Ethiopian Economics Association

Scoping Study on Agent Network/Banking Ecosystem in Ethiopia

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Submitted to ReFinD[1]

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EXECUTIVE SUMMARY

- **Financial inclusion remains a significant challenge in Ethiopia, with the country lagging behind regional peers.** This scoping study examines Ethiopia's agent banking ecosystem, a crucial component of the country's financial inclusion strategy. Despite steady improvements, a large segment of the population, particularly in rural areas, remains excluded from formal financial services, with financial infrastructure like ATMs and POS machines heavily concentrated in urban centers like Addis Ababa.
- **The study aimed to assess the state of agent banking by focusing on operational challenges, regulatory frameworks, and market dynamics.** Primary data were collected through structured surveys involving 220 mobile money agents, representatives from seven commercial banks, and officials from the National Bank of Ethiopia (NBE). The data were analyzed using descriptive statistics, supplemented by secondary data from the NBE and other publications.
- **Findings highlight notable disparities, with urban areas having the highest concentration of agents while rural areas remain underserved.** The Commercial Bank of Ethiopia (CBE) is the dominant player, most agents are sole proprietors, and female participation in the sector remains low. The adoption of Point-of-Sale (POS) systems is also limited.
- **The sector faces several operational challenges, including liquidity shortages, delayed commission payments, and low agent retention.** Infrastructure issues, such as network outages and weak signal strength, frequently disrupt transactions. A lack of financial literacy among customers further hampers service adoption, and agent security is a concern, particularly in remote areas.
- **Regulatory hurdles, including slow approval processes and complex licensing, also hinder market growth.** The NBE's *Use of Agents Directive No. FIS/02/2020* provides a foundational framework, but agents report a lack of clarity and delays. While the framework emphasizes consumer protection, enforcement gaps prevent the full implementation of these measures.
- **From a banking perspective, larger agent networks tend to have higher transaction volumes and lower dormancy rates.** Banks often use agent-sharing practices to improve efficiency. A key operational finding is that agents primarily rely on visiting bank branches for liquidity management, with digital solutions being underutilized.
- **To strengthen the sector, the study recommends a set of reforms for regulators, financial service providers, and agents.** Regulators should streamline processes, promote interoperability, and establish a regulatory sandbox. Banks need to diversify agent networks, modernize liquidity management, and invest in training and infrastructure. Agents should adopt digital tools, formalize operations, and prioritize customer service.

- **Together, these reforms form a mutually reinforcing framework that can unlock the full potential of Ethiopia's agent banking sector.** By addressing the identified challenges, Ethiopia can harness the current digital boom to advance its financial inclusion agenda and ensure banking services are accessible to all its citizens.

1. INTRODUCTION

Ethiopia's financial inclusion landscape is undergoing change, yet a substantial portion of the population, particularly in rural areas, remains excluded from formal financial services. Access to financial institutions is limited, with only one bank branch serving approximately 11,516 people in 2022. ATMs and POS machines are not only scarce but also heavily concentrated in urban areas. For example, half of all ATMs and 77% of POS machines are in Addis Ababa alone, making these financial services largely inaccessible to the underbanked rural population (Shega, 2023).

Although the proportion of Ethiopia's adult population with a financial institution account has grown steadily, from 22% in 2014 to over 46% in 2022, formal financial inclusion in the country remains significantly lower compared to other East African nations, such as Kenya, where it reaches 79%. Additionally, a significant gap exists between urban and rural areas, where over three-quarters of the population reside. Regional disparities in account ownership further exacerbate the issue, with poorer and less literate individuals, particularly those living in rural areas, being more likely to remain unbanked (Global System for Mobile Communication Association [GSMA], 2023).

Cash remains the primary payment method in Ethiopia. According to the World Bank's Findex (2022) data, only 20% of adults in Ethiopia made or received digital payments in 2022, a stark contrast to Kenya and the broader Sub-Saharan Africa (SSA) region, where the figures were 78% and 50%, respectively. As a result, the vast majority, 80% of the population, still relies on cash for financial transactions. Ethiopia lags its regional counterparts in both access to and usage of digital financial services (DFS). Furthermore, approximately 82% of adults in Ethiopia still pay utility bills in cash, compared to only 13% in Kenya and 54% across the SSA region.

Women in Ethiopia continue to face significant barriers to accessing and utilizing financial services compared to men, and the gender gap in financial inclusion is widening. Despite overall progress in financial inclusion over the past decade, nearly two-thirds of Ethiopian women remain unbanked, with this disparity disproportionately affecting women. While account ownership among men has more than doubled since 2014, increasing from 23% to 55%, women's access remains considerably lower, with only 39% of women holding an account in 2022. The gender gap has grown over this period—from a 2% difference in 2014, when 21% of women had accounts, to a 16% difference in 2022 (World Bank, 2022), exhibiting a widening disparity in financial inclusion.

Ethiopia has yet to fully harness the potential of DFS, which have played a crucial role in expanding financial access across Sub-Saharan Africa. However, recent developments could improve financial inclusion and drive DFS adoption in the country. The National Bank of Ethiopia (NBE) is set to open the banking sector to foreign investors, a move that could spur growth. Additionally, until 2022, the state-owned Ethio Telecom was the sole telecommunications provider, but the entry of Safaricom marked the beginning of telecom sector liberalization. Increased competition from multiple players, including fintech companies, is expected to boost financial inclusion. The liberalization of the telecom market presents a significant opportunity to expand financial inclusion for underserved populations through mobile money (Shega, 2023).

Agent banking, where retail outlets offer basic banking services on behalf of banks, presents a promising solution to promote financial inclusion in Ethiopia. Agents play a key role in extending financial services to the unbanked and underbanked population at affordable prices, thereby facilitating the uptake of digital financial services. While Ethiopia's agent banking sector is growing, it is still in its early stages. Recognizing the importance of agents, the NBE introduced regulations governing agent banking in 2020. However, there is currently limited evidence to fully understand the existing agent network and banking ecosystem. A scoping study is therefore essential to identify key characteristics, actors, market structure, constraints, and regulatory frameworks surrounding agent banking in Ethiopia. This will provide a solid foundation for future research and development efforts aimed at optimizing this financial access channel for the Ethiopian population.

2. SCOPE OF THE STUDY

2.1. Objectives

The main objective of this scoping study is to identify key characteristics, actors, market structure, constraints, and regulatory frameworks surrounding agent banking in Ethiopia. Specifically, the study aims to:

1. Identify and describe the main actors in Ethiopia's agent banking ecosystem, outlining their roles, responsibilities, and interactions;
2. Examine the market structure of agent banking, including the distribution of agents and the range of services offered;
3. Identify the key constraints affecting agent banking operations, such as infrastructure challenges, liquidity limitations, and commission structures; and
4. Review and summarize the regulatory frameworks governing agent banking, focusing on key policies, licensing requirements, and compliance challenges.

2.2. Key Actors[4]

In a response that addresses the question who are the key actors in the agent network ecosystem in Ethiopia shows that the agent network system is a complex web of actors that collectively play a critical role in extending financial services to the unbanked population. Gaining a clear understanding and mapping these actors is essential for comprehensive analysis. The key participants in the ecosystem include:

- **Agents:** These are individuals or businesses that offer agent banking services to customers within their communities. Agents typically operate from retail outlets, kiosks, or shops, assisting customers with financial transactions such as deposits, withdrawals, bill payments, and more. Agents can also include telecom retailers and post offices.
- **Banks/Financial Institutions:** These institutions are responsible for implementing the agent banking model, setting operational guidelines for agents, ensuring compliance with regulations, and overseeing the system's effectiveness. They play a key role in maintaining the integrity of the model and ensuring that agents operate within the legal and regulatory framework.
- **Regulators:** The NBE is the primary regulator of the financial system, including agent banking. The NBE establishes the rules and regulations that govern the activities of all actors in the ecosystem to ensure a stable and secure financial environment.

2.3. Market Structure: Organization of Retail Digital Finance

This examines the organization and structure of the retail digital finance market in Ethiopia, with a focus on key issues such as:

[4] The organization of this study follows the structure outlined in ReFinD's Framework Paper (Annan *et al.,* 2024).

- **Types of Agent Banking Models:** Identify and describe the different agent banking models in Ethiopia, such as Bank-led, MFI-led, and FinTech-led models. Each model has distinct operational dynamics and impacts on financial inclusion.
- **Agent Network Landscape:** Analyze the agent network in terms of its size, distribution, ownership structure, in rural versus urban, as well as the key factors influencing market entry and competition. This analysis provides valuable insights into the availability and accessibility of agent banking services nationwide.
- **Financial Services Offered and Consumer Choice:** Document the different financial services offered through agent banking channels, such as deposits, withdrawals, money transfers, bill payments, and others. Additionally, explore the consumer preferences in selecting service providers, considering factors like convenience, trust, and pricing.

2.4. Stylized Market Facts

Ethiopia's agent banking market is dynamic and rapidly evolving, playing a crucial role in expanding financial access across the country. This section outlines the key characteristics of Ethiopia's agent banking ecosystem. Key areas of focus include:

- **Agent Network Performance Metrics:** Analyze data on agent network activities, including transaction volume, transaction value, and the ratio of active to dormant agents. This analysis provides insights into the network's performance and overall reach.
- **Digital Payments Landscape:** Evaluate Ethiopia's broader digital payments ecosystem, including mobile money penetration and merchant payment acceptance. Understanding these dynamics helps assess the extent of digital finance adoption.
- **Customer Segmentation:** Identify and characterize the primary user segments for agent banking services, such as the rural population, unbanked adults, women, and other underserved groups. This segmentation exhibits the diverse needs of the population.
- **Transaction Volume by Service Type:** Explore the volume of transactions conducted by agents across different banks and services. This provides a detailed understanding of how agents are utilized and the types of services most in demand.
- **Type of Services and Customer Charges:** Assess the primary services offered by agents (such as deposits, withdrawals, and transfers) and document any variations in customer fees across service types or financial institutions.
- **Variations in Agent Incentives:** Document variations in agent incentives offered by financial institutions. Understanding how agents are compensated provides insight into their motivation and the sustainability of the agent network.

2.5. Regulatory Environment

This explores the regulatory framework surrounding agent banking in Ethiopia. The focus is on:

- **Relevant Laws and Directives:** Review key legislation and directives from the National Bank of Ethiopia (NBE) that govern agent banking operations. This helps to understand the regulatory landscape and its influence on agent banking.

- **Application and Approval Process for Agents:** Examine the application and approval processes for using agents in Ethiopia, including any required criteria and regulations.
- **Focus on Consumer Protection:** Assess the regulatory framework's emphasis on consumer protection, particularly in terms of agent conduct, transparency, and dispute resolution mechanisms.
- **Regulatory Innovation:** Investigate the NBE's approach to promoting innovation within the agent banking space. This sheds light on the regulatory stance regarding the introduction of new technologies, services, and models.

2.6. Management Incentives

This section examines the structure of agent incentives, commissions, and the overall sustainability of the agent banking network.

- **Agent Incentives and Sustainability:** Analyze the existing agent incentives and commission structures, exploring variations across banks and financial institutions. The analysis also identifies challenges affecting agent profitability and the sustainability of the agent network, including how incentive models affect agent motivation and performance.

2.7. Constraints and Challenges

Addressing the challenges faced by agent banking in Ethiopia is crucial for enhancing the sector and promoting financial inclusion. Therefore, this section examines the key challenges limiting the growth and effectiveness of agent the banking network, with a focus on the following key areas:

- **Infrastructure and Connectivity:** Assess the limitations in physical infrastructure, such as branch density and access to electricity, as well as mobile network connectivity issues in rural areas, which may hinder agent banking operations.
- **Financial Literacy and Awareness:** Evaluate the level of financial literacy and awareness among potential agent banking users, particularly in underserved communities. The study looks at how gaps in knowledge affect the adoption of digital financial services.
- **Barriers to Market Entry:** Analyze the major factors contributing to barriers to market entry, including market saturation and agent competitiveness. This helps us understand the challenges for new agents and institutions looking to enter the market.
- **High Costs of Service Provision for Banks:** Investigate whether the significant investments required to upskill customers in rural areas, where digital financial literacy is low, are limiting the growth and scalability of agent banking services.
- **Liquidity Issues/Insufficient Working Capital:** Explore whether liquidity shortages (the inability to meet customer demand) are a major challenge for agents in Ethiopia, affecting the profitability and effectiveness of their operations.
- **Commission Payment Issues:** Examine whether delays in commission payments or insufficient payment sizes are affecting agent satisfaction, performance, and the growth of the agent network ecosystem.

3. REVIEW OF AGENT BANKING

3.1. The Roles of Agent Banking

The agent banking business model is increasingly being adopted in many developing countries. Assessing the benefits and challenges associated with its implementation is crucial in evaluating its potential. Numerous studies have examined agent banking services in developing nations (e.g., Atandi, 2013; Wairi, 2011; Chiteli, 2013; Chan-Lau, 2017; Mbugua, 2005; Ombutora & Mugambi, 2013; Barasa & Mwirigi, 2013). Most have focused on agent banking in other countries, particularly Kenya (e.g., Mbugua, 2005; Ombutora & Mugambi, 2013; Barasa & Mwirigi, 2013).

The primary drivers behind the adoption of this service in the country include lowering infrastructure costs for banks, expanding customer reach, and facilitating financial products that encourage small savings and the approval of microloans. Ivatury and Mas (2008) highlighted several factors contributing to the growth of branchless banking in developing nations, such as cost-effective service delivery through mobile operators, retail outlets, and post offices, along with ease of implementation and a diversified bill payment system under the agent banking model. Similarly, Wairi (2011) identified cost reduction and an expanding customer base through retail outlets as key factors in the adoption of agent banking in Kenya. Moreover, studies indicate that banks in Kenya providing agent banking services have benefited from lower infrastructure and administrative costs while achieving rapid customer growth and increased deposit mobilization, particularly in rural areas (Chemutai, 2017).

The agent banking model, being a cost-effective method of delivering banking services, presents numerous opportunities for expanding financial access. These include strengthening the bank's brand image (Moretaza, 2018), enhancing profitability by fostering a positive link between agent banking and financial performance (King'ang'ai, 2016), and improving overall banking efficiency and productivity. Additionally, it helps reduce cash-related crimes and boosts public confidence in the banking sector (Patricia-Nezianya & Izuchukwu, 2014). Agent banking also contributes to increased market share and customer accessibility, ultimately leading to higher profitability (Mwando, 2013). As a financial inclusion tool, agent banking has been widely adopted in developing countries, facilitating financial deepening by expanding the customer base and geographic reach (Waithanji, 2012). By extending financial services to remote areas and marginalized populations, agent banking plays a crucial role in promoting financial inclusion (Mahmood & Sarker, 2015). While extensive research exists on agent banking globally, studies on its challenges and opportunities in Ethiopia remain limited due to the service's early stage of development.

The prospect of agent banking in Ethiopia depends not only by its benefits but also by the challenges faced by banks, agents, and clients. Major obstacles to agent banking in the country include inadequate infrastructure, limited start-up capital for agents, security concerns, regulatory restrictions, and widespread financial illiteracy (Demeke, 2018). According to research by Asalfew (2023), four key challenges hinder the growth of agent banking in Ethiopia:

the absence of a comprehensive legal framework, underdeveloped ICT infrastructure with poor network connectivity, lack of competition among banks, and low customer trust in the service. Similarly, Aregahegne (2015) emphasized that the country's ICT infrastructure is not sufficiently developed to support agent banking at an optimal level. Additionally, he pointed out that agent banking services are primarily concentrated in major cities, despite the expectation that they should cater to clients across various geographical regions.

Existing literature indicates that only a few studies have been conducted on agent banking in Ethiopia (Getachew, 2020; Mesfin, 2020), with these studies primarily focusing on the theoretical aspects of agent banking or its challenges. There is a noticeable gap in research regarding the growth of agent banking, particularly in terms of analyzing its opportunities and challenges and evaluating its prospects. Additionally, research based on primary data on agent banking in Ethiopia is scarce. This scoping study aims to address this gap by providing insights into the current state of agent banking in Ethiopia and its future potential.

3.2. The State of Agent Banking in Ethiopia

Agent banking in Ethiopia has been progressively expanding, aiming to enhance financial inclusion by providing banking services to underserved populations, particularly in rural areas. This model allows customers to perform transactions such as deposits, withdrawals, fund transfers, bill payments, and balance inquiries through authorized agents, thereby reducing the need to visit traditional bank branches.

Agent banking is a recent phenomenon in the Ethiopian financial sector. Dashen Bank pioneered this initiative in December 2014, followed by other banks such as United Bank and Lion International Bank (Getachew, 2020). The National Bank of Ethiopia (NBE) issued the foundational "Regulation of Mobile & Agent Banking Services" directive in 2012, providing the initial legal framework. This was later superseded and refined by the more comprehensive "Use of Agents Directive No. FIS/02/2020", which outlines the roles, responsibilities, and operational guidelines for banks and agents, ensuring the security and reliability of transactions.

The agent banking ecosystem is dominated by a few key players. The state-owned Commercial Bank of Ethiopia (CBE) is the undisputed market leader, operating the largest agent network in the country by a significant margin, primarily through its CBE Birr service. Other major private banks, such as Awash Bank, Dashen Bank, and the Cooperative Bank of Oromia (CBO), have also established extensive networks. The entry of Safaricom Ethiopia with its M-Pesa platform marks a significant shift, introducing a strong telecom-led competitor to the historically bank-led market. While there is no dedicated industry association solely for agent banking, the Ethiopian Bankers Association serves as a collective body representing the interests of commercial banks, including matters related to digital finance and agent banking.

The Ethiopian market is predominantly characterized by a bank-led model, where commercial banks directly recruit, train, and manage their own networks of agents. This differs from the telecom-led model that catalyzed growth in markets like Kenya. Strategic initiatives within this bank-led framework often focus on partnering with organizations that have extensive physical networks to rapidly scale coverage. For instance, leveraging the widespread infrastructure of the Ethiopian Postal Service (Ethiopia Post) has been identified as a key opportunity. Using post offices as banking agents, particularly in rural and remote areas, represents a critical effort to utilize existing trusted infrastructure to drive financial inclusion.

Despite these efforts, the sector is still in its growth phase. The concentration of agents in urban areas, operational challenges like liquidity management and network connectivity, and regulatory complexities are ongoing hurdles. However, with the liberalization of the telecom sector and the entry of new players, the ecosystem is poised for increased competition, innovation, and expansion, which is expected to significantly enhance the reach and quality of agent banking services across Ethiopia.

4. DATA AND METHODS

4.1. Data Type and Samples

Primary data was collected through structured surveys targeting key stakeholders, including agents, commercial banks, and the National Bank of Ethiopia (NBE). These surveys aimed to gather insights on regulatory frameworks, market dynamics, and operational challenges. Secondary data was obtained from the NBE, along with peer-reviewed research publications and policy documents. The integration of both primary and secondary data provided a comprehensive understanding of the agent banking landscape and policy environment in Ethiopia.

Data collection for this study took place across six regions in Ethiopia: Oromia, Central Ethiopia, Sidama, Harari, Addis Ababa, and Dire Dawa City Administration. Due to conflict and security-related challenges, the regions selected were those where access was both feasible and secure. To ensure the sample was representative of the broader population, the sampling framework targeted the capital cities of each regional state and, in addition, incorporated at least one rural town from each region.

As of 2023, Ethiopia had over 233,000 mobile money agents, according to the National Bank of Ethiopia (2024). The sample size was determined to be 220 respondents, a figure that balances practical constraints with the need for statistical validity. A stratified sampling approach was employed to ensure proportional representation of towns based on agent banking penetration. Towns were categorized into major cities and medium/small towns, with respondents allocated according to the relative density of agent banking activity within each region.

