

# Ethiopian Payment System Landscape

# Ethiopian Digital Payment System Journey



2024

2023

**Opening Payment system for foreign Investors. License given to M-Pesa**

Reform

2021

**National Digital Payment Strategy (2021-2024)**

2020

## **Issuance of PII and PSO Directives**

In 2021 a first ever non-bank Mobile money license was given to Ethiotelecom (gov.owned telecom)

2018

## **Amendment Banking Business Proc.**

Recognized DFSP/non bank entities/ as financial institutions.

2014

2011

## **National Payment System Modernization**

- NPS Proc.No.718/2011 issued
- Introduction of EATS /RTGS

## **Establishment of National Switch**

Interoperability among channels, institutions and instruments

# Components of Ethiopian Payment Eco-system



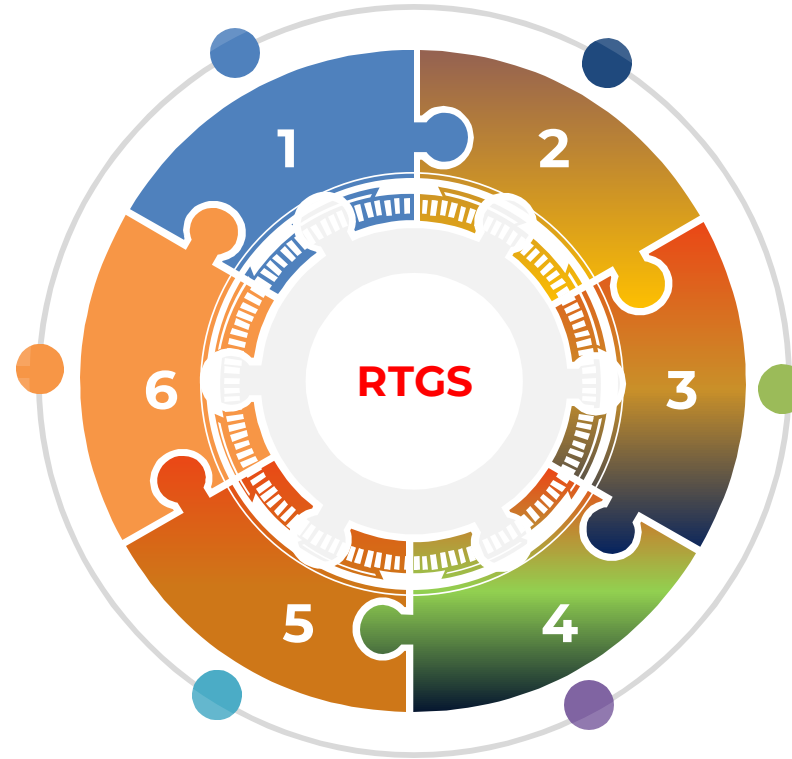
- The Inter Bank Payment System (RTGS)
  - The Inter Bank Automated Clearing House (ACH)
  - The National Switch \_ Responsible for creating Interoperability among channels and instruments, being the domestic Scheme,
  - Payment Instrument Issuers ( Mobile money service providers)
  - Payment System Operators (payment processors)
- Owned and operated by the NBE

