



**DIGITAL
TRANSACTIONS**
18.5T Birr · Annually

TELEBIRR USERS
58.6M · H1 FY2025/26

**ACTIVE
ACCOUNTS**
Only 15% · of 139.5M

**DIGITAL GDP
SHARE**
3.9% · of total GDP

BIG INFRASTRUCTURE, SMALL ECOSYSTEM

Ethiopia's Digital Economy: What Has Been Built, Where the Gaps Are, and What Closes Them

<p>1.94T Birr Telebirr Transactions H1 FY25/26 <i>Jul-Dec 2025; 6.88T Birr since launch</i></p>	<p>139.5M Mobile Money Accounts <i>Up from 12.2M in 2020; 15% active</i></p>	<p>49 companies Fintech Startups <i>\$20.9M total VC raised all-time</i></p>	<p>\$25.56M BPO Facility (EIH) <i>3,000-seat hub; Elevate Africa 2026</i></p>
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KEY INDICATORS AT A GLANCE

<p>58.6M Telebirr Users <i>H1 FY2025/26; 1.94T Birr in 6 months</i></p>	<p>5.2M M-Pesa Ethiopia <i>Active users Dec 2025; +258.5% YoY</i></p>	<p>139.5M Mobile Money Accounts <i>2025; up from 12.2M in 2020</i></p>	<p>15% Active Account Share <i>Of all registered accounts</i></p>
<p>18.5T Br Digital Transactions <i>Processed annually Dec 2025</i></p>	<p>3.9% Digital Economy / GDP <i>Share of total GDP</i></p>	<p>ETB 1.5T ESX Interbank Volume <i>15 months since Oct 2024 launch</i></p>	<p>\$20.9M Fintech VC All-Time <i>49 startups; 10 funded; very early stage</i></p>

01 THE INFRASTRUCTURE LAYER: WHAT HAS BEEN BUILT

Ethiopia Has Built the Pipes. Now Comes the Hard Part.

Between 2021 and 2026, Ethiopia assembled the core infrastructure of a digital economy at a pace that would be remarkable for a market three times its size. The rails, the switches, the identity layer, the exchange: all are now operational. The question the data raises is not whether Ethiopia built them. It is whether Ethiopians are using them.

- ▶ **TELEBIRR** Launched in May 2021 by Ethio Telecom, Telebirr had 58.61 million users and processed 1.94 trillion Birr in transactions in H1 FY2025/26 alone (July-December 2025). Total cumulative transactions since launch have reached 6.88 trillion Birr. Ethio Telecom's total subscriber base reached 87.1 million, with 69.1 million active mobile users and 49 million mobile data users. H1 FY2025/26 revenue reached 85 billion Birr, a 37% increase year on year. Telebirr has also mobilised 34.41 billion Birr in savings and extended credit services to 16.19 million customers through partner financial institutions.
- ▶ **M-PESA ETHIOPIA** Licensed in May 2023 and commercially launched in August 2023, M-Pesa Ethiopia reached 5.2 million active users in the quarter ended December 2025, representing 258.5% year-on-year growth. Total transaction value rose 192% year on year over the same period. The platform now operates across 50,000+ merchants nationwide. In October 2025, M-Pesa integrated with EthSwitch, Ethiopia's national payment switch, connecting it to over 30 banks and digital wallets and enabling real-time wallet-to-bank transfers and interoperable EthQR merchant payments. In December 2025, M-Pesa also launched M-PESA Lehulum, a telco-agnostic platform allowing users on any carrier to access mobile money. Safaricom expects to reach break-even in Ethiopia by end of FY2026.
- ▶ **ETHSWITCH AND INTEROPERABILITY** EthSwitch is Ethiopia's national payment switch, connecting banks, microfinance institutions, and fintech providers to enable interoperability. It underpins all digital payment activity across the ecosystem and forms the infrastructure backbone for the Instant Payment System launched in December 2025.
- ▶ **NATIONAL INSTANT PAYMENT SYSTEM (DEC 2025)** The 2nd Ethiopian Digital Payment Conference on December 9, 2025 launched the National Digital Payment Strategy 2026-2030 and the country's new Instant Payment System simultaneously. The system supports person-to-person transfers, QR payments, bulk disbursements, and selected low-value cross-border transactions through cards, mobile wallets, and digital banking channels. The strategy charts a five-year roadmap for interoperability, trust, and innovation in digital finance.
- ▶ **ETHIOPIAN SECURITIES EXCHANGE (ESX)** The ESX opened for equity trading in January 2025, with Wegagen Bank as the first listed company. Three companies are now listed: Wegagen Bank (WGBX), Gada Bank (GDAB), and Ethio Telecom via Ethiopia's first IPO (TELE). The T-bill market launched in July 2025. Cumulative interbank money market volume has reached ETB 1.5 trillion in



