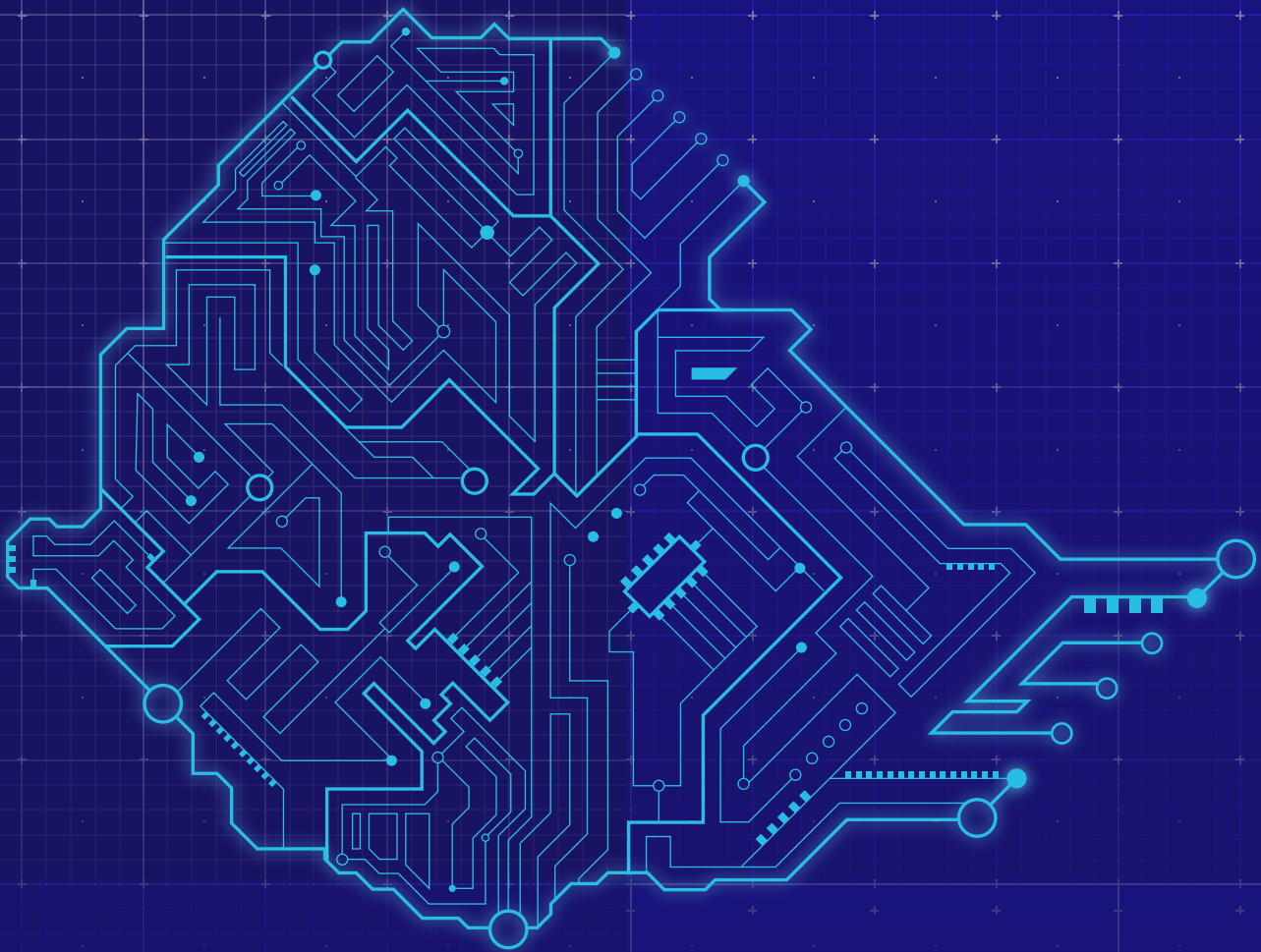




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Assessing digital and financial literacy in Ethiopia

A survey on knowledge, skills and access

April 2026



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About Genesis Analytics

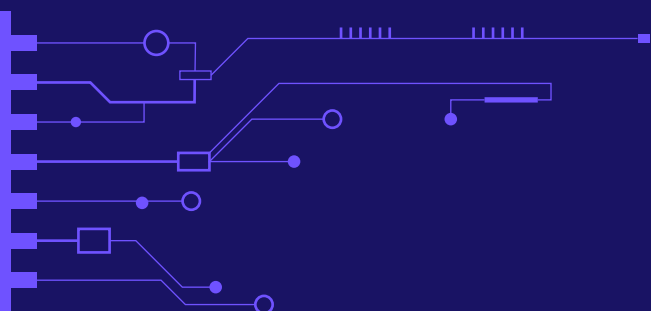
With over 25 years of experience operating in emerging countries, Genesis Analytics is one of Africa's leading economics-based advisory firms. Headquartered in Johannesburg, Genesis has offices in Côte d'Ivoire, Ethiopia, Kenya, Nigeria, Zimbabwe, Uganda, and the United Kingdom. While the firm's expertise extends globally, Genesis uniquely hones in on the Young World, encompassing nations with youthful populations across Africa, the Middle East, South Asia, and parts of Southeast Asia. Genesis worked with Tribond Research to execute the survey. Tribond is a leading private research company offering full-service research and fieldwork services in Ethiopia, Eritrea, Djibouti, Sudan, and South Sudan across various sectors.

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List of acronyms and designations

ATM	Automated Teller Machine
CATI	Computer Assisted Telephone Interviewing
CAPI	Computer Assisted Personal Interviewing
DFL	Digital Financial Literacy
DFS	Digital Financial Services
ESS	Ethiopian Statistical Service
ETB	Ethiopian Birr
GDP	Gross Domestic Product
GNI	Gross National Income
MFI	Microfinance Institution
MNO	Mobile Network Operator
MSMEs	Micro, Small, and Medium Enterprises
NFIS	National Financial Inclusion Strategy
PPS	Probability Proportional to Size
PSU	Primary Sampling Unit
SACCO	Savings and Credit Cooperative
SDG	Sustainable Development Goal
TVET	Technical and Vocational Education and Training
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund

Glossary of terms

Some of the terms used in the DFL 2024 Ethiopia Survey Report are defined as follows:

- **Financial inclusion** refers to the concept “that individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way” (World Bank 2025).
- **Digital Financial Services (DFS)** refers to financial services that are available via digital channels, including but not limited to mobile money services, online banking, digital wallets, insurance, credit, payments and remittances.
- **Digital Financial Literacy (DFL)** refers to the knowledge, skills, confidence and competencies to safely use digitally delivered financial products and services, to make informed financial and digital decisions and act in one’s best digital and financial interest per individual’s economic and social circumstances (AFI, 2021; FinEquity, 2021).
- **Adult population** refers to Ethiopians aged 18 to 74 years of age.
- **High income** refers to Ethiopians earning more than ETB 18,113 a month, which approximately corresponds to 125% of Ethiopia’s 2023 yearly GNI. This was calculated using World Bank GNI figures for 2023.
- **Lower income** refers to Ethiopians earning less than ETB 3,623 a month, which approximately corresponds to 25% of Ethiopia’s 2023 yearly GNI. This was calculated using World Bank GNI figures for 2023.
- **Formally employed** refers to those working for another person or company, full-time or part-time but excluding day labour. Includes those temporarily absent from work due to sickness or maternity/paternity leave.
- **Self-employed** refers to those working on own account or contributing to family business. This can be formal or informal work, e.g. market stall holder, taxi driver, factory owner, IT company. These include those self-employed with or without employees.
- **Mobile Network Operators** refers to companies that offer financial services through mobile devices, facilitating actions like transfers, payments, and balances checking without a traditional bank account.
- **Kebele** refers to the smallest administrative unit in Ethiopia, similar to a neighbourhood or ward.

Executive summary

Digital and financial literacy index scores

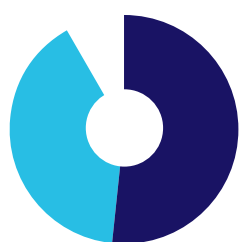
As a whole, Ethiopian respondents scored higher in the areas of Financial Competencies and Digital Financial Competencies than in Digitalisation and Digital Financial Services (DFS) Outcomes, which suggests stronger foundational knowledge in managing money and using digital finance tools, but lag in device access and realizing tangible outcomes from DFS use. Interventions should therefore build on existing financial competency strengths while closing gaps in digital access, confidence, and trust—particularly for women and rural groups.

When examined by demographic and geographic factors, Digital Financial Literacy Index (DFL Index) scores in Ethiopia correlate closely with age, urban-rural divide, educational attainment, and income. Respondents under the age of 46, urban residents, those with higher education, and individuals with incomes equivalent to or exceeding 100% of the Gross National Income (GNI), particularly in Addis Ababa or Dire Dawa, tend to score higher on the DFL index.

Internet use, frequency, and understanding of DFS are areas where the greatest variation is noted among respondents. Notably, rural women register lower scores overall and comprise a higher proportion of the low end of the DFL index. While urban women also score lower than urban men, a majority still fall within the moderate range.

Digitalisation

Device Ownership



Feature phones (51.7%)
Smartphones (40.1%)

Internet Usage



Daily internet usage (53.4%)

The digitalisation landscape for respondents is marked by low levels of access and usage. While feature phones are prominently accessible, with 51.7% of adults owning one, smartphones are owned by 40.1% of survey respondents. Ownership of other digital devices, such as computers or tablets, is significantly lower, indicating a reliance on phone-based technology for digital access.

53.4% of adults reported using the internet at least once a day, with most users accessing the internet mainly through mobile data. Ownership of other digital devices (such as laptops and tablets) is low. Socioeconomic factors such as urban-rural divide, gender, income, and education level significantly influence access and usage.

Regarding digital tasks and online activities, respondents are more likely to engage in tasks of lower complexity that can be completed whether using a feature or smartphone. Activities such as sending SMSs, using social media and sending emails are prevalent, while more complex activities such as online shopping or fjob applications are not common.

While social media usage is by far the most common digital behaviour reported (32.6%), respondents were more likely to learn something online (15.6%) than to buy online (9.5%) or betting online (6.1%)¹. This suggests that the current point in time, openness and use of online platforms for learning is ripe.

About half of Ethiopians feel that technology is leaving them behind, but this number is more significant amongst more rural populations. This very clearly points to a need to reach more rural populations with digital skillbuilding interventions, as well as to make skills programmes available for all to ensure that a majority of Ethiopians feel up-to-date on technology.

Finally, despite the majority of internet users claiming proactive online safety measures, actual implementation varies. The reuse of passwords across online accounts is a common vulnerability. This may be related to the high (over 50%) levels of trust reported in digital and online services.

Financial competencies

While financial competencies among respondents are relatively high, competencies and usage of DFS remain fairly low. While 65.2% of respondents report having a bank or mobile money account, this does not consistently translate into competency in using more advanced or diversified DFS tools. Use of digital wallets (18.7%) and payment cards (28.1%) for payments is lower, indicating gaps in capability that go beyond basic account ownership. Even among individuals with access to a digital wallet, the preference for cash persists. This pattern points to gaps that still exists in applying financial competencies—specifically in digital transaction management, payment diversification, and consistent integration of DFS into everyday financial decisions.

Planning behaviours were widely reported with 65.5% of respondents agreeing that they make a plan to manage their income and expenses; however, there is space for further tracking, as less than half (41.6%) keep receipts or record their spending. This indicates a potential gap in financial behaviours and the opportunity to develop guides or trainings that fill a real need.

A significant majority of respondents reported putting money aside for emergencies (64.1%), indicating an understanding of the importance of financial preparedness and the practice of putting money aside. However, only 22.5% of respondents reported saving in a mobile or digital account, while more than half (54.6%) reported saving in traditional institutions such as banks, SACCOs, and MFIs. Given the risks of cash-only savings or non-diversification of savings (whether monetary or in-kind), highlights a need for both sensitization and mechanisms for Ethiopians to diversify the ways they keep money aside.

Survey results revealed higher than expected financial knowledge and competencies among respondents regarding fundamental economic concepts such as inflation and the fact that high-reward financial opportunities are associated with high levels of risk. However, correct answers to questions on more complex items (e.g., how risk and return are related and compound interest rates) were lower, indicating areas to target for financial education.

¹Note that betting services are illegal in Ethiopia and a priority of the Government is to encourage positive online behaviours and discourage harmful practices like online betting.

Digital financial competencies

Respondents demonstrated a positive perception of digital financial services, stating a belief that such services offer financial benefits and are generally trustworthy. 2/3 of respondents reported that they anticipate that DFS will replace cash transactions in the future. Among those who manage financial transactions online, a significant majority (83.2%) check their mobile money balance prior to making payments a responsible practice to avoid unexpected charges.

While DFS ownership and usage is growing, there is potential to offer and to build competencies around more sophisticated products and services. More than half of the respondents (52.9%) with internet access do not utilise banking apps or online money management tools to monitor their spending and saving. The overall access to more sophisticated DFS such as digital loans and insurance policies is relatively low, with only 6.9% of respondents having taken out a digital loan and 3.8% having obtained an insurance policy online or via an app; although this also points to a gap in the supply side and lack of such products for the general population.

