

*Best practices and recommendations for digital inclusion through resilient infrastructure*  
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Research Title : Research Paper 14: The Digital Financial Inclusion of Micro, Small and Medium Enterprises (MSMEs) of the COMESA Region into Electronic Business During and Post the Covid-19 Pandemic

- Theme: Digital Inclusion - Job Creation
- Presenter: Dr. Reason Masengu, Middle East College

# Presentation Outline

- Research team
- Introduction
- Research methodology
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# RESEARCH TEAM



**FORBES MAKUDZA**  
Manicaland State University  
of Applied Sciences, Zimbabwe



**Dr. REASON MASENGU**  
Middle East College  
Muscat, Oman



**LUCIA MANDONGWE**  
Manicaland State University  
of Applied Sciences, Zimbabwe

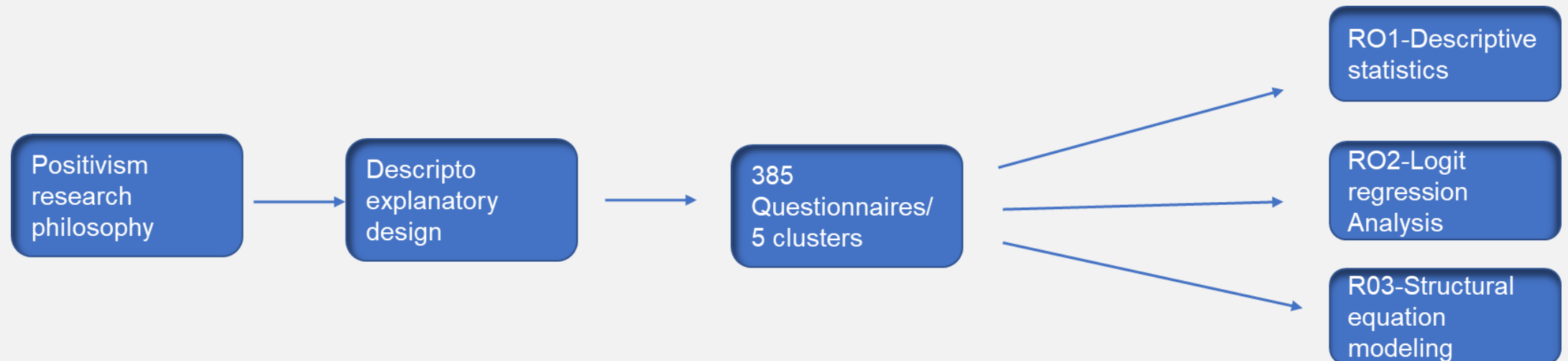
## INTRODUCTION

- Africa 15% of the world's human population.
- 6.2% of the world's Internet subscribers are Africans (Statista, 2021).
- Internet penetration in Africa is at 18%-Lagging as compared to other countries.
- MSMEs contribute 70% of some African countries' GDP.
- A conspicuous digital divide is evident - Internet and digital technological adoption (4&5G).

- COVID-19 pandemic amplified the digital divide in the COMESA region.
- COVID 19 affected MSMEs economic advancement, employment creation, and invention.
- MSMEs create jobs and reduce poverty.
- Sub-Saharan Africa - 44 million MSMEs, almost all of which are micro.
- 43.8 % sub-Saharan population is in urban- 170 million internet users (urban and rural population).
- Only one in 10 households is connected to the net.
- **The major unique contribution of the study laid in rejuvenating business performance during and post the COVID-19 era through e-business adoption.**



## RESEARCH METHODOLOGY



CLUSTER A	CLUSTER B	CLUSTER C	CLUSTER D	CLUSTER E
Burundi	Comoros	Madagascar	Egypt, Arab Rep.	Somalia
Tunisia	Sudan	Djibouti	Ethiopia	Libya
Zambia	Eswatini	Kenya	Rwanda	Seychelles
Congo, Dem. Rep.	Eritrea	Malawi	Uganda	Zimbabwe
Source: COMESA (2020)				Mauritius

All 21 countries were clustered into homogeneous groups using GDP. Countries with related GDP were assumed to be with the same macro-economic conditions which influence e-business and digital financial inclusion

## Research findings and outcomes

### E-business adoption Trends

- Social media, mobile applications and websites.
- 93% of the MSMEs had adopted e-business (Kenya, Rwanda and Zambia).
- MSMEs using e-commerce.
- E-business increase by firm owner level of education
- No gender-based lags in the adoption of e-business.
- Social media use by newer and website by old MSMEs.
- Mobile applications are dominantly used on all platforms except computers: B2B, B2C and non user.
- Access Internet banking, mobile banking, Mobile money and Mobile money transfer- Zambia, Rwanda and Kenya.
- **Challenges-technology access, power and network, operational costs, institutional support and data and privacy**

# Research findings and outcomes

- **Factors Affecting the Adoption of E-business Amongst MSMEs of the COMESA Region findings**
- The key determinants of e-business adoption in the COMESA region are not fully explained by the theoretical factors of technology adoption.
- Not enough evidence that those variables present more value to MSMEs (utility).
- There is no evidence that social support factors increase the likelihood to adopt e-businesses.
- Not enough evidence to conclude that infrastructural and simplicity factors positively impact the likelihood to adopt e-business.
- Contradict studies that have been done on similar studies on e-business adoption.
- Years of operation in the industry and the number of years of using the digital platforms significantly affect e-business
- Kenya and Rwanda are adopting and using e-business technologies as compared to firms in Zimbabwe.
- Country level differences are a determining factor in the adoption of e-business platforms and technologies.
- **The extent of digital Financial Inclusion Among MSMES of the COMESA Region Findings.**
- There are other factors driving digital financial inclusion beyond e-business adoption.
- E-business adoption insignificantly and positively impacts on digital financial inclusion.
- Age and years of computer use are highly significant at 1% level of significance.
- As firms increase in size their willingness to adopt e-business, digital financial inclusion will decrease

# Recommendations

- Improving connectivity and extending physical digital communication infrastructure.
- Leveraging existing public and private infrastructure.
- Prioritising development of or access to sources of finance.
- programs to promote consumer protections which cover the poor, including financial and digital literacy.
- Measures to enhance affordability and increase online safety
- Enhancing inclusiveness of Internet and Digital Economy.
- Transition from cash towards digital mechanisms.
- Private sector engagement to explore and develop opportunities.
- Studying the various types of e-business used locally, including formal and informal models.
- Working with e-business market players to promote technology solutions
- Establish regulations to facilitate or improve the digitalization.
- Develop measures to increase cybersecurity and raise awareness
- Establishing a conducive environment for digital business and society.
- Collaborations to improve connectivity and universal access to safe, affordable and reliable broadband

# Conclusion

- Establishing pragmatic regulatory requirements to provide suitable pathways, including appropriate incentives (e.g., simple registration, lower tax thresholds), for micro-entrepreneurs engaged in e-business to formalize their businesses.
- Working towards creating a trustworthy environment for e-business, including the establishment of a framework for complaints and dispute resolution to discourage fraud, support better customer service and improve online sales.
- Methodological limitations.
- E-business adoption and the underlying factors research.
- Ease of pragmatic/multiple methods in data collection.

Thank you