under 15 months. The equities market is early-stage; the fixed-income and money market segments are more active.

- ▶ **FAYDA NATIONAL DIGITAL ID** As of April 4, 2026, Fayda enrollment has exceeded 40.37 million Ethiopians, a figure confirmed by the National ID Programme Public Relations Directorate. Ethio Telecom has separately registered 22 million citizens for Fayda as part of its network operations, representing 69% of a nationwide registration target. All bank account holders must link their accounts to their Fayda IDs by December 31, 2026, creating a hard deadline driving registration. Fayda is the identity layer on which digital financial inclusion ultimately depends; without verifiable identity, account opening, credit access, and government payment digitisation are all constrained.
- ▶ **FIRST DOMESTIC CREDIT CARD (JUL 2025)** SanuPay, in collaboration with OpenWay and SantimPay, launched Ethiopia's first domestic credit card in July 2025. The initiative includes the rollout of four million debit and prepaid cards alongside Visa and Mastercard credit options. This represents the first time consumer credit card infrastructure has been built for the domestic market rather than relying entirely on foreign-issued cards.

Ethiopia's Digital Economy: Key Milestones | 2021-2026

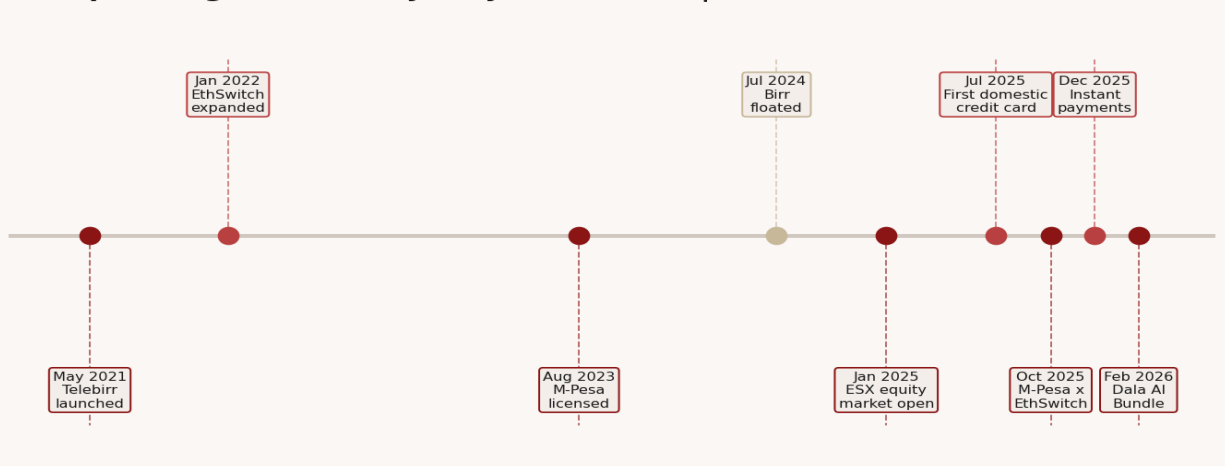


Figure 1: Ethiopia Digital Economy Key Milestones | 2021-2026 | Sources: Ethio Telecom, NBE, EIC, M-Pesa Ethiopia, ESX, SanuPay (2021-2026)

