

**Brief Note on**  
Ethiopia's Digital Payments Strategy (EDPS)  
from the National Bank of Ethiopia (NBE)

July 2021

### Vision:

Build a secure, competitive, efficient, innovative, and responsible payments ecosystem to support a cash-lite and financially inclusive economy

**Strategic Pillar 1:** Develop a reliable, inclusive, and interoperable infrastructure

**Strategic Pillar 2:** Champion adoption of inclusive digital payments

**Strategic Pillar 3:** Build a robust, consistent regulatory & oversight framework

**Strategic Pillar 4:** Create an enabling environment for innovation

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**L&A's Viewpoint:** With internet penetration increasing every year in Ethiopia, Medium, Small and Large Businesses are increasingly adopting digital marketing and digital payment solutions (QR code, contactless payments, cryptocurrencies and biometrics). With the telecommunication sector privatization and liberalization, internet penetration might reach upwards of 90% in the next 5 years. It is therefore important to ensure that digital payments are inclusive of all sectors and layers of society while making all transactions secure. Millions in Ethiopia are still unbanked and financially excluded hence digital payments constitute an opportunity for all to obtain access to formal financial and digital services.

The approval of the EDPS is timely as it will constitute an essential addition to the portfolio of policies recently issued in view of digitizing Ethiopia.

**Enabler 1:** Commit to an efficient, reliable, and safe national payment system

**Enabler 2:** Prioritize and invest in capacity-building across the digital payment ecosystem

**Enabler 3:** Guarantee active and ongoing coordination with national development reforms and policies

**Enabler 4:** Develop a robust governance and implementation plan and monitor success using KPIs

# EDPS Framework With Specific Actions

## Vision:

Build a secure, competitive, efficient, innovative, and responsible payments ecosystem to support a cash-lite and financially inclusive economy

### Strategic Pillar 1: Develop a reliable, inclusive, and interoperable infrastructure

- Action 1: Address technical issues of ATMs and POS
- Action 2: Expand ATM and POS access points
- Action 3: Review business case to expand agents
- Action 4: Increase telecommunications reach through network and devices
- Action 5: Expand ACH for electronic funds transfers
- Action 6: Expand interoperability to all players and platforms
- Action 7: Develop a payment gateway
- Action 8: Establish real-time payments
- Action 9: Standardize bank instruments

### Strategic Pillar 2: Champion adoption of inclusive digital payments

- Action 10: Digitize government and state-owned-enterprise payments and collections
- Action 11: Digitize social protection and humanitarian payments
- Action 12: Digitize tourism transactions in and out of Ethiopia
- Action 13: Digitize payments in agriculture
- Action 14: Digitize cross-border remittance
- Action 15: Implement cash-handling fees for financial institutions
- Action 16: Impose limits on cash transactions
- Action 17: Create tax incentives for electronic taxable transactions
- Action 18: Launch an awareness program targeting digital platforms
- Action 19: Design use-case-specific capacity-building programs
- Action 20: Capture sex-disaggregated data to inform responsible and intentional decision-making
- Action 21: Launch services and solutions targeting financially excluded segments
- Action 22: Encourage multi-language availability

### Strategic Pillar 3: Build a robust, consistent regulatory & oversight framework

- Action 23: Strengthen regulation and oversight capacity
- Action 24: Monitor implementation of a new Use of Agents Directive
- Action 25: Monitor the participation of non-bank financial institutions in mobile money services
- Action 26: Monitor implementation of new KYC clauses
- Action 27: Strengthen financial consumer protection
- Action 28: Strengthen cybersecurity
- Action 29: Create legislation to accept e-receipts as proof of payment

### Strategic Pillar 4: Create an enabling environment for innovation

- Action 30: Clarify roles and responsibilities of Fintechs
- Action 31: Enhance access to global resources in Fintech
- Action 32: Set up a risk-controlled innovation and technology development framework

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*Note: The NBE EDPS includes an Implementation Framework which contains a high-level implementation plan, governance structure, and a M&E mechanism.*



## Summary

Laurendeau & Associates is a Management Consultancy whose purpose is to advance the power of digital to create lasting socio- economic impact in low- and middle-income countries.

L&A provides strategic advisory to decision makers in the private sector, governmental and international development institutions.

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San Francisco +1 404 457 0692

Addis Abeba +251 90 400 1681

London +44 780 268 5051

# LAURENDEAU & ASSOCIATES

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