As is often the case, access to complex DFS varies significantly across different demographic groups. Women are less likely than men to have accessed complex DFS, especially in the case of digital loans and cryptocurrency products. Younger adults (18-44 years) are more likely to have accessed complex DFS than older adults (45-74 years), likely due to higher familiarity with technology among younger generations.

Higher levels of education and income are also associated with greater access to and usage of complex DFS. For example, 19.2% of individuals with TVET or university education have taken out a digital loan, compared to only 0.8% of those with no formal education. Similarly, individuals earning more than 125% of GNI are more likely to have accessed digital loans and insurance policies. Rural adults are significantly less likely to have engaged in complex DFS activities, likely due to lower digital and online access and financial competencies in these areas.

Desired outcomes

Digital financial inclusion, and uptake and usage of products and services, at best should be an improved means to an improved end - leveraging technology so that people can better manage their money using more trustworthy, convenient, and affordable tools. Survey results show that while much progress has been made in Ethiopia, there are particular focus areas (detailed in this report) that could support the Government in reaching its objectives for digital development so that Ethiopians improve their "financial wellbeing" in terms of feeling financially secure, meeting their needs, handling financial shocks, and planning for the future.

Survey results suggest that DFS could have the potential to contribute to improved wellbeing for those with access and the capability to use them. Specifically, 57.8% reported saving money by reducing fees or other costs using DFS, and 71.1% found it easier to manage their finances and track their spending using a digital tool. This suggests that DFS could contribute to savings, improved financial management, and better spending awareness.

At the same time, a significant concern is the high incidence of digital fraud, with 69.7% of respondents reporting monetary losses due to fraudulent activities such as phishing attacks. This highlights a critical vulnerability among DFS users in Ethiopia. In terms of online safety, only 37.7% opted to "delete and ignore" suspicious messages, while a worrying 41.9% chose to "respond to the message to inquire more," and 6.80% said they would transfer the money. This points to a need for increased awareness and education regarding online safety.

Introduction and background



Economic and social landscape

In 2025, digital platforms that allow more people to take up and use financial products and services, as well as to access information and training and further to acquire work opportunities, have become ubiquitous. As elsewhere, in Ethiopia there has been significant growth in digital infrastructure in past years; however, this is accompanied by a great divide between those who have access to new services, tools, and opportunities to learn how to use them, and those who do not.

Inequities arise from a population that is largely rural (76%), young (about half of the population under 18), and living under the international poverty line of USD 2.15 per day (projected to be 37% in 2025 by the World Bank). The Ethiopian Statistical Service (ESS) estimates Ethiopia's population to be approximately 112 million as of 2025, making it the second-most populous country in Africa after Nigeria². The unemployment rate is estimated at about 18.9%, with youth unemployment (15–29-year-olds) at 27.2% - rates that indicate considerable challenges in the labour market.

²Other sources, such as UNFPA, estimate the total population at 135.5 million, approximately, due to differences in sources of data and methodologies for projections. For the purposes of this report, where possible, Ethiopian government data is

Approximately 77% of the population resides in rural areas, heavily relying on agriculture for their livelihoods, while urbanisation is increasing, with about 23% living in urban settings as of 2023.

While GDP per capita has grown (USD 452 in 2012 to USD 1,011 in 2022), the country faces significant macroeconomic challenges, including high inflation rates, as high as 34% in 2022 but has since eased to 15% (February 2025) and declining consumption rates across all socioeconomic segments. Further barriers to financial, digital and digital financial literacy in the country are low overall literacy rates (54.6% among adults), with significant differences between urban and rural areas, as well as between genders.

Digital, financial, and digital financial literacy are key to the goals of the Ethiopia Homegrown Economic Reform Agenda (HGER), which aligns with Digital Ethiopia 2025 (and Digital Ethiopia 2030)³, a strategy that lays out a roadmap for the creation of an inclusive, knowledge-based and prosperous society through building infrastructure, skills, and digitizing/improving government services.

The Government is focused on achieving lower-middle-income status by 2025, emphasizing industrialisation, agricultural transformation, and infrastructure development. This strategy is to reduce poverty further and improve living standards across the nation, with digital and financial literacy as a key piece of modernizing the economy, increasing uptake and usage of beneficial financial services, and shifting from primarily state-led to private sector-led growth.

Further, Ethiopia has recently undergone significant economic transformation as it liberalises its economy in sectors such as telecom and finance. The country opened the telecom sector to foreign competitors, with Safaricom joining Ethio telecom in 2021, and began allowing non-banking institutions to provide financial services, including mobile network operators (MNOs), allowing for greater consumer choice and ideally, increased competition. In late 2024, the banking sector was opened to foreign competitors and transitioned the National Bank of Ethiopia (NBE) into a market-based monetary policy regime. The country also introduced capital markets, with the Ethiopian Stock Exchange (ESX) launching early in 2025.

Economic and social landscape



Estimated increase in mobile phone ownership in the country from 2022-2024

Despite being categorized as a “least-developed country” (LDC), Ethiopia's economy and its digital landscape are expanding rapidly. Even though Ethiopia has lower rates than other LDCs in sub-Saharan Africa, statistics from the World Bank's Global Findex (2025) show growing rates of mobile phone ownership in the country (see Table 1 below), with a 12% increase from 46% in 2022. Further, the Global Findex shows a leap in digital accounts in Ethiopia, growing from almost 95 million in 2022 to just over 222 million in 2025.

³This report was written during the time of Digital Ethiopia 2025. In December 2025, Digital Ethiopia 2030 was adopted. https://www.pmo.gov.et/media/other/Digital_Ethiopia_2030.pdf

Table 1: Mobile phone ownership by LDC country

Country	Mobile Phone Ownership, aged 15+ (2025 Global Findex)
Uganda	79%
Zambia	79%
Tanzania	78%
Mozambique	62%
Malawi	59%
Sierra Leone	59%
Ethiopia	58%
Democratic Republic of Congo (DRC)	54%

However, even with the growth observed, more sophisticated device ownership and regularity of usage are still low. Basic and feature phones are still the most common, and people in rural areas, low-income citizens, and women lag behind men and those in urban and peri-urban areas in ownership and usage. 16% of Ethiopians reported in 2024 that their main phone used is a smartphone, and only 14% of those surveyed for Global Findex reported having used the internet in the past three months. Further, 49% of Ethiopians have a formal account of any type, with just 9% owning a mobile account⁴. Although this reflects gaps in formal financial inclusion, the number of mobile money accounts jumped from 9.1 million in 2020 to 39.6 million in 2024; a critical nuance in highlighting the transformative potential of DFS in financial inclusion in Ethiopia.

The policy landscape in Ethiopia, under the ambitious Digital Ethiopia 2025 Strategy, is taking measures to further leverage gains in mobile access, internet availability and affordability and account ownership to spur the digital economy and bolster growth. These include the liberalisation of the telecommunications sector, the Fayda National Digital ID system, strengthened cybersecurity and consumer protection measures, and regulations for mobile money. These steps are geared towards nurturing a robust environment for e-transactions and promoting e-governance while adopting a human-centred approach in portal design, thus maximising utility and uptake.

Thus, like for many of its peers in sub-Saharan Africa, Ethiopia's digital and financial landscape is increasingly shaped by the growth of fintech and mobile money services, which play a crucial role in enhancing financial inclusion. In the wake of the 2021 Payment Instrument Issuers Directive, which allowed entities beyond traditional banks to enter the formal financial sector, several non-banking institutions debuted their mobile money services—Ethio telecom introduced Telebirr, while Safaricom Ethiopia rolled out M-Pesa. These developments have led to the surge observed in mobile money uptake and usage. This influx of non-bank financial service providers has injected a new dynamic of competition into the mobile money arena, which had traditionally been dominated by traditional banks such as the Commercial Bank of Ethiopia (CBE) and its mobile money platform CBE Birr.

⁴A fuller picture of financial inclusion, including digital financial inclusion, and Ethiopia data in particular up to 2024, can be found at the World Bank Global Findex: https://data360.worldbank.org/en/dataset/WB_FINDEX. This paper will triangulate Findex data, data from the ESS, and other actors, while focusing on the data gathered from the DFL survey.



Background of the survey

While rapid growth in access and usage of digital devices, products, and financial and non-financial services is driving financial inclusion, up-to-date and robust data on the demand side is necessary to better understand how (as well as if and to what extent) this inclusion translates into positive effects for people. The UNCDF Digital and Financial Literacy (DFL) Survey was developed to fill an existing gap, particularly in countries where data is scarce or outdated, that can then be used to inform policy and to design appropriate interventions, products and services.

The objective of the DFL survey aligns closely with the United Nations Sustainable Development Goals (SDGs), particularly in its potential to inform initiatives enhancing financial inclusion and fostering resilient economic recovery post-COVID-19. The data gathered can aid in refining digital finance policies and programs to better support low-income individuals, women, youth, those living in rural areas, and MSMEs. Therefore, the survey indirectly facilitates SDG 8 (Decent Work and Economic Growth) by providing information that can be used to promote sustainable economic growth and employment opportunities. Similarly, its emphasis on capturing the nuances of the digital finance ecosystem can inform efforts towards SDG 10 (Reduced Inequalities), by identifying areas where interventions can lessen the economic disparities faced by vulnerable populations.

The DFL survey was previously conducted in seven Pacific countries⁵ and has been implemented in Malawi, Niger and Gabon, in addition to Ethiopia, with publications forthcoming in 2026. A scoring system, comparable across countries and between different demographic groups, was applied to analyse levels of digital and financial competencies. These DFL reports are meant to serve as a resource of the state of digital and financial literacy in the countries where they have been implemented for policymakers, public and private sector alike.

⁵UNCDF, 2023. Available here and upon request from dfi.survey@uncdf.org

Survey methodology



Data for the DFL survey in Ethiopia was collected from 1,500 individuals aged 18 to 74 residing in all twelve regional states as well as the federated cities of Addis Ababa and Dire Dawa and spanned both urban and rural areas.⁶ The survey's targeted population encompassed long-term household members (those who have lived in that household for the last 6 months), ensuring a robust representation of the current demographic landscape by distinguishing between long-term residents and migrants.

The questionnaire, initially developed in English, underwent translation into five local languages—Afar, Amharic, Afaan Oromoo, Somali and Tigrinya—to cater to respondents' linguistic preferences, a vital consideration particularly in remote rural areas.



Languages translated

Tigrinya

Somali

Afar

Amharic

Afaan Oromoo

Data collection was carried out using both Computer Assisted Personal Interviewing (CAPI) and Computer Assisted Telephonic Interviewing (CATI) methods. The latter accounted for over a third of the interviews, serving as the primary method in conflict-affected or insecure areas within the Amhara, Oromia, and Tigray regions.⁷ A combination of CATI and CAPI was used in these three regions. CATI was utilised for the rural parts of Oromia and Tigray—and CAPI for their urban areas. Data from the Amhara region—with the exception of the cities Dessie, Kombolcha, Kemisie, and Sekota—was collected through CATI.

⁶Areas with at least 2,000 inhabitants, where the primary economic activities are non-agrarian, are classified as towns or cities and considered urban, based on categorisation by the Ethiopian Statistical Service. All other areas are considered rural.

⁷As Ethiopia Peace Observatory notes, there are active conflicts in the three regions, including insurgencies in the Amhara and Oromia regional states and tensions within Tigray regional interim administration which made large parts of their rural areas unreachable during the survey period.

A two-stage sampling design was employed for the CAPI interviews. In the first stage, the 'kebele' was selected using probability proportion to size (PPS), where 'kebeles' with larger numbers of households have a greater chance of being selected, ensuring that the sample is representative of the population distribution. For this stage, 60 'kebeles' were selected as a sample representative of all of the rural and urban areas. In the second stage, 25 respondents (the ultimate sampling unit) were chosen from a 'kebele' selected in the first stage - this was done by systematic sampling approach, selecting every third household until the target of 25 households per PSU was reached. Within each selected household, the respondent was chosen using the Kish grid method, integrated into the SurveyToGo platform. This ensured the random selection of one eligible respondent from each household.

In the case of Dessie, Kombolcha, Kemisie and Sekota—the only cities in the Amhara region for which CAPI was utilised—the sampling methodology for these areas was purposive. The decision to adopt a purposive sampling methodology for these areas was driven primarily by safety considerations. Given the sensitive nature of conducting house-to-house visits by enumerators in the Amhara region, purposive sampling allowed for a more controlled and strategic approach to data collection.

For CATI interviews, a random digital dial (RDD) was carried out from a database of phone numbers. While there are no telephone databases by 'kebele', these were available by region and were stratified further into rural or urban during the interview process.

Fieldwork took place between November 2024 and January 2025, with the average interview length standing at 30 minutes. A total of 40 experienced data collectors were recruited for the survey, with the most important qualification being the ability to speak the local language of the area to which they have been allocated and being able to explain in a simple way the questions of the survey given its complexity.