02 THE USAGE GAP: SCALE WITHOUT DEPTH

139.5 Million Accounts. 15% Active. The Number That Explains Everything.

The National Bank of Ethiopia's own data from the National Digital Payment Strategy 2026-2030 contains the most important number in Ethiopia's digital economy story. Mobile money accounts grew from 12.2 million in 2020 to 139.5 million in 2025. That is 11-fold growth in five years. Only 15% of those accounts are active. Only 25% of registered agents are active. The infrastructure has scaled. The behaviour has not.

- ▶ **THE TRANSACTION VOLUME PARADOX** Ethiopia processes 18.5 trillion Birr in digital transactions annually per the Deputy Prime Minister's address at the December 2025 conference. Annual transaction volumes have grown at a CAGR of 146% and values at 161% since 2020, both extraordinary by any global benchmark. But those headline figures are dominated by a small share of active users. The 161% CAGR in value growth is real but concentrated.
- ▶ **RURAL-URBAN DIVIDE** A 24-percentage-point gap in digital payment usage separates urban and rural communities per NBE data. Ethiopia's population is approximately 80% rural. The digital economy is overwhelmingly an Addis Ababa and secondary-city phenomenon. Infrastructure is being built outward, but usage patterns remain centred on urban populations with higher digital literacy, better connectivity, and stronger merchant acceptance networks.
- ▶ **DIGITAL LITERACY DEFICIT** The NBE's own strategy document flags that 66% of women and 60% of men lack mobile money skills. This is not a marginal problem. It means a majority of Ethiopia's adult population cannot use the system that has been built for them. Account registration has been



made easy. Account usage requires trust in digital systems, literacy in mobile interfaces, and merchant acceptance in the immediate economic environment of the user.

- ▶ **THE GENDER GAP** A 10-percentage-point gender gap in digital financial service usage persists. Women are both less likely to be account holders and less likely to use accounts they hold. This gap compounds the economic disadvantage that digital financial services are designed to address, and it represents a structural ceiling on the ecosystem's growth potential if left unaddressed.
- ▶ **MERCHANT ACCEPTANCE** Low merchant acceptance limits usage even among digitally literate users. A mobile money account is useful only if merchants in the user's daily environment accept it. Outside major urban centres, and even within them in informal markets, cash remains the dominant transaction medium. The government mandate that all government offices accept any licensed digital payment, enacted in June 2025, is the most significant structural intervention to address this: it creates a universal digital payment touchpoint for every Ethiopian who interacts with a public service.

THE DEPTH PROBLEM

The FinWise Ethiopia experts who addressed a March 12, 2026 scoping workshop described the situation precisely: Ethiopia's digital finance sector must transition 'from quantity to quality,' moving beyond rapid agent and account expansion toward network optimisation, stronger partnerships, and deeper financial engagement. Scale without depth is infrastructure looking for users.