# Core Platforms of the Ecosystem

**1** Commercial Banks: Core banking System

**3** Mobile Money: Agent Networks & Super app

**5** Payment Processors: Digital Access Points and acceptance



**2** Automated Clearing House (ACH): Checks, DD, CT

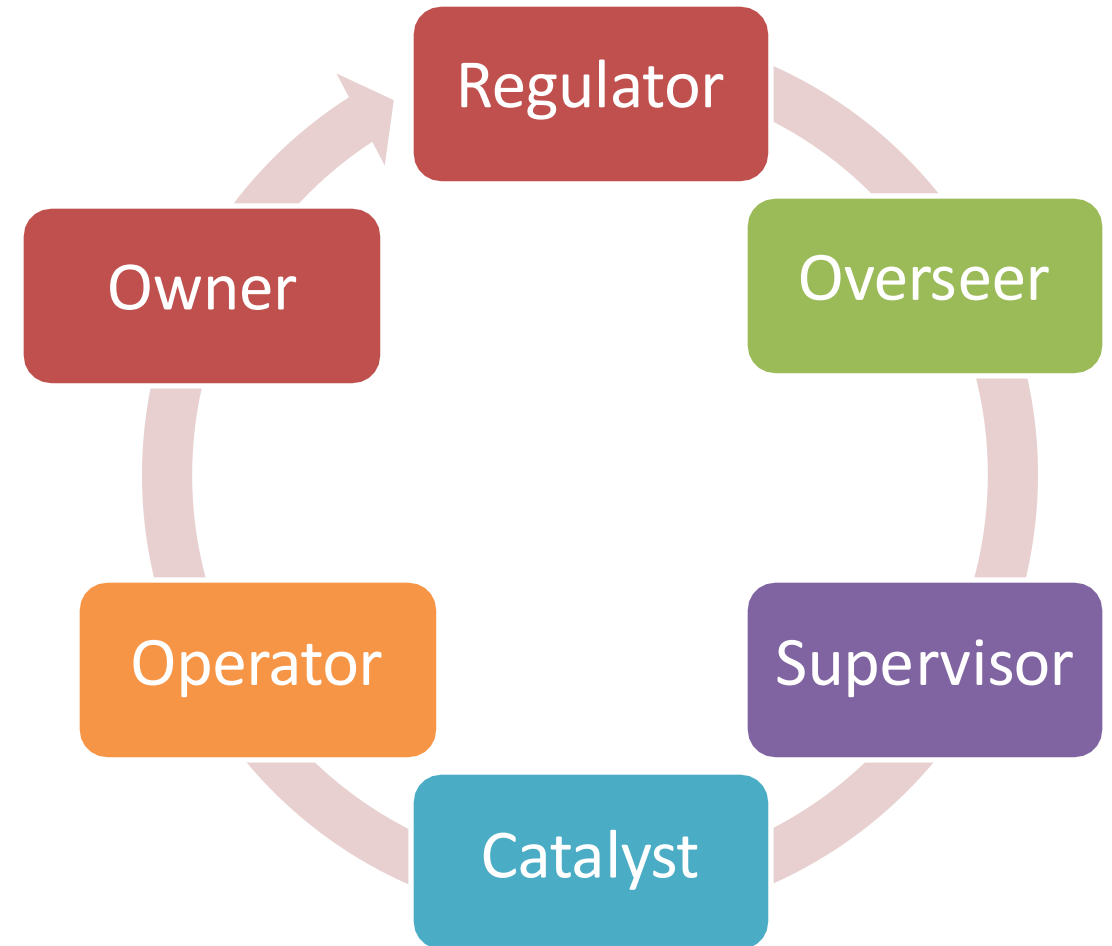
**4** National Switch: Interoperability, Eth. Instant Payment & Shared Platform

**6** Payment Aggregators

Oversight and Compliance  
National Bank of Ethiopia

## The Role of the National Bank in Ethiopia in the National Payment System

- **Regulator**
  - Regulates the National Payment System
  - Regulates payment instrument issuer and payment system operators
  - provides an enabling environment for the development and inclusive payment system
  - NBE establishment proc, NPSP 718/2011 men.No.1282/23, BBP592/2008 & BBPamm.1159/2011, Directives ONPS/09/23, ONPS/02/20, FIS/02/20, ONPS/04/21
- **Overseer**
  - Ensures the efficiency, reliability and safety of the national payment system through effective oversight of the payment system infrastructure.
  - NPS oversight framework and guideline
  - CPSS-IOSCO PFMI
- **Supervisor**
  - Supervise payment system providers (PIIs and PSOs)
- **Catalyst**
  - Provides strategies, policies and incentives towards promoting digital payments
- **Operator & owner**
  - Owns & and operates the EATS (both RTGS and ACH)