The data collectors were divided into teams of five, each led by a supervisor. Before fieldwork commenced, data collectors were provided training on social, cultural and norm protocols, alongside research ethics and the content of the questionnaire.

The fieldwork presented several challenges beyond the security considerations previously noted, contributing to the need to use computer-aided methods to a broader segment. Low literacy levels, especially in rural areas, hindered respondents' understanding of digital financial topics, necessitating the use of simplified language and probing to ensure comprehension. Logistical hurdles were compounded by poor road conditions, limited transportation options, and a significant fuel shortage in the southern regions during the fieldwork period, forcing the team to resort to alternative means like motorbikes or walking to reach remote locations.

Amid these obstacles, the main challenge was ongoing unrest and instability in the most populous regions of the country, necessitating the use of CATI methods as describe above.

Data protection and the privacy of participants were prioritised and maintained in accordance with UNDP guidelines on Personal Data Protection and Privacy Policy.

Survey design and implementation

Building on the previous DFL survey exercises, the questionnaire draws primarily on the survey tools developed for the Pacific Region by Dr. Adele Atkinson, UNCDF and Tebbutt Research in 2022 and 2023. The adaption process for Ethiopia benefited from feedback from stakeholders in the Pacific and an overview of existing documentation from the region. The digital literacy element also considers the recommendations of the European Commission's Digital Competence Framework 2.0 (EC, 2019). The current questionnaire has been further adjusted based on the feedback of key stakeholders in the government in Ethiopia, particularly the National Bank of Ethiopia (NBE).

The questionnaire has been designed as a baseline with the potential to collect comparative data in the same contexts in coming years. As the rapidly changing landscape may make some questions redundant, this will also leave space to introduce new elements in the future.

The questionnaire was used to collect data on the extent to which different groups in the population are using digital tools in their everyday life, their level of competence in terms of digital skills and financial skills, and their current experience with digital financial services (DFS). The full questionnaire is found in Appendix B of this document.

Digital and financial literacy index

A point-based scoring system was developed for the original surveys conducted in the Pacific region and was applied to the questionnaire for the purposes of analysis to compare levels of digital and financial competencies. The survey was adapted to the Ethiopian context; thus there are slight differences in the questions presented in the surveys in sub-Saharan Africa due to differences in hardware, products and services available, etc. Each survey respondent could achieve a maximum of 52 points based on their responses to survey questions.

The survey and scoring system consist of four sections (see Figure 1 below) that are discussed in detail in the body of this report:



Digitalization

Maximum achievable score of 18 points, with focus on access to digital devices, digital activities performed, internet access and online activities, awareness of and participation in safe digital/online practices.



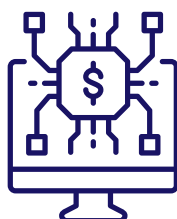
Financial Competencies

Maximum achievable score of 13 points, with focus on engagement with financial safeguards (e.g. budgeting and savings behaviours) and financial knowledge (i.e. basic understanding of the concept of inflation, how borrowing impacts MSME profitability, etc.)



Digital Financial Competencies

Maximum achievable score of 9 points, with focus on commonly-held beliefs about digital financial services and dfs behaviors (both practices for keeping financial information safe online and use of dfs for money management)



DFS Outcomes

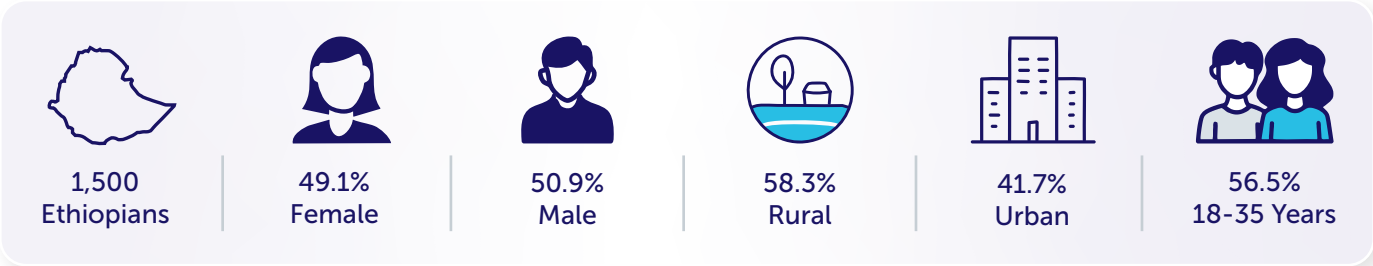
Maximum achievable score of 12 points, with focus on positive and negative outcomes associated with use of mobile or online financial services, including current financial circumstances and impact of dfs services on financial well-being.

Access to and usage of digital and financial services contribute to the scoring framework and constitute an important component of measuring digital and financial literacy. Furthermore, attitudes, awareness, and online behaviours related to finances and financial management comprise the key inputs underpinning the DFL Index and in understanding levels of digital and financial literacy in Ethiopia.

General demographics

The sample size for the DFL survey included a total of 1,500 respondents (see Table 2 on the following page). While regional, gender and age tranches are representative of population distributions in Ethiopia based on population projections for 2024 made by the Ethiopian Statistical Service (ESS), some adjustments were made.

Survey Participant Characteristics



The sampling strategy for the survey was adjusted to accommodate the unique population distributions across regions, particularly to ensure adequate representation of areas with smaller populations. Distributing the 1,500-sample size based solely on population distribution across all regions will result in regions with smaller populations having very few respondents, compromising the representativeness of the data. Therefore, a methodology that ensures that each region would contribute a minimum of 50 respondents to the sample was adapted, a size that ensures the reliability and validity of the analysis.⁸ This approach was facilitated by structuring each of the 60 Primary Sampling Units (PSUs), or kebeles, to encompass 25 respondents—totalling the minimum regional contribution when considering both rural and urban areas. This adjustment aimed at a balanced and comprehensive sampling approach, accurately reflecting the population's diversity by ensuring equitable representation across regions, regardless of size.

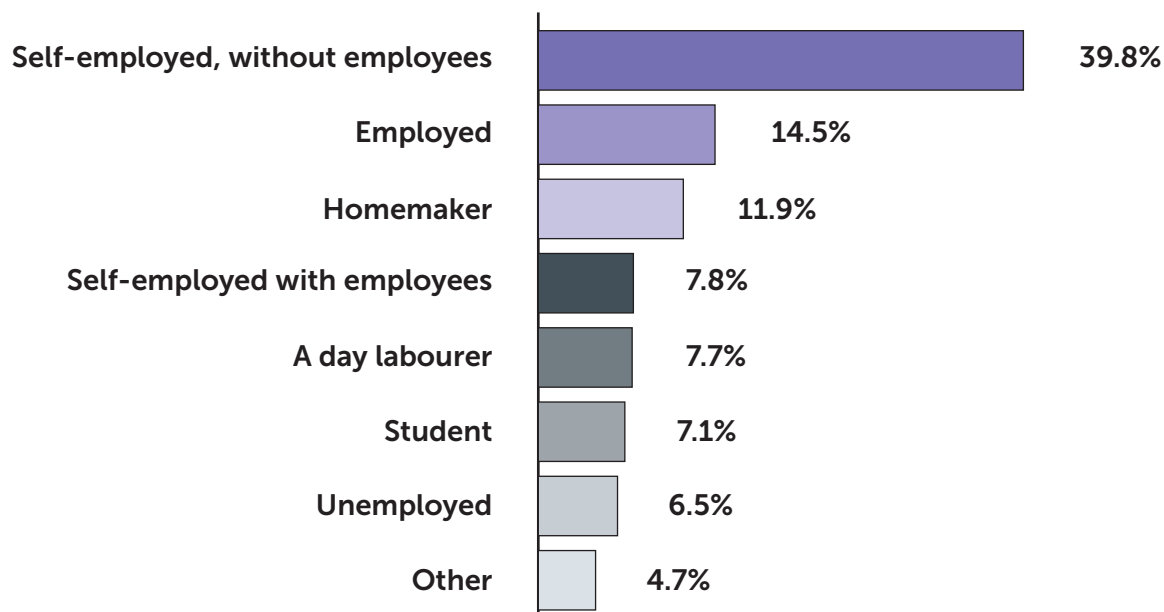
Table 2 on the following page details the sample distribution by region, age and rural and urban stratification:

⁸ See, for example, Hair, J.F., Black, W.C., Babin, B.J., and Anderson, R.E. (2019) recommend a sample size of 50–100 cases per subgroup or domain in multivariate contexts.

Table 2: Sample distribution of the survey

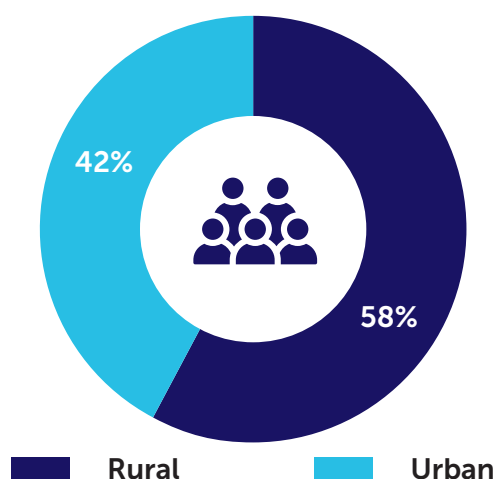
Age Tranche	Addis Ababa	Afar	Amhara	Benishangul Gumuz	Central Ethiopia	Dire Dawa	Gambela	Harari	Oromia	Sidama	Somali	South Ethiopia	South West Ethiopia	Tigray	Total
Male															
18-24	9	6	26	2	14	6	5	5	30	8	14	14	8	13	160
25-35	14	8	36	12	21	9	10	10	58	12	23	23	11	17	264
36-44	3	6	22	6	13	3	3	4	30	7	11	9	8	13	138
45-54	3	4	16	2	9	4	3	3	19	5	7	9	6	8	98
55-64	4	2	9	2	5	2	2	2	11	3	4	5	3	5	59
65-74	3	2	7	1	5	2	2	2	7	3	2	3	2	4	45
Share of male	48%	56%	52%	50%	54%	52%	50%	52%	52%	51%	49%	50%	51%	48%	51%
Female															
18-24	3	4	25	4	13	4	5	5	30	8	16	14	8	14	153
25-35	16	6	38	8	19	9	8	10	54	12	24	27	14	23	268
36-44	8	3	20	5	11	3	4	2	27	7	8	8	5	11	122
45-54	6	4	14	4	7	4	4	3	18	4	9	7	4	9	97
55-64	2	3	8	3	5	2	2	2	10	3	3	3	4	5	55
65-74	4	2	4	1	3	2	2	2	6	3	4	3	2	3	41
Share of female	52%	44%	48%	50%	46%	48%	50%	48%	48%	49%	51%	50%	49%	52%	49%
Total	75	50	225	50	125	50	50	50	300	75	125	125	75	125	1500

Demographic characteristics of respondents



42.1%

of respondents report earning less than ETB 3,623 a month on average



43.7%

of respondents reported that they have ever used the internet



26.1%

of respondents live within approximately 1km of a place to connect to the internet, such as an internet cafe or hotel with Wi-Fi

Digital And Financial Literacy Score

Total outcome score groupings:

Low	Moderate	Above average	High
0-12 points	13-26 points	27-39 points	40-52 points

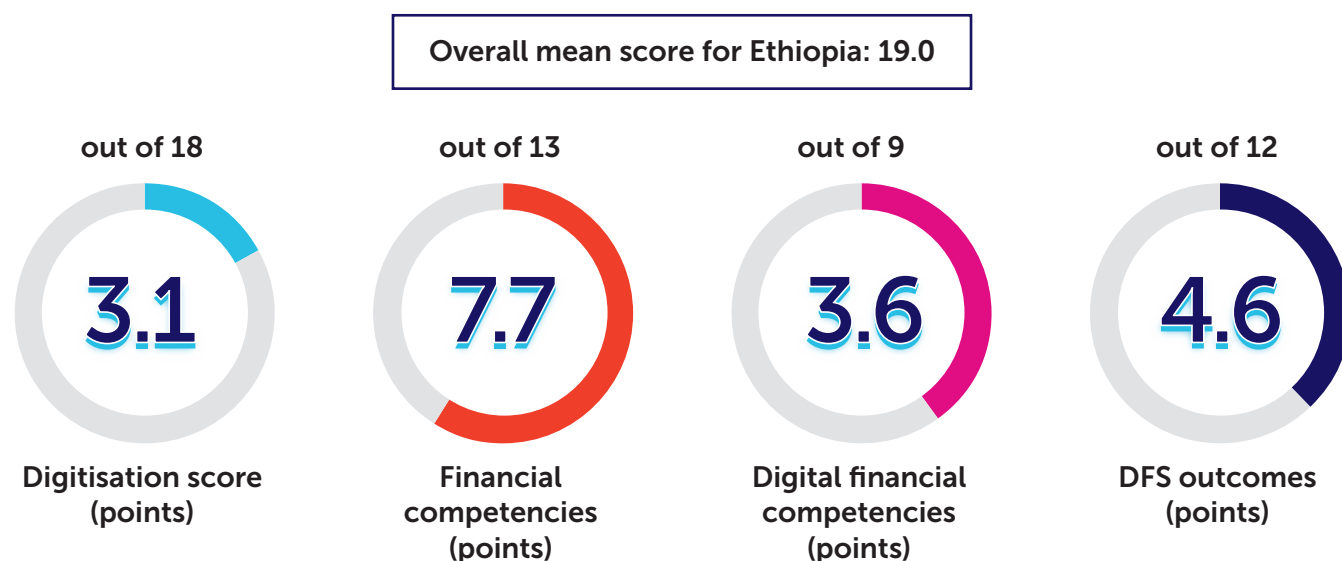
01 Digitisation (0-18 points)	02 Financial competencies (0-13 points)	03 Digital financial competencies & DFS outcomes (0-21 points)
--	--	---

Total outcome score (0-52 points)

The scoring system (with the same numerical system developed for the Pacific Surveys) was used to assign numerical scores to Ethiopia overall, to serve as a baseline for future studies, and to compare demographic groups; it also serves as a guide to compare Ethiopia with the three other countries surveyed in 2024 and 2025 (Malawi, Gabon and Niger) and the Pacific countries in a simple and straightforward way. The scoring system was comprised of four subsections – digitalisation, financial competencies, digital financial competencies, and DFS outcomes. For analysis purposes, digital financial competencies and DFS outcomes were grouped.