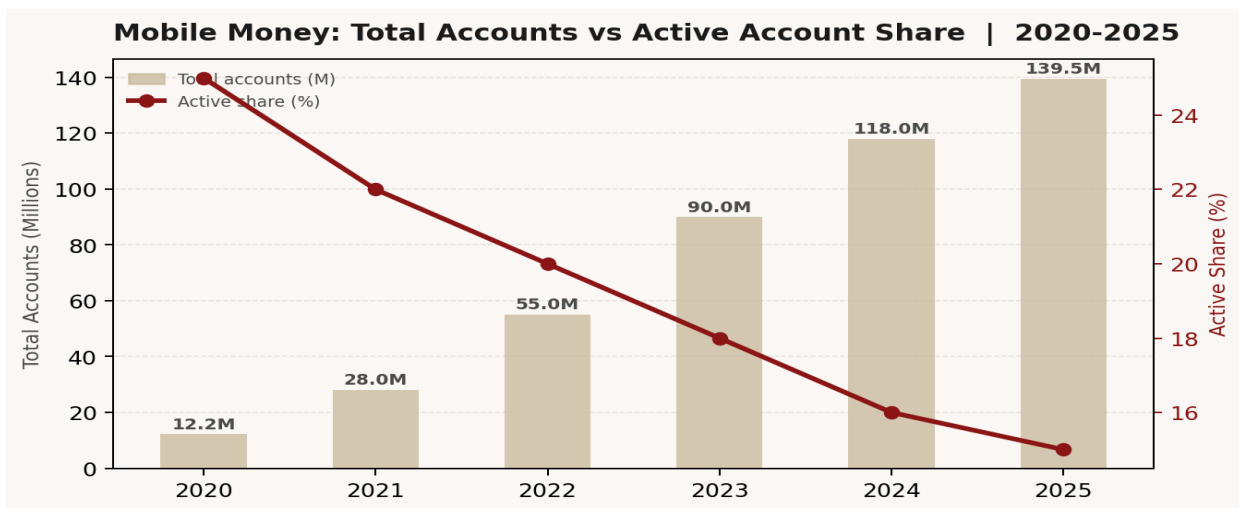


Figure 2: Mobile Money Accounts vs Active Account Share | Sources: NBE National Digital Payment Strategy 2026-2030, Ethio Telecom annual report (2025)

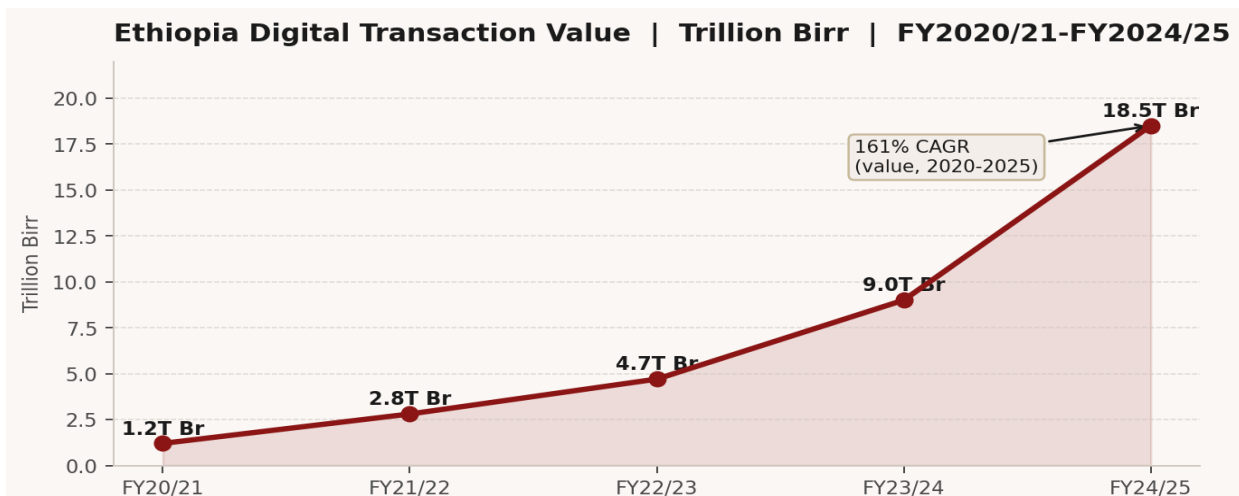


Figure 3: Ethiopia Digital Transaction Value | Sources: NBE, Deputy PM address Dec 9 2025, Ethio Telecom annual report Jul 2025



03 THE STARTUP ECOSYSTEM: \$20.9 MILLION AND WHAT IT TELLS YOU

49 Companies, 10 Funded, One Conclusion: This Ecosystem Is Very Early

Africa's total startup VC funding reached approximately \$3.5 billion in 2025 per Partech Africa. Nigeria, Kenya, Egypt, and South Africa absorbed 85.7% of it. Ethiopia's fintech sector has raised \$20.9 million in total venture capital across its entire history. That figure is not a quarterly number. It is the all-time total for all 49 active fintech companies in the country.