Given the high concentrations of mobile money agents in Oromia and Addis Ababa, larger sample sizes were allocated to these areas to ensure their adequate representation. Specifically, 96 respondents were selected from Oromia, and 80 from Addis Ababa. The remaining respondents were distributed among the other regions as follows: 18 from Central Ethiopia, 11 from Sidama, 7 from Harar, and 8 from Dire Dawa City Administration. This allocation aimed to reveal the regional distribution of mobile money agents, ensuring that areas with higher agent concentrations were adequately represented.

Table 1: Distribution of Sampled Agents across Regional States and City Administrations

Region/City Administration	Number of Respondents
Oromia	96
Central Ethiopia	18
Sidama	11
Harar	7
Addis Ababa	80
Dire Dawa	8
Total	220

In addition to the agent survey, key stakeholders in the agent banking ecosystem were also surveyed to provide a more comprehensive understanding of the context and dynamics of agent banking services. These stakeholders included representatives from the agent banking departments of both commercial banks and the National Bank of Ethiopia (NBE).

To ensure a balanced representation of the banking sector, the selection of banks was based on the NBE's classification by size. Seven banks were chosen, including:

- **One large-sized bank:** Commercial Bank of Ethiopia (CBE), the only large bank in this category.
- **Three medium-sized banks:** Cooperative Bank of Oromia, Awash Bank, and Bank of Abyssinia.
- **Three small-sized banks:** Nib International Bank, Oromia International Bank, and Abay Bank.

This sampling strategy ensures that insights from a diverse set of banking institutions, ranging from the largest state-owned bank to smaller, private institutions, were captured, providing a well-rounded view of the agent banking landscape in Ethiopia.

4.2. Data Analysis

This study primarily employs a descriptive approach to data analysis, utilizing tables, bar charts, and other visual tools to clearly present the findings. Descriptive statistics are used to summarize key characteristics of agents, such as age, gender, and educational level. Bar charts are used to demonstrate the main constraints and other significant aspects of agent banking, while tables provide detailed data on various facets of the sector, including the distribution and geographic spread of agents across different regions.

In addition to demographic and operational data, the analysis examines the regulatory frameworks and constraints affecting agent banking in Ethiopia. Bar charts and other visual tools are employed to illustrate the challenges and regulatory factors that influence agent operations. By combining these analytical methods, the study offers a comprehensive overview of the agent banking sector, identifying key challenges and potential areas for improvement.

5. AGENT PROFILES

5.1 Demographic Attributes of Agents

Table 2 displays the demographic attributes of agents, revealing that male and female agents share remarkably similar characteristics, particularly in terms of age and education. The analysis indicates that the average age of male agents is 33.2 years, while female agents have a slightly lower average age of 32.9 years. The median age for both groups is also comparable, with males at 32 and females at 33, suggesting a consistent age distribution across genders.

Educational attainment also shows little difference between male and female agents. On average, male agents have 13.26 years of schooling, while female agents have 13.23 years. The variation in education levels remains relatively low, with standard deviations of 2.59 for males and 2.55 for females. This consistency in educational background suggests that both groups possess similar levels of formal education, further reinforcing the demographic similarity between male and female agents.

These findings suggest that gender has little influence on the demographic characteristics of agents. The close similarity in age and education indicates that both male and female agents operate under similar conditions. Therefore, any differences in their performance or operational challenges are more likely driven by external factors, such as market conditions, regulatory frameworks, or business strategies rather than inherent demographic disparities.

Table 2: Summary Statistics of Demographic Information by Gender

Gender	Number of Observations	Variable	Mean	Median	Standard Deviation	Min	Max
Male	154	Age	33.23	32	8.01	20	77
	154	Education level	13.26	14	2.59	4	20
Female	66	Age	32.85	33	7.37	20	54
	66	Education level	13.23	13.5	2.55	6	18
Total	220	Age	33.12	32	7.81	20	77
	220	Education level	13.25	14	2.57	4	20

Source: Author's calculations based on survey data.

Table 3 outlines the regional distribution of agents within Ethiopia’s agent banking ecosystem, distinguishing between urban and rural locations. The table reveals a significant concentration of banking agents in urban areas, where 208 out of 220 agents (94.5%) operate in cities. Addis Ababa alone hosts 80 agents, indicating its central role in financial services. Oromia has the highest number of rural agents (10), while Harari has just 2, showing limited rural outreach. The relatively small number of rural agents suggests potential barriers to financial inclusion, such as infrastructure challenges, lower demand, or regulatory constraints.

The dominance of urban-based agents suggests that financial institutions focus on high-traffic areas where demand for digital banking services is greater. This urban concentration is likely driven by factors such as better connectivity, higher population density, and greater business opportunities. However, the limited number of agents in rural areas shows the need for targeted interventions to expand financial access in underserved areas. Strengthening rural agent banking could help bridge up the financial inclusion gap by making banking services more accessible to cash-dependent communities. To enhance the reach and impact of agent banking across Ethiopia, policymakers and financial institutions could implement strategies such as providing incentives for rural agents, investing in digital infrastructure, and conducting public awareness campaigns.

Table 3: Distribution of Agent Banking Operators in Ethiopia by Location and Region

Region	Location of the Agent		Total
	Urban	Rural	
Addis Ababa	80	0	80
Central Ethiopia	18	0	18
Dire Dawa	8	0	8
Harar	5	2	7
Oromia	86	10	96
Sidama	11	0	11
Total	208	12	220

Source: Author's calculations based on survey data.

Table 4 below reveals significant gender and geographic disparities in Ethiopia's agent banking sector. Of the 220 total agents, 154 (70%) are male and 66 (30%) are female, indicating a notable gender gap in the sector. In terms of urban-rural distribution, most agents, 208 (94.5%), are in urban areas, while only 12 (5.5%) operate in rural areas. This suggests that agent banking is largely concentrated in urban areas, where infrastructure and resources are more readily available. The gender imbalance is particularly evident in urban areas, with male agents outnumbering female agents by more than two to one.

Table 4: Gender and Urban/Rural Distribution of Agents in Ethiopia

Gender of Agent	Location of the Agent		Total
	Urban	Rural	
Male	147	7	154
Female	61	5	66
Total	208	12	220

Source: Author's calculations based on survey data.

The gender and geographic distribution of agents points to important areas for improvement in Ethiopia's financial inclusion efforts. The low number of agents in rural areas indicates that there may be insufficient infrastructure or support to expand agent banking in these underserved areas. Furthermore, the gender gap in agent representation suggests the need for targeted interventions to promote female participation in the sector. Addressing these disparities through policy reforms, increased access to financial services in rural areas, and gender-focused initiatives could play a crucial role in enhancing financial inclusion in Ethiopia.

Table 5 below provides a summary of agent banking distribution among various banks in Ethiopia, categorized by affiliation and ownership structure. The Commercial Bank of Ethiopia (CBE) leads with the highest number of agents, holding 105 out of the total 220, making up a significant share. Awash Bank comes next with 60 agents. In terms of ownership structure, sole proprietorship is the most prevalent, accounting for 209 agents, indicating a strong preference for individual ownership. Partnerships follow, which 8 agents, while corporations (1) and other structures (2) are very limited. This suggests that most agents opt for independent operations rather than larger partnerships or corporate models.

The table further exhibits the concentration of agent banking in a few dominant banks, mainly CBE and Awash Bank, along with a strong inclination for sole proprietorships. This trend may be driven by the flexibility and lower entry requirements of sole proprietorships, making them a more appealing choice for agents entering the banking sector. The small number of partnership and corporate structures indicates that agent banking in Ethiopia remains largely decentralized and individually operated. Understanding these trends can help shape policy recommendations aimed at strengthening the agent banking ecosystem, especially by encouraging collaborations or offering incentives for partnership models, which could enhance financial inclusion nationwide.

Table 5: Distribution of Agent Banking by Bank Affiliation and Ownership Structure in Ethiopia

Bank Affiliation	Ownership Structure				Total
	Sole Proprietorship	Partnership	Corporation	Other	
Awash Bank	58	2	0	0	60
Abyssinia Bank	3	0	0	0	3
Commercial Bank of Ethiopia (CBE)	98	4	1	2	105
Cooperative Bank of Oromia (COOP)	26	0	0	0	26
Dashen Bank	9	0	0	0	9
NIB Bank	11	2	0	0	13
Oromia International Bank	4	0	0	0	4
Total	209	8	1	2	220

Source: Author's calculations based on survey data.

Figure 1 below depicts the distribution of training received by agents, indicating the focus on a well-rounded skill set. Notably, 47.84% of agents received both financial literacy and agent management training, underscoring the importance of combining financial knowledge with strong management capabilities. Additionally, 41.44% of agents completed agent management training alone, suggesting that management skills are a key priority in the agent training programs. Only 10.81% received financial literacy training without management instruction, indicating that financial knowledge is often integrated with management training to ensure a well-rounded skill set. A small portion (0.90%) reported receiving other types of training, including topics related to the benefits of agent banking. Although limited, this suggests an opportunity to further diversify training programs. Overall, the figure underscores the need for a robust training framework that blends financial literacy, management expertise, and specialized topics to enhance agents' business performance.

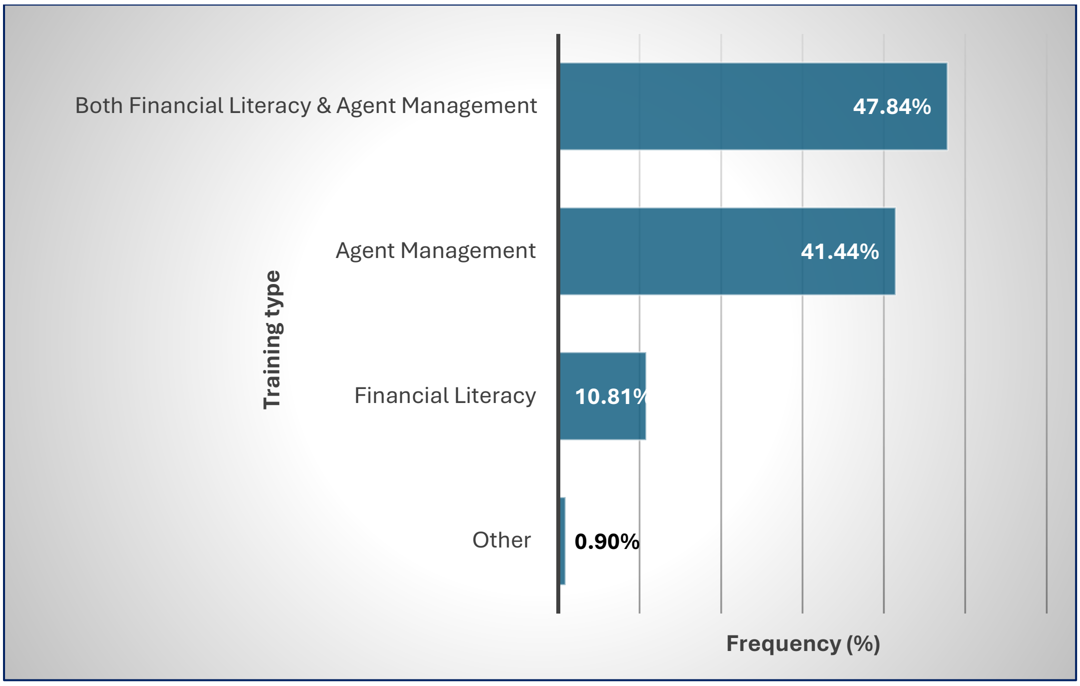

Figure 1: Distribution of Agents by Type of Training Received

Source: Author's calculations based on survey data.

5.2 Agent Technology

Figure 2 below portrays an in-depth analysis of the adoption and types of Point-of-Sale (POS) devices used by agents. Out of 220 agents surveyed, only 9.09% reported using POS devices, showcasing their low adoption rate within the network. Among these users, card-only devices were the most common, comprising 45% of usage, followed by Mobile POS systems, which accounted for 20%.

Other configurations included POS and card-only systems, making up 15% of usage. Meanwhile, biometric technology, devices supporting both card and cash transactions, card and payment function devices, and setups integrating computer and card technologies each accounted for 5% of usage.

The figure further demonstrates the varied adoption of POS devices, despite their overall low usage rate. Expanding access to these technologies, coupled with targeted training, could streamline transactions, improve service delivery, and contribute to the sector's broader digital transformation.

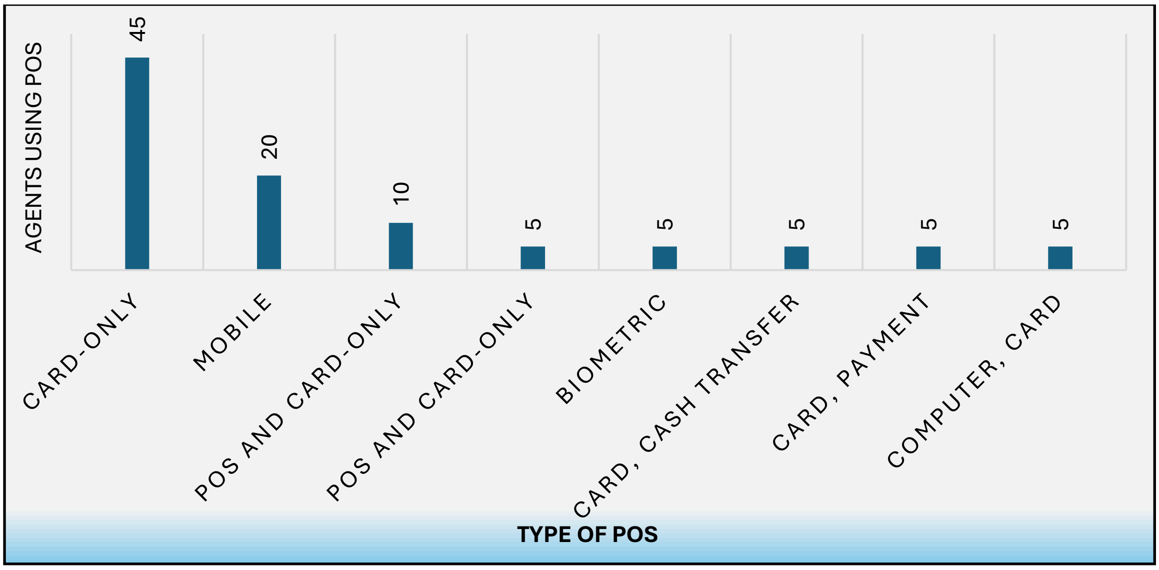

Figure 2: Use and Types of POS Devices among Agents

Source: Author's calculations based on survey data.

5.3 Infrastructure and Connectivity

Figure 3 depicts the key challenges faced by agents within Ethiopia's mobile network and banking ecosystem. The most frequently reported issue is network outages, affecting 62.27% of agents, followed by poor signal strength, which impacts 52.72%. Additionally, high data costs (47.72%) and limited coverage (32.27%) create further obstacles to delivering reliable banking and mobile services. A smaller portion of agents (7.73%) were uncertain about the challenges they face, while 1.36% mentioned other unspecified issues, including fast yet insecure systems and ongoing signal problems. These results stress the pressing need for investments in mobile network infrastructure, improved signal reliability, lower data costs, and broader coverage to enhance the accessibility and resilience of Ethiopia's banking network.

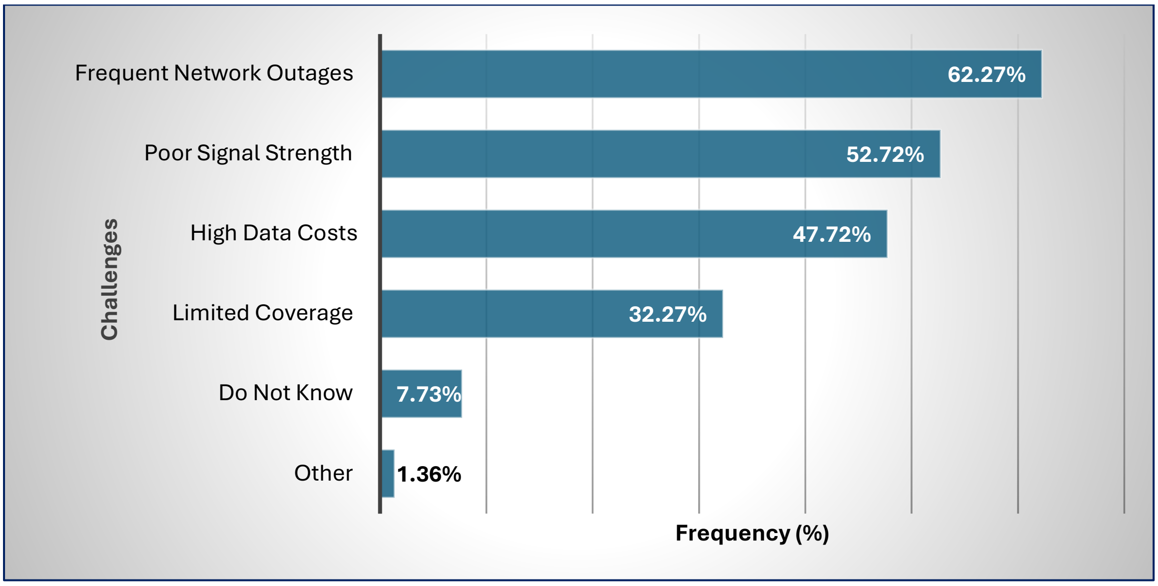

Figure 3: Primary Challenges Agents Face with Mobile Network Connectivity

Source: Author's calculations based on survey data.

5.4 Financial Literacy and Awareness

Figure 4 below shows the key obstacles to financial literacy and awareness in the agents' regions. The most frequently cited barrier is a lack of foundational education in financial and digital literacy, reported by 75.90% of agents. This includes insufficient understanding of basic financial concepts (e.g., savings, loans, interest) and digital payment systems (e.g., how to use mobile wallets, agent banking services, or manage e-float liquidity). This gap hinders both agents' ability to operate effectively and customers' willingness to adopt digital financial services Closely following is limited access to practical financial information, mentioned by 75.45% of agents. This entails a lack of clear, readily available guidance on crucial operational topics such as detailed procedural steps for complex transactions, best practices for liquidity and e-float management to avoid shortages, transparent details on commission structures and payment schedules, simple consumer-facing materials to help educate customers, and timely updates on regulatory changes. This lack of accessible, actionable information hinders agents' operational efficiency and their ability to educate and build trust with customers.

Other barriers include cultural influences (24.09%) and language barriers (17.27%), both of which affect the comprehension and communication of financial concepts in these regions. A small proportion (5.0%) of agents were uncertain about the specific barriers, indicating a lack of awareness about the challenges in their communities. In addition, 3.18% of agents pointed to other factors, such as insufficient awareness campaigns by banks and ineffective advertisements. These results emphasize the importance of addressing both educational gaps and access to information to improve financial literacy in these regions.

