth of an open and accessible internet ecosystem.

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