- ▶ **WHAT \$20.9 MILLION REPRESENTS** For context: M-Pesa paid \$150 million for its Ethiopian payment instrument issuer licence alone. Safaricom paid \$850 million for its telecom licence. The entire Ethiopian fintech startup ecosystem has raised less than 14% of M-Pesa's licence fee. Of 49 companies, only 10 have received any external funding. Three have reached Series A or beyond. The ecosystem is not underdeveloped. It is pre-development.
- ▶ **WHERE EARLY CAPITAL IS COMING FROM** Addis Ababa Angels (AAA) has invested \$2 million in 12 startups between 2023 and 2025, representing the most active domestic early-stage vehicle. Ethiopian diaspora investors fund approximately 30% of early-stage startups through platforms like Eleni. The SME Finance Project has provided over \$400 million in financing to small and medium enterprises as of March 2025, though this is not venture-style risk capital. The seed funding market for high-growth tech startups is functionally absent at scale.
- ▶ **FINWISE ETHIOPIA (2025-2026)** The Entrepreneurship Development Institute (EDI) and the United Nations Capital Development Fund (UNCDF) launched FinWise Ethiopia as a 12-month pilot to address the gap. The programme received over 300 applications from across Ethiopia, selected 30 high-potential startups across two cohorts, and allocated 20 million Birr in seed funding. Top performers from each cohort receive grants. A March 12, 2026 validation workshop confirmed the programme's scoping findings and set implementation priorities. FinWise is the first structured, government-backed seed funding pipeline Ethiopia has had for fintech startups.
- ▶ **THE LOVEGRASS SIGNAL** Ethiopia's most notable recent startup raise is Lovegrass, an agritech company that secured \$5 million in February 2026, placing it among the larger early-stage rounds in the country's startup history. It signals that capital can find Ethiopian startups, that agritech is an emerging area of investor interest across Africa, and that Ethiopia is beginning to appear on the radar of international VCs looking beyond the Big Four markets.
- ▶ **H1 2025: FIRST CORPORATE-BACKED DEALS** Global Venturing data shows that Ethiopia recorded its first corporate-backed startup deals in H1 2025. This is a milestone: corporate venture capital, which brings not just funding but market access and operational expertise, was entirely absent from Ethiopia's startup market before 2025. The first deals are seed-stage, but the category shift matters.
- ▶ **STRUCTURAL BARRIERS** The FX depreciation since July 2024 poses a specific problem for tech startups: they depend on international software licences, cloud services, and hardware components, all priced in foreign currency. A startup paying \$500 per month for cloud infrastructure at 60 ETB/USD paid 30,000 Birr per month. At 157 ETB/USD, the same subscription costs 78,500 Birr. The FX reform that improved the macro environment for manufacturers and exporters increased the operating cost of digital startups reliant on imported technology.