In Ethiopia, the overall score was moderate, but with a notable difference in scores in Financial Competencies vis-à-vis scores in the other three areas which all involve digitalisation.

Figure 2: Digital Financial Literacy Scores for Ethiopia (2024 data)



The scoring suggests that of the four areas, access to (and subsequently usage of) digital devices, products and services is the primary barrier to building their digital financial literacy.

The mode, or most frequent answer, to ownership or access to a digital device and practice of digital functions was 0.0, further highlighting this finding. Respondents reported low levels of access and usage of more advanced digital devices such as computers and Wi-Fi routers, and below half reported having ever used the internet.

Access to financial services is dominated by traditional financial institutions and informal saving and loan clubs and more sophisticated products, such as insurance, are not common. While respondents have a higher-than-expected awareness of the nature and benefits of DFS, they are lagging in terms of digital safety and complex DFS activities.

However, financial competencies not based on digital skills or access to tools were much higher throughout the population, showing that in Ethiopia, money management, savings, planning for the future, and other positive behaviours are commonly reported.

Even rural women have a mean of 7.0 in this area, showing that issues in “digital financial literacy” in the country are not necessarily linked directly to financial capability, and that gaps in access and skill building specifically on digital topics are lacking more than knowledge and skills on finance.

Traditional services, including local services such as *edir* or *equub* that are trusted, are widely used – over 60% of respondents are active members of such services. Further, 55% of respondents had some kind of account in a brick-and-mortar institution such as a bank, SACCO or MFI.

Table 3: DFL index score by gender and density

	Total	Urban Men	Rural Men	Urban Women	Rural Women
Total DFL Score (0 - 52)	19.0	23.1	17.8	21.0	15.8
Digitalisation (0 - 18)	3.1	5.1	2.3	4.0	1.6
Financial competencies (0 - 13)	7.7	8.0	7.6	7.9	7.4
Digital financial competencies (0 - 9)	3.6	4.6	3.3	4.1	2.9
DFS outcomes (0- 12)	4.6	5.4	4.6	5.0	3.9
% Low (0 - 12 points)	35.1%	20.4%	38.2%	27.3%	50.2%
% Moderate (13 - 26 points)	60.8%	71.1%	58.7%	67.6%	49.4%
% Above Average (27 - 39 points)	4.1%	8.5%	3.1%	5.1%	0.4%
% High (40 - 52 points)	0%	0%	0%	0%	0%

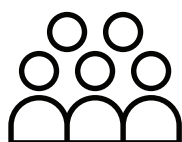
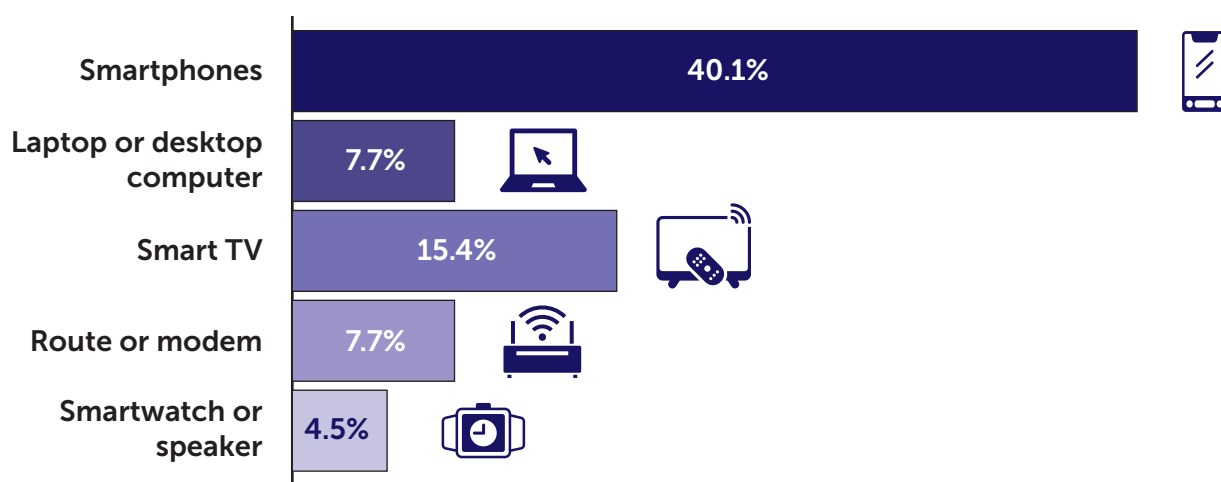
Digital and financial literacy scores in Ethiopia appear to closely track gender, age, density (urban-rural), educational attainment, and income. Rural women with no education scored lowest on the overall index (13.2) and urban men with high levels of education scored highest (26.8), unsurprisingly as income levels, levels of education, and location correlate highly with digital and financial literacy (see, for example, Fitriarty & Haris Saputra, 2023). Respondents under the age of 35 years (20.5), urban residents (22.0), male (20.2), TVET or college educated (25.2), higher income (27.4), or live in Addis Ababa or Dire Dawa (24.1) score moderately highly to just above average on the DFL index. In contrast, rural women (15.8) and those with lower levels of education (14.2) had significantly lower overall scores.

Overall, the digital scores show first that Ethiopians in general have higher levels of financial competencies, similar to Fiji, Solomon Islands, Vanuatu scores, or in some cases (Tonga, Timor Leste, Papua New Guinea, and Samoa) surpassing the scores in the Pacific Island Nations previously surveyed (UNCDF 2023, 2024). Secondly, they highlight the marked differences and inequalities in access to devices, products and services and indicate an important digital skills gap, particularly in populations that are traditionally considered excluded such as rural dwellers and women. In doing so, they heavily underscore the (known) relationship between access and uptake and usage, as well as the gap between skills and confidence and uptake and usage and highlight areas and groups which could be targeted with specific skill building activities, products and services, and schemes to provide more affordable devices to influence change.



Section 1: Digitalisation

Access to digital devices



51.8%

of Ethiopians worry
that technology is
leaving them behind

Participation in digital and online activities

% of those that answered "yes, I have access to the internet."



14.2%

Completed or submitted a
government form online,
over the past 3 months



35.8%

Learned something
online by searching for
information



10.9%

Shopped online for
goods and services

Uptake of digital security practices

% of those that answered "yes, I have access to the internet."



43.2%

Have virus protection
on their devices



45.4%

Re-use the same
password across
accounts



67.4%

Smartphone and laptop
users that lock their
devices when not in use

Access to and usage of digital devices

Connectivity, access to and usage of digital devices and attitudes towards technology largely shape the evolving digital life of citizens in a context where it is becoming more obligatory to use certain DFS (i.e. payment for petrol). This section of the survey examined the core aspects of digital access, usage, security, experience, and respondents' level of digital literacy (primarily knowledge).

Ethiopian adults in this sample were more likely to have access to a basic or feature phone as they are to a smartphone, which corresponds with other data sources (e.g., World Bank Global FinDex). About half of Ethiopian adults (51.7%) have access to a basic or feature phone for personal use. Demographic differences in phone ownership are apparent mostly when it comes to location, with urbanites (48.3%) being less likely to own a basic or feature phone than rural adults (54.1%). As is often the case, Ethiopian respondents reported high levels of ownership of multiple mobile devices: 40.4% of those with a smartphone also report owning a feature or basic phone.

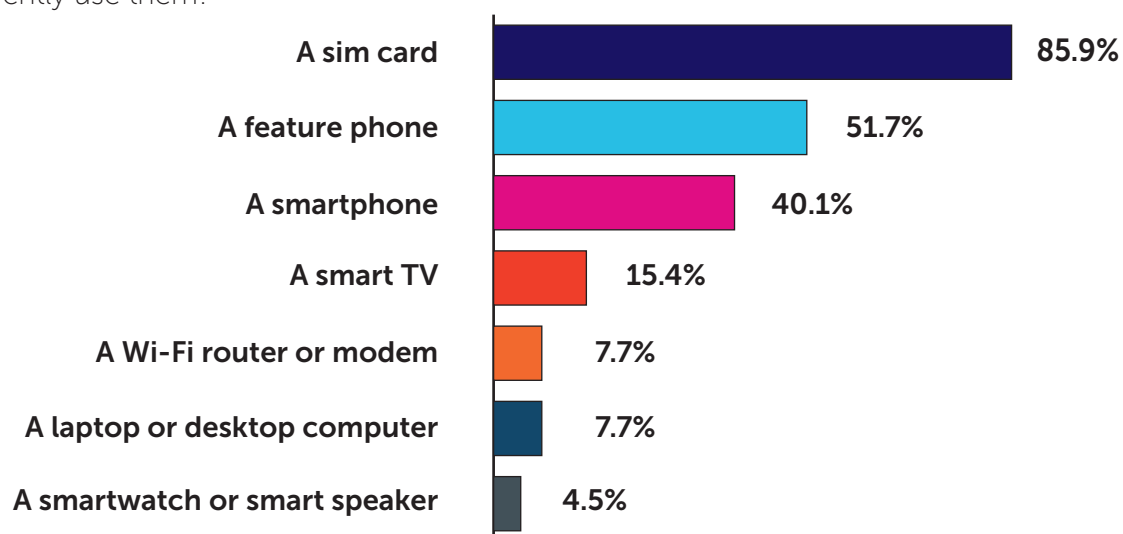
Smartphones (40.1%) comprise the second most accessible device to the respondents. Demographic differences are much more apparent in this case, with urban adults (55.5%), men (45.8%), those making above 125% of GNI (65.4%)⁹ and with a postgraduate (93.3%) or university degree (72.3%) much more likely to own a smartphone compared to the average.

Other digital devices are far less accessible to respondents. No respondents reported access to a tablet. Smartwatches or smart speakers (4.5%), tablets or computers (7.7%), smart TVs (15.4%), or internet routers or modems (7.7%) are accessed by a small fraction of the population. Demographic differences play a pronounced role, especially with educational attainment. For instance, those with a university-level or TVET education have a much higher likelihood of accessing a laptop or computers (32.7%) and WiFi routers or modems (31.9%).

Regional variances in digital device ownership are also apparent. Adults in Addis Ababa and Dire Dawa, the only two chartered cities of the country, are much more likely to have access to smartphones (66%), a laptop or desktop (15.3%) or a Wi-Fi router/modem (26%).

Graph 3: Access to Digital Devices

Question to respondent: Do you have access to any of the following, for personal use, whether or not you currently use them?



⁹125% of Ethiopia's GNI approximately corresponds to a monthly income of ETB 18,113

The frequency of use of digital devices is generally daily. 66.3% of respondents with a feature or basic phone, 71.1% of those with a smartphone and 32.2% with a laptop/computer have used their respective devices several times a day. Another 12.4%, 7.6% and 12.2% say they use their mobile phones and laptops or computers several times a week. Among feature/basic phones and smartphone users, 1.2% and 1.7%, respectively, say that they use their device less than once a month. Nonetheless, when it comes to laptop or desktop frequency of usage, 7.0% and 11.3% say they have used the devices less than once a month and less than once a week, suggesting that when access is achieved, usage - especially frequent usage - is high.