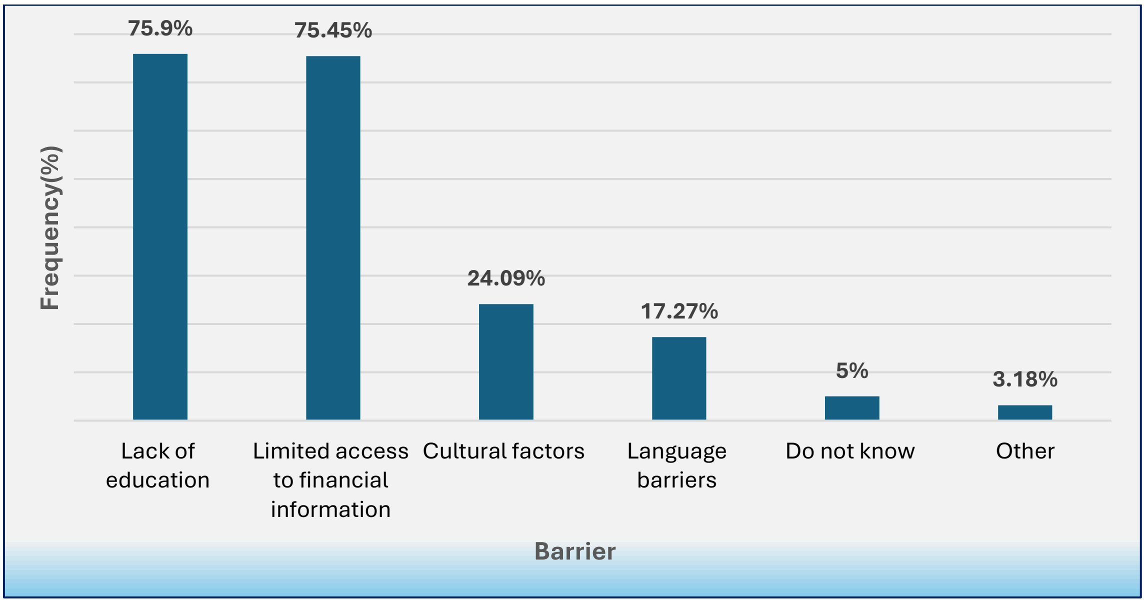

Figure 4: Main Barriers to Financial Literacy and Awareness in the Agents' Region

Source: Author's calculations based on survey data.

5.5. Barriers to Market Entry

Figure 5 below illustrates the key barriers preventing new agents from entering the market. The most frequently cited obstacle is limited market potential, with 55.45% of agents expressing concerns about insufficient demand in certain regions or sectors. Closely following this, 53.63% of agents identified the high initial investment as a significant deterrent, given the substantial financial requirements for establishing an agent banking operation. While this study's survey data did not capture the precise financial amounts, further insight is needed to fully quantify this barrier. A crucial analysis would involve calculating the typical startup costs, which include technology purchases (POS device, smartphone), security upgrades, initial float capital, and registration fees, and then expressing this total amount as a share of annual household income for agents. Regulatory hurdles were also a major concern, with 41.81% noting the difficulties in navigating stringent regulations discourage new entrants. Additionally, 26.36% of agents pointed to competition from existing agents, making entry even more challenging. A smaller percentage of agents (10.00%) cited other barriers, including low awareness of agent banking among clients, insufficient training and support from bank branches, low commission rates, and limited public understanding of the business. Additional obstacles include unattractive commission structures, lack of customers, high office rental costs, distrust in agent banking, inadequate site assessments when opening branches, and a general lack of knowledge about agent banking among both potential agents and clients.

Still other challenges include customer concerns over service charges, lack of clarity regarding commission structures, insufficient follow-up by agent service providers, operational risks, and the significant effort required to become an agent. Furthermore, issues such as limited office space, manual control of customer commissions due to system limitations, integration difficulties with other platforms like Telebirr, lack of payment options for certain services (e.g., DSTv), and the absence of online reporting capabilities were also noted.

These findings indicate a multifaceted mix of financial, market, and operational challenges that deter new agents from entering the market. Addressing these barriers through awareness campaigns, better training and support, trust-building initiatives, simplified regulatory procedures, and improvements to commission structures and operational systems would significantly enhance the appeal and sustainability of agent banking within Ethiopia's financial ecosystem.

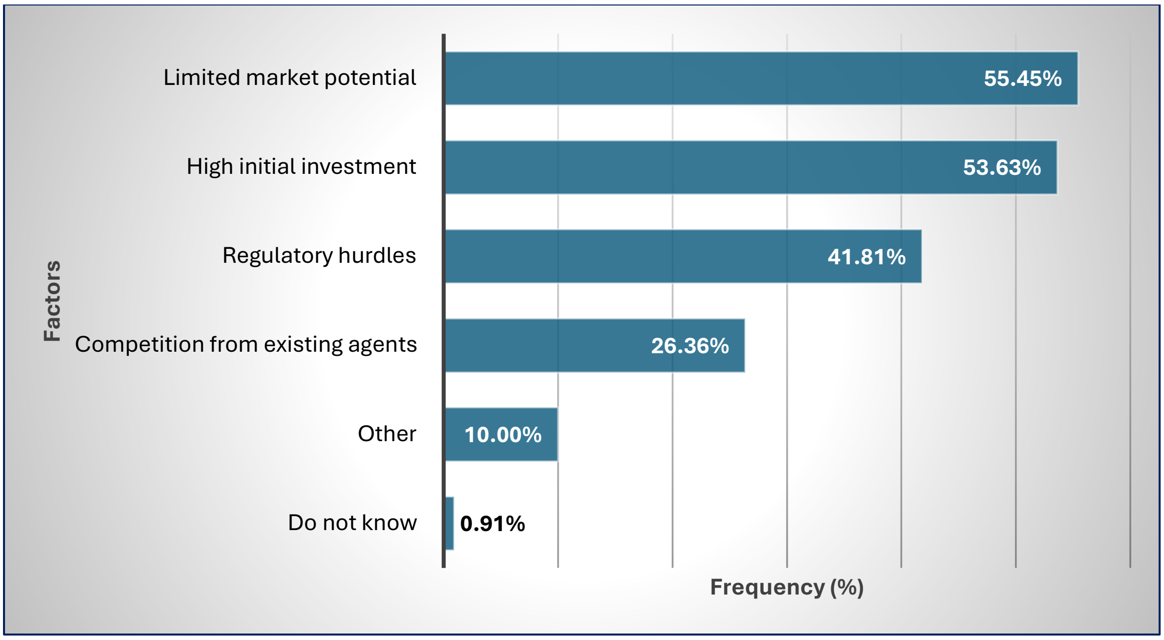

Figure 5: Major Factors Hindering the Entry of New Agents into the Market
Source: Author's calculations based on survey data.

Table 6 reveals agents' perspectives on market saturation in agent banking services. The majority (75.45%) believe the market is not saturated, reflecting strong confidence in growth opportunities remain, especially in underserved areas and among populations not yet fully integrated into formal banking services. Conversely, 18.18% perceive the market as saturated, pointing to localized constraints or areas where agent banking services are already established with limited customer demand. Additionally, 3.64% expressed uncertainty, while 2.73% were unsure, possibly due to a lack of market knowledge or experience. Overall, the findings convey a largely optimistic view of the sector's growth potential, though targeted strategies may be necessary to address specific regions or segments where perceived saturation could limit expansion.

Table 6: Belief about Market Saturation for Agent Banking Services

Market Saturation Belief	Frequency (%)
No	75.45
Yes	18.18
Uncertain	3.64
Do Not Know	2.73
Total	100

Source: Author's calculations based on survey data.

5.6. Liquidity Problem/Insufficient Working Capital

The sector faces several operational challenges, including liquidity shortages, delayed commission payments, and low agent retention. The prevailing practice for liquidity management is for agents to physically travel to bank branches to rebalance their cash and e-float. Table 7 presents a summary of how frequently agent banking providers encounter liquidity shortages when serving customers. Out of 220 agents surveyed, 146 (66.36%) reported experiencing liquidity shortages, highlighting a major challenge in the sector. The most common occurrence is once a week, affecting 69 agents (31.36%), while 34 agents (15.45%) encounter shortages on a daily basis, indicating persistent liquidity constraints. Additionally, 26 agents (11.82%) face shortages once a month, and 17 agents (7.73%) get this problem twice a week. These findings emphasize the critical need for better liquidity management strategies. Strengthening cash flow systems, providing access to credit facilities, and enhancing support mechanisms could significantly improve the efficiency and reliability of agent banking services.

Table 7: Frequency of Liquidity Shortage to Meet Customer Demand

Liquidity Shortage	Once a week	Everyday	Once a month	Twice a week	Total
Yes	69 (31.36%)	34 (15.45%)	26 (11.82%)	17 (7.73%)	146 (66.36%)
Total	69 (31.36%)	34 (15.45%)	26 (11.82%)	17 (7.73%)	146 (66.36%)

Source: Author's calculations based on survey data.

5.7. Commission Payment

The commission structure is a fundamental component of the agent banking ecosystem, serving as the primary incentive for agents and a significant cost for financial institutions. In Ethiopia, the prevailing model is commission-based, where agents earn a small fee for each transaction processed. Commissions are typically calculated as a fixed amount per transaction type (e.g., X birr for cash-in, Y birr for cash-out) rather than a percentage of the transaction value. Payments are often made monthly, though delays are frequently reported by agents. This structure places the onus of profitability on high transaction volumes, which, as banks identified, is a major challenge for many agents. Understanding agent perceptions of this system is critical to assessing the sustainability of their operations.

Figure 6 illustrates agents' preferences for changes in commission structures based on survey responses. The most commonly requested change is a higher commission rate, selected by 86.81% of agents, followed by more timely payments, preferred by 67.27%. Additionally, 50.45% of agents seek more flexibility in payment options. A small proportion (0.45%) were uncertain about necessary changes, while 2.27% suggested other modifications. These suggestions include clarifying the commission structure, developing a dedicated application similar to mobile banking platforms, introducing a CBE Birr application for agents, addressing inconsistencies in commission rates across branches, and implementing percentage-based commission payments.

The findings indicate that agents primarily seek higher commission rates and faster payments. Furthermore, there is a strong demand for increased flexibility, clearer processes, and modernized applications to enhance the efficiency and adaptability of the payment system.

Resolving these challenges would greatly improve agent satisfaction and strengthen their relationships with financial institutions in the agent banking sector.

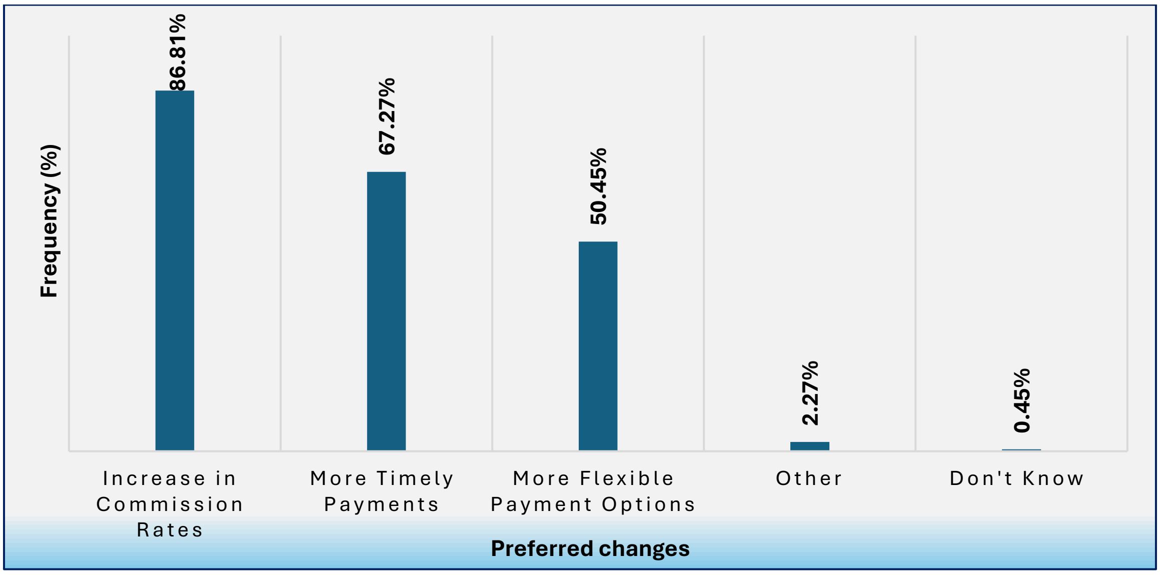

Figure 6: Preferred Changes to the Commission Payment System by Agents

Source: Author's calculations based on survey data.

5.8. Regulatory Environment

Figure 7 depicts the key regulatory barriers hindering the growth of agent banking in Ethiopia. The most frequently reported challenge, cited by 60.90% of agents, is unclear regulations. This persists even though the National Bank of Ethiopia (NBE) has issued specific guidelines, most notably the *Use of Agents Directive No. FIS/02/2020*, intended to provide a regulatory framework for agent banking operations. The lack of clarity in implementation, however, creates confusion and complicates compliance for agents. Additionally, 42.72% of agents face delays due to slow regulatory approval processes, hindering operational efficiency. Another 35.45% indicated the complexity of regulatory requirements as a major barrier, particularly impacting rural agents with limited resources. A smaller proportion, 10.91%, were uncertain about the specific challenges, while 5.45% mentioned other barriers, such as restrictions on cash withdrawals.

These findings indicate a need for a more streamlined and transparent regulatory framework. Simplifying and clarifying guidelines, easing cash withdrawal restrictions, and speeding up approval processes would significantly alleviate the challenges agents faced. These reforms would support the expansion of agent banking, boost financial inclusion, and enhance service delivery, particularly in underserved areas.

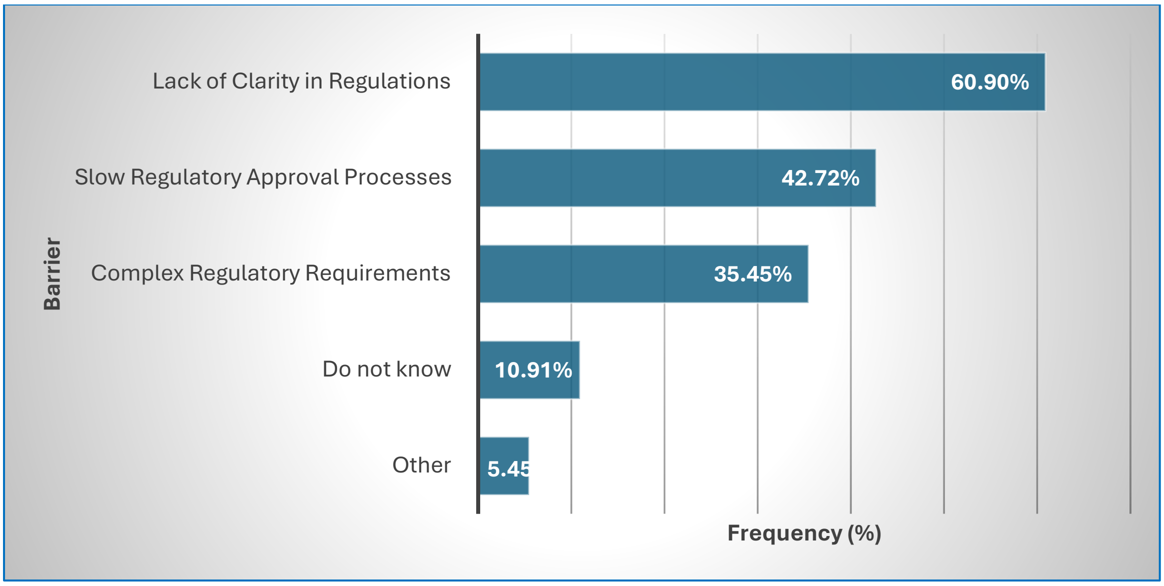

Figure 7: Regulatory Barriers Hindering the Growth of Agent Banking

Source: Author's calculations based on survey data.

Figure 8 below illustrates the key regulations and policies that have a significant impact on agent banking. Transaction limits are the most frequently cited regulatory factor, with 70.90% of agents identifying them as a major influence on their operations. Agent licensing requirements follow closely, mentioned by 43.18% of agents, emphasizing the critical role these policies play in shaping the sector. Additionally, concerns about interoperability standards (24.54%) and data privacy regulations (12.72%) were noted, suggesting the need for further regulatory improvements to better support agent banking operations.

An additional 5.45% of agents highlighted other regulatory and policy concerns, including cash submission rules, the absence of post-licensing follow-up policies, and liquidity constraints. Discrepancies in transaction limits, such as the different treatment of CBE Birr agents versus non-CBE bank agents, were also noted. Low commission rates were raised as a regulatory concern, along with gaps in the scope of permitted services, such as the exclusion of utility payments for electricity and water. Additionally, inefficiencies within the regulatory framework were identified as factors affecting system functionality. Lastly, 4.09% of agents were uncertain about the specific regulations affecting their operations.

These findings highlight the significant importance of transaction-related policies and agent licensing requirements in the sector. Addressing these regulations, alongside expanding the scope of permitted services, refining commission structures, and offering operational flexibility, could significantly improve the regulatory environment. Such reforms would strengthen agent banking operations and further drive the expansion of financial services and inclusion across Ethiopia.

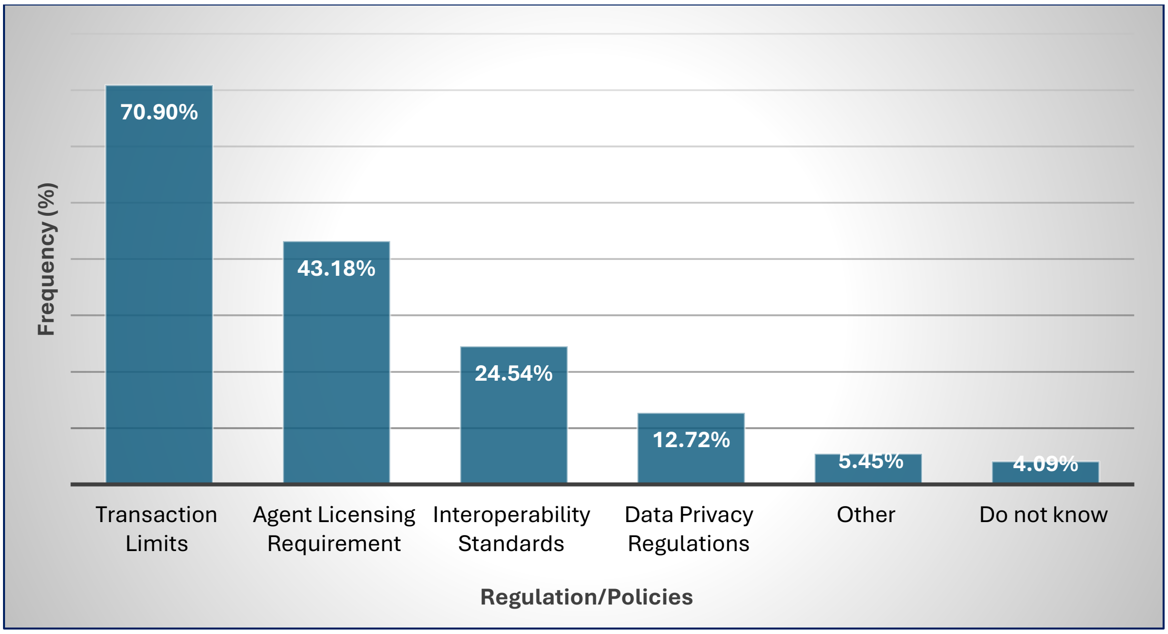

Figure 8: Regulations/Policies Impacting Agent Banking

Source: Author's calculations based on survey data.

6. BANKS

6.1. Agent Network

Table 8 below illustrates the diverse operational scales of agent outlets registered across seven banks and financial institutions in Ethiopia. Banks with fewer than 1,000 agent outlets exhibit mixed daily activity levels, with 11-20% and 20-40% of outlets active on any given day. Similarly, banks with 1,001–10,000 outlets show comparable mixed activity patterns within these two ranges.