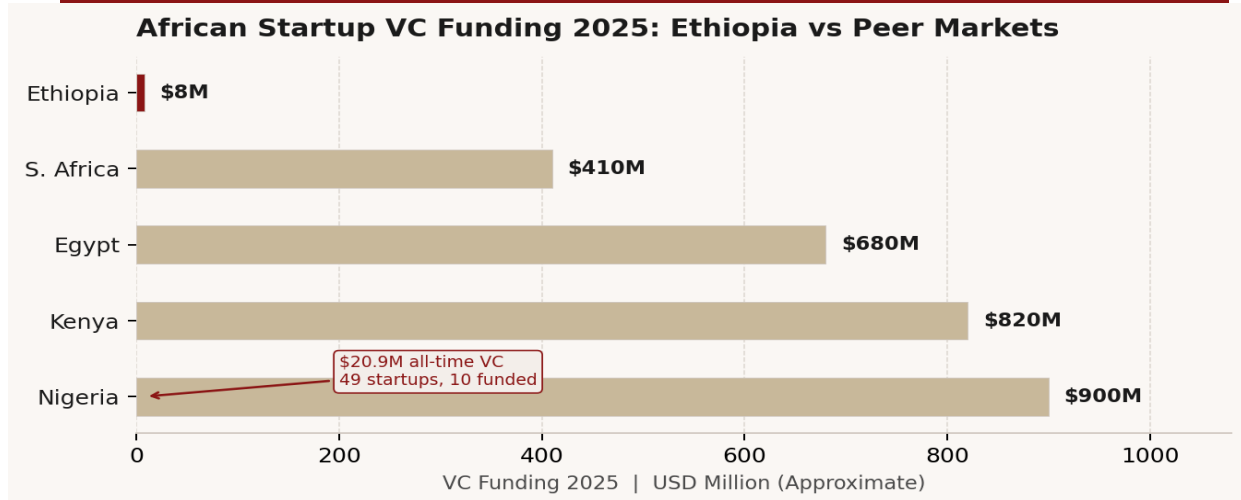


Figure 4: African Startup VC Funding 2025: Ethiopia vs Peer Markets | Sources: Partech Africa 2025, Startup Africa, Tracxn Jan 2026, Tech In Africa

04 THE BPO AND DIGITAL SERVICES PLAY

Elevate Africa 2026: Ethiopia's Outsourcing Ambition Takes Shape

On March 3-5, 2026, Elevate Africa 2026 convened at Jubilee Palace in Addis Ababa, bringing together government officials, corporate executives, investors, and global digital services leaders under the theme of positioning Ethiopia as a premier business process outsourcing destination. The forum produced a concrete commitment: Ethiopian Investment Holdings unveiled a \$25.56 million flagship BPO project.

- ▶ **THE EIH BPO PROJECT** Ethiopian Investment Holdings announced a purpose-built, 3,000-seat BPO facility as its flagship investment in the global services industry. The \$25.56 million project is designed to host international operators providing customer support, back-office processing, IT-enabled services, and remote professional services. Brook Taye, CEO of EIH, framed the initiative within Ethiopia's broader mandate for economic diversification and foreign exchange generation. A BPO facility at this scale, if fully operational, would represent Ethiopia's most significant direct engagement with the global services economy.
- ▶ **ETHIOPIA'S COMPETITIVE ARGUMENTS** NBE Governor Eyob Tekalign made three specific claims at the forum's opening: a young, tech-savvy workforce ready for the digital economy; material improvements in digital connectivity infrastructure; and a strategic investment pipeline in large-scale BPO facilities signalling readiness for global operations. Ethiopia's wage competitiveness relative to established BPO hubs in Kenya, Egypt, and South Africa is a structural advantage. Ethio Telecom's 5G expansion, reaching 10 cities, and 4G coverage across 67 new cities over the past fiscal year strengthens the connectivity argument.
- ▶ **DALA AI BUNDLE: A DIFFERENT KIND OF SIGNAL** On February 25, 2026, M-Pesa Ethiopia and Gebeya Inc. launched the Dala AI Bundle: a subscription service giving Ethiopians access to AI-powered creation tools, paid directly through M-Pesa wallets. The tools include app building, AI agent creation, game development, comic generation, and content creation in Amharic, Oromo, and other local languages. This is the first time in Ethiopia that AI creation tools have been bundled into a mobile money platform, and reportedly the first time any African mobile money operator has made AI-powered creation tools a mainstream consumer product. The significance is not the technology itself but the distribution model: AI tools reaching users who have no international credit card, via the mobile money platform they already use daily.
- ▶ **TALENT PIPELINE** Gebeya's Safaricom Talent Cloud has already trained thousands of Ethiopian developers. The government's 5 Million Coders initiative has trained over 3.5 million citizens in digital skills. Ethiopia's young population, with a median age of approximately 19, represents a long-term talent supply that is only beginning to be activated. The gap is not population size or age structure. It is the quality and depth of training relative to the demands of global services clients.