# Key Performance of the Ethiopian Digital Payment Ecosystem



### Mobile money Accounts



**107.5 Mil** 56.5% Av.gr



### Mobile Banking Accounts

**39.6Mil** 39% Av.gr



### Debit Card Users

**45.5Mil** 18% Av.gr



### Payment Service Providers

4

Payment  
Instrument  
Issuers

7

Payment  
System  
Operators/  
Processors

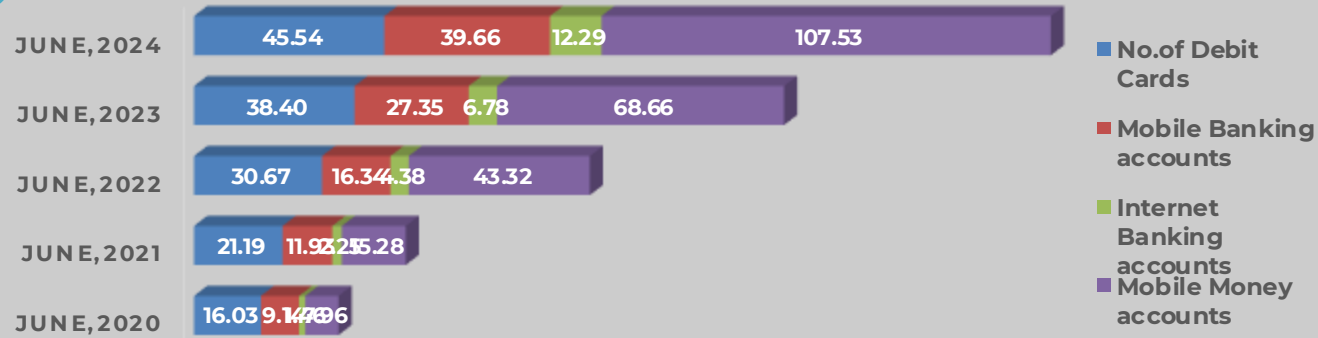
1

National  
Switch

33  
5

Banks  
MFIs

### Payment instrument Comparison (in Million users)



No. of Debit  
Cards

Mobile Banking  
accounts

Internet  
Banking  
accounts

Mobile Money  
accounts