Banks with 10,001 to 50,000 registered outlets generally experience higher daily activity, with two institutions reporting that 20-40% of their outlets are active each day. Meanwhile, banks with the largest agent networks, ranging from 50,001 to 100,000 outlets, show higher utilization, with one institution reporting that 40-60% of its outlets are active daily.

This variation suggests that banks with smaller agent networks may face challenges in activating a significant portion of their outlets, while banks with larger agent networks generally experience higher levels of agent engagement. These findings point to potential opportunities for improving the activation and daily usage of agent outlets across all financial institutions in Ethiopia.

Table 8: Agent Outlet Registration and Daily Activity Levels across Banks/Financial Institutions in Ethiopia

Agent Outlets Registered	Active Daily			
	11-20%	20-40%	40-60%	Total
1–1,000	1	1	0	2
1,001–10,000	1	1	0	2
10,001–50,000	0	2	0	2
50,001–100,000	0	0	1	1
Total	2	4	1	7

Source: Author's calculations based on survey data.

Table 9 below presents an analysis of women-owned agent outlets across seven banks in Ethiopia, revealing significant variations in activity levels. Among banks with fewer women-owned agent outlets (0-100 outlets), three banks report low engagement, with only 11-20% of their outlets active within a 30-day period. Notably, no banks in this group have outlets operating at higher activity levels, suggesting potential challenges such as limited outreach, operational inefficiencies, or insufficient demand. On the other hand, banks with more women-owned agent outlets (over 1,000 outlets) show a more diverse activity range. While one bank reports 11-20% of its outlets being active, two banks fall within the 20-40% range, and one bank reaches 40-60% activation. This trend indicates that banks with a larger number of women-owned outlets may have better operational capacity and strategies for sustaining agent activity, although activation rates vary across institutions.

Overall, the findings stress a need for targeted interventions to enhance the activation of women-owned agent outlets, particularly among banks with fewer outlets. Addressing these challenges may require policy interventions, such as tailored financial products, capacity-building programs, or incentives to encourage greater participation and engagement of women-owned agent outlets. By improving activation rates across all banks, financial institutions can contribute to expanding financial inclusion and fostering gender equity within Ethiopia's banking sector.

Table 9: Activity Levels of Women-Owned Agent Outlets across Banks on a 30-Day Basis

Women-Owned Agent Outlets	Active on a 30-Day Basis			
	11-20%	20-40%	40-60%	Total
0 – 100	1	1	0	2
> 1000	1	1	0	2
Total	2	4	1	7

Source: Author's calculations based on survey data.

Table 10 below outlines the distribution of seven banks based on the geographical coverage of their agents and whether these agents are shared with other financial institutions. The findings show that that six out of the seven banks have agents primarily concentrated in urban areas, while only one bank has agents more evenly distributed. This suggests that most banks focus their agent networks on urban locations, potentially limiting access to financial services in rural or remote areas. Additionally, five banks reported sharing agents with other financial institutions. While this practice is relatively common in the sector, it is important to note that the National Bank of Ethiopia's Use of Agents Directive No. FIS/02/2020 does not explicitly mention or authorize agent sharing; the directive primarily establishes the framework for operating and supervising agent networks. Interestingly, the bank with a more evenly distributed agent network also engages in agent-sharing, while two out of the six urban-focused banks do not share their agents.

The widespread use of shared agents, particularly among urban-focused banks, indicates that financial institutions may rely on partnerships to optimize service delivery and reduce operational costs. This approach can increase efficiency, especially in competitive urban markets where infrastructure and customer demand are concentrated. However, the absence of independent agents in more evenly distributed areas raises concerns about limited financial access in underserved areas. To address this, banks could be encouraged to expand their independent agent networks beyond urban centers, promoting greater financial inclusion and ensuring banking services are available across a wider range of geographic areas.

Table 10: Distribution of Banks' Agents by Geographical Coverage and Shared Partnerships

Geographical Coverage of Banks' Agents	Use of Shared Agents		
	No	Yes	Total
Evenly distributed	0	1	1
Concentrated in urban areas	2	4	6
Total	2	5	7

Source: Author's calculations based on survey data.

Figure 9 below shows that a survey conducted across seven banks reveals agents offer a diverse range of services to meet customer needs. The most commonly offered services include airtime top-ups, cash-in and cash-out transactions for mobile money accounts, and customer registration, services that are available through agents at all seven banks surveyed. These services play a crucial role in promoting financial inclusion and facilitating the growth of mobile money adoption.

Other services, though less commonly offered, include bulk payment cash-outs, available through agents at four banks (57.14%), and social cash transfer payments and bank/MFI deposits or withdrawals, each offered by agents at two banks (28.57%). These services appear to address specific customer needs more directly. Less frequently provided services, such as international remittances and traffic penalty payments, are provided by agents at just one bank each (14.28%). This could indicate either limited demand for these services or operational challenges in these areas. The range of services offered by agents shows their strategic role in bridging the gap between financial service providers and underserved populations, ultimately promoting wider access to essential financial services.

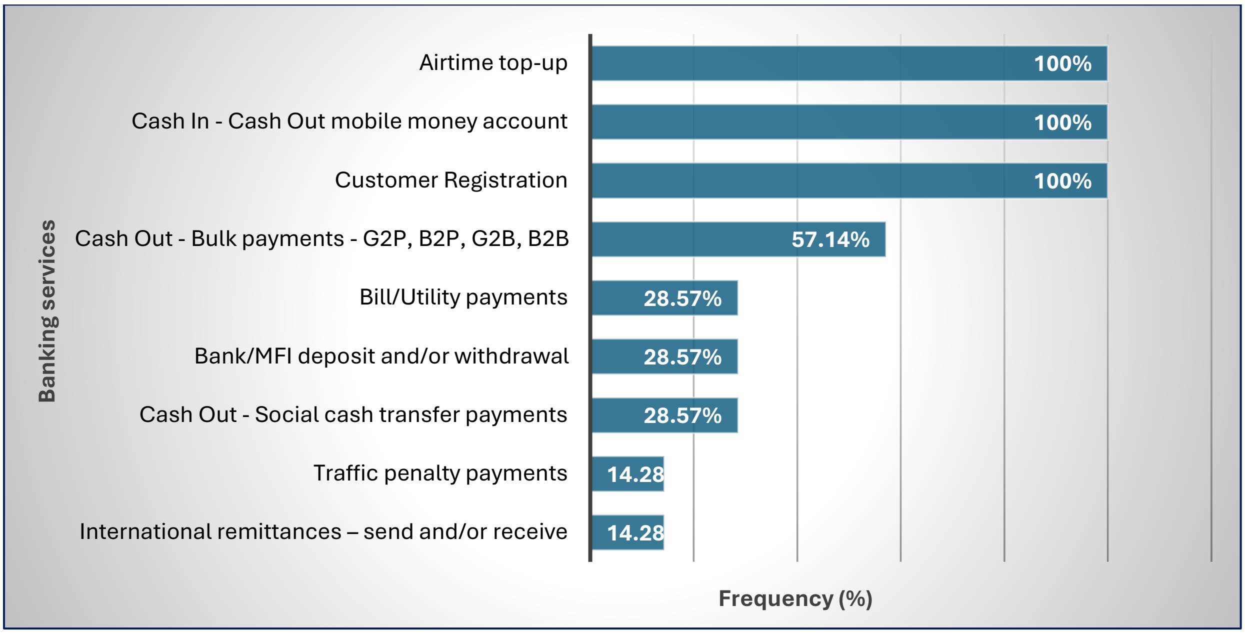

Figure 9: Services Offered by Banks' Agents

Source: Author's calculations based on survey data.

6.2. Agent Network Management

Figure 10 reveals the key metrics that banks use to evaluate the performance of their agent networks. All seven banks (100%) consistently track the number of transactions, highlighting its importance as a primary indicator of agent activity. Six banks (85.71%) closely monitor the value of transaction, reflecting its importance in assessing the network's financial volume. Other important metrics, such as agent dormancy, the number of new customers onboard, and e-float levels, are monitored by five banks (71.42%), suggesting a balanced approach to agent engagement, customer acquisition, and liquidity management.

Less frequently monitored metrics, such as agent density and transaction types, are tracked by four banks (57.14%), while activity trends and revenue generation are monitored by three banks (42.85%). These metrics provide valuable insights into the diversity of services offered and the overall health of the agent network. While most banks prioritize metrics that offer real-time insights into agent performance and network operations, some also consider revenue generation and activity trends to assess financial viability and evolving network dynamics. Overall, these findings suggest a strong commitment among banks to supporting active agents and enhancing network efficiency.

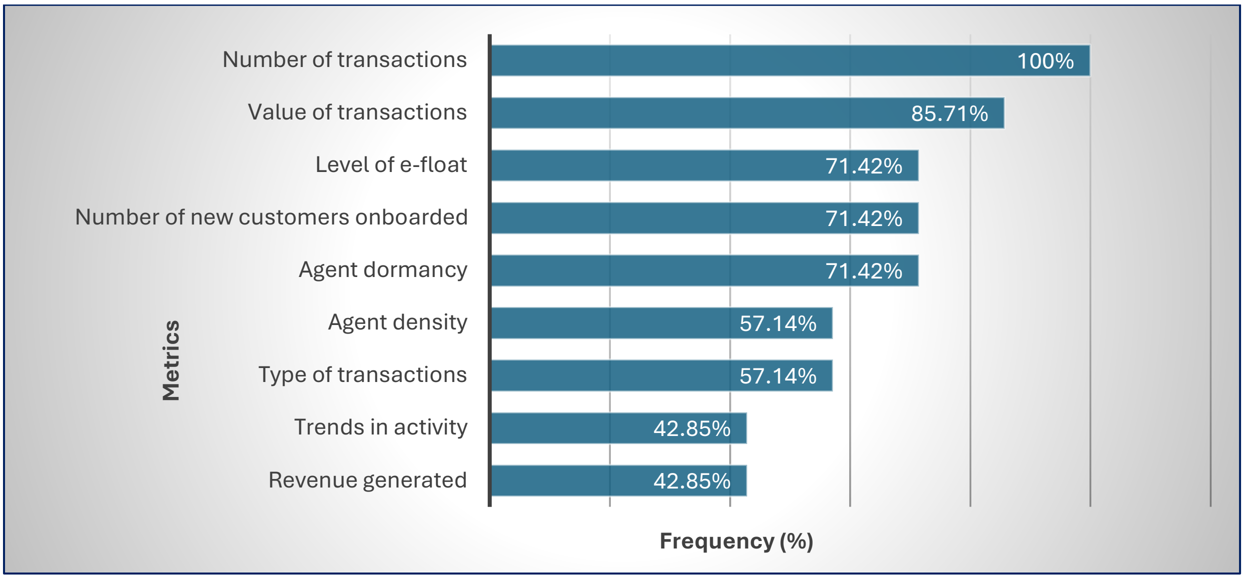

Figure 10: Key Metrics for Monitoring the Bank's Agent Network

Source: Author's calculations based on survey data.

Operational data from agents is crucial in shaping institutional strategies and guiding key decisions made by banks to optimize their agent networks. Figure 11 below exhibits the various actions driven by this data, emphasizing its importance in decision-making processes. The most widely adopted action is launching campaigns to boost agent activity, with all seven banks (100%) leveraging operational data for this purpose. This conveys a strong focus on maximizing agent engagement and performance as a key element of network optimization. Additionally, six banks (85.71%) use operational data to inform onboarding strategies for new agents in specific areas, demonstrating a strategic approach to expanding agent networks based on demand and identified operational gaps.

Operational data also plays a key role in guiding efforts to reactivate inactive agents and identify training needs, a practice adopted by five banks (71.42%). This reveals a dual approach focused on both retaining existing agents and enhancing their capabilities. Additionally, two banks (28.57%) use data to assess and address agents' liquidity needs, ensuring financial stability within their networks. One bank (14.28%) leverages operational data to direct sales teams in engaging with specific agents, offering targeted support. These results reveal the diverse ways banks integrate operational into their strategies - from supporting network growth to providing tailored interventions – ensuring agent sustainability and adaptability in changing environments.

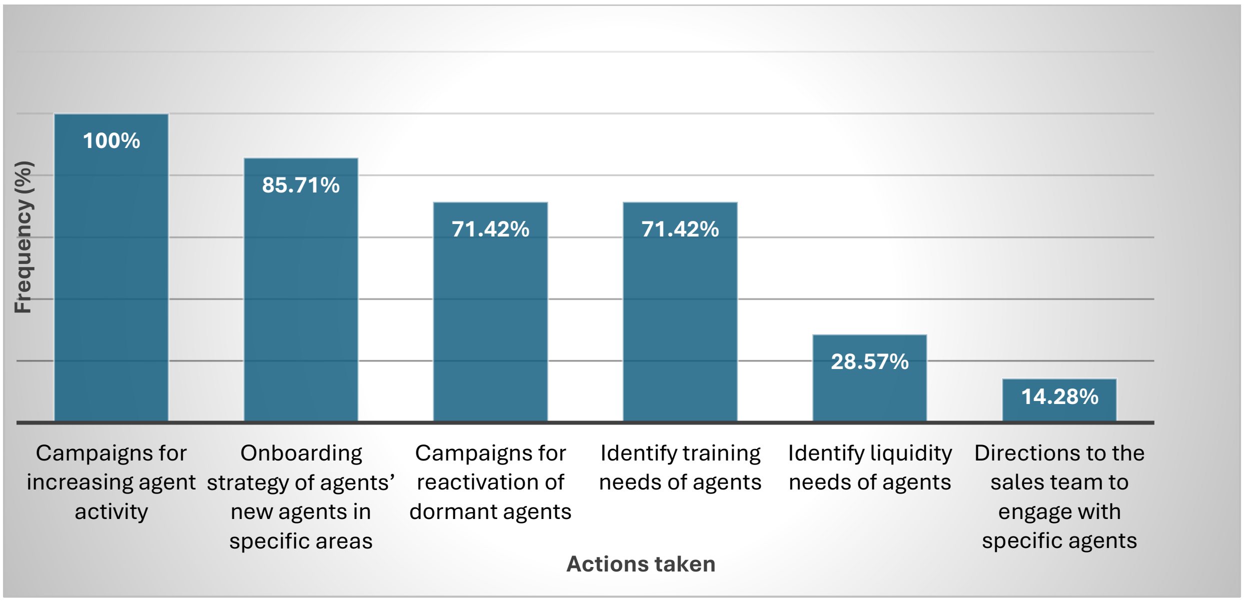

Figure 11: Key Actions Taken by Banks Based on Agents' Operational Data
Source: Author's calculations based on survey data.

Figure 12 below illustrates the different strategies banks reported their agents use to manage liquidity, revealing the approaches across seven banks. The most common method is traveling to a branch office, as reported by agents in six banks (85.71%). This widespread reliance on physical visits indicates that agents may either prefer in-person transactions or face logistical challenges in accessing alternative liquidity sources. While effective, this approach poses challenges in remote or underserved areas where branch offices are limited, which could potentially limit agents' ability to maintain adequate liquidity.

Banks also identified additional liquidity management strategies, including replenishment by sales teams, mentioned by two banks (28.57%), and support from master agents, mentioned by one bank (14.28%). Although less frequently used, these methods provide alternative ways to support agent liquidity, particularly in areas where visiting a branch is not feasible. Additionally, two banks (28.57%) indicated that their agents use other methods, such as linking personal bank accounts with agent accounts for direct transfers and utilizing mobile money services. These digital solutions offer greater flexibility and efficiency, especially in regions with a well-developed mobile banking infrastructure. The results suggest the need for banks to broaden and diversify liquidity management options, with a focus on promoting digital and decentralized solutions to enhance accessibility and operational efficiency in all areas, including remote areas.

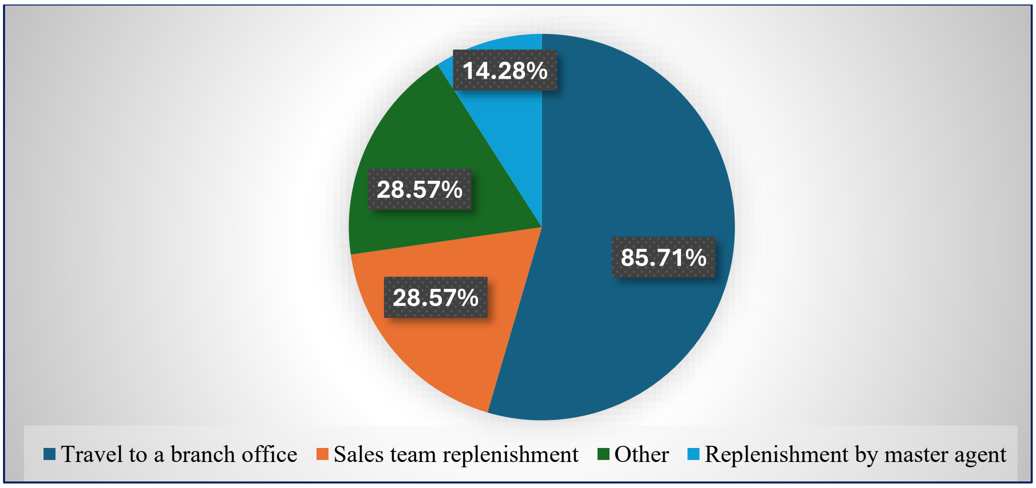

Figure 12: Liquidity Management Strategies Reported by Banks for their Agents

Source: Author's calculations based on survey data.

6.3. Agent Onboarding and Training

Figure 13 below depicts the key criteria considered by the seven surveyed banks when onboarding agents. The most frequently prioritized factors are age and location in underserved areas, each emphasized by five banks (71.42%), suggesting a strong focus on financial inclusion and expanding services to underrepresented populations. Education level and proximity to economic centers are also important, with four banks (57.14%) prioritizing these factors, indicating a preference for agents who are well-educated and strategically positioned near economically active areas. Additionally, three banks (42.85%) consider gender in their selection process, exhibiting some attention to diversity.

The "Other" category, which includes over one year of business experience, possession of a license, and proximity to a branch (within 100 meters), is considered important by two banks (28.57%). This suggests that banks value experienced agents with legal credentials and strategic locations to ensure operational efficiency and regulatory compliance. Together, these findings emphasize a comprehensive agent selection process, balancing demographic, geographic, educational, and professional factors to optimize service delivery and financial accessibility.

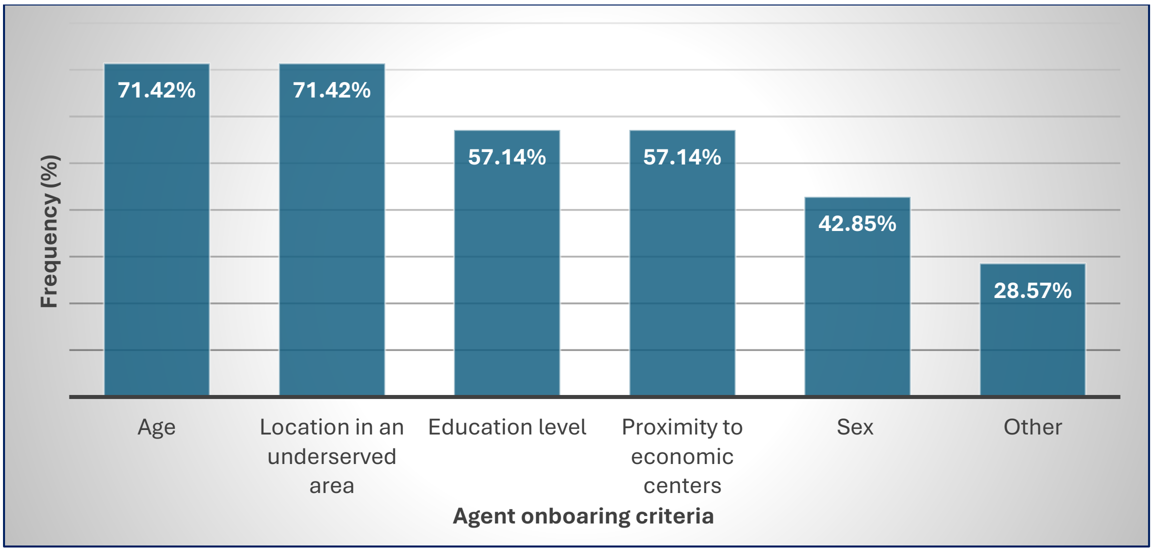

Figure 13: Criteria Considered in Agent Onboarding by Banks

Source: Author's calculations based on survey data.