- ▶ **DIGITAL PUBLIC INFRASTRUCTURE AS BPO ENABLER** The MESOB One-Stop Service Center and Fayda national ID are being positioned not only as citizen service tools but as enablers of institutional trust and operational efficiency for BPO operators. A BPO operator needs reliable identity verification, digital payment infrastructure, and government-issued credentials to serve regulated industries. Ethiopia's digital public infrastructure programme is building these at a pace that could make the country viable for more sophisticated outsourcing mandates within three to five years.

THE BPO OPPORTUNITY IN CONTEXT

South Africa, Kenya, Egypt, and Mauritius have established BPO industries with proven delivery track records, skilled English-speaking workforces, and regulatory frameworks calibrated for international clients. Ethiopia is entering this market from zero. The \$25.56 million EIH facility is a starting point, not a competitive position. The opportunity is real because Ethiopia's cost structure, population size, and reform momentum give it medium-term viability. The execution risk is that BPO is a reputation business: a single major client failure can set back sector development by years.

05 WHAT CLOSSES THE GAP: FOUR THINGS THAT MATTER

From Pipe to Flow: The Conditions for Ethiopia's Digital Economy to Deepen

The infrastructure layer is largely in place. The ecosystem depth is not. Closing the gap between them is the defining challenge for Ethiopia's digital economy in 2026 and beyond. Based on current data, four conditions determine whether it happens.

- ▶ **1. INTEROPERABILITY MUST BECOME REAL** The National Digital Payment Strategy 2026-2030 lists interoperability as a central priority. In practice, Telebirr's dominance has created a platform monoculture: the government's June 2025 mandate requiring all government offices to accept any licensed payment provider directly addressed this by ending Telebirr's effective monopoly on public sector transactions. Full commercial interoperability, where any wallet can pay any merchant regardless of provider, is the condition under which the 85% of inactive accounts have a reason to become active. EthSwitch provides the technical foundation. Regulatory enforcement and commercial incentives determine whether it is used.
- ▶ **2. DIGITAL LITERACY AT SCALE** A majority of Ethiopia's adult population cannot use the digital financial infrastructure that has been built. The National Digital Payment Strategy 2026-2030 explicitly targets this through Phase Two of its implementation, which focuses on deepening usage, pushing interoperability, and expanding digital ID integration. The FinWise programme, with its focus on startups building for underserved and rural communities, is the demand-side complement. The government's 5 Million Coders initiative and the Safaricom Talent Cloud address the supply side. None of these individually closes a gap of this magnitude. They matter collectively over a 5-10 year horizon.
- ▶ **3. EARLY-STAGE CAPITAL FOR STARTUPS** \$20.9 million in all-time VC is not a funding market. It is a funding absence. FinWise Ethiopia's 20 million Birr seed pool is a beginning but an order of magnitude below what a functioning early-stage ecosystem requires. The ESX's growth market, which requires only ETB 100 million in minimum market capitalisation and 50 shareholders, offers a domestic capital raise path that does not yet exist for most startups. As the equities market deepens and more companies list, the pathway from startup to listed company via domestic capital markets will emerge. That pathway does not yet exist in a functional sense.
- ▶ **4. CLOUD AND TECHNOLOGY COST RELIEF** Tech startups in Ethiopia face a structural disadvantage: the same FX liberalisation that improved the macro environment for the broader economy made their primary operating costs, international software licences and cloud services, more expensive in Birr terms. A startup that could absorb \$500 per month in cloud costs at pre-reform exchange rates now faces 2.6 times that cost in local currency. Government and development partner programmes that provide access to international cloud credits, subsidised SaaS licences, or local cloud infrastructure at ETB prices would address this asymmetry. The government's AI policy (approved June 2024) and Ethiopia's planned Africa AI institute represent intent. The operational cost relief for startups remains an unaddressed gap.