### ATM

**10,551** 34.2% Av.gr



### PoS

**14,030** 16.7% Av.gr

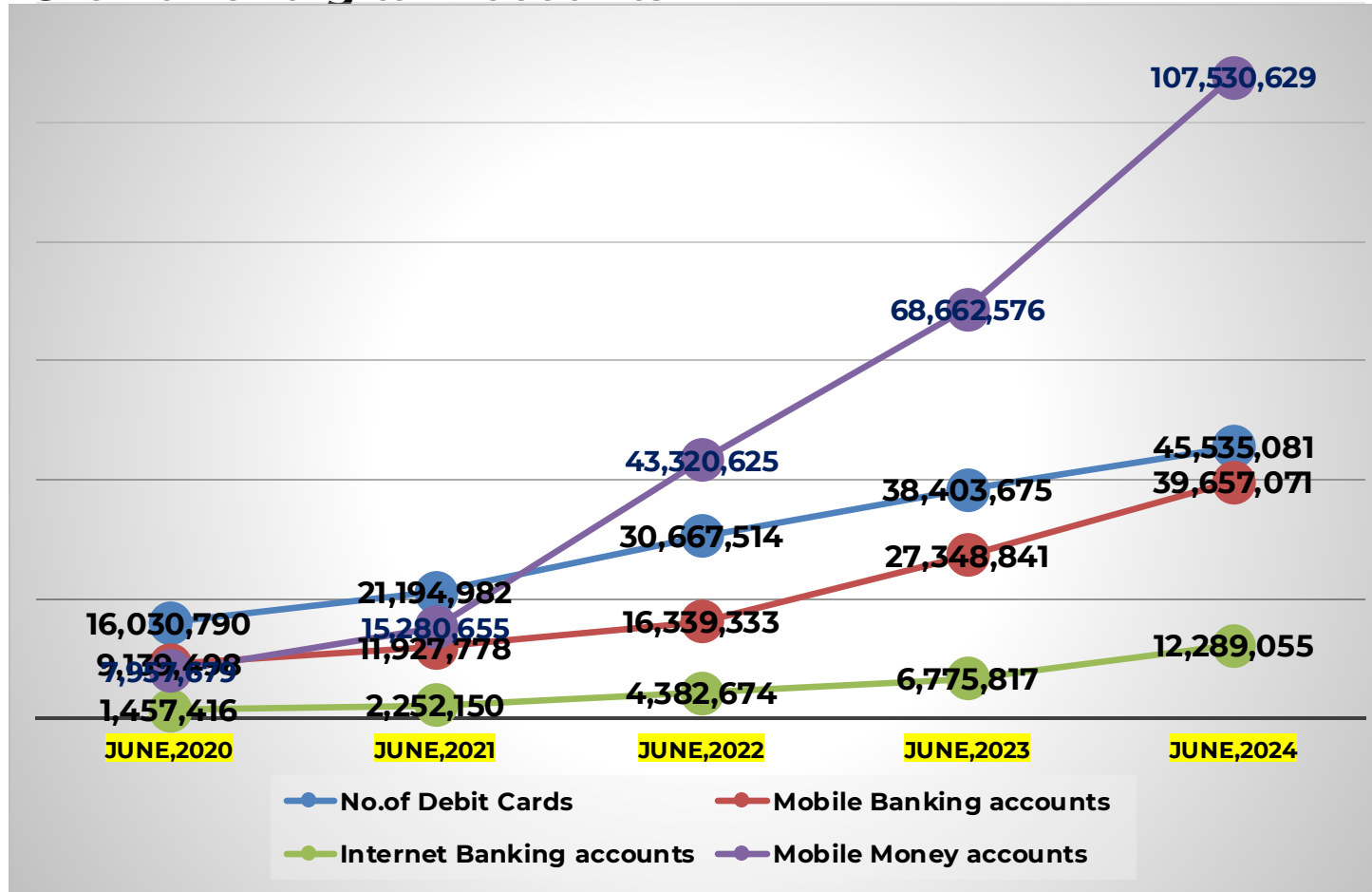


### Agents

**415,084** 78% Av.gr

## • 2. Digital Accounts

### Growth of digital Accounts



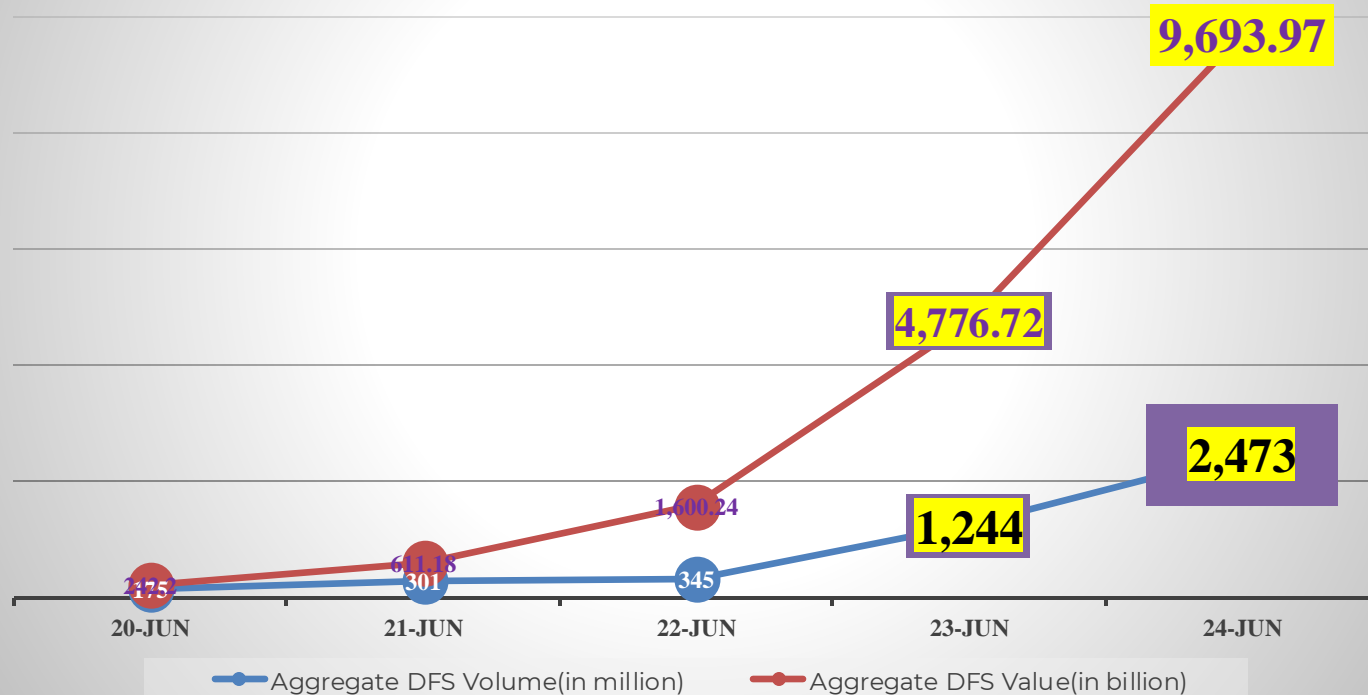
- As of June 30, 2024, the total number of digital accounts has exceeded 205.8 million.
- The growth is mainly due to regulatory reforms by the National Bank, including the opening of payment services to non-bank players (Fintechs).
- Digital accounts are expected to continue increasing in the future with the entry of new players into the market.