Table 11 below provides insights into the retention of newly onboarded agents after 12 months and the availability of refresher training offered by banks. Retention rates among the seven banks surveyed vary significantly. Three banks (42.86%) report that only 11% to 20% of new agents remain active after a year, while two banks (28.57%) report retention rates between 20% and 40%. Notably, one bank (14.28%) has a retention rate of 40-60%, whereas another (14.28%) reports a retention rate below 10%, indicating challenges in sustaining agent engagement. These findings suggest the need for banks to assess factors affecting agent retention, such as operational support, training, and incentive structures.

Refresher training appears to play a role in agent retention. Four banks (57.14%) provide regular refresher training, while one bank (14.28%) offers occasional training. However, two banks (28.57%) do not provide any refresher training, which could contribute to lower retention rates. Interestingly, the bank with the lowest retention rate (below 10%) does offer occasional training, suggesting that infrequent training sessions may not be sufficient to maintain agent engagement. These results confirm the importance of continuous training and support mechanisms to enhance agent performance and ensure long-term retention within banking networks.

Table 11: Agent Retention Rates after 12 Months and Provision of Refresher Training for Agents by Banks

Percentage of New Agents Active after 12 months	Agent Refresher Training Status			
	Yes (Regular)	Yes (Occasional)	No	Total
Below 10%	0	1	0	1
11-20%	1	0	2	3
20-40%	2	0	0	2
40-60%	1	0	0	1
Total	4	1	2	7

Source: Author's calculations based on survey data.

Figure 14 below illustrates the timing of agent training across seven surveyed banks. The most common training occurs during onboarding, with six banks (85.71%) prioritizing initial preparation to equip agents with the necessary skills. Additionally, five banks (71.42%) provide training when new products are introduced, keeping agents updated on the latest offerings. Four banks (57.14%) offer training upon request, while two banks (28.57%) provide training in response to poor performance, reflecting a flexible approach to address specific needs and challenges.

Structured and regular training schedules are less common, with only one bank (14.28%) conducting annual or more frequent sessions. In contrast, three banks (42.85%) adopt an irregular or ad-hoc training approach, offering flexibility but potentially resulting in inconsistencies. Additionally, one bank (14.28%) reported employing other unique training strategies. Overall, the findings suggest that banks primary focus on onboarding and product-specific training, complemented by need-based sessions to ensure agents remain proficient and adaptable in different operational contexts.

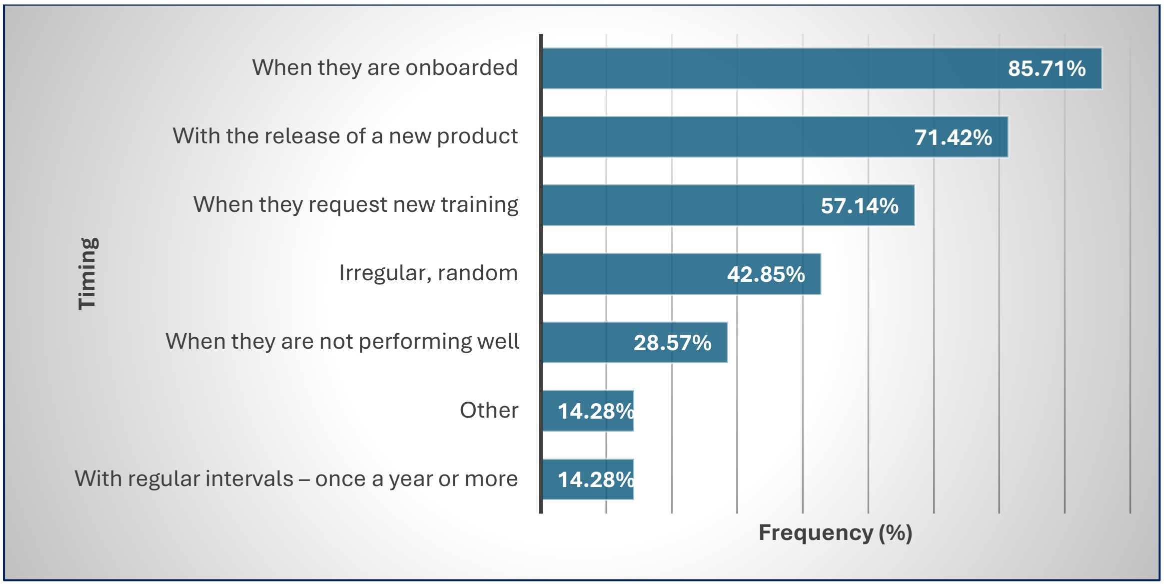

Figure 14: Timing of Agent Training across Banks

Source: Author's calculations based on survey data.

6.4. Agent Management Strategy

Figure 15 below shows the challenges banks encounter in expanding or improving their agent banking services. The most frequently mentioned issues are limited access to electricity in rural areas and low financial and digital literacy levels among the population, each cited by two banks (28.57%). These challenges reflect critical infrastructural and educational gaps that impede the effective implementation of agent banking in underserved areas.

Other key challenges include limited financial resources, security concerns, and the absence of a sustainable business model for rural expansion, each mentioned by one bank (14.29%). Addressing these obstacles requires coordinated efforts, such as investing in rural infrastructure, launching financial literacy programs to raise public awareness, and developing scalable business models suitable for rural markets. These results emphasize the need for a comprehensive approach to ensure agent banking becomes more inclusive and sustainable.

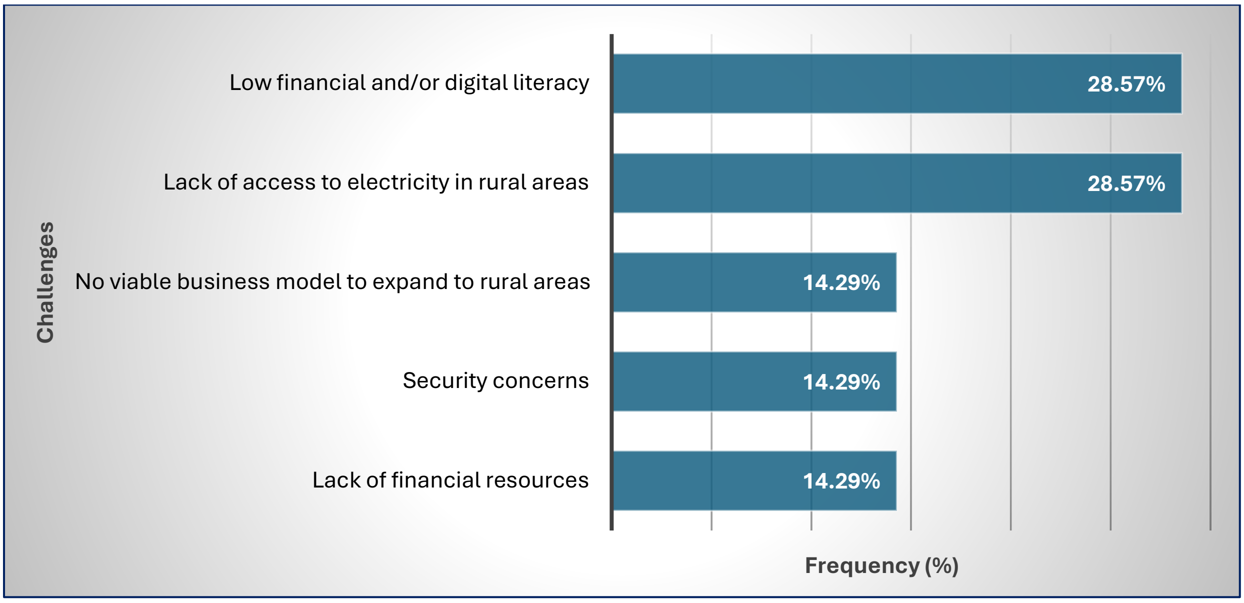

Figure 15: Challenges Faced by Banks in Expanding or Improving Agent Banking Services

Source: Author's calculations based on survey data.

Figure 16 below outlines the key strategic priorities for banks' agent networks. The most commonly reported priority, cited by three banks (42.86%), is acquiring new agents. Other priorities, each indicated by one bank (14.29%), include designing and rolling out new agent management systems, establishing partnerships with third-party providers, increasing agent activity, and expanding into targeted geographies.

These priorities reveal banks' dual approach to network expansion and operational efficiency. The emphasis on acquiring new agents reflects efforts to extend their reach, while investments in agent management systems and partnerships aim to enhance service delivery and streamline operations. Geographic expansion indicates the drive to tap into underserved markets and increasing financial service accessibility. Overall, the figure indicates a balanced strategy, where banks seek to enhance existing operations while driving growth and innovation within their agent networks.

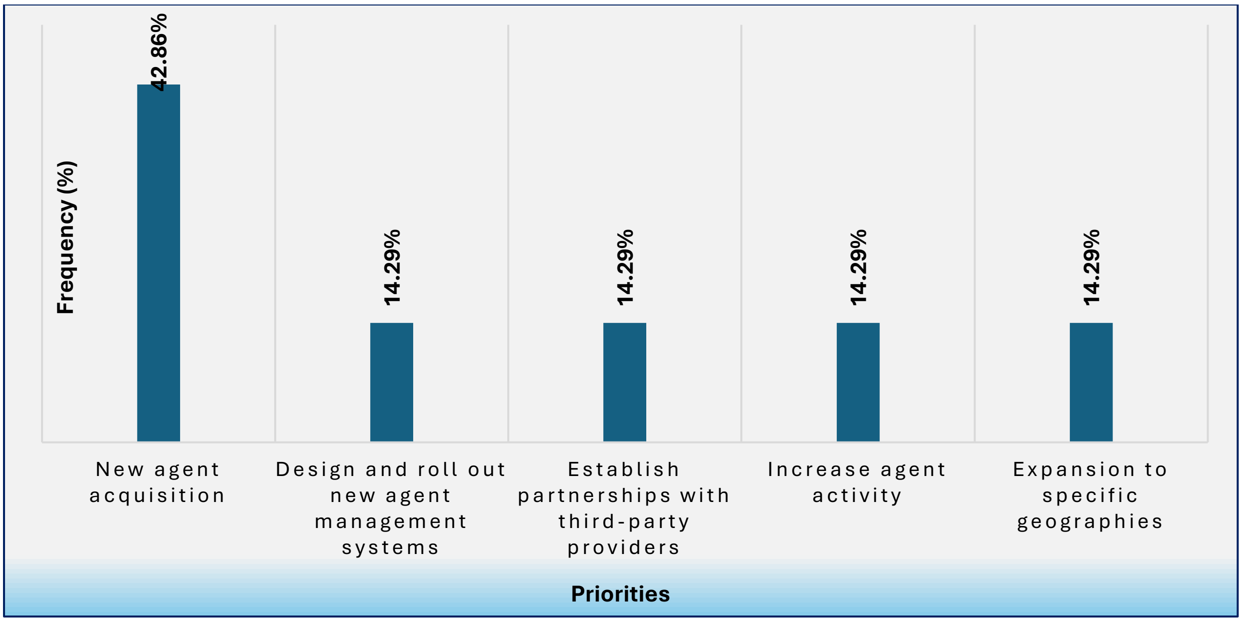

Figure 16: Strategic Priorities of Banks in Relation to Agent Network Management

Source: Author's calculations based on survey data.

Table 12 below depicts the key areas where banks require training or support to enhance their agent networks. The most frequently identified need, mentioned by five banks (71.43%), is training in agent selection and contracting. This points out the importance of equipping banks with expertise to effectively identify, evaluate, and formalize agreements with agents, which is essential for building a robust and reliable agent network.

Other identified needs include branding and service monitoring, mentioned by one bank (14.29%), and customer care, also mentioned by one bank (14.29%). These areas emphasize the need for improved marketing strategies and better customer relations. By addressing these gaps through targeted training programs, banks can boost operational efficiency and customer satisfaction, ultimately supporting the growth and sustainability of agent banking services.

Table 12: Key Areas where Banks require Training or Support for Enhancing Agent Networks

Key Area	Frequency (%)
Agent selection & contracting	71.43
Branding and service monitoring	14.29
Customer care	14.29
Total	100

Source: Author's calculations based on survey data.

6.5. Market Structure of Retail Digital Finance

Figure 17 below exhibits that market demand and profitability are the primary factors influencing banks' decisions to expand or contract their agent networks, with all seven banks (100%) mentioning these factors. This suggests that banks are highly attuned to customer needs and financial performance when adjusting their networks. Additionally, five banks (71.42%) pointed to competition and technological advancements as significant factors, indicating that market dynamics and the adoption of new technologies also play crucial roles in shaping expansion strategies. Regulatory changes were identified by four banks (57.14%), showcasing the importance of legal and compliance factors in network decisions, although these factors appear to be less influential than market-driven ones. Overall, banks' strategies for their agent networks are shaped by a blend of market conditions, profitability objectives, competitive pressures, and technological innovations.

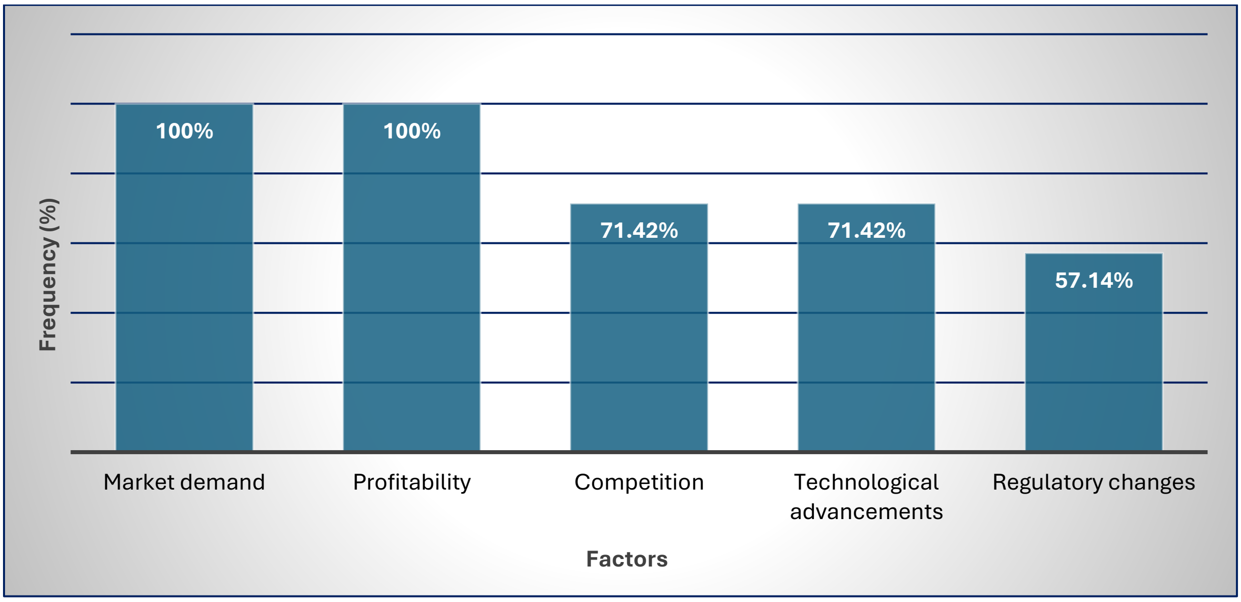

Figure 17: Key Factors Influencing Banks' Decisions to Expand or Reduce Agent Networks
Source: Author's calculations based on survey data.

Figure 18 below shows the key factors influencing clients when selecting an agent banking service provider, based on insights from the seven surveyed banks. The most significant factor, cited by six banks (85.71%), is the convenience of location, underscoring the importance of accessibility in consumer decision-making. Reputation and trust follow closely, with five banks (71.42%) emphasizing reliability and brand strength as crucial considerations. Fees and charges, along with customer service, are also major factors, each identified by four banks (57.14%). This indicates the impact of transaction costs and the quality of agent support on consumer preferences.

In contrast, the range of services offered, and technological capabilities are less influential, with only three banks (42.85%) considering these aspects. This suggests that while service variety and technology can be appealing, consumers prioritize accessibility, trust, and affordability when choosing an agent banking provider.

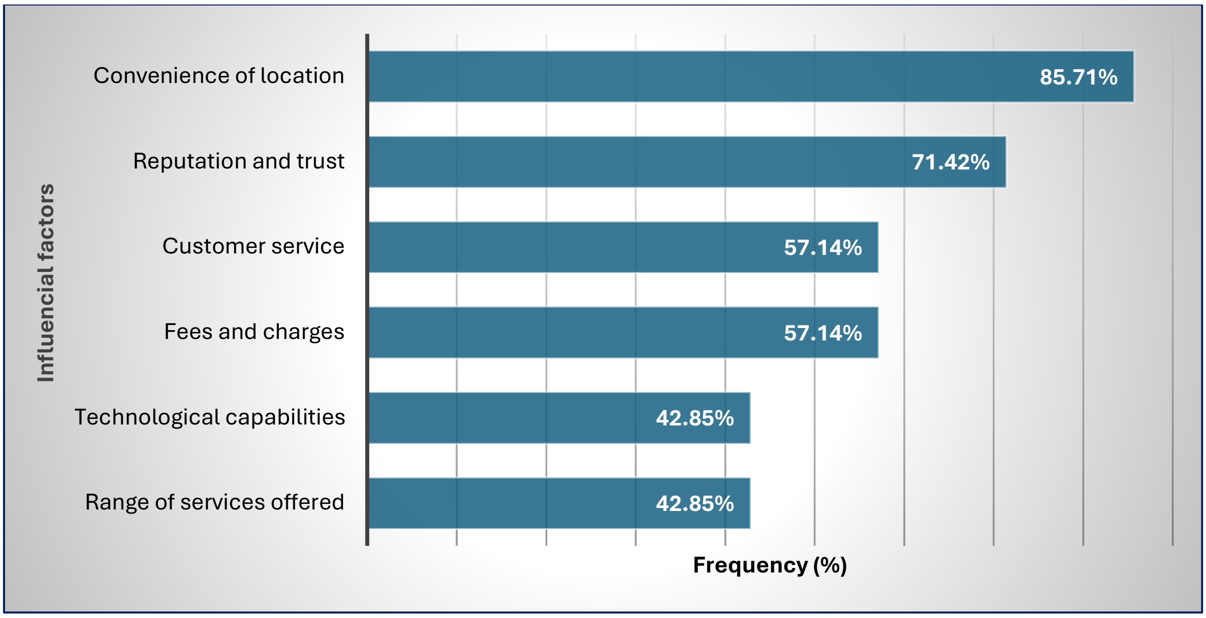

Figure 18: Factors Banks Identify as Influencing Consumers' Choice of Agent Banking Service Providers

Source: Author's calculations based on survey data.