EDITOR'S ASSESSMENT

Ethiopia's digital economy is at the most dangerous moment in any infrastructure programme: the moment when the infrastructure is visible and impressive, the outcomes are not yet matching it, and the temptation is either to celebrate the infrastructure or to dismiss the project. Neither is right. The foundations are real and they have been built fast. The usage gap is equally real and it is structural, not cosmetic. The initiatives now underway (FinWise, the Dala AI Bundle, the instant payment system, the government payment mandate, the Safaricom Talent Cloud) are working on the right problems. They are working at a scale that is still too small for the ambition. Closing the gap between 139.5 million accounts and 139.5 million active users is not a technology problem. It is a behaviour change, literacy, and economic incentive problem. Ethiopia has built the pipes. Getting water to flow through them is the work of the next five years.

Telebirr vs M-Pesa Ethiopia: Platform Scale Comparison

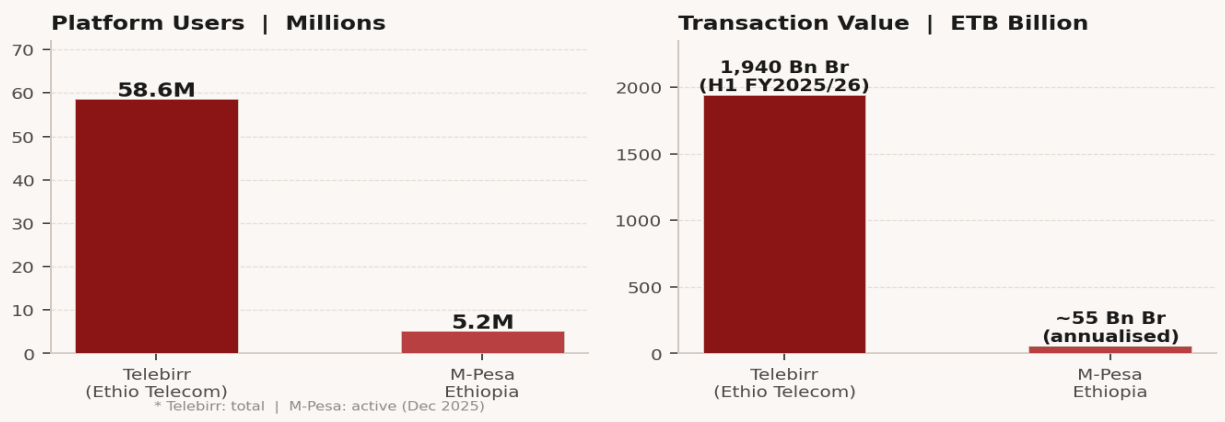


Figure 5: Telebirr vs M-Pesa Ethiopia: Platform Scale Comparison | Sources: ENA, Ethio Telecom annual report Jul 2025, Birr Metrics, Developing Telecoms (Dec 2025)

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Sources: NBE National Digital Payment Strategy 2026-2030, Ethio Telecom Annual Report (Jul 2025), ENA, Fana Media Corporation, Addis Insight, Birr Metrics, The Fintech Times (Apr 2026), Tracxn (Jan 2026), Tech In Africa, Partech Africa 2025, Developing Telecoms, StockMarket.et, Thenextafrica.com, Disrupt Africa, Technext, IT News Africa, TechCabal, EDI Ethiopia, DIAL Global, Global Venturing (Dec 2025), Africa Ventures Capital Outlook 2026 (The Exchange) | Published April 6, 2026