# 5 year Digital transaction performances

## 4. Digital Transactions

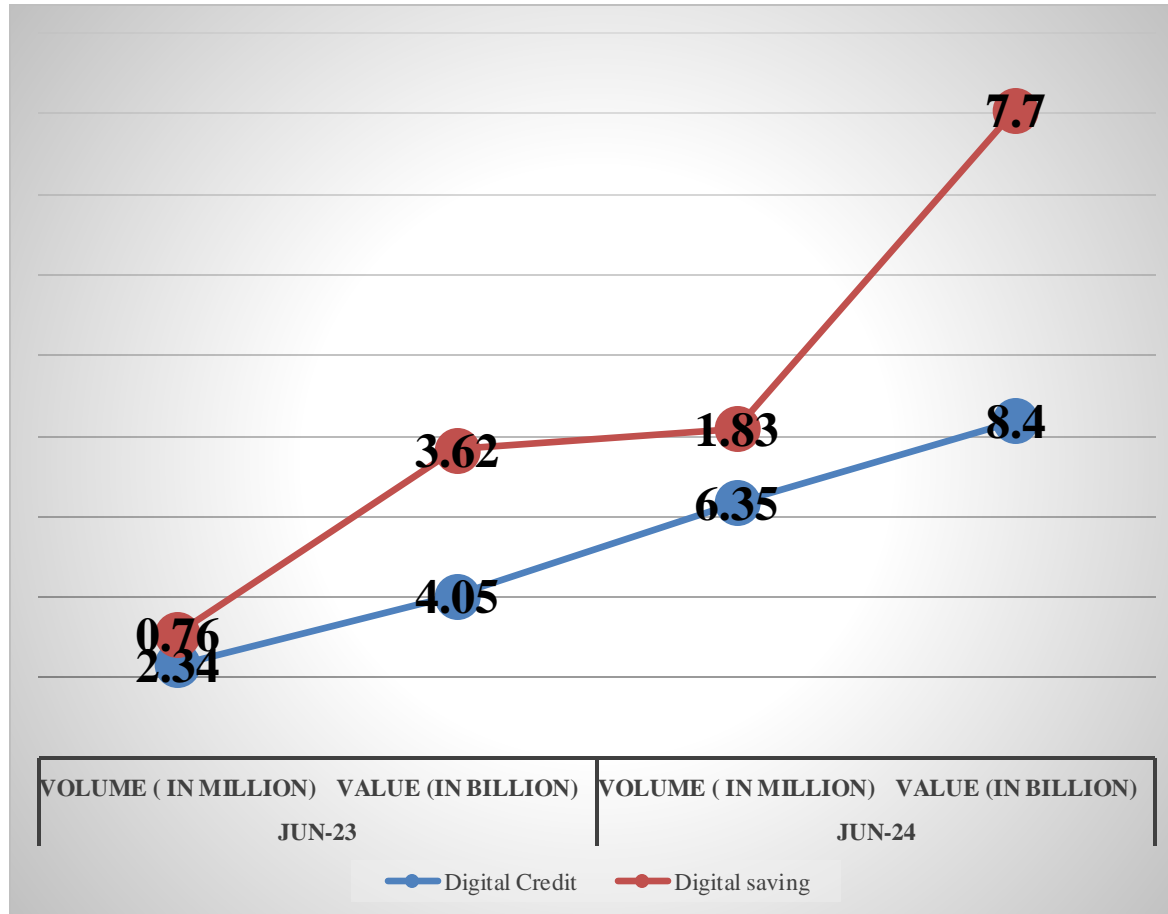
### Digital Payment Performance



- More than **9.6 trillion** birr transactions have been processed digitally showing a threefold surge from last year.
- The **number** of transactions processed digitally has exceeded **2.4 billion** during the year.
- Mobile banking** transactions take the lion's share of the total transactions processed digitally. (**70%**)
- The trend shows payments in the economy going digital with a high level of adoption.
- NBE will continue creating a more enabling environment for the digital payment ecosystem