Figure 19 below depicts the competitive landscape of agent banking in Ethiopia based on insights from seven surveyed banks. The findings present a mixed picture, with two banks (28.57%) perceive the market as monopolistic, suggesting that a few dominant players control certain regions or sectors. This limited competition could lead to higher market concentration and limited options for consumers. Similarly, another two banks (28.57%) describe the competition as either low or moderately competitive, indicating that some areas face less competitive pressure, potentially facilitating easier market entry or slower expansion by other institutions.

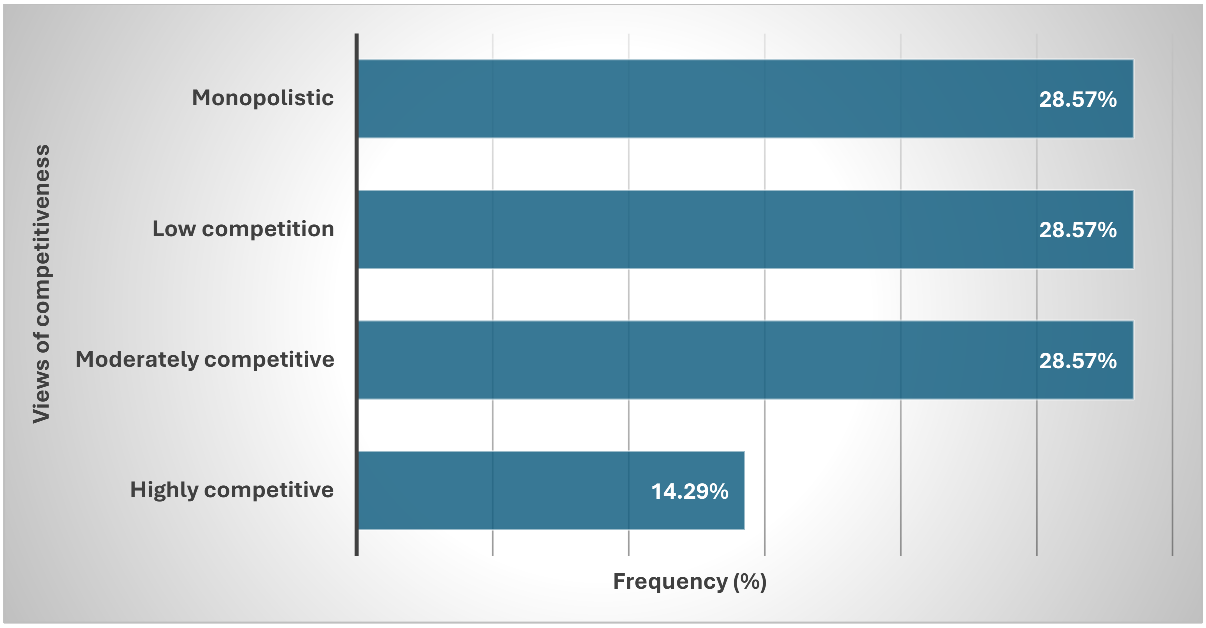

Figure 19: Competitive Landscape of Agent Banking in Ethiopia from Banks' Views

Source: Author's calculations based on survey data.

Table 13 below illustrates the key factors driving competition in Ethiopia's agent banking market, based on insights from seven banks. Price competition emerges as the leading factor, cited by four banks (57.14%), indicating the importance of competitive pricing in attracting and retaining customers. Since agent banking typically operates at a low-cost, pricing strategies play a crucial role in shaping market dynamics and influencing customer choices.

Product innovation comes next, with two banks (28.57%) recognizing it as a key competitive driver, suggesting that banks are differentiating themselves by introducing new products or improving operational efficiency. Additionally, one bank (14.29%) indicates geographic expansion as an important competitive factor, emphasizing the need to reach underserved areas. This aligns with the broader growth strategies of banks seeking to expand their networks and customer bases in rural or hard-to-reach regions. While price remains the main competitive factor, Ethiopian banks are also leveraging innovation and expansion to strengthen their market position.

Table 13: Major Factors Driving Competition in Ethiopia's Agent Banking Market Based on the Perspectives of Banks

Major Factor	Frequency (%)
Price competition	57.14
Product innovation	28.57
Geographic expansion	14.29
Total	100

Source: Author's calculations based on survey data.

6.6. Management Incentives and Agent Sustainability

Table 14 below portrays the primary incentive structures used for agents across seven surveyed banks. The commission-based model is the most common, used by five banks (71.43%), indicating a strong reliance on performance-based compensation. This approach encourages agents to drive transactions and attract customers, as their earnings are directly linked to their sales performance, aligning their objectives with the bank's growth.

In contrast, one bank (14.29%) offers a fixed salary, and another bank (14.29%) employs a hybrid model, combining a fixed salary with commission. These mixed structures aim to provide agents with financial stability while rewarding performance. The variety of incentive structures reveals the flexibility of banks in customizing compensation schemes to align with different operational strategies and agent motivations, ultimately enhancing productivity and service delivery in the agent banking sector.

Table 14: Primary Incentive Structures for Agents across Bank

Incentive Structure	Frequency (%)
Commission-based	71.43
Fixed salary	14.29
Fixed salary with commission	14.29
Total	100

Source: Author's calculations based on survey data.

Table 16 below depicts the key challenges that agents encounter in maintaining profitability within the agent banking model, based on the views of seven banks. The most significant issue, identified by four banks (57.14%), is low transaction volumes. This suggests that agents struggle to generate sufficient revenue, likely due to limited customer adoption or infrequent use of banking services. High operating costs, reported by two banks (28.57%), also pose a major challenge. These costs could include overhead expenses like rent, utilities, and technology maintenance, which may reduce the net profitability of agent operations.

Additionally, one bank (14.29%) pointed to a lack of training and support as a key challenge for agents. This indicates that some agents may lack the necessary skills or institutional backing to perform optimally. To address these issues, banks could consider strategies such as incentivizing increased transaction volumes through marketing efforts, providing financial support or cost-sharing mechanisms to offset operational expenses, and enhancing agent support through regular training programs and dedicated assistance. Addressing these challenges is crucial for improving the overall profitability and efficiency of agent banking operations.

Table 15: Banks' Views on Challenges to Agents' Profitability

Challenge	Frequency (%)
Low transaction volumes	57.14
High operating costs	28.57
Lack of training and support	14.29
Total	100

Source: Author's calculations based on survey data.

The strategies banks use to address the challenges faced by their agent networks primarily focus on training and development programs. The most used strategy, employed by most banks, is offering training initiatives. These programs aim to enhance agents' skills, improve their operational efficiency, and ultimately elevate customer service quality. In contrast, a smaller proportion of banks provide financial assistance, which may include subsidies, loans, or cost-sharing arrangements to help agents manage high operating costs or initial setup expenses. The heavy emphasis on training shows its critical role in ensuring the long-term success of the agent banking model. These findings suggest that banks predominantly concentrate on empowering agents through skill-building initiatives, which are essential for sustained performance. The relatively low occurrence of financial assistance indicates that banks may prioritize long-term growth and capacity building over immediate financial relief. A more balanced approach, incorporating both training and targeted financial support, could further enhance the sustainability and effectiveness of agent operations, addressing the varying needs of the network.

Similarly, when evaluating the sustainability of their agent banking networks, banks primarily focus on transaction volume growth and agent retention rate. The most used metric, reported by most banks, is transaction volume growth. This metric reflects the activity level and performance of agents, indicating their ability to effectively attract and serve customers. High transaction volumes suggest a thriving network capable of generating sufficient revenue to remain viable. In contrast, a smaller proportion of banks rely on agent retention rate as a key measure of sustainability. A high retention rate signals agent satisfaction with the business model and the profitability of the partnership, which is crucial for ensuring long-term network stability. The dominance of transaction volume growth as the primary metric suggests that banks prioritize quantitative performance indicators when assessing agent network sustainability. However, the importance of agent retention indicates the need for long-term relationships with agents to maintain operational success.

To improve sustainability, banks may benefit from integrating both metrics, using transaction growth for short-term performance and agent retention for long-term viability. This dual approach could offer a more comprehensive assessment, helping banks develop targeted strategies to address both performance and stability concerns in their agent networks. By balancing both performance-driven metrics and relationship-based measures, banks can build more resilient and effective agent networks, ensuring both immediate success and long-term sustainability.

6.7. Stylized Facts of the Agent Networking Ecosystem in Ethiopia

Table 17 below presents an assessment of the overall performance of agent networks in Ethiopia based on the perspectives of seven banks. The survey reveals a mixed evaluation, with three banks (42.86%) rating the performance as poor, while two banks (28.57%) rated it as good, and another two banks (28.57%) considered it average. These varying assessments reveal significant challenges within the agent networks, pointing to the need for targeted strategies to improve their effectiveness.

The differences in performance ratings emphasize the necessity for consistent and comprehensive approaches to enhance agent network efficiency. Banks should focus on addressing issues such as low transaction volumes, high operating costs, and insufficient training and support, which were identified as key challenges. By collaborating to strengthen agent capacity and aligning with best practices, banks can significantly improve both the perception and performance of agent networks in Ethiopia.

Table 16: Banks' Assessments of Agent Network Performance in Ethiopia

Performance Rating	Frequency (%)
Poor	42.86
Good	28.57
Average	28.57
Total	100

Source: Author's calculations based on survey data.

Table 17 below presents estimated mobile money penetration rates in Ethiopia, based on secondary data reported by the seven surveyed banks. Four banks (57.14%) estimate the penetration rate to be between 50 and 60%, suggesting a moderate level of mobile money adoption across the country. One bank (14.29%) reported a penetration rate of less than 50%, while another bank (14.29%) estimated a higher penetration rate of 71-80%. Additionally, one bank (14.29%) was uncertainty and indicated that they did not have exact figures on the penetration rate.

These responses highlight the surveyed banks' general understanding of mobile money adoption, with estimates largely indicating moderate penetration levels. This insight is crucial for banks aiming to align their services and products with the growing use of mobile payment platforms. As mobile money adoption grows, driven by rising smartphone usage and efforts to enhance digital financial inclusion in Ethiopia, banks have the opportunity to refine their financial services. Strategies could include forming partnerships with telecom providers or launching targeted awareness campaigns to increase adoption, especially in regions with lower penetration rates.

Table 17: Banks' Estimates of Mobile Money Penetration Rates in Ethiopia

Est. Mobile Money Penetration Rate	Frequency (%)
50-60%	57.14
Less than 50%	14.29
71-80%	14.29
Do not know	14.29
Total	100

Source: Author's calculations based on survey data.

Table 18 below displays the responses regarding the acceptance of digital payments by merchants in Ethiopia, based on the perspectives of the seven banks surveyed. Five banks (71.43%) rated the acceptance of digital payments as moderate, indicating that while digital payment methods are somewhat integrated, their adoption may not be widespread across all merchant segments. One bank (14.29%) rated the acceptance as low, suggesting that digital payments are limited in usage among certain merchant groups. An equal proportion of one bank (14.29%) expressed uncertainty and indicated that they do not know the extent of digital payment acceptance among merchants.

Table 18: Banks' Assessment of Merchant Acceptance of Digital Payments in Ethiopia

Merchant Digital Payment Acceptance	Frequency (%)
Moderate	71.43
Low	14.29
Do not know	14.29
Total	100

Source: Author's calculations based on survey data.

These findings suggest that although digital payment methods are moderately adopted, there is significant potential for growth. To foster widespread adoption, merchants may need targeted incentives and education on the benefits of digital payments. Financial institutions and payment providers could play a key role in supporting this transition by offering training programs, userfriendly solutions, and incentives to encourage merchant participation in the digital economy. Additionally, addressing challenges such as infrastructure limitations, transaction costs, and security concerns could help boost the acceptance of digital payments among merchants in Ethiopia.

Figure 20 below shows the significant growth in the adoption of mobile wallets in Ethiopia from June 2019 to June 2024, marking a major shift toward digital payments. In 2019, mobile wallet transactions were 2.31 million, with a total transaction value of 1.15 billion ETB. This figure nearly doubled in 2020, reaching 4.24 million transactions valued at 2.96 billion ETB. By 2021, transactions grew further to 7.25 million, with a corresponding value of 5.94 billion ETB. However, a major surge occurred in 2022, when transactions spiked to 48.50 million, and the total transaction value increased nearly fivefold to 24.40 billion ETB, indicating a rapid expansion of digital financial services in the country.

Between 2022 and 2024, Ethiopia experienced unprecedented growth in mobile wallet usage. In 2023, transactions surged to 298.83 million, with a total value of 380.30 billion ETB, indicating that both consumers and businesses were increasingly adopting digital payments. By 2024, mobile wallet transactions had reached 764.88 million, and the total value surpassed 1 trillion ETB (1,028.59 billion ETB). Several factors likely contributed to this remarkable growth, including expanded mobile network coverage, greater smartphone penetration, and improved digital financial services. Additionally, increased merchant acceptance of mobile payments and government policies and regulatory changes may have played a significant role in fostering a more enabling environment for digital transactions. As more merchants integrate digital payments into their operations, agent banking services may have further supported this growth by providing liquidity, transaction processing, and tailored financial services.

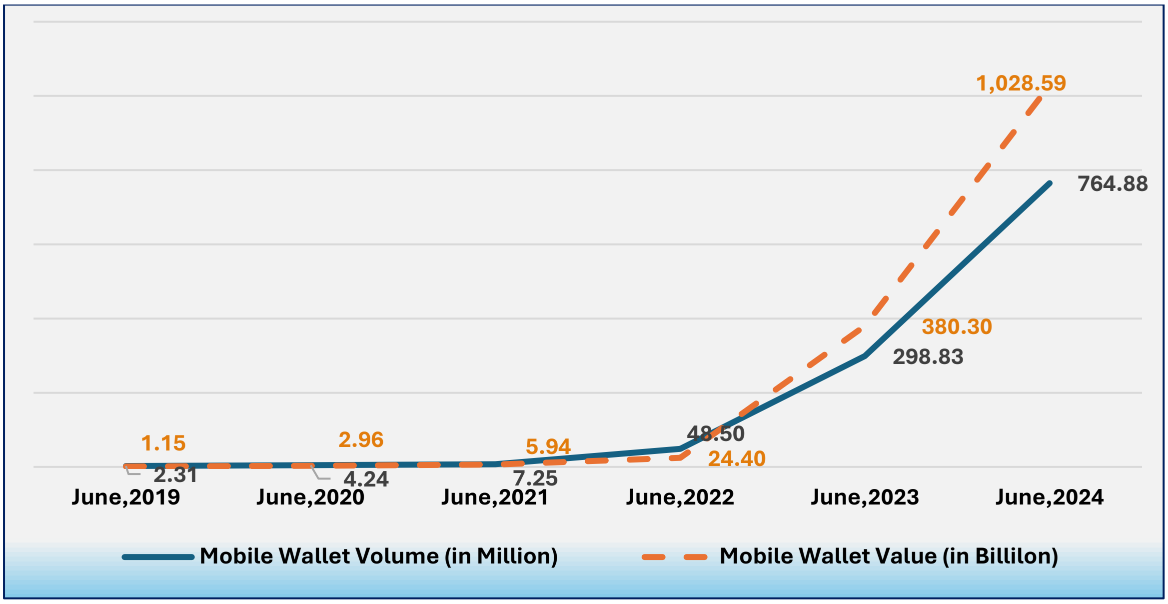

Figure 20: Growth of Mobile Wallet Transactions and Value in Ethiopia (2019–2024)

Source: Author's calculations using secondary data from the NBE.

The sharp increase in mobile wallet adoption conveys a changing financial landscape in Ethiopia, with digital payments becoming more mainstream. This trend is likely influenced by efforts to enhance financial inclusion, innovations by fintech companies, and evolving consumer preferences for cashless transactions. The rise in transaction value indicates that not only are more people using mobile wallets, but they are also making larger-value transactions over time. To maintain this growth, ongoing investments in digital infrastructure, strengthened cybersecurity measures, and enhanced financial literacy programs will be essential for ensuring continued adoption and trust in Ethiopia's expanding digital payment ecosystem.

Figure 21 below shows the trends in Point of Sale (POS) transactions and values in Ethiopia from 2014 to 2024. The figure reveals consistent growth in both transaction volume and value, highlighting the increasing adoption of digital payment systems in the country. In 2014, the POS transaction volume was 0.29 million, with a value of 0.33 billion ETB. The volume grew steadily in the following years, reaching 2.26 million transactions by 2019, with a corresponding value of 5.35 billion ETB. This steady increase in volume and value shows the growing acceptance of digital payments in Ethiopia, driven by efforts to modernize the country's financial infrastructure.

From 2020 to 2022, Ethiopia saw notable growth in POS usage, with 2020 experiencing a slight dip in volume to 1.36 million transactions but maintaining a relatively high transaction value of 4.85 billion ETB, possibly due to the economic disruptions caused by the COVID-19 pandemic. In 2022, POS transaction volume surged to 2.34 million and the value increased significantly to 62.20 billion ETB, demonstrating a shift toward larger value transactions despite modest increases in volume. This trend continued into 2023, with 6.60 million transactions valued at 40.80 billion.

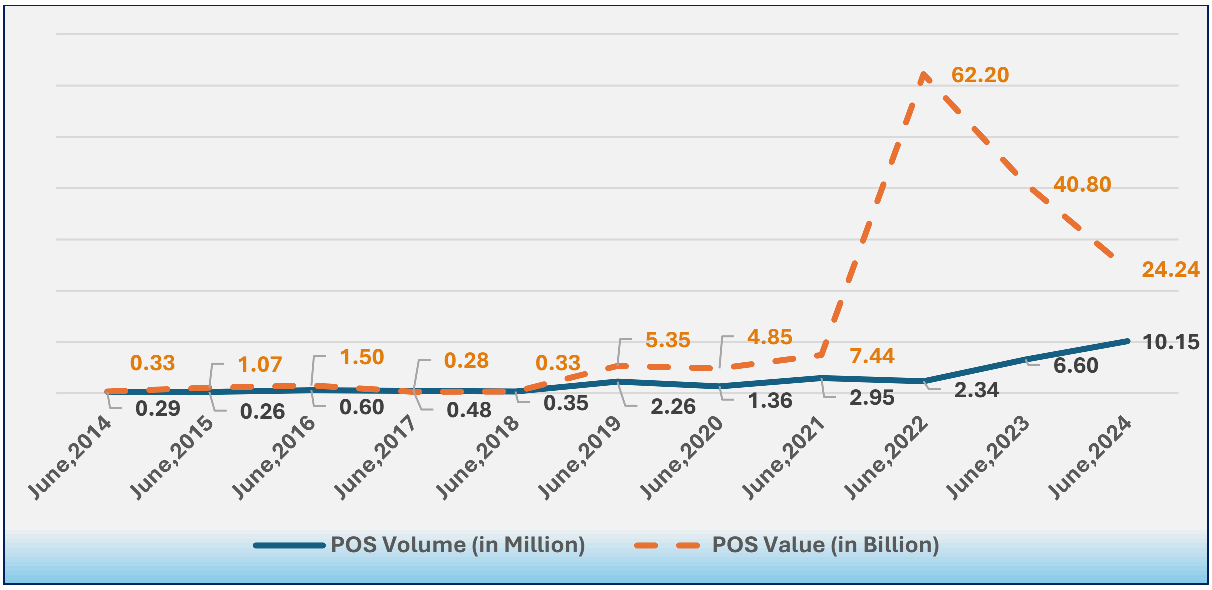

Figure 21: Trends in POS Transactions and Value in Ethiopia (2014–2024)

Source: Author's calculations using secondary data from the NBE.

