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NATIONAL BANK
OF ETHIOPIA

NFIS ACTION A1.1. Baseline:

ENABLING SUSTAINABLE DIGITAL PAYMENT
AGENT NETWORK EXPANSION BY LEVERAGING
AND SUPPORTING VIABLE BUSINESS CASES

EXECUTIVE SUMMARY

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Accronyms/Abbreviations

CICO	Cash-In Cash-Out
ESS	Ethiopian Statistical Service
GSMA	Global System for Mobile Communications Association
IMF	International Monetary Fund
NBE	National Bank of Ethiopia
PII	Payment Instrument Issuers
UN FAO	United Nation Food & Agriculture Organization

01. Introduction

This document presents the **executive summary** of the analytical work and early-stage recommendations developed to inform Ethiopia's future agent network expansion efforts. It outlines high-level strategic considerations for building a more inclusive and commercially viable agent network aligned with the country's financial inclusion goals. The findings are intended to support public, private, and development stakeholders involved in shaping and implementing financial sector development initiatives.

This work was conducted under the National Financial Inclusion Strategy (NFIS) Action A1.1: *"Enabling sustainable digital payment agent network expansion by leveraging and supporting viable business cases"* Supported by FSD Ethiopia. It represents an initial scoping effort completed over a six-week period between April and May 2025 that provides improved visibility and diagnosis around Ethiopia's agent network. While this work lays a strong base of the analytical and strategic foundation, it is not fully-fledged as it requires ongoing data collection, stakeholder engagement, and refinement to enhance and operationalize the recommendations moving forward. The NBE, in collaboration with FSD Ethiopia, is committed to taking this work forward in partnership with public, private, and development actors.

To inform this mapping, research & stakeholder engagement has been carried out that, among others, include:

- **Data collection and geo-analysis:** Aggregated from several sources including NBE, IMF, [OpenStreetMap](#), Esri, UN FAO, ESS (Ethiopian Statistical Service), [LandScan](#), [OpenCellID](#), and [OpenInfrastructure](#), to map distribution of agents, analyze proximity to infrastructure, and model various factors influencing agent business viability across Ethiopia.

- **Stakeholder interviews:** Conducted with multiple stakeholders across the public, private and development space to explore commercial drivers of agent viability, expansion barriers, and the incentives needed to serve harder-to-reach areas.
- **Agent surveys:** 300 agents surveyed across 9 cities in 6 regions to capture operational realities and frontline insights on service uptake, and operational challenges.
- **Desk research:** Reviewed leading global and local studies from the IMF, World Bank, GSMA, and others to benchmark global best practices and draw lessons from other markets.

Together, these analytical inputs provided an understanding of Ethiopia's agent network landscape and informed the strategic considerations presented in this report. The document is organized into three sections:

- **Context and Baseline:** Perspective on the cash-in/cash-out (CICO) agent network's growth since 2020, current state in 2025, and emerging trends.
- **Strategic considerations:** Outlines the ambition, priority focus areas, potential strategic initiatives, and enabling conditions to support the sustainable agent network development in Ethiopia.
- **Implementation plan:** Lays out short-term and long-term priorities to execute the strategy, along with suggested stakeholders to execute the levers.

Note: This document is an executive summary of the findings. The full analytical compendium and detailed set of strategic considerations is available at FSD Ethiopia.

02. Context and baseline

Between 2020 and 2025, Ethiopia's cash-in/cash-out (CICO) agent network grew 10x—from ~40K to >500K registered agents (as of May 2025). This rapid growth was driven by a new use of agent directive issued in 2020, government mandates for digital payments for services (utility bills, fuel top-ups, tax payments), and entry of major digital finance players—Telebirr launched agent services in 2021, followed by M-PESA in 2023. These developments brought investment and competition, accelerating rollout across the country¹.