# Digital Financial Services

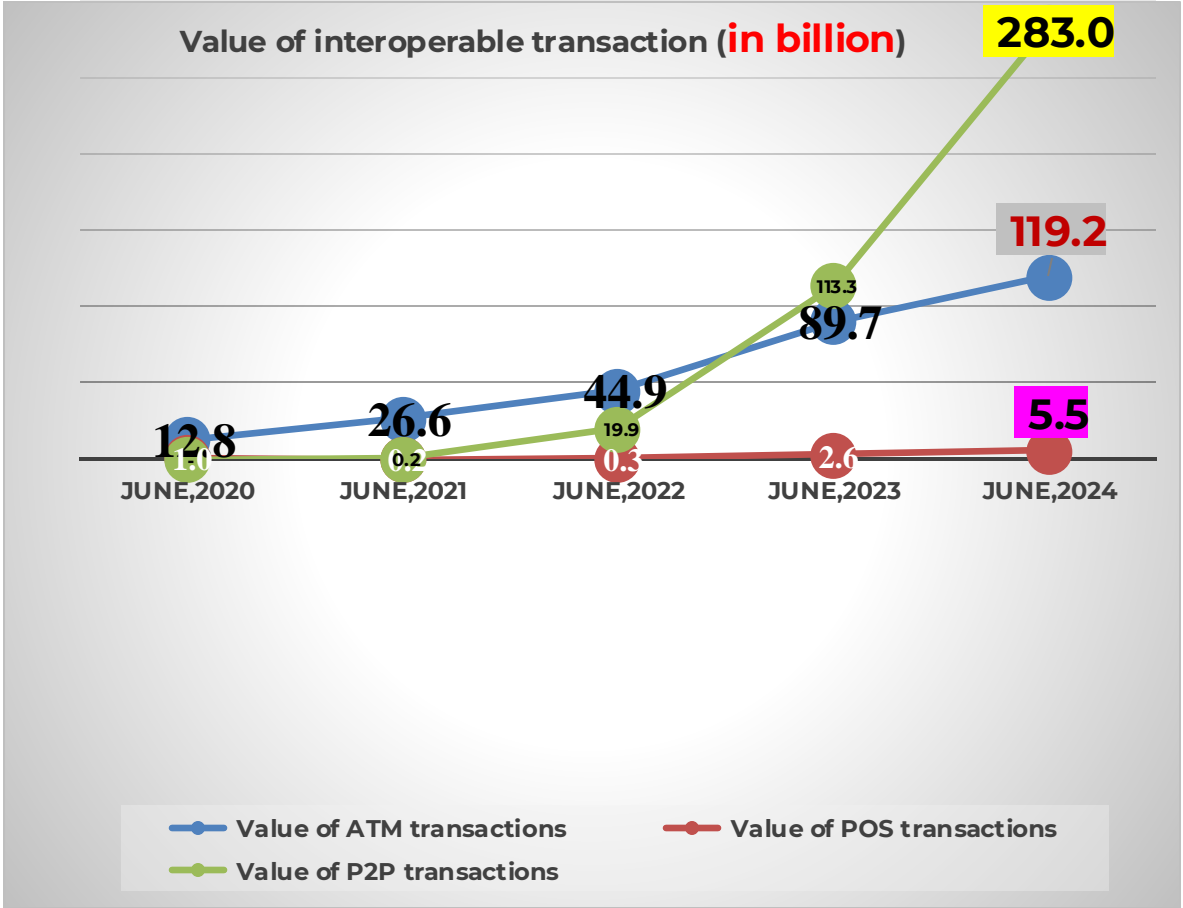