The most striking growth occurred in 2024, with 10.15 million POS transactions and a total value of 24.24 billion ETB, exhibiting a significant increase in both transaction volume and value. This rapid expansion is likely driven by improvements in POS infrastructure, growing merchant adoption of digital payments, and broader financial inclusion efforts. As more merchants integrate digital payments, agent banking services may play a key role in supporting this growth by offering essential services such as liquidity management, transaction processing, and tailored financial solutions. To sustain this momentum, continuous investment in digital payment systems, along with initiatives to improve financial literacy and inclusion, will be vital to ensuring the long-term success and further expansion of POS transactions in Ethiopia's economy.

Table 19 below presents insights from seven banks regarding the primary users of agent banking services in Ethiopia. The results show that both rural and urban populations are viewed as the primary users by three banks each (42.86%), suggesting that agent banking plays an important role in serving both groups. This exhibits the widespread utility of agent banking across diverse demographic areas. In contrast, businesses represent a smaller user group, with only one bank (14.29%) identifying them as a primary user segment.

This distribution shows the central role of agent banking in promoting financial inclusion, particularly in rural and urban areas where traditional banking access may be limited. Rural populations likely benefit from overcoming geographical barriers, while urban users may appreciate the convenience and flexibility of agent banking. The relatively low focus on businesses indicates a potential opportunity for banks to expand their service offerings to this sector, enhancing business engagement with agent banking. By tailoring services to the needs of businesses, banks could further strengthen the overall reach and impact of agent banking services in Ethiopia.

Table 19: Banks' Views on Primary Users of Agent Banking Services in Ethiopia

Primary Users of Agent Banking	Frequency (%)
Rural Population	42.86
Urban Population	42.86
Businesses	14.29
Total	100

Source: Author's calculations based on survey data.

6.7.1. Comparative Analysis

Figure 22 shows that Ethiopia's agent banking market has undergone rapid expansion over the last decade, albeit from a very low base. Between June 2016 and June 2024, Ethiopia's agent banking volume increased from 0.04 million to 130.35 million, reflecting a compound annual growth rate (CAGR) of about 175%. Over the same period, Kenya's agent banking volume rose from 5 million in June 2011 to 1,400 million in June 2024, with a CAGR of roughly 57%. Although Ethiopia lagged behind Kenya in the early years, its growth accelerated sharply after 2020, indicating a catch-up dynamic. This pattern suggests that Ethiopia, as a late adopter, was able to leverage Kenya's earlier market development and adopt policies and infrastructure that facilitated rapid scaling in later years.

A shorter-term, five-year perspective reinforces this pattern. Between June 2016 and June 2020, Ethiopia's agent banking volume grew from 0.04 million to 4.24 million, implying a CAGR of approximately 221%. In comparison, during Kenya's initial five years (2011–2015), volumes rose from 5 million to 69.5 million, a CAGR of around 93%. Despite Ethiopia's much smaller base, its early acceleration once infrastructure was in place was remarkable, demonstrating that late adoption did not constrain long-term growth. Instead, it enabled Ethiopia to achieve steeper growth rates in later years by drawing on lessons from Kenya's telecom-led model and adapting them to its own market context.

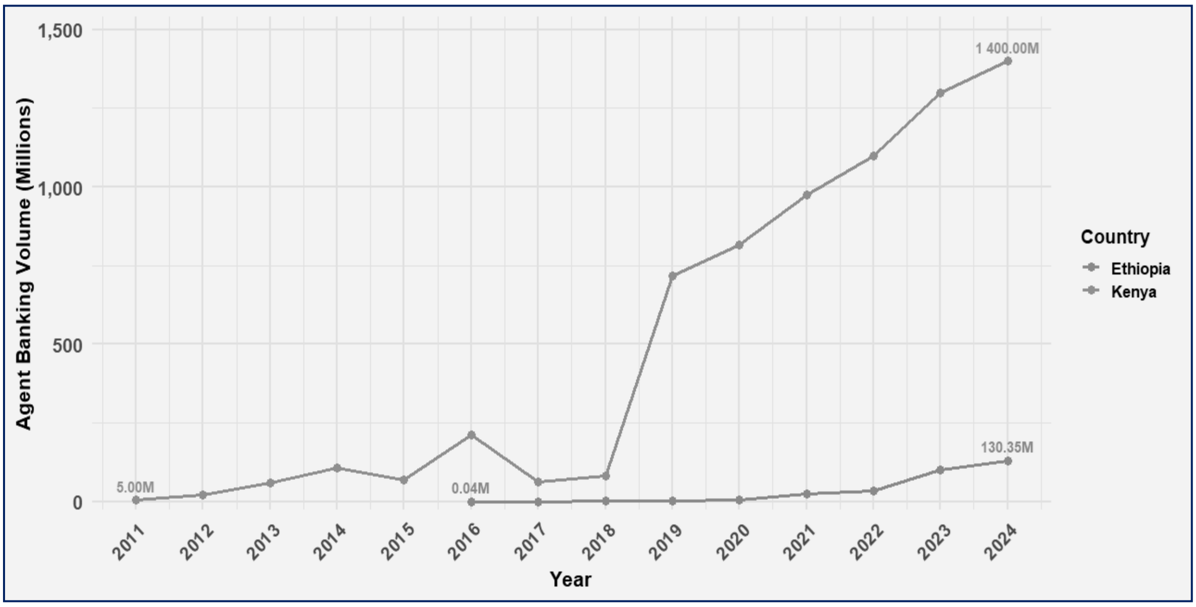

Figure 22: Agent Banking Volume in Ethiopia and Kenya (Million), 2011–2024

Source: Author's calculations based on secondary data from the National Bank of Ethiopia (NBE) and the Central Bank of Kenya Annual Report

Figure 23 portrays the dramatic rise in Ethiopia's agent banking transaction value over the past decade, starting from a very low base. Between 2017 and 2024, transaction values expanded from 0.13 billion Birr to 446 billion Birr, yielding a CAGR of about 213%. In parallel, Kenya's agent banking value grew from 16.7 billion KSh in 2011 to 12,500 billion KSh in 2024, with a CAGR of nearly 59%. While Ethiopia entered the market later, growth surged after 2020, with a post-2020 CAGR of about 323%, pointing to a strong catch-up pattern. This performance suggests that Ethiopia, as a late entrant, was able to draw on Kenya's earlier experience and establish regulatory and operational structures that enabled rapid scaling.

Looking at a shorter horizon confirms this picture. From 2017 to 2021, Ethiopia's agent banking value climbed from 0.13 billion Birr to 8.94 billion Birr, a CAGR of roughly 188%. During Kenya's first five years (2011–2015), the value of transactions rose from 16.7 billion KSh to 358.5 billion KSh, with a CAGR of about 115%. Although Ethiopia's initial base was much smaller, its early pace of growth was striking once the supporting framework was in place. This indicates that entering the market later did not hold back Ethiopia's longer-term prospects; instead, it allowed for sharper growth in subsequent years by building on lessons from Kenya's telecom-led model.

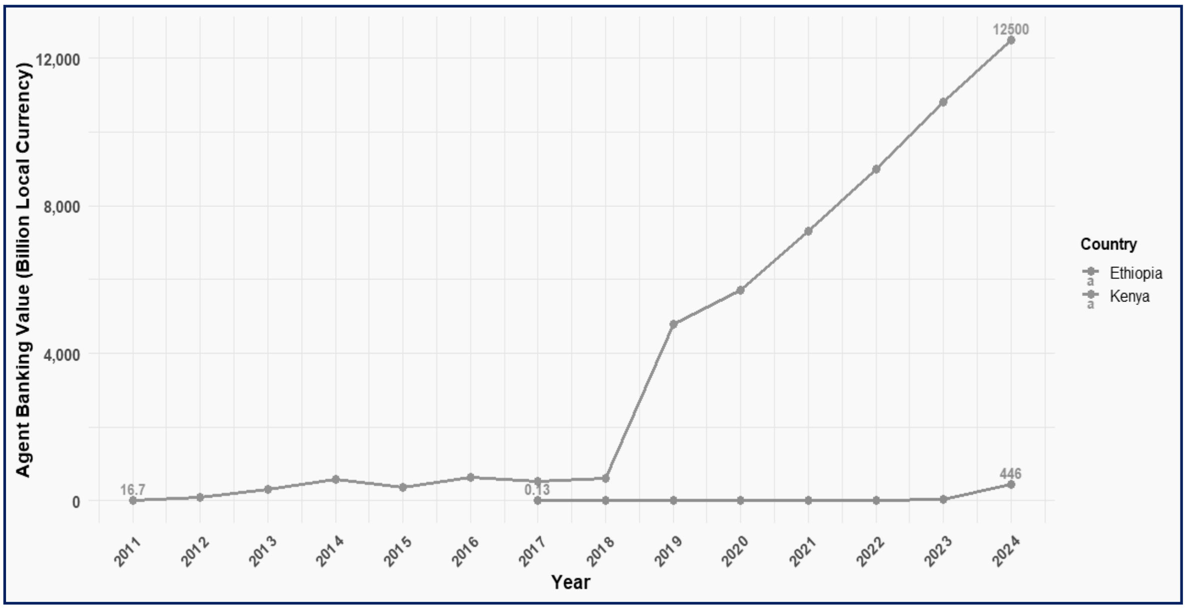

Figure 23: Comparative Growth of Agent Banking Transaction Values in Ethiopia and Kenya (2011–2024)

Source: Author's calculations based on secondary data from the National Bank of Ethiopia (NBE) and the Central Bank of Kenya Annual Report

Figure 24 illustrates the development of mobile wallet transaction volumes in Ethiopia and Kenya from 2007 to 2024. As an early entrant, Kenya experienced substantial growth in its first decade, with volumes rising from 5.47 million in 2007 to 2,280.13 million in 2022, representing a long-run CAGR of about 44%. Ethiopia, entering the market later, recorded 2.31 million in 2019, but saw a remarkable surge to 764.88 million in 2024, corresponding to a long-run CAGR of roughly 219%. This steep increase highlights Ethiopia's strong catch-up trajectory and underscores the benefits of late market entry, where the country leveraged insights from Kenya's earlier experience and supportive policies to accelerate adoption.

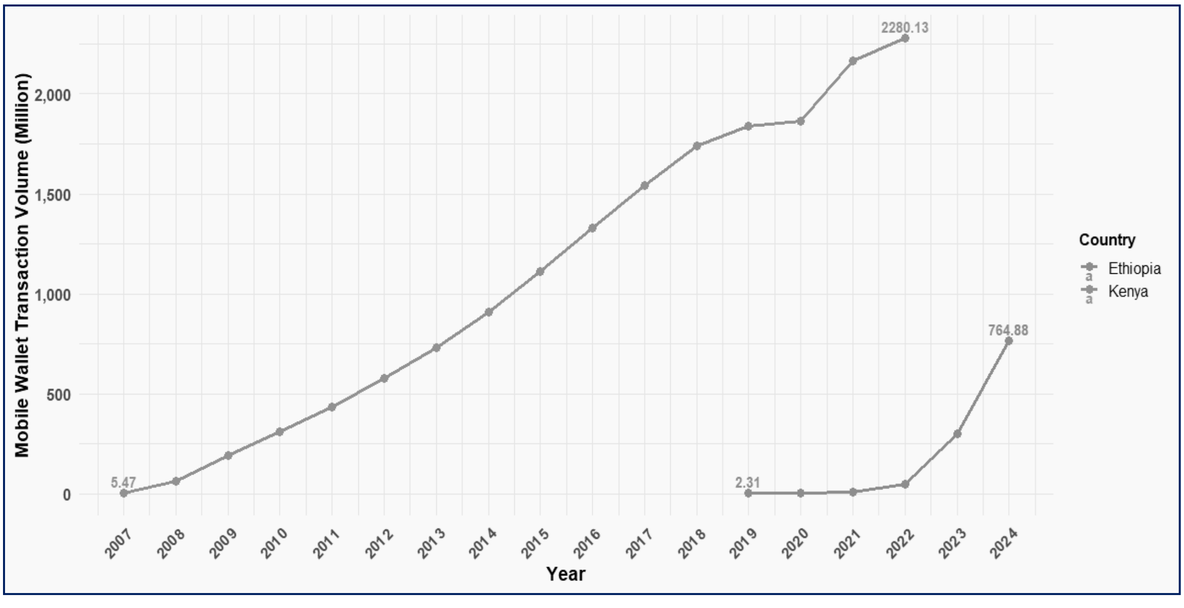

Figure 24: Mobile Wallet Transaction Volume in Ethiopia and Kenya (2007–2024)

Source: Author's calculations using secondary data from the National Bank of Ethiopia and Central Bank of Kenya.

Considering a shorter-term perspective provides additional context. During its first five years (2007–2011), Kenya's transaction volumes grew from 5.47 million to 432.99 million, yielding a short-run CAGR of approximately 198%, typical of a fast-expanding telecom-driven market. Ethiopia, in its initial three years (2019–2021), saw volumes increase from 2.31 million to 7.25 million, corresponding to a short-run CAGR of about 77%. Although Ethiopia started from a much smaller base, its subsequent expansion has outpaced Kenya's early-stage growth over the longer term, demonstrating that a well-timed entry, combined with lessons from a neighboring mature market, can foster rapid adoption and effective scaling of mobile financial services.

Figure 25 displays the growth of mobile wallet transaction values in Ethiopia and Kenya from 2007 to 2024. Kenya, as an early entrant, expanded from 16.31 billion KSh in 2007 to 7,908.83 billion KSh in 2022, indicating a long-run CAGR of about 43%. Ethiopia, joining the market later, recorded 1.15 billion ETB in 2019, which surged to 1,028.59 billion ETB in 2024, corresponding to a long-run CAGR of approximately 289%. Although Ethiopia began much later, the rapid acceleration after entry exhibits a clear catch-up trajectory, fueled by insights from Kenya's earlier experience and the establishment of supportive infrastructure and policies.

Focusing on the early years of adoption reveals the pace of initial uptake. During its first five years (2007–2011), Kenya's values increased from 16.31 billion KSh to 1,169.15 billion KSh, producing a short-run CAGR of roughly 191%. Ethiopia's initial three-year period (2019–2021) saw values rise from 1.15 billion ETB to 5.94 billion ETB, a short-run CAGR of about 127%. Despite starting from a smaller base, Ethiopia's early growth illustrates rapid adoption, demonstrating that a later market entry, combined with lessons drawn from a neighboring mature market, can accelerate uptake and enable substantial scaling of mobile wallet services.

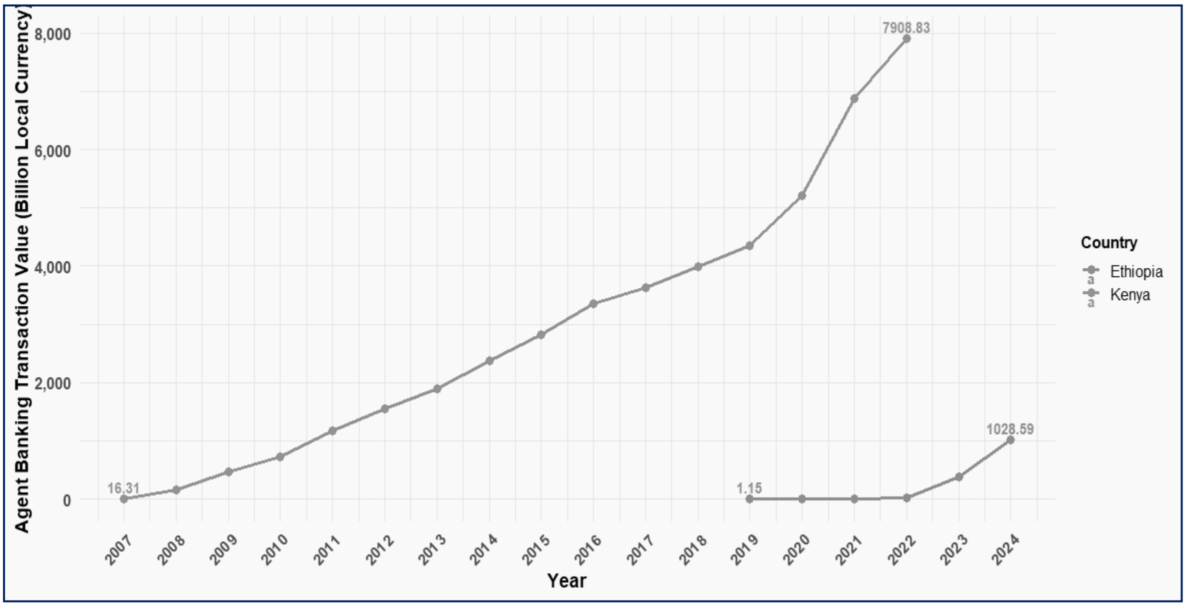

Figure 25: Evolution of Mobile Wallet Transaction Values in Ethiopia and Kenya (2007–2024)

Source: Author's calculations using secondary data from the National Bank of Ethiopia and Central Bank of Kenya.

6.7.2. Learning from Regional Development Cycles

Agent banking has emerged as a critical driver of financial inclusion across East Africa, enabling banks and mobile money providers to extend services into communities where traditional branches are scarce. Countries such as Kenya and Uganda illustrate different but complementary development paths: Kenya built on the rapid scale of mobile money to create dense agent networks, while Uganda developed a more balanced, bank-led model that emphasized competition and regulatory adaptation. Ethiopia, where agent banking is still relatively new and less developed, stands at a pivotal moment. By examining these regional experiences, Ethiopia can identify practical lessons on interoperability, competition, regulatory flexibility, and network expansion to accelerate its own agent banking ecosystem and promote broader financial access.

From these regional experiences, several key lessons emerge for Ethiopia's agent banking development:

- **From Kenya's "M-Pesa-Led" Cycle:** Ethiopia can learn the immense power of a dominant, interoperable mobile money platform in driving network effects. Kenya's growth was catalyzed by a telecom-led model that achieved massive scale quickly. For Ethiopia, the recent telecom liberalization and the rise of Telebirr present a similar, albeit bank-led, opportunity. The lesson is to prioritize policies that encourage interoperability and partnerships between banks and mobile money operators to create a unified and expansive network, rather than siloed systems.
- **From Uganda's "Bank-Led" Cycle:** Uganda's model, which more closely resembles Ethiopia's current bank-led approach, offers lessons on managing a multi-institutional ecosystem. Uganda experienced initial slower growth than Kenya but built a more robust and competitive landscape with multiple players. The lesson for Ethiopia is the importance of fostering healthy competition among banks and fintechs while ensuring a regulatory framework that allows for innovation and agent sharing to maximize network coverage and efficiency without wasteful duplication.
- **Anticipating Common Growing Pains**: Both markets faced early challenges with agent liquidity management, network connectivity, and consumer literacy. Ethiopia is experiencing these exact issues now. By studying how Kenya and Uganda addressed these, through the emergence of master agents, digital float solutions, and large-scale consumer awareness campaigns, Ethiopian stakeholders can proactively implement solutions, potentially bypassing years of trial and error.
- **The Critical Role of Regulatory Evolution:** Both Kenya and Uganda's regulators adapted their rules over time. They started with restrictive frameworks to ensure stability and gradually liberalized them (e.g., easing KYC requirements, allowing more services, promoting interoperability) to foster growth. The lesson for the National Bank of Ethiopia (NBE) is to adopt a phased, adaptive regulatory approach that is initially tight on risk management but explicitly designed to evolve and support scaling and innovation as the market matures.