Yet, beneath these figures, agent activity levels remain low, with estimates placing active agent rates between 25% and 80%² varying across PIs and geography, and the majority concentrated in urban areas. While the network has scaled quickly, it has not translated into sustainable nationwide usage. At the core, the next phase of growth is being shaped by two trends:

(i) Strong growth, but potentially reaching unsustainable levels

At current growth rates (~68% forecasted for 2024-2025), Ethiopia is projected to reach ~650K registered agents by the end of 2025 and cross the 1 million registered agents mark by end of 2026. While this reflects strong momentum in reaching last-mile users, it raises concerns about the long-term sustainability of the agent network. At this growth, Ethiopia could reach agent density levels of ~1,800 agents/100K adults³--exceeding comparable markets such as Kenya (1,361), Nigeria (1,378), & India (1,018) in addition to low agent active rates highlighted above⁴.

¹ NBE supply side data

² Expert interviews

³ Expert Interviews; CICO data analysis; GeoAnalysis.

⁴ Sources: [United Nations Population Fund \(2024\)](#); [Central Bank of Nigeria \(2023\)](#); [Communications Authority of Kenya \(2023\)](#), [Eastleigh Voice \(2024\)](#);

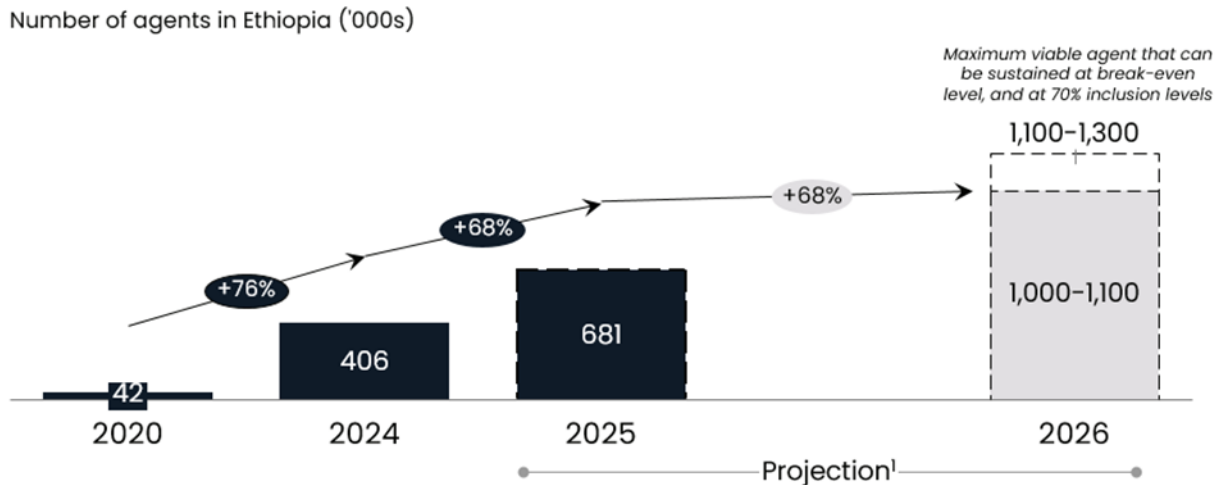


Figure 1: Projection of agent network growth in Ethiopia in 2026⁵

Moreover, reaching the 1 million agent mark would place Ethiopia close to the upper bound of the maximum number of economically viable agents the country can sustain in 2026 (1.1–1.3 million agents at a forecasted 70% financial inclusion by 2026⁶). Collectively, this indicates that the market may be approaching a natural saturation point, beyond which further growth will slow down—a pattern also observed in Kenya, where agent registration rates declined overtime⁷. This anticipated growth slowdown is also linked to the fact that future expansion will increasingly target areas with lower economic activity, weaker infrastructure, and limited levels of financial and digital literacy—further challenging agent viability at the frontiers.

(ii) Uneven agent distribution risks limiting inclusion and efficiency

Despite impressive aggregate numbers, agent distribution remains highly uneven. Urban areas are oversaturated while rural Ethiopia remains underpenetrated. Agent density varies widely by region: Addis Ababa and

⁵ Expert Interviews; CICO data analysis; GeoAnalysis.