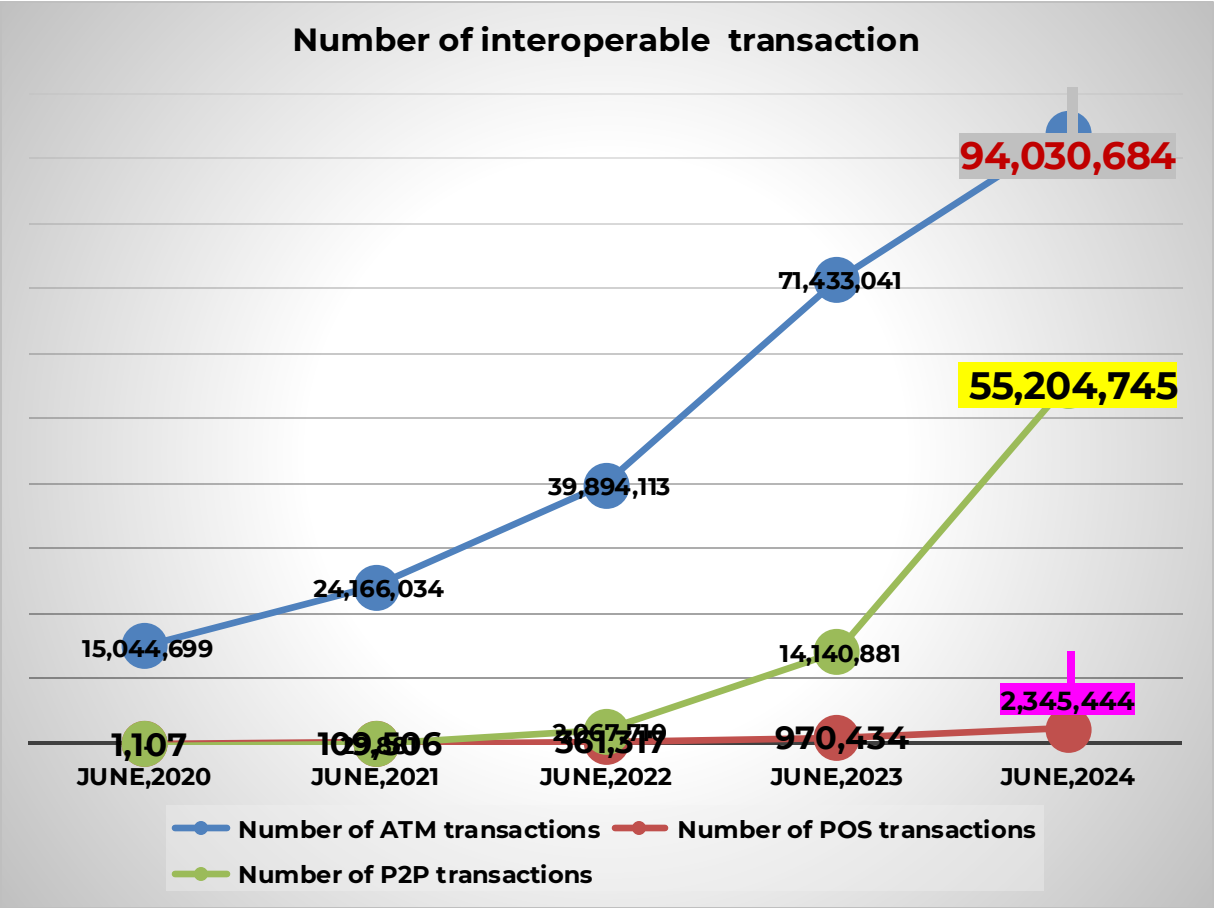
## Digital Saving & Credit