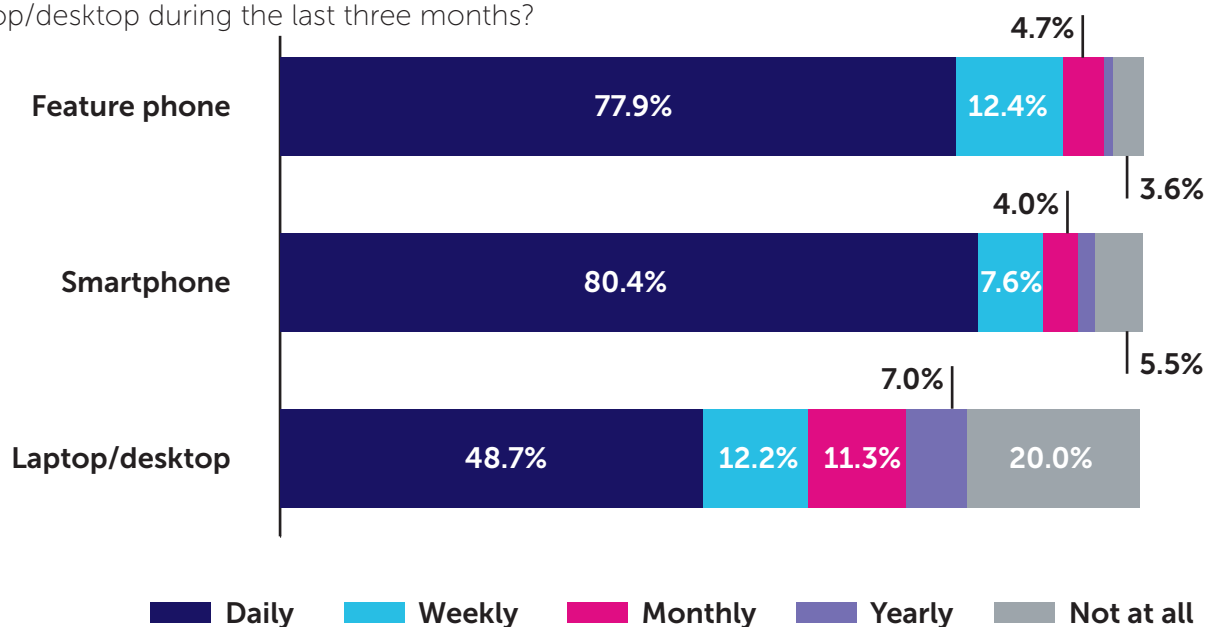
The frequency of use of digital devices varies by gender, density, income, educational attainment and, in certain cases, disability status¹⁰—this is mainly the case when it comes to laptops/computers. For example, men with access to such devices are 40% more likely to use it, and rural residents are five times less likely.

Higher-income individuals, and those with a university-level education (53.3%) and without a disability (36.6%) say they use their laptop/computer several times a day. The frequency of use of laptops/computers also varies between those employed (48.0%) and self-employed (30.4%) who are likely to use the devices at least daily. A majority of day labourers (60%) and retirees (66.7%), and half of homemakers and those unable to work due to a sickness or disability, say they have not used a laptop/computer over the past three months (of those who reported having access to these devices)..

Differences in the frequency of use of smartphones and feature or basic phones is less apparent across demographic groups in the sample, and it appears that in this sample, these devices are less likely to be shared across the household. Rural adults (65.1%) are almost as likely to say that they use a feature or basic phone several times a day as their urban counterparts (68.2%), while women overall (70.6%) are almost as likely to say that they use a smartphone several times a day as men (71.4%).

Graph 4: Frequency of use of digital devices

Question to respondent: Approximately, how often have you used a feature phone, smartphone or laptop/desktop during the last three months?



¹⁰The status of disability is determined based on how survey participants responded to the statement, "I have a health condition or disability that limits my day-to-day activities." If they answered 'yes', they were classified as persons living with a disability.

Internet access and frequency of use

43.7% of the adult respondents have ever used the internet. Given that 88.7% of those who DO use the internet use mobile data, it is likely that most primarily access the internet via their feature and smartphones. The limited use of other internet access points, such as public hotspots (41.3%) or home WiFi via router (20.4%), further underscores the challenges the respondents face in accessing the internet. The necessity to rely on mobile data or on the internet access of family and friends (48.9%) to a higher degree indicates a barrier to individual internet access and usage.

53.4% of the respondents who report using internet use it at least once a day, and 17.2% at least once a week. 9.6% of those who have ever used the internet said that they have **not** accessed it over the past three months.

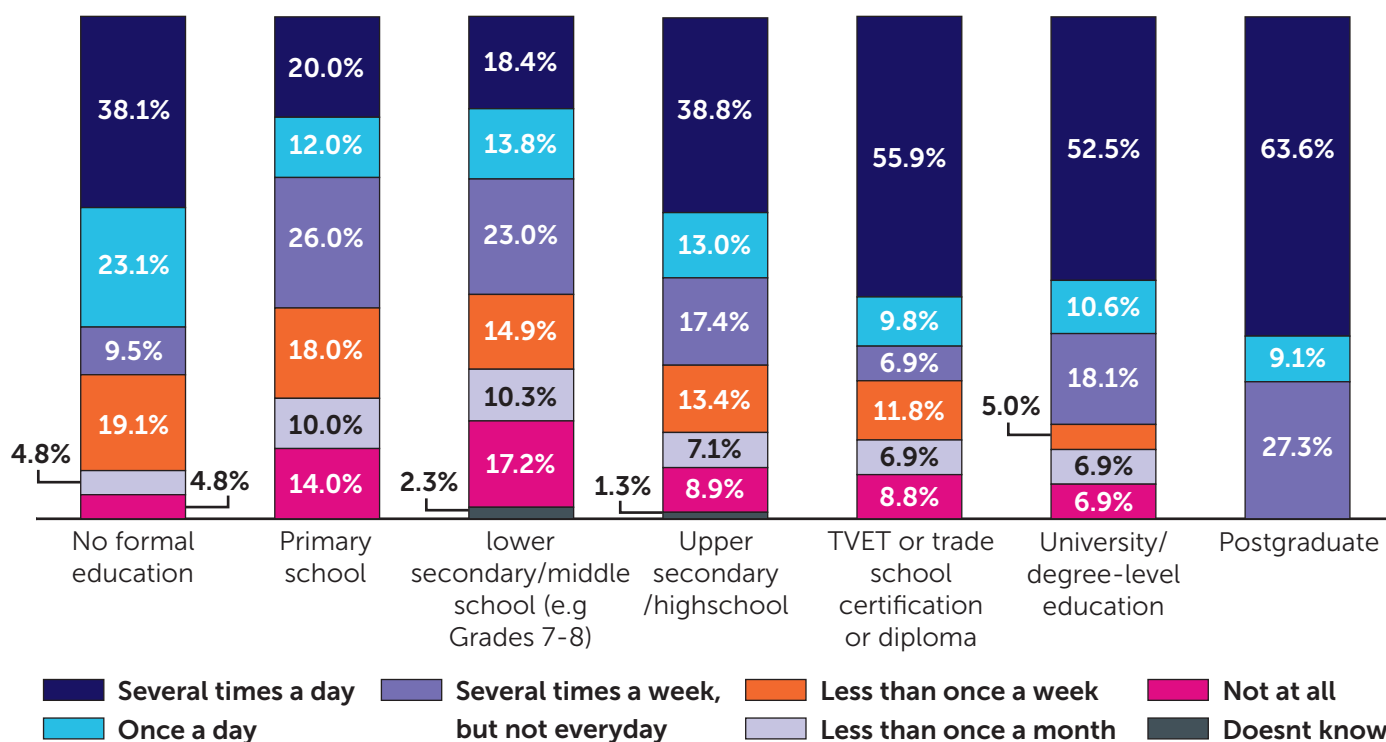
Internet use varies by locality, gender, age, educational attainment, income and disability status, indicating that access is highly influenced by the gamete of social and economic factors.

Respondents living in urban areas (61.3%) report higher levels of internet usage rates than their rural counterparts (31.2%). Internet use decreases with age and varies by gender as well. Men and women between the ages 18 and 44 report 57.3% and 40.4% usage rates, respectively, compared to men aged 45 to 74 (29.4%) and women in the same age group (17.1%). There are likewise differences by disability status, where those reporting living with a disability (33.2%) less likely to use the internet than those reporting without (46.9%).

The most important indicators of internet use, nonetheless, are income and educational attainment. 73.1% of adults earning more than 125% of GNI (as measured in 2024) say they have used the internet compared to those making under 25% of GNI (33.6%). While adults without a formal education are the least likely to have used the internet (7.9%), non-college-educated adults (36.6%) report much lower rates of internet usage compared to those with a university degree or trade school qualification (80.2%).

Graph 5: Frequency of internet usage by educational attainment

Question to respondent: Approximately how often have you used the Internet or been online for any reason at all over the last three months?



Infrastructure issues, compounded by low incomes and lack of equitable access to quality services are the key factors limiting internet usage in Ethiopia. Infrastructure issues, such as power interruptions (63.7%), are cited as the main limiting factor to regular internet use, especially by adults living in Harar (96.0%), Central Ethiopia (83.2%) and South-West Ethiopia (80%). The second main limiting factor is the cost of connecting to the internet (53.7%). Interestingly, adults living in urban areas (64.6%) are also likely to cite this reason, similarly to their rural counterparts (45.8%). This may be due to the higher rates of internet usage by urban adults (61.3%, compared to rural adults' 31.2%) and the need for more bandwidth, which could incur more costs and necessitate greater coverage.

Adults are also limited by quality of service (51.9%), availability of services (47.7%), insufficient understanding of how to connect to and navigate the internet (39.9%) and security concerns (31.3%).

Attitudes towards technology



Digital proficiencies and levels of confidence in engaging with digital tools align with levels of access to digital devices such as smartphones and the availability of Internet connections. Only about 1 in 5 adult respondents stated that their lack of confidence in reading and writing kept them using only cash. Around 51.8% of respondents, however, feel that technology is leaving them behind. For this variable, there are very limited differences among demographic groups, especially when it comes to gender—only slightly more women (52.3%) say that they feel like technology is leaving them behind compared to men (51.3%).

Differences by locality are much more prominent, with 45.8% of urban adults saying that technology is leaving them behind compared to 56.1% of rural adults. Income also plays a significant role, with 56.4% of adults making less than 25% of GNI worrying that technology is leaving them behind compared to those making over 25% of GNI (50%).

Differences among other demographic groups are limited but also worth noting. For instance, fewer younger adults (52.7%) are more likely to say that technology is leaving them behind compared to their older counterparts (48.4%), while those with a postgraduate degree are the most likely to say so compared to those with lower educational attainment. Such outcomes could be due to younger adults and individuals with higher educational levels having greater awareness and higher levels of access to the wide range of sophisticated, potentially confusing, technological advancements. It is generally observed that these groups have closer engagement with the latest technologies which makes them more aware of the rapid pace of technological change, as well as new tools and resources, leading to a feeling of being left behind despite being more technologically literate.

Experience with various digital tasks and online activities

The survey explored participation in a limited set of digital activities (as distinguished from online activities) such as if the respondents have used a digital device in the previous three months to send or receive an SMS, set up an alarm, reminder or alert; created, edited, or saved a document or image; used formulas in a spreadsheet to make a calculation or written programming language or code.

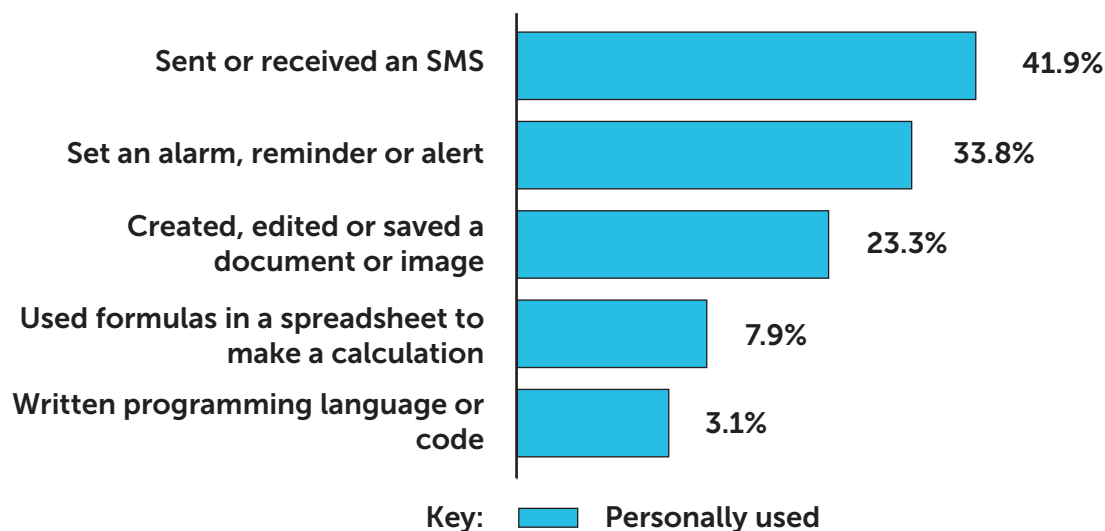
Respondents are much more likely to engage in low-complexity digital activities, such as sending or receiving USSD (41.9%), setting up alarms, reminders, or alerts (33.8%) and, to a lesser extent, creating, editing, saving or transferring a document, video or image (23.3%), tasks that can be completed using a basic/feature or smartphone.

Higher complexity digital tasks that normally require a laptop/computer, such as using formulas in spreadsheets to make a calculation (7.9%) or writing programming language or code (3.1%) are engaged in much less. This finding is interesting as it aligns with the reasoning behind the “5 Million Coders Initiative” being driven by the Government of Ethiopia.