⁶ Assumptions: 1. Projections assume agent model remains viable, even as expansion reaches harder-to-serve areas 2. Model is grounded in realistic transaction volumes 2. Rural & urban agent viability is adjusted for factors like transaction frequency, customer density, and inclusion levels.

⁷ Kenya’s agent network experiencing rapid early growth from 2007–2014 176% CAGR, followed by a gradual plateau, with annual growth slowing to ~10% from 2021–2024 as the market matured

Dire Dawa have high agent saturation with close to 3000 agents per 100,000 adults, whereas most of the remaining regions average between 500 and 900 agents per 100,000 adults. These disparities are driven by a combination of provider incentives and commercial logic. Urban areas offer higher transaction volumes, better infrastructure, and lower operational risk, making them more attractive for both bank- and telco-led deployments. Conversely, rural areas pose viability challenges, especially due to limited economic activity and poor infrastructure access.

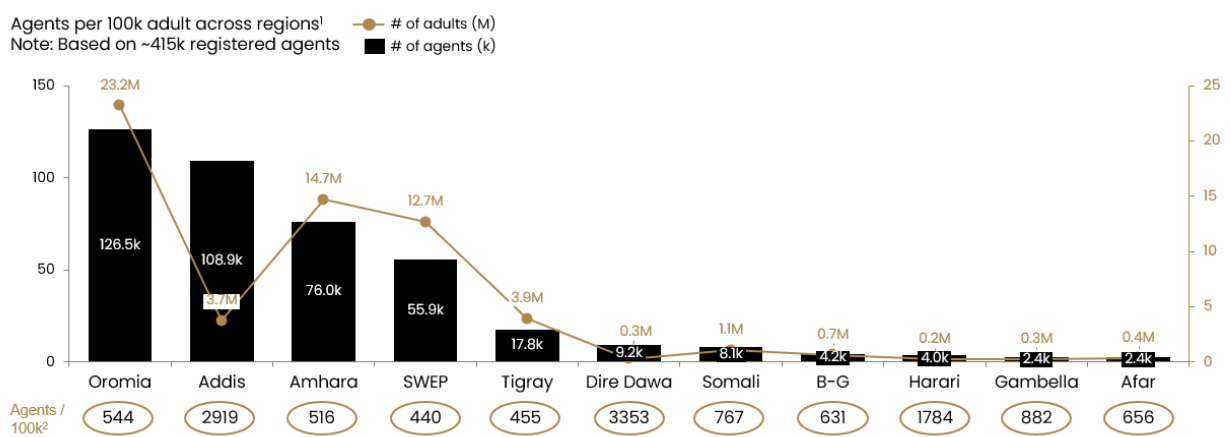


Figure 2: Current Distribution of mobile money agents across Ethiopia relative to population: Ethiotel and Safaricom⁸

As a result, Ethiopia’s current agent footprint is sub-optimally distributed:

- ~28% of woredas are oversupplied with agents, leading to declining transaction volumes and inactive points.
- ~50% of woredas, however, can viably absorb more agents than currently supplied.
- The remaining woredas (~22%), have adequate number of agents to meet the demand.

⁸ TeleBirr, M-PESA and CBEbirr agent location data; Ethiopian Statistical Service—Population data; LandScan—population spread data; Expert interviews.