Comparative Analysis of Adoption Cycles and Influencing Factors

While the lessons above reveal immediate opportunities for Ethiopia, a closer comparative analysis shows how structural differences shaped outcomes in Kenya, Uganda, and now Ethiopia.

- **Kenya's "M-Pesa-Led" Cycle (Explosive Growth):** Building on a telecom-led foundation, Kenya achieved incredibly rapid scaling through Safaricom's existing agent networks, brand trust, and marketing power. Its success stemmed from solving a simple, high-volume problem, person-to-person transfers. In contrast, Ethiopia's bank-led system (e.g., CBE Birr), shaped by regulation, is inherently more risk-averse and slower to scale, explaining the slower start and concentration around dominant state banks.
- **Uganda's "Bank-Led" Cycle (Managed Growth):** Uganda's trajectory more closely resembles Ethiopia's current model. Growth was slower and more deliberate, but a competitive, multi-institutional landscape developed early. Unlike Ethiopia, however, Uganda permitted telecom participation sooner, which accelerated innovation. Ethiopia's closed telecom sector and restrictions on foreign banking constrained similar dynamism until very recently.
- **Ethiopia's "Late-Adopter" Cycle (Accelerated Catch-Up):** Ethiopia is now entering an accelerated phase of growth, driven by telecom liberalization, banking reforms, network expansion, and pent-up demand from a large unbanked population. This unique position allows Ethiopia to blend lessons from both Kenya and Uganda, leveraging the scale potential of interoperability while fostering a competitive, bank-led ecosystem.

Examination of Early Regulatory Markets and Interventions

Kenya and Uganda both adopted a cautious but enabling regulatory stance that allowed markets to evolve without stifling innovation. Their central banks engaged in "test-and-learn" approaches, granting provisional approvals and refining regulations over time.

- **Key Interventions:**
    1. Tiered KYC: Simplified due diligence requirements for low-value accounts expanded access for poorer households and those lacking formal IDs.
    2. Interoperability: Regulators progressively encouraged or mandated cross-platform connectivity, preventing fragmentation and expanding user utility.
    3. Agent Sharing: Clear rules permitting agent sharing reduced duplication and expanded coverage efficiently.
- **Ethiopia's Regulatory Context:** In Ethiopia, regulations are often described by agents as "unclear" and approval processes as "slow". While the NBE directive provides a foundation, it reflects a rigid compliance style rather than the adaptive, enabling frameworks seen elsewhere. Notably, while agent sharing is already common, it is not formally authorized, leaving a gap between regulation and reality.
- **Lesson for Ethiopia:** The NBE should adopt phased, adaptive regulation that aligns with market practice. Formal recognition of agent sharing and piloting tiered KYC would help reduce barriers to financial inclusion.

Insights on Addressing Market Dominance

Market dominance is another critical issue with lessons for Ethiopia.

- **Kenya's Approach:** Safaricom's M-Pesa quickly became dominant. Instead of dismantling it, regulators ensured interoperability so its infrastructure served the wider ecosystem, while licensing other players like Airtel Money to maintain competition.
- **Uganda's Approach:** Uganda nurtured a more balanced market from the outset, with multiple telecom and bank-led operators. Regulators emphasized fair competition and interoperability, preventing dominance from consolidating.
- **Implications for Ethiopia:** Ethiopia's agent banking landscape is highly concentrated, CBE alone accounts for nearly half of surveyed agents. To prevent this concentration from stifling innovation, the NBE should:
  - Prioritize interoperability between CBE Birr, Telebirr, Safaricom's M-Pesa, and other platforms, turning dominant networks into shared utilities.
  - Support smaller entrants with proportionate regulation to enhance competition and innovation.

Ethiopia and Kenya Compared: Agent Banking in Practice

Building on the broader regional lessons, it is also useful to examine Ethiopia's agent banking system alongside Kenya's as a representative East African example. Kenya demonstrates what a mature, innovation-driven ecosystem can look like, while Ethiopia illustrates the challenges and opportunities of a late but accelerating adopter. This comparison highlights the structural and institutional gaps Ethiopia must address to unlock the full potential of agent banking (see Table 20).

Table 20: Differences between Ethiopia and Kenya in Agent Banking

Attribute	Ethiopia	Kenya
Adoption level	Still developing, with agency banking being relatively new.	Highly developed, widely adopted across urban and rural areas.
Regulatory environment	More restrictive, with stringent licensing and operational requirements.	More flexible and well-established, allowing more innovation
Market players	Dominated by state banks like the Commercial Bank of Ethiopia (CBE). Private banks are expanding their agency banking services.	More competition, with multiple banks and fintech leading the agency banking sector.
Mobile money integration	Less integrated with mobile money services, as Ethiopia recently allowed private mobile money operators.	Highly integrated with M-Pesa and other mobile banking
Agent network size	Relatively small due to regulatory restrictions and lower financial inclusion.	Large and well-established agent networks covering most parts of the country.
Technology and Innovation	Still developing digital banking solutions, with government-led efforts to expand.	Advanced digital and fintech-driven innovations supporting agency banking.

Source: compiled from different literature

Ethiopia’s agent banking sector is therefore best described as nascent but full of potential. The country can learn from Kenya’s experience by streamlining regulation, encouraging innovation, and supporting competition and interoperability. If these enabling factors are put in place, agent banking could play a transformative role in expanding financial access and deepening inclusion across Ethiopia.

7. REGULATORY FRAMEWORK OF AGENT BANKING

7.1. Relevant Laws and Directives

The survey conducted with the National Bank of Ethiopia (NBE) exhibits key aspects of the regulatory framework governing the agent banking ecosystem. The NBE confirmed the existence of specific regulations, notably the *Use of Agents Directive No. FIS/02/2020*, which serves as a foundational guideline for agent banking operations. This directive signifies the NBE's commitment to establishing a structured and well-defined regulatory environment.

Furthermore, the survey findings indicate that agent banking operations are designed to be aligned with both general banking laws and agent-specific directives. This high-level alignment provides a necessary structured framework for financial institutions. However, this intended regulatory clarity has not consistently reached the agent level, as a significant majority (60.9%) of agents report that regulations remain unclear and complicate compliance. This suggests a critical gap in communication and training between financial institutions and their agents. While the framework aims to foster confidence and facilitate expansion, its full potential for supporting financial inclusion is hindered until this implementation challenge is resolved.

7.2. Agent Banking Application and Approval Process

The application process for financial institutions seeking to use agents for banking services in Ethiopia involves a structured submission to the NBE. As indicated by the survey, financial institutions are required to submit a written application, accompanied by a list of necessary documents. These documents likely include financial statements, details of the proposed agent network, and risk management frameworks, among others. This process ensures that the NBE can assess the institution's preparedness to manage agent banking operations in compliance with regulatory standards.

The approval criteria considered by the NBE when evaluating applications are comprehensive. Key factors include the financial stability of the institution, the agent selection process, and the implementation of risk management measures. These criteria ensure that only institutions with the capacity to manage agent networks responsibly are granted approval. The survey also showed that the approval process typically takes 30 days, allowing sufficient time for the NBE to review the application and associated documents thoroughly. This structured and timely approval process is vital for maintaining the integrity and growth of the agent banking ecosystem in Ethiopia.

7.3. Consumer Protection and Agent Conduct in Agent Banking

Consumer protection is a key concern in agent banking, and several measures have been implemented to safeguard customers' interests. The survey findings from the NBE indicate that consumer education programs are a primary initiative to inform and empower customers about their rights and the services provided through agents. The survey also emphasizes the presence of other consumer protection measures, including dispute resolution mechanisms and transparency requirements in agent banking transactions. These efforts aim to enhance consumer trust, ensuring that clients are well-informed and protected when using agent banking services.

Furthermore, regulations governing the conduct of agents are in place to maintain professionalism and ensure customer satisfaction. According to the survey with the NBE, there are specific guidelines that agents must adhere to when interacting with customers. These requirements include ensuring that agents can open electronic accounts, manage customer deposits, and handle transactions in a clean and transparent manner. Agents are also mandated to display their license visibly at their business location, reinforcing their legitimacy and accountability. These regulations are designed to foster a trustworthy and reliable environment for agent banking, ensuring that customers receive services in line with established standards.

7.4. Regulatory Innovation and Challenges in Agent Banking

In the context of agent banking, promoting innovation is crucial for fostering growth and improving financial inclusion. Survey responses from the NBE show that there are policies in place to encourage innovation within the agent banking sector. Notably, the Use of Agents Directive no. FIS/02/2020 is designed with flexibility in mind, allowing amendments if justifiable grounds arise to support innovation and national growth. This openness to change indicates the NBE's recognition of the dynamic nature of the financial sector and the need for regulatory frameworks that evolve alongside technological advancements and market demands.

However, the survey also identified several challenges and opportunities for regulatory innovation in agent banking. Key challenges include the low level of digitization and the reluctance of some financial institutions to fully comply with regulations, which can hinder the sector's progress. On the other hand, opportunities for innovation lie in the growing demand for digital transactions, the improvement of infrastructure, and the commitment of the government to transform the financial sector. Additionally, increased competition among financial institutions and the rapid growth of mobile money services presents significant opportunities to drive further innovation in the agent banking space. The NBE is poised to capitalize on these opportunities while addressing the challenges to create a more innovative and competitive financial ecosystem in Ethiopia.

7.5. Assessment of Regulatory Outcomes Based on Field Data

The field data from agent and bank surveys allows for a preliminary assessment of the effectiveness of the regulatory framework in achieving its intended outcomes. By comparing regulatory objectives with empirical findings, this analysis reveals a mixed picture, with significant gaps between regulatory intent and practical implementation.

Table 21: Assessment of Agent Banking Regulatory Outcomes: Intent vs. Field Reality

Regulatory Goal (Outcome)	Field Observation & Data	Analysis & Implication for Regulator
Consumer Protection & Transparency (e.g., directive requiring clear display of fees/licenses)	**Finding:** Widespread agent confusion (60.9%) on regulations themselves suggests they are poorly equipped to inform and protect consumers. While not directly measured, low financial literacy (75.9% of agents cited lack of education as a barrier) implies consumers are vulnerable.	**Gap:** The rule exists, but its spirit is not fulfilled because the primary interface (the agent) is not adequately trained or monitored for compliance. **Recommendation:** Mandate simpler, standardized consumer-facing materials and incorporate mystery shopping to audit agent conduct.
Financial Inclusion & Geographic Expansion (e.g., goal of reaching rural/underserved areas)	**Finding:** Extreme concentration of agents in urban areas (94.5%); only 12 of 220 sampled agents were in rural areas. Banks cite "limited access to electricity" and "low financial literacy" as key barriers to rural expansion.	**Gap:** The regulation allows for expansion but does not effectively incentivize or mitigate the risks for banks to operate in rural areas. **Recommendation:** Consider tiered licensing or "light-touch" regulations for specific rural agent models, or partner with other ministries to address infrastructure barriers.
Agent Network Integrity & Stability (e.g., criteria for agent onboarding, risk management)	**Finding:** Banks report varied agent retention rates; 3/7 banks saw only 11-20% of new agents active after 12 months. High agent dormancy and liquidity shortages (66.36% of agents) threaten network stability.	**Gap:** The regulation focuses on initial eligibility but not on ongoing agent health and sustainability. **Recommendation:** Encourage banks to share best practices on agent retention and support. Regulations could require banks to report on agent activity and liquidity metrics as part of their oversight.
Promoting Innovation & Competition	**Finding:** The market is highly concentrated (CBE dominance). However, agent sharing is a widespread practice (5/7 banks do it), which is a market-led innovation for efficiency.	**Opportunity:** The practice of agent sharing shows the industry is adapting. The regulator can formally endorse and standardize this model through guidelines to accelerate growth and reduce redundancy, fostering a more competitive landscape.
Operational Resilience (e.g., ensuring reliable service)	**Finding:** 62.27% of agents face network outages and 52.72% suffer from poor signal strength. This makes a mockery of "resilience" and is the top operational challenge.	**Gap:** This is a pre-condition for regulation to work. The NBE's rules cannot succeed if the foundational infrastructure (telecom/energy) is weak. **Recommendation:** The NBE must collaborate closely with the Ethiopian Communications Authority and other government bodies to advocate for improved digital infrastructure as a national priority for financial inclusion.

8. CONCLUSION AND RECOMMENDATION

This scoping study provides a comprehensive analysis of Ethiopia's agent banking ecosystem, revealing a sector poised for transformative growth but currently constrained by significant operational, regulatory, and structural challenges. The findings offer critical lessons for stakeholders and present a clear roadmap for harnessing the sector's full potential to drive financial inclusion.

Key Lessons and Insights from the Research

The research points out several pivotal insights about the current state and future trajectory of agent banking in Ethiopia:

- **A Concentrated Market Structure:** The sector is primarily composed of sole proprietorships, and The Commercial Bank of Ethiopia maintains a dominant position, while other banks operate smaller agent networks. This concentration poses a systemic risk and may limit competitive innovation in the sector.
- **Persistent Urban-Rural and Gender Gaps**: Agent banking remains heavily concentrated in urban centers like Addis Ababa and Oromia, leaving rural populations significantly underserved. Furthermore, female participation in the agent network is low (30%), indicating a missed opportunity for economic empowerment and more inclusive service delivery.
- **Operational Inefficiencies Hinder Growth:** Agents face a cascade of interconnected barriers that weaken their performance. Liquidity shortages, the most acute challenge for 66.36% of agents, are aggravated by reliance on inefficient cash-based branch visits rather than digital solutions or master agents. These shortages are further compounded by poor network connectivity, delayed commission payments, and high startup costs, all of which deter new entrants and reduce agent retention. Low financial literacy and limited use of POS devices also suppress transaction volumes and service quality, reinforcing the cycle of inefficiency.
- **A Nascent but Rapidly Evolving Digital Finance Landscape:** Ethiopia is a late adopter but is experiencing explosive growth in digital finance. The expansion of mobile money and digital payment systems has enhanced financial inclusion; transactions grew from 2.31 million in 2019 to 764.88 million in 2024, and transaction value surpassed 1 trillion ETB. This demonstrates a massive and growing public appetite for digital financial services that agent banking is uniquely positioned to serve. Government policies supporting digital transactions, improved mobile network coverage, and increasing smartphone penetration may have contributed to growth. However, significant untapped potential exists, particularly in underserved areas.
- **Emerging Opportunities for Efficiency and Expansion:** Despite existing constraints, the sector shows clear opportunities for growth:

- **Agent Sharing is a Widespread Practice:** Five out of seven surveyed banks engage in agent sharing, indicating a pragmatic approach to maximizing network coverage and efficiency. This model can be standardized and scaled to rapidly expand reach.
- **Strong Market Potential Exists:** Contrary to concerns about saturation, 75.45% of agents believe the market is not saturated, highlighting significant room for expansion.
- **Digital Payments are Gaining Traction:** The phenomenal growth of mobile wallets and increasing POS transactions create a synergistic opportunity for agents to become central hubs for a wider range of digital financial services.
- **Data-Driven Efficiency and Training Can Boost Retention:** Larger networks report higher daily activity levels and already track key metrics such as transaction volume, agent dormancy, and customer acquisition. Scaling these data-driven practices across the sector, combined with regular refresher training, offers a clear opportunity to strengthen agent retention and overall network performance.

- **Regulatory Framework is in Place but Needs Strengthening:** The National Bank of Ethiopia's *Use of Agents Directive No. FIS/02/2020* provides operational guidelines and emphasizes compliance, consumer protection, and financial inclusion. However, unclear provisions, slow approval processes, and complex licensing requirements hinder expansion. Transaction limits and enforcement gaps also remain key challenges.
- **A Late Adopter Advantage with Catch-Up Potential:** Comparative data with Kenya show that although Ethiopia entered agent banking and mobile wallet markets later, it has experienced exceptionally high growth rates in its early years. In particular, agent banking transaction value, mobile wallet volume, and mobile wallet value all recorded CAGRs exceeding 200%, while agent banking volume grew at a CAGR of about 175%. This pattern shows Ethiopia's ability to leverage "latecomer advantages", learning from the experience of neighboring markets. If this momentum continues, Ethiopia could narrow the gap with regional leaders faster than anticipated, marking the strategic potential of delayed entry combined with informed market adaptation.

Recommendations

1. **For Regulators (National Bank of Ethiopia - NBE)**
    - **Streamline and Digitize Regulatory Processes:** Simplifying licensing requirements and reducing approval timelines would encourage new entrants and foster innovation. Establishing a digital platform for applications and ongoing monitoring would further enhance transparency and efficiency.
    - **Promote Interoperability and Agent Sharing:** Develop a clear regulatory framework that encourages interoperability between agent banking and mobile money services. Standardizing agent-sharing agreements among banks and mobile money operators can expand outreach and improve efficiency, prevent market fragmentation, leverage existing infrastructure for faster nationwide coverage, and stimulate healthy competition, driving innovation and enhancing service quality.

- **Establish a Regulatory Sandbox:** Create a regulatory sandbox to test and refine new agent banking models and new technologies (e.g., offline-capable systems, biometric authentication) before nationwide rollout and the implementation of tiered KYC requirements to deepen financial inclusion for the most vulnerable populations.
- **Review Transaction and Cash Withdrawal Limits:** Reassess existing limits in consultation with industry players to ensure they meet customer demand without compromising security.
- **Enforce Consumer Protection Proactively:** Strengthen transparency and dispute resolution mechanisms, and require all outlets to clearly display service charges and agent licenses to build consumer trust.

2. For Providers/Industry (Banks and Financial Institutions)

- **Diversify and Incentivize the Agent Network:** Expand agent networks in rural areas through targeted financial incentives and partnerships with Ethiopian MFIs and cooperative banks to reach remote populations. Introduce gender-specific programs that provide access to credit and grants for women, and implement quota-based incentives to ensure a minimum percentage of female-owned agent outlets.
- **Modernize Liquidity and Commission Management:** Address liquidity constraints by promoting digital liquidity solutions such as mobile wallets, e-float systems, and real-time fund transfers, while expanding the master agent model. Reform commission structures to ensure timely and transparent payments, and introduce hybrid compensation models to incentivize long-term agent participation.
- **Leverage Data for Strategic Decision-Making:** Utilize big data analytics to guide agent network expansion, identify high-potential underserved areas, monitor agent activity in real time to reduce dormancy, and provide proactive support where needed.
- **Invest in Infrastructure and Training:** Adopt offline-capable POS systems, support improvements in mobile network coverage in underserved areas, implement financial education programs, integrate financial literacy into agent onboarding, provide targeted training and mentorship, and ensure regular refresher sessions to strengthen agent performance and network efficiency.
- **Expand Service Offerings:** Leveraging mobile money for greater financial inclusion by empowering agents to offer a broader suite of digital financial services.

3. For Agents

- **Adopt Digital Tools for Efficiency:** Embrace mobile money and bank applications for personal liquidity management to reduce reliance on physical branch visits.
- **Formalize Business Operations:** Maintain clear records and seek to understand the commission structure and contractual terms with banks fully.
- **Prioritize Customer Education and Service Quality:** Differentiate your outlet by clearly explaining services and charges to customers, thereby building trust and fostering loyalty.
- **Explore Collaborative Models:** Consider partnering with other local agents or businesses to form clusters that can better manage liquidity and serve a larger customer base.

By implementing these stakeholder-specific recommendations, Ethiopia can overcome existing barriers, harness the powerful opportunities presented by its digital boom, and build a more inclusive, efficient, and sustainable agent banking ecosystem that truly serves all its citizens.

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