- More than **2.5 million** number of transaction worth **11 birr** have been saved digitally just in 2 years & the growth is remarkable
- More than **8.6 million** number of transaction worth **12 birr** have been saved digitally just in 2 years & the growth is remarkable
- .

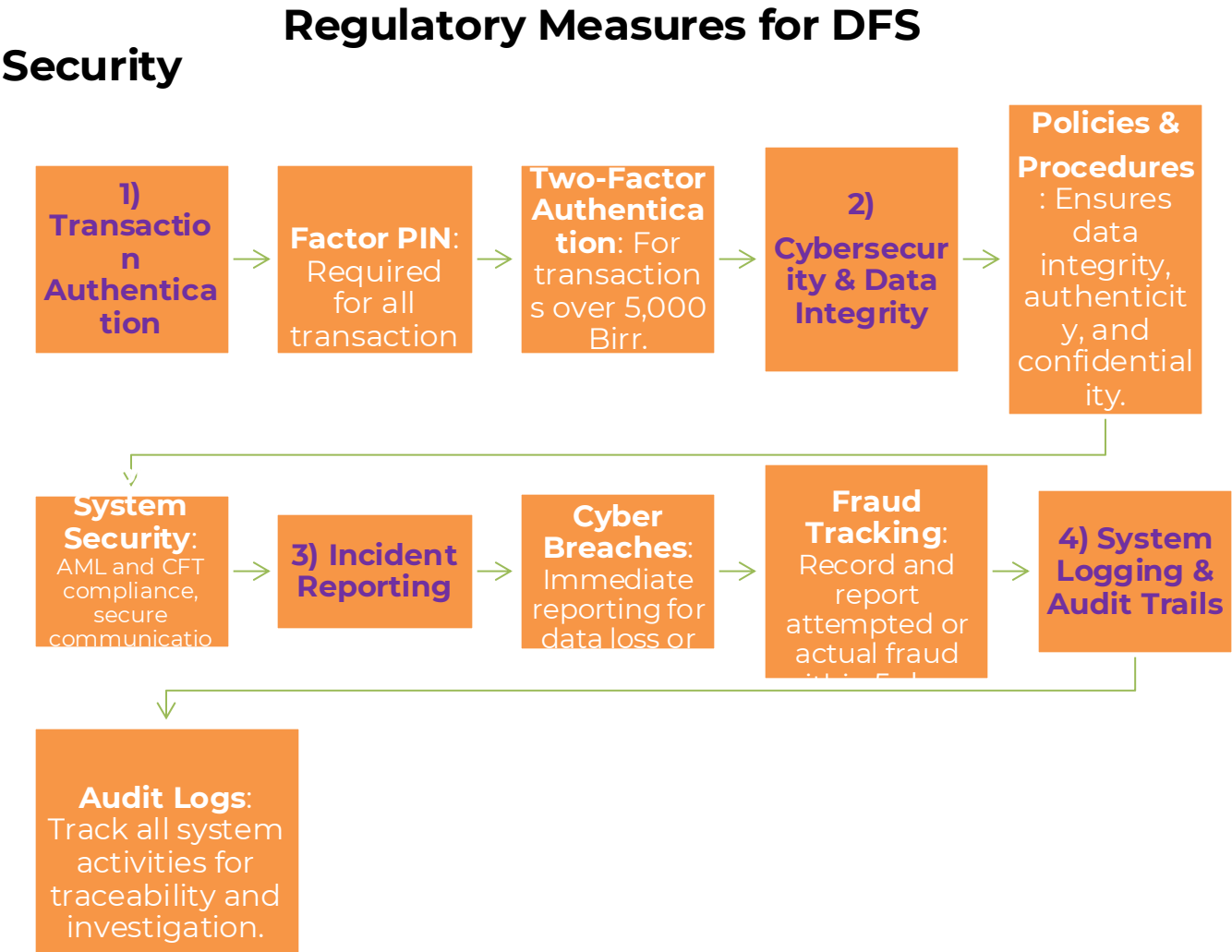
# • Interoperability

Growth of interoperability among financial institutions



# Regulatory Requirements for DFS Security

# ❖ NBE Ensures that all PSPs are at least to implement the following measures



- Regulatory requirements cont....



### 5) Data Management

Secure procedures for data retention, retrieval, and deletion.



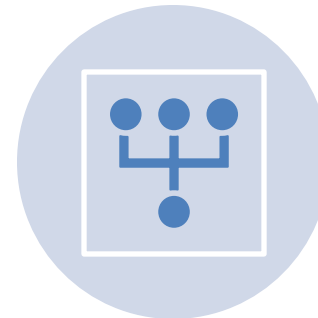
### 6) Real-Time Monitoring & Reconciliation

Ensure trust account balances match electronic accounts daily



### 7) Internal Control & Compliance

Regular audits and assessments (independent auditor)



### 8) Business Continuity & Disaster Recovery

Plans for continuity and recovery from cyber or any operational disruptions.