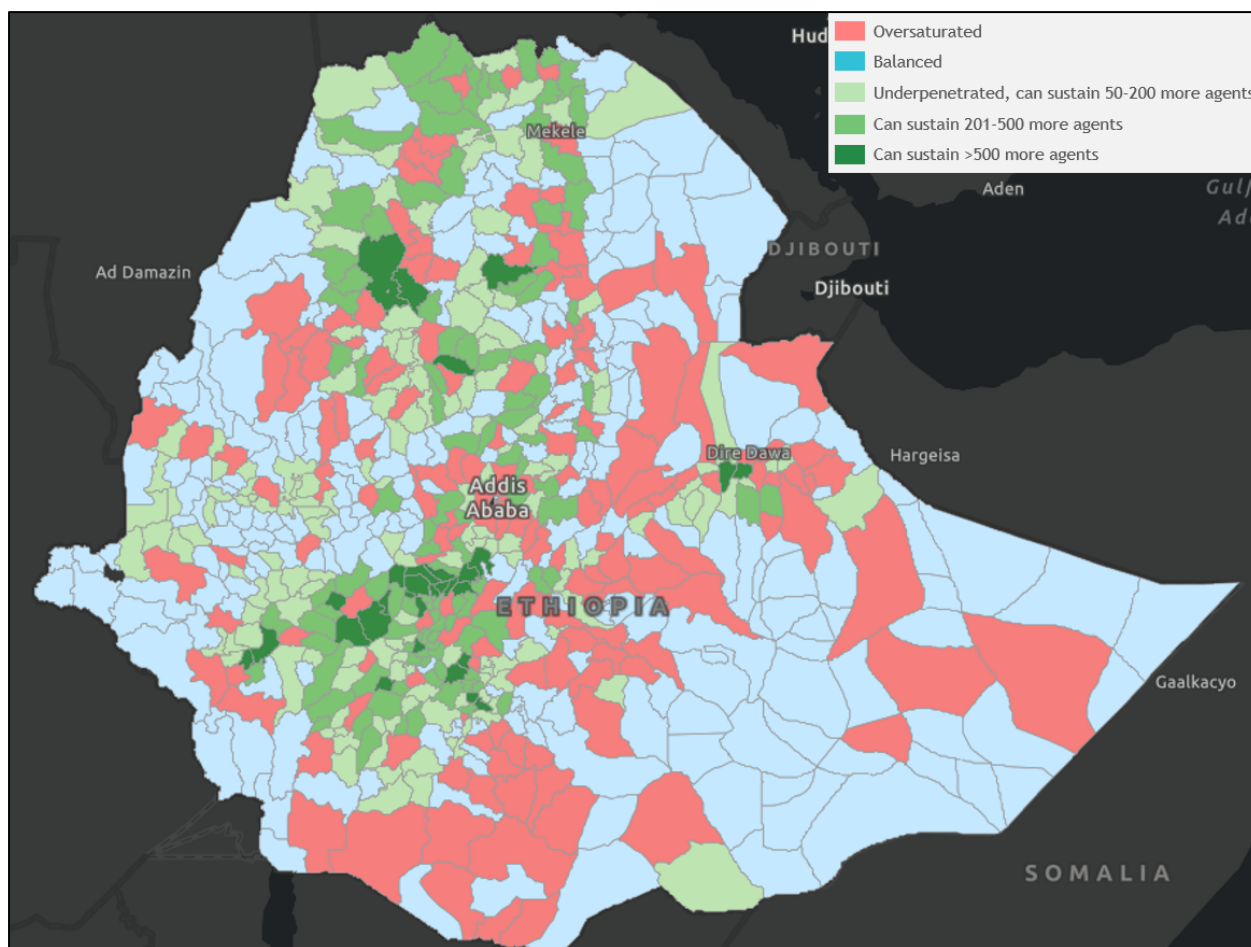


Figure 3: Agent distribution and saturation⁹

Looking ahead, continued agent network growth, particularly through to 2026, presents a valuable opportunity to address these access gaps. By being more strategic about where and how expansion occurs, Ethiopia can build a more efficient and balanced agent network that meets customer needs while ensuring providers and agents are commercially motivated to serve a wider range of communities.

To support this, a set of strategic considerations has been developed to guide sustainable and inclusive agent network expansion across the country.

⁹ Telebirr; MPESA; CBE-BIRR.

03. Strategic considerations

The strategic considerations aim to support sustainable agent network expansion while enabling growth in underserved / harder-to-reach locations. Agent network development also creates opportunities to advance broader financial inclusion goals, including narrowing the gender gap in financial inclusion.

The strategic considerations are structured around 4 levels:

1. Ambition – the vision for a sustainable and inclusive agent network
2. Focus areas – locations where intervention will have the greatest marginal impact
3. Interventions – the set of strategic initiatives that will drive network expansion
4. Enablers – the systemic conditions required for long-term viability

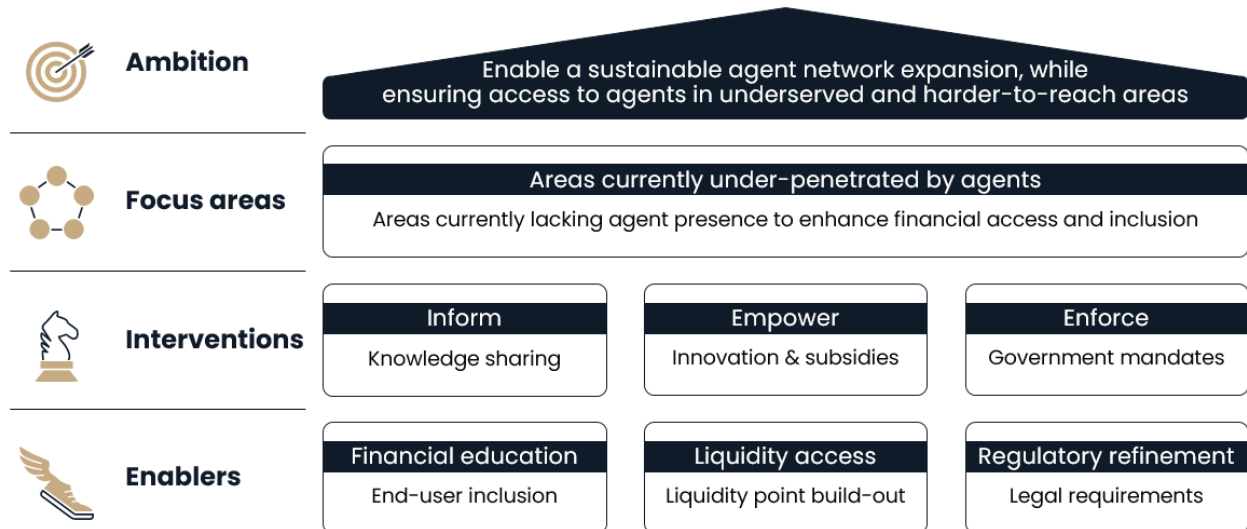


Figure 4: Strategy for agent network expansion in underserved areas

1. Ambition

The ambition of this effort is to guide expansion toward areas with unmet need, ensuring deployments are commercially viable. As of March 2025, the agent network has reached ~500k. Further growth should be focused on enabling new deployments that are viable, and inclusive.

2. Focus areas

Expansion should focus on underpenetrated woredas with high population density, low agent coverage, & limited financial access. A high-impact corridor has been identified using three criteria:

- **Highly populous woredas** where unmet demand is most concentrated.
- Areas with **low agent penetration** relative to expected demand.
- Rural or peripheral regions with **limited financial inclusion levels**

3. Interventions

Agent expansion and viability in Ethiopia is constrained by low economic activity limiting transaction volumes, limited telco/power infrastructure, and low financial inclusion & digital literacy. To address this, 3 intervention areas are identified:

(i) Inform

Many locations in Ethiopia that are commercially viable for agents remain underpenetrated because providers are unaware of their potential. Banks are especially risk-averse and hesitant to expand where demand is uncertain, or customer-product fit is weak. Telcos, while more aggressive, are still in the early stages of rural build-out. The **Inform** lever addresses this by advocating for **informing banks and telcos on demand and viability** using geo-analytics data, and helping them adapt models to better fit rural customers.

This will be executed through **interactive dashboards** based on CICO mapping, to support data-driven investment, and **in-person workshops** to steer key players (banks, telcos, super-agents) toward viable, underserved zones.

(ii) Empower

Traditional agent models are commercially unviable in rural Ethiopia due to economic, infrastructure, and operational barriers:

- **Limited economic activity:** ~70–80% of rural areas face low population density, weak purchasing power, & sparse infrastructure all limiting transactions and agent earnings
- **Poor access to liquidity points:** ~16% of unviable locations have agents located 1–5km from liquidity points, increasing cash handling costs.
- **Distant customers:** Rural clients face high travel time & transport costs to reach agents
- **Weak customer value proposition:** Long travel for limited services (e.g., basic CICO) makes agent use unattractive for rural clients, lowering adoption and usage.
- **High agent setup and operating costs:** Costs including rent, infrastructure (e.g., solar), and liquidity limit agent proposition to set up operations in rural areas that have limited economic activity.

To overcome these barriers, the “Empower” lever deploys four solutions:

- **Moveable agents** who can travel directly to customer locations to offer services. They benefit from lower setup costs (no rent or infrastructure) but may face cash transport risks and limited customer trust without a permanent location.
- **Focused-hybrid agents** who combine financial services with other offerings (e.g., airtime, e-commerce, utility payments). By bundling services, they reduce unit costs and increase resilience in thin-margin environments. The trade-off, however, lies in higher operational complexity and the need to tie up liquidity across multiple service lines.
- **Existing networks:** leverage existing networks such as agricultural development agents, healthcare extension workers, and postal offices as agent networks. This model offers a trusted institutional setting, shared operating costs, and built-in infrastructure (esp. for postal offices). Potential challenge includes limitations in service adaptability within non-digital offices, and regulatory limitations.

- **Subsidies:** considerations for temporary financial support mechanisms for PIs and agents identified to bridge the viability gap:
 - *Universal access programs* to PIs to incentivize expansion into low-viability areas
 - *Direct agent subsidies* based on transaction volume or operating cost coverage
 - *Solar panel subsidies* for agents lacking access to grid electricity
 - *Credit facilities for minimum liquidity* to reduce float opportunity cost for hybrid agents

(iii) Enforce

While underserved regions can ultimately benefit from mandates, enforcement alone is not sufficient in the short term. The **enforce** lever balances two solutions:

- **Government mandates:** Advocate future policies that require providers to expand into underserved areas. e.g., India's 2017 policy requiring 25% of new outlets to be in rural areas helped improve rural access.
- **Market-led actions:** In the near term, impact is more likely to come from working with IPs and private actors. This includes enabling providers to act voluntarily, supported by data and incentives, while longer-term policy frameworks mature.

4. Enablers

To ensure long-term sustainability, 3 enabling conditions must complement the core strategy:

- **Financial education:** 36–38% of adults remain financially excluded, limiting agent usage and transaction volume. By boosting financial and digital literacy in rural areas, Ethiopia can increase demand for agent services, build trust, and make agents more viable.

- **Liquidity point build-out:** Many rural agents face high costs due to limited access to liquidity points (e.g., ATMs, bank branches). Building more liquidity points outside urban centers will reduce these operational costs and improve service reliability.
- **Regulatory refinement:**
 - Refine the use of agent directive to clarify permissible operations – mobile agents, agent registration without trade license, requirements for banking agents, and more.
 - Super-agent licensing – create a licensing path to legitimize non-bank super-agents.

In addition, the agent network development path can be used to address the growing gender gap in financial inclusion. Gender gap in financial inclusion persists due to: lower phone ownership (22%), limited ID access, restrictive norms, low literacy, and irregular income

Three pillars identified to address the growing gap through agents:

- **Improving access** by placing agents in locations with increased female presence such as local markets, health centers, and schools, and deploying moveable agents to reach those with restricted mobility
- **Enhancing usage** by scaling recruitment of female agents, as women are **9-10% more likely to transact with female agents**, and by promoting tailored financial use-cases aligned with women's economic roles, such as **group savings, health micro-insurance, or school fee payments**
- **Enabling inclusion** through focused efforts to boost digital and financial literacy, increase ID documentation access, and improve mobile phone ownership among women

04. Implementation plan

The strategic considerations are categorized into a two-phase implementation approach: short-term priorities that build momentum, and long-term actions to embed change.

- In the short term (2025), focus will likely be on sharing market data, piloting agent models (e.g., mobile, hybrid, women-focused), and engaging partners to test and refine solutions in underserved areas—laying the groundwork for scale.
- In the long term (2026+), proven models will potentially be expanded, policy recommendations fed into the NFIS, and coordination deepened to ensure national consistency and lasting impact—especially for rural and underserved populations.

Note:

This work draws on a broader set of detailed analyses on the agent ecosystem, business models, geospatial mapping, and recommendations available in a separate document. In addition, the geo-analytical outputs developed as part of this work including urban city mapping, agent viability zones and white space analyses will be made publicly accessible through a geo-analysis web tool.

NFIS Action A1.1: Enabling sustainable digital payment agent network expansion by leveraging and supporting viable business cases

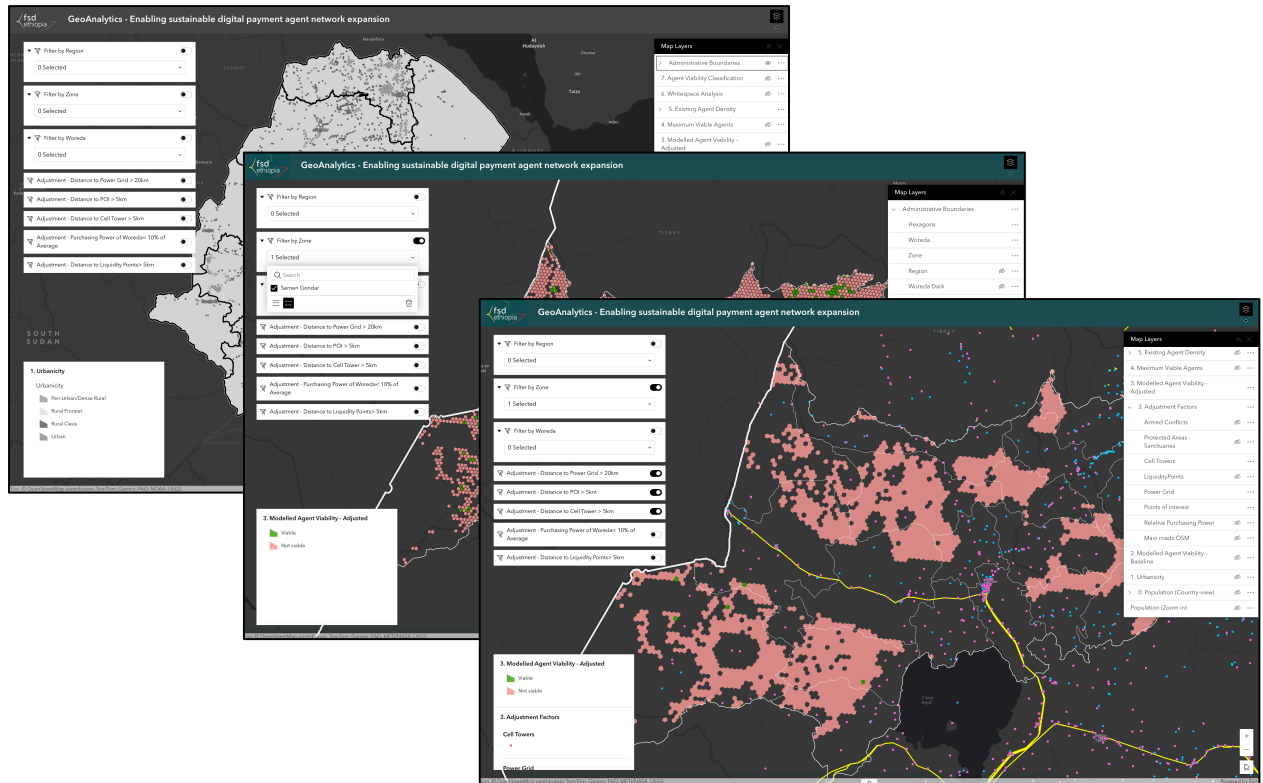


Figure 5: GeoAnalysis Webtool