Differences in the complexity of digital activity are highly correlated with device ownership, with 45.2% and 20.0% of adults with a laptop/computer having used formulas in spreadsheets to make a calculation. Likewise, adults who own a smartphone are much more likely to have created, edited, saved, or transferred a document, video or image (46.4%), sent or received an SMS message (65.2%) or set up an alarm (46.3%). Again, access is linked to experience.

Graph 6: Digital activities

Question to respondent: Can you tell me if you have personally used a digital device or electronic gadget to do any of the following in the last three months, whether for yourself or someone else?



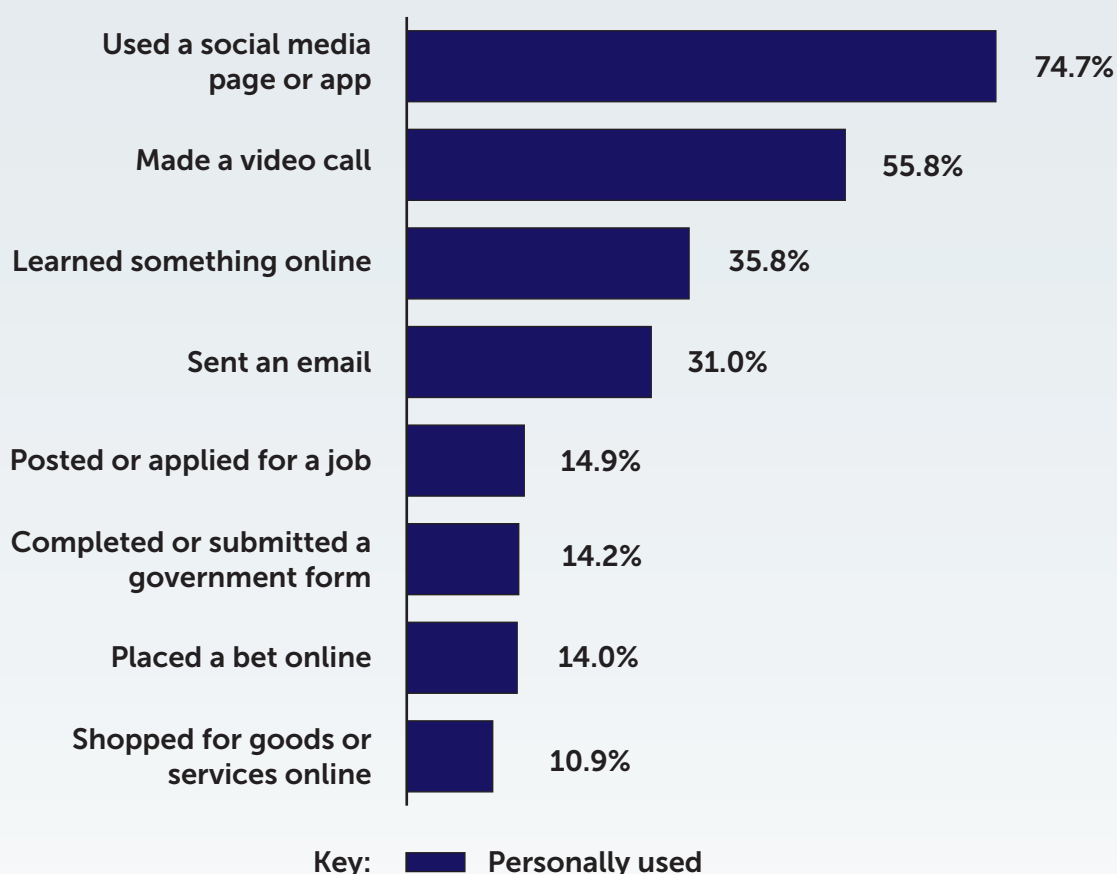
The respondents were similarly probed regarding participation in a set of common online activities: shopping for goods or services, sending an email, using social media, making a video call, learning something on the web, placing a bet, completing or submitting government forms or applying for a job online. Among the respondents who say they have used the internet, the majority engage in social media (74.7%), which is a common entry point for internet users worldwide. Other popular activities include sending emails (31%), making video calls (55.8%), and learning something online (35.8%).

These activities are generally straightforward and require minimal technical expertise, making them accessible to a broad audience. In contrast, more complex online activities such as shopping for goods or services (10.9%), posting or applying for a job online (14.9%), and completing government forms online (14.2%) are less common. This disparity suggests that while basic digital literacy is widespread, there is still a gap in the adoption of more advanced online services that could enhance economic participation and civic engagement.

As with other digital activities, online usage is correlated with device ownership. For instance, adults with a smartphone are about twice as likely to say they have placed a bet online (15.9%), completed or submitted an online government form (16.1%) and posted or applied for a job online (17.3%) compared to adults that do not have a smartphone.

Graph 7: Online activities

Question to respondents that use the internet: Can you tell me if you have personally done any of the following online activities in the last three months, whether for yourself or someone else?



Digital and online security

A majority of those surveyed who report using the internet believe they are proactive in their approach to online safety, with 66.6% agreeing with the statement, “I take steps to keep my information safe when online.” Despite this, the uptake of specific digital security practices—on or offline—varies depending on the practice. The reuse of passwords across online accounts comprises one of the potentially greatest safety vulnerabilities evaluated while having virus protection on devices and locking them when not in use is more prevalent - likely because this is a built-in feature to most devices.

Additionally, 42.4% of all participants who have access to or own a smartphone know how to block or deactivate the device. Given the anecdotal evidence that petty theft, especially of devices, is high, and that remote mechanisms exist (Find My Device, contacting a carrier to block a SIM) to at least protect data, this should be an area of focus for campaigns and education on digital security.

A notable finding is that 58.9% of all respondents said that they do not feel that DFS are risky for ordinary people. There is a potential correlation between experience with DFS, given that those in rural areas who have less access have higher confidence (65.6%) and those in urban have lower (54.2%). About 2/3 of all those reporting using the internet at least sometimes say they take steps to keep their information safe online. At the same time, only 50% of those reporting owning any type of account said they kept records of PINs or passwords.



Close to half of the respondents with a smartphone or laptop/computer have virus protection on their devices, at 43.2%, compared to 51.7% that did not and 5.1% that did not know. Adults in urban areas (47.8%) and with university or TVET level education (51.7%) are more likely to have virus protection. Variations by gender, age, income or disability are not pronounced.



45.4% of the respondents who use the internet have the same password across several online accounts or websites, compared to 52.4% who did not and 1.7% who did not know. There are no major differences in re-using the same password across different genders. Nonetheless, there are unexpected results when it comes to income groups, density and even education, with all of these being more likely to have the same password than the average at 63.2% (those earning above 125% of GNI), 49.4% (urban adults) and 48.7% (TVET or university educated adults), respectively. This potentially points to a lack of awareness across all socio-economic groups on online safety.



67.4% of the respondents with a smartphone or laptop/computer lock them when not in use, boosted by the security measure being a default feature of the devices. University or TVET-educated adults (76.4%), urban adults (74.9%) and earners above 125% of GNI (76.5%) are more likely to lock their devices when not in use.

Digitalisation scores

This section focuses on scoring levels related to digitalisation only; a sub-component of the Digital and Financial Literacy Index described at the outset of this report. Survey respondents could achieve a maximum score of 18 points for digitalisation and a minimum of 0 points based on their responses to 11 questions.

Levels of digitalisation were determined based on five different aspects of digital access and experience:



Access to and usage of digital devices



Internet access and frequency of use



Attitudes towards technology



Experience with various digital tasks and online activities



Digital and online security

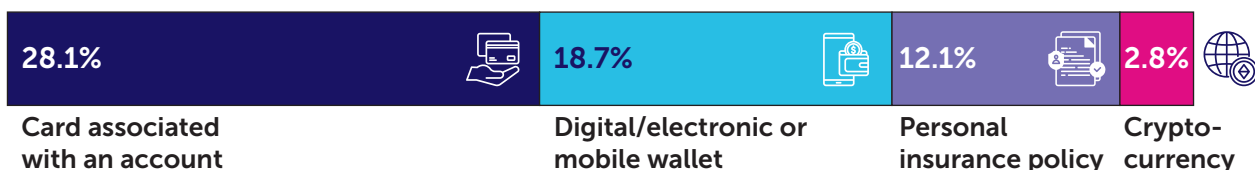
Respondents have a mean score of 2.8, with high deviations based on nearly all socio-economic variations. Notable differences in digitalisation scores between cohort groups are as follows:

- **Urban to rural disparity:** Digitalisation scores are higher in urban areas (4.7 among urban men and 3.6 among urban women) than in rural areas (2.4 among rural men and 1.3 among rural women). The scoring gap grows further, depending on the remoteness of individual households. Individuals who live in households that are within a kilometre of an ATM (7.2), a mobile money or DFS agent (7.0) and a place to connect to the internet (6.9) score highly on digitalisation.
- Furthermore, digitalisation scores are higher in the two most urban parts of the country, Addis Ababa (7.8) and Dire Dawa (8.3), compared to a mean of 4.8 for the rest, aligning with the observed importance of urbanisation to digitalisation.
- **Educational attainment disparity:** Digitalisation scores are much higher based on levels of educational attainment, with those with a university or TVET education having a mean score of 8.9. This is compared to adults without a university education (3.8). Adults without any formal education score 2.3 on digitalisation.
- **Income disparity:** Digitalisation scores increase along the lines of income in Ethiopia. Those without an income or make under the GNI average of ETB 14,490 a month have an average score of just 5.4. Adults making above the GNI average have a mean score of 7.9.
- **Gender disparity:** Digitalisation scores are also different based on gender, with men scoring 5.6 compared to women's 4.4. This is primarily due to gender-based differences in access to digital resources, educational opportunities, and socio-cultural norms that often limit women's participation in the digital space.

There are fewer variations observed when it comes to disability, with persons living with a disability scoring 4.2 to those that do not at 5.3.

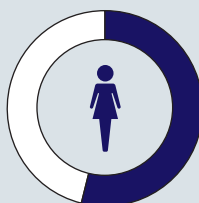
Section 2: Financial competencies

Payment services accessed by Ethiopians

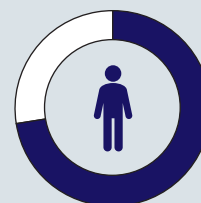


6.5 in 10

Ethiopians are formally served

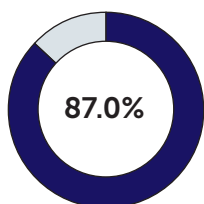


57.9% of women

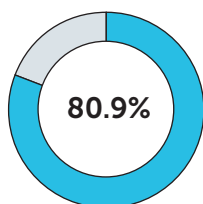


72.5% of men

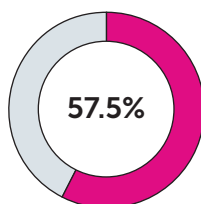
Used cash to...



Purchase groceries



Pay for a meal out



Pay for utility bills

Utility bills

26.1%

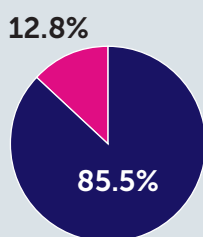
Paid using a digital, mobile, electronic wallet

1.8%

Paid using USSD

Prefer to save leftover money than spend it

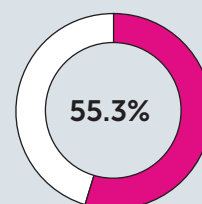
■ Yes
■ No



3/5TH are managing their money better now than they were three months ago



3/5TH make a plan to manage their income and expenses



of adults are worried about scams and fraud



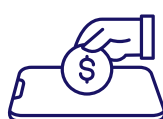
41.6%

Keep receipts, or record your spending



64.1%

Put money aside for emergencies



22.5%

Save in a mobile or digital account



60.1%

Contribute to traditional savings and loans clubs



54.6%

Save in a bank, SACCO, MFI

Access to payment products and services

The majority of respondents access at least one financial product, while exhibiting a heavy reliance on and preference for using cash for most basic financial transactions (e.g., paying utility bills, paying for groceries, or eating out).

Payment services accessed by respondents and explored in the survey include: a bank or mobile money account (65.3%), specifically a digital/electronic/or mobile wallet (18.7%), a payment card (28.1%), or cryptocurrency (2.8%). Adults with a bank, MFI or SACCO account only (and do not own a digital wallet) are 43.7% of the respondents. Only 2.8% have a digital wallet but not a bank, MFI or SACCO account, suggesting that access to traditional banking accounts was potentially a gateway to digital wallet ownership.

This is despite digital payments, mainly led by mobile money, accelerating significantly after non-banks were allowed to provide financial services and products beginning in 2021. Since then, Telebirr, along with CBE Birr, has dominated the market. According to NBE there were 107.5 million mobile money accounts in 2024 and 39.6 mobile banking accounts, compared to a total of 17.1 million mobile money and banking accounts in 2020. The value of digital transactions also stood at ETB 9.7 trillion in 2024, compared to just ETB 242.2 billion in 2020.

Low levels of access to DFS thus reflect that account ownership is concentrated and duplicated among the already financially included, rather than reaching frontier market areas. Adults in Addis Ababa usually have more than one financial account and the majority of financial infrastructure is centred in the city (as well as other urban areas). In 2023, a third of all the bank branches in the country were located in Addis Ababa, although the capital accounts for less than 5% of the population. Similar to digitalisation outcomes, financial inclusion is affected by almost all major demographic factors, with gender, educational attainment and especially income having the most impact. Differences by those reporting a disability are less significant among those interviewed in this survey.

Table 5: Formal account ownership by educational attainment, income and disability status

Question to respondent: Do you have an account with a financial services provider?

	Yes	No
Total	65.3%	33.7%
Women	57.9%	41.4%
Men	72.5%	26.3%
No formal education	39.3%	59.3%
≤ Secondary school	62.6%	36.2%
TVET and University	90.5%	9.1%
No income	39.8%	56.1%
Make less than 25% of GNI	60.7%	38.8%
Make more than 125% of GNI	92.3%	7.7%
Persons living with a disability	59.3%	40.3%

Table 6: Formal account ownership by gender and age, and by gender and density

Question to respondent: Do you have an account with a financial services provider?

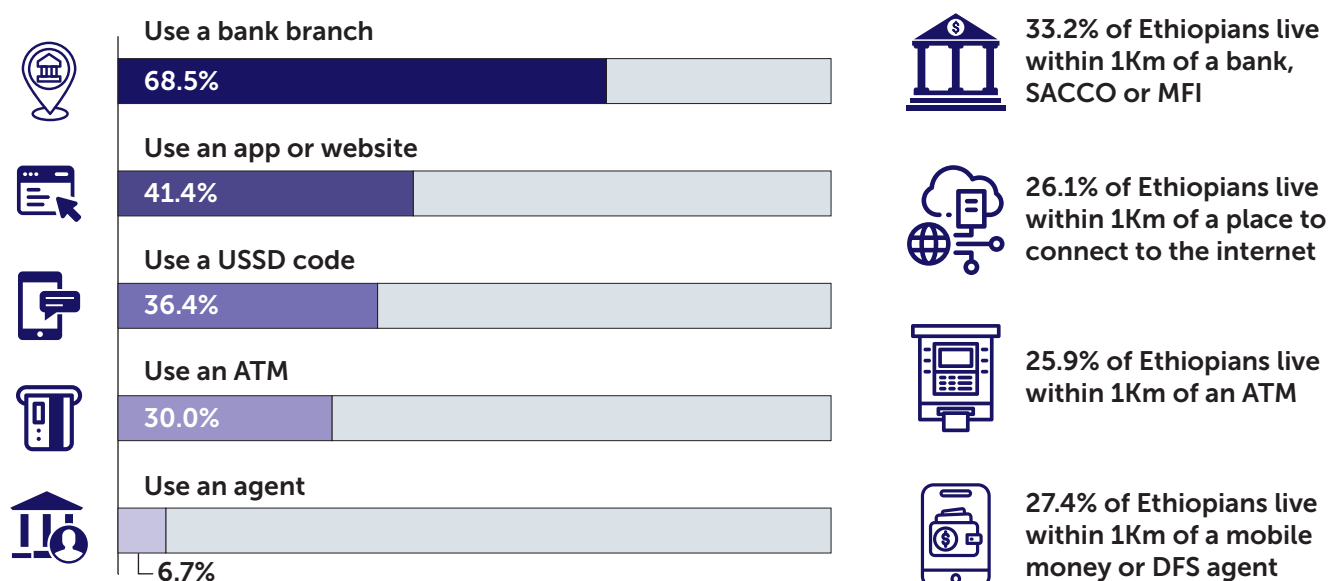
	Yes	No
Total	65.3%	33.7%
Men 18-24 years	70.6%	27.5%
Men 25-44 years	75.2%	24%
Men 45-74 years	70.2%	28.7%
Women 18-24 years	54.3%	45.1%
Women 25-44 years	60.7%	38.7%
Women 45-74 years	53.9%	44.7%
Urban men	91%	8.7%
Rural men	59.7%	38.5%
Urban women	80.5%	19.5%
Rural women	41.1%	57.7%

Formal account behaviour

Among respondents with a formal account, the most popular way to check an account balance and make deposits or withdrawals is through bank branches, followed by app/website, USSD code and ATMs. Ethiopia has one of the highest bank-to-population ratios due to the historical dominance of traditional banking. There are 14.6 bank branches for 100,000 adults compared to, for instance, Kenya's 4.5 in 2023 as per NBE. On the other hand, agents are the least utilised financial services distribution point—while mobile money agents have grown almost 20-fold between 2020 and 2024 to reach 415,084, a substantial proportion of them are believed to be inactive.



Graph 8: Formal account access points



Cash-based economy & experiences with remittances

Respondents still heavily rely on cash for most of their day-to-day transactions, including 18.7% of those who have access to a digital, mobile or electronic wallet. A high number of respondents rely on cash to pay for groceries, household utility bills or meals out, followed distantly by digital wallet alternatives.

Adults with a digital wallet also predominantly use cash to pay for groceries (72.1%), utility bills (39.6%) and to eat out (70.4%), suggesting that DFS access is not readily translating into DFS usage. There are significant regional differences.

Cash is the most widely used form of payment across all regions for grocery shopping, with the highest usage in South Ethiopia (97.6%) and the lowest in Somali (58.4%). The non-cash method with the highest usage is payment from a digital/mobile/electronic wallet via an app, with the highest usage in Somali (37.6%) and Dire Dawa (20%) and the lowest in Amhara (0.4%).

For utility bill payments, cash remains the dominant form of payment, with the highest usage in Oromia (87.7%) and the lowest in Sidama (34.7%).

Payment from a digital/mobile/electronic wallet via an app is the most common non-cash method, with the highest usage in Dire Dawa (36%), Addis Ababa (32%) and Somali (20%), and the lowest in South West Ethiopia (1.3%).

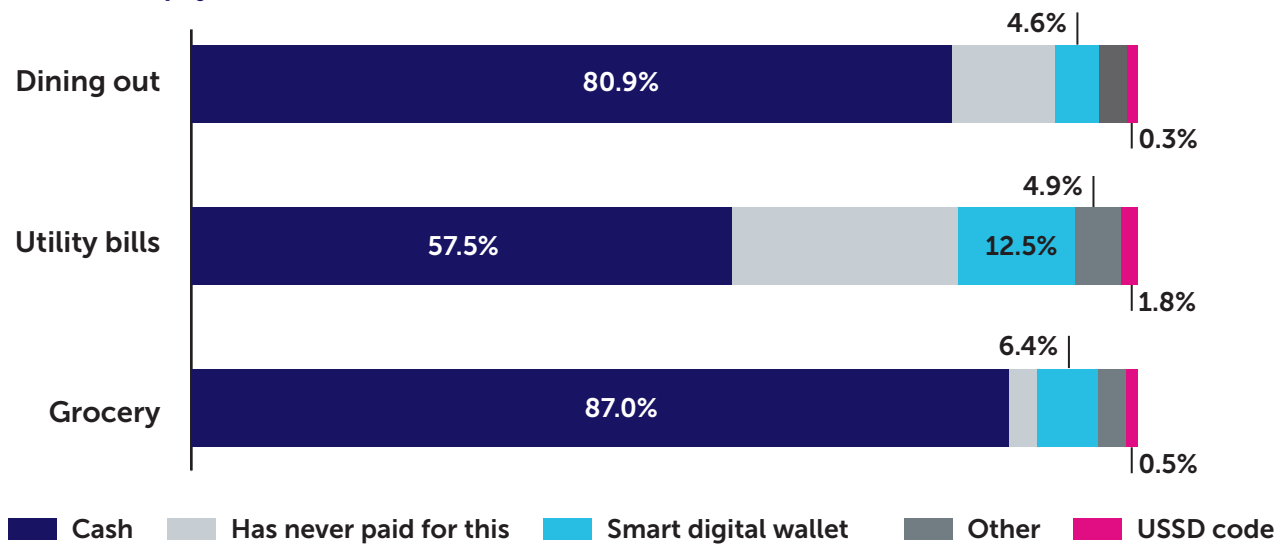
For restaurant or takeaway food purchases, cash is again the most common form of payment, with the highest usage in Oromia and South West Ethiopia (both 94.7%) and the lowest in Somali (45.6%). Payment from a digital wallet via an app is the most frequently used non-cash method, with the highest usage in Somali (31.2%) and Dire Dawa (12%) and the lowest in Gambela and Harari (both 2.0%).

The data reveals a clear urban-rural divide in payment methods, with urban regions like Addis Ababa and Dire Dawa showing greater use of digital payments, likely due to better digital infrastructure, more widespread smartphone use, and greater DFS awareness. Conversely, rural regions like South Ethiopia and Oromia are more reliant on cash, most possibly due to limited digital access given the low access scores shown in this survey, with elements of low financial literacy, or distrust in digital payments.

The Somali region exemplifies possible pathways for early DFS adoption, with high digital wallet usage despite its more rural nature, demonstrating that early technology exposure can foster widespread acceptance, according to World Bank sources (see de Brau, et. al. 2024).

This highlights the potential payoffs of targeted interventions in high-cash-use regions, including improving digital infrastructure, offering financial literacy programs, and developing accessible and affordable digital financial products. Tailoring these efforts to each region's unique socio-economic context will be key to promoting a transition from cash to digital payments.

Graph 9: Recent payment behaviour



Respondents are far more likely to have received money from abroad (6.5%) than sent it themselves, given the low-income status of the country, where citizens are more likely to receive financial assistance from relatives or friends living abroad in higher-income countries. Remittances into Ethiopia were reported at just 0.3% of GDP in 2023.

Formal outbound remittance has been almost non-existent in Ethiopia. The NBE imposes strict regulations on foreign currency transactions, making it illegal to send money out of the country for purposes not explicitly permitted. This limits the ability of individuals to remit funds abroad freely, leading to reduced formal remittance flows. This could change as the country liberalises its exchange rate.

Despite these challenges, formal remittances into Ethiopia have been increasing, reaching USD 592 million in 2023, up from USD 510.2 million in 2022. The existence of informal systems like Hawala also suggests that a substantial portion of remittances may not be captured in official statistics. Hawala remains popular due to favourable parallel market exchange rates and high direct and indirect costs associated with formal channels.

Remittance reception varies by age, gender, and density, with urban men and women being the most likely to receive remittances, and rural women being the least likely. Men (6.5%) are overall slightly more likely to receive remittances than women (6.4%). Socio-cultural norms where men manage household finances, including the receipt and distribution of remittances, could play a factor here.

Table 7: Remittances received by gender, and disaggregated by age and density

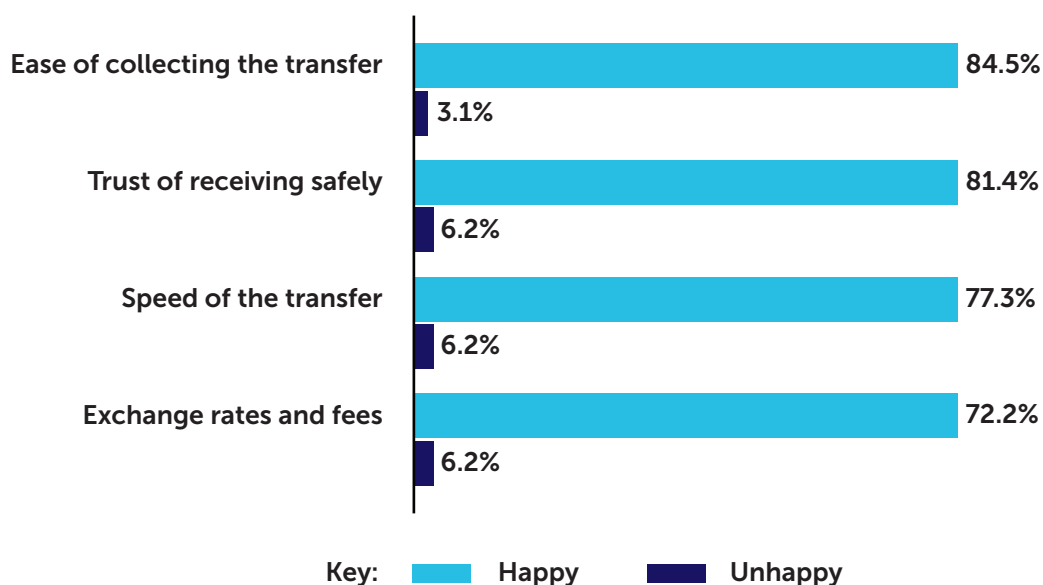
Question to respondent: Have you, personally, received money from abroad in the last three months?

	Yes	No
Total	6.5%	92.3%
Men 18-24 years	4.4%	93.1%
Men 25-44 years	6.3%	92.4%
Men 45-74 years	8%	90.4%
Women 18-24 years	7.8%	91.5%
Women 25-44 years	5.5%	93.1%
Women 45-74 years	7.6%	91.8%
Urban men	8.7%	91.4%
Rural men	5.1%	92.3%
Urban women	9.6%	89.8%
Rural women	4%	95%

Individuals who received remittances report satisfaction with the speed of exchange rates and fees, the safety of the transactions and especially the ease of collecting the transfers.

Graph 10: Considerations when sending and receiving remittances

Question to respondent: Could you tell me whether you were happy with the following the last time you received money from abroad?



Financial well-being

In this case, financial well-being refers to an individual's financial security, resilience, control and freedom. The majority of respondents suggested that they were in a better financial position, with 66.3% saying that they manage their money better now than they did three months previous to the survey. This is despite a challenging macroeconomic environment for Ethiopians, where average annual inflation was estimated at 23.9% in 2024 while the currency has depreciated by over 100% in 2024.

Across all demographics, 61.5% of adults feel constrained in their spending, yet 61.1% still report some occasional discretionary spending. The disparities among socioeconomic groups in terms of feeling constrained are not significant. Interestingly, urban men and men aged 25 to 44 are more likely to report spending less than they would like, possibly due to the financial pressures of being primary earners during high inflation. The likelihood of having discretionary spending is largely linked to socioeconomic status, with those earning above 25% of the GNI reporting the highest rates. However, there does not seem to be a clear demographic trend regarding improved expense management compared to three months previous to the survey.

Table 8: Financial circumstances

	Does not spend as much as they would like to	Has some money to spend from time to time	Managing money better now than 3 months ago
Total	61.5%	61.1%	66.3%
Men 18-24 years	58.1%	61.3%	68.1%
Men 25-44 years	68.5%	67%	72.3%
Men 45-74 years	58.8%	58.8%	63.8%
Women 18-24 years	58.2%	59.5%	62.8%
Women 25-44 years	60.6%	62.2%	67.7%
Women 45-74 years	61.4%	52.1%	60.1%
Urban men	67.6%	72.4%	67%
Rural men	59.7%	57.3%	70.1%
Urban women	59.7%	62%	62%
Rural women	60.3%	56%	65%
No formal education	60%	46.4%	56.6%
≤Secondary school	61%	61.2%	68.7%
TVET and University	63.4%	73.2%	65.5%
No income	65%	48.8%	70.7%
Make less than 25% of GNI	59.3%	54.7%	62.6%
Make more than 125% of GNI	61.5%	84.6%	84.6%
Persons living with a disability	56.3%	60%	68.1%

Financial management – budgeting and savings behaviours

A significant majority of respondents (65.5%) make a plan to manage their income and expenses. However, there are notable variations across different groups. For example, while a high proportion (80.8%) of individuals making above 125% of GNI engage in financial planning, a significantly lower proportion of those without a source of income (58.5%) are likely to do so. This disparity unsurprisingly suggests that financial planning is closely tied to economic stability, and the lack of financial planning among lower-income groups may be exacerbated by existing economic inequalities, underscoring the importance of better earning opportunities as well as accessible financial tools and education to bridge this gap.

The data shows a lack of financial literacy and awareness among individuals regarding the importance of tracking expenses in a written form. In terms of record-keeping, less than half of the total respondents (41.6%) keep receipts or record their spending. When it comes to self-employed earnings and expenditures, only 34% keep records of their self-employed earnings and expenditures. This suggests lower levels of understanding among business owners and self-employed individuals of the importance of tracking income and expenses for tax purposes and financial management.

Table 9: Budgeting and savings behaviour

	Make a plan to manage income and expenses	Keep receipts, or record your spending	Keep records of your self-employed earnings and expenditure
Total	65.5%	41.6%	34%
Men 18-24 years	61.3%	38.8%	30.8%
Men 25-44 years	70.2%	49.2%	42.2%
Men 45-74 years	63.3%	46%	27.8%
Women 18-24 years	65.4%	34.6%	39.1%
Women 25-44 years	65.5%	38.2%	28.2%
Women 45-74 years	57.7%	33.8%	27.3%
Urban men	71.2%	50.3%	49.6%
Rural men	63.9%	44.9%	30.9%
Urban women	72.5%	40.9%	39.7%
Rural women	57.7%	32.2%	24.6%
No formal education	53.2%	26.4%	14.7%
≤ Secondary school	64.9%	41.7%	34.4%
TVET and University	74.2%	65%	58.2%
No income	58.5%	43.1%	16.7%
Make less than 25% of GNI	62.1%	34.6%	33%
Make more than 125% of GNI	80.8%	61.5%	63.6%
Persons living with a disability	65.8%	44.4%	31.9%

A majority of respondents (64.1%) put money aside for emergencies, demonstrating a general understanding of the importance of financial preparedness. However, there are notable differences across demographic groups. Wealthier adults, men aged 25 to 44 and those with higher educational attainment are more likely to put money aside for emergencies than women aged 45 to 74 and than those who have no formal education.

Participation in savings and loan clubs is quite prevalent, with 60.1% of respondents indicating involvement. Both men and women aged 25 to 44 are more likely to participate in these clubs as are both rural and urban dwellers. The highest participation rate is also among those earning above 125% of GNI, indicating the importance of these informal associations even for those formally financially included who have a higher socio-economic status.

Saving in mobile and digital savings accounts is moderate, with 22.5% of respondents utilising this method. Urban dwellers, those with TVET/university educational attainment and high earners are the most likely to make use of these digital wallets for saving, aligning with digital and online access.

Traditional savings methods, such as bank accounts, SACCOs, and MFIs are used by over half of the population (54.6%). The continued resilience of these financial institutions suggests that they are at present the preferred option for long-term savings compared to mobile or digital savings.



Table 10: Savings behaviour

	Put money aside for emergencies	Contribute to savings and loan clubs	Save in a mobile or digital account	Save in a bank, SACCO, MFI
Total	64.1%	60.1%	22.5%	54.6%
Men 18-24 years	60%	41.9%	29.4%	53.8%
Men 25-44 years	70.8%	67.2%	29.2%	65.6%
Men 45-74 years	64.2%	69.7%	17.5%	56.7%
Women 18-24 years	65.4%	40.5%	22.2%	49%
Women 25-44 years	63.1%	66.5%	18.2%	52.6%
Women 45-74 years	51.8%	61.8%	10.6%	38.8%
Urban men	69.2%	65.1%	37.5%	71.8%
Rural men	65.9%	59.5%	19.9%	53.1%
Urban women	65.5%	65.2%	26.8%	68.4%
Rural women	57.5%	53.4%	11.1%	33.3%
No formal education	49.1%	46.4%	12.8%	27.2%
≤ Secondary school	64.3%	63.5%	15.6%	52.3%
TVET and University	70.2%	66.5%	50.2%	82.2%
No income	56.1%	42.3%	26.8%	28.5%
Make less than 25% of GNI	55.9%	51.2%	12.7%	48.2%
Make more than 125% of GNI	84.6%	92.3%	57.7%	80.8%
Persons living with a disability	61.7%	62.4%	14.9%	46.4%

Access to payment products and services

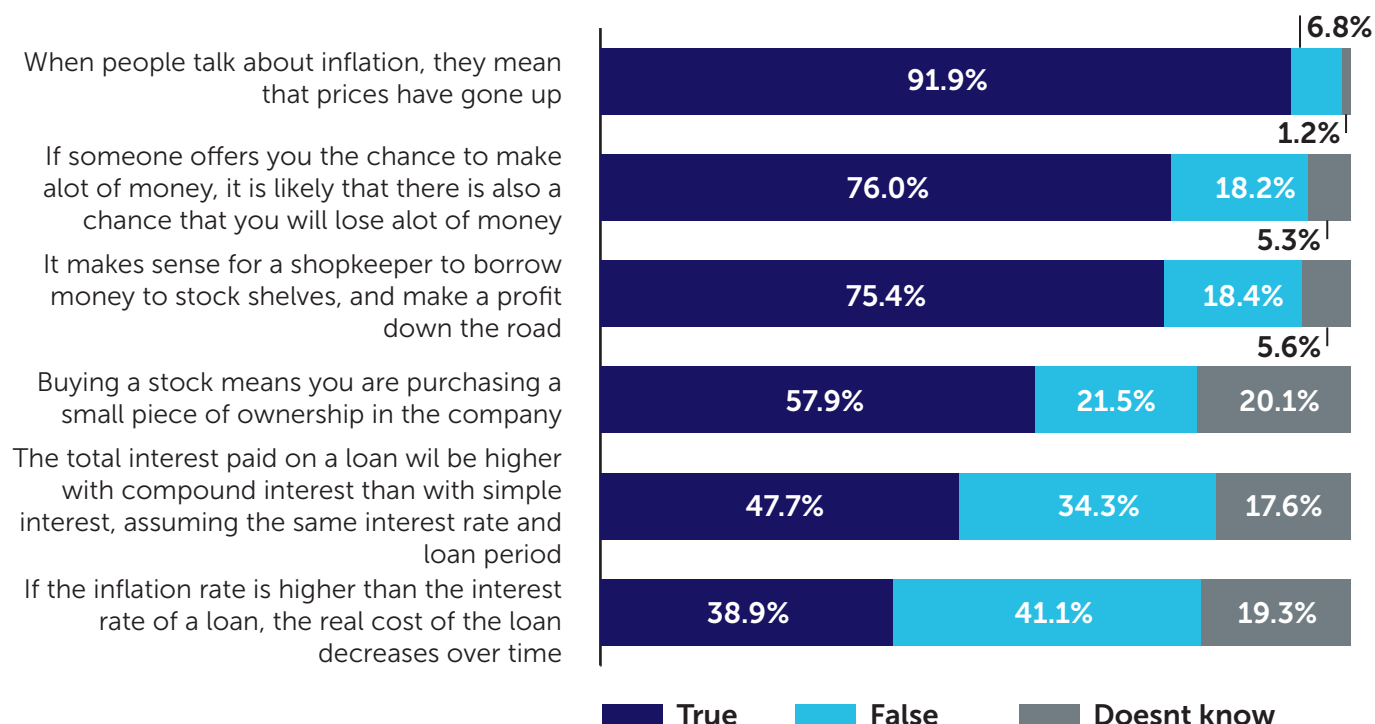
The survey results reveal above-average financial knowledge among respondents, particularly regarding fundamental economic concepts. An overwhelming proportion of respondents (91.9%) correctly identified that inflation leads to rising prices; nonetheless, a more complex understanding of inflation was low as only a third correctly identified (38.9%) that if the inflation rate is higher than the interest rate on a loan, the real cost of the loan decreases over time. Furthermore, regarding compound and simple interest, less than half (47.7%) correctly identified that the total interest paid is higher with compound interest, while 17.6% did not know. This highlights a lack of awareness about how interest rates function and the potential impact on borrowing decisions.

A substantial proportion of participants (76%) correctly acknowledged the risk associated with high-reward financial opportunities, indicating a strong awareness of risk versus reward dynamics.

Additionally, 75.4% of respondents agreed that it is sensible for a shopkeeper to borrow money to stock shelves for future profit, demonstrating an understanding of strategic business financing. Regarding stock ownership, 57.9% correctly understood that buying a stock represents purchasing a small piece of ownership in a company, though 21.5% incorrectly disagreed, and a notable 20.1% reported that they did not know.

Table 11: Financial knowledge

Question to respondent: Could you tell me if you think the following are typically true or false?



Financial competencies scores

This section focuses on scoring levels with regards to financial competencies only; a sub-component of the Digital and Financial Literacy Index described at the outset of this report. Levels of financial competencies were determined based on six different aspects:



Survey respondents could achieve a maximum score of 13 points for financial competencies, and a minimum of 0 points based on their responses to 13 questions. Respondents have a mean score of 7.7.

Notable findings in financial competencies scores between cohort groups are as follows:

- **Gender disparities overall are low:** Women have an average financial competency score of 7.6, while men score 7.9. This indicates that in terms of money management competencies, there is not a large difference between capability between genders. The differences are more pronounced in the areas of digitalisation (access and ownership), digital competencies, and outcomes, leading to a larger difference in overall index scores.
- **Urban vs. rural disparities are also low overall:** Urban residents achieve a higher average score of 8.0, contrasting with rural residents who score 7.5. Similarly, residents in Addis Ababa and Dire Dawa, the two most urbanised parts of the country, score 8.3 while the rest of the regions have scores between 7.2 and 7.6, with rural and more isolated regions such as Gambella scoring lowest. This disparity is low, basic money management is likely not an area to prioritize.
- **Educational attainment disparities:** Individuals with higher levels of education have slightly higher scores in terms of financial competencies (8.5), whereas those with no formal education score the lowest at 7.3. Graduates of TVET and above and those with upper secondary/high school education score 8.2 and 8.0, respectively. These findings underscore the critical role of formal education in enhancing financial literacy, indicating that higher educational attainment correlates with better financial understanding.
- **Income level disparities:** People earning more than 125% of GNI have the highest financial competency scores at 8.6, whereas those with the lowest income, less than 25% of GNI, and no income have a mean score of 7.2. This relationship suggests that higher income levels might provide more opportunities for financial education and experience, enhancing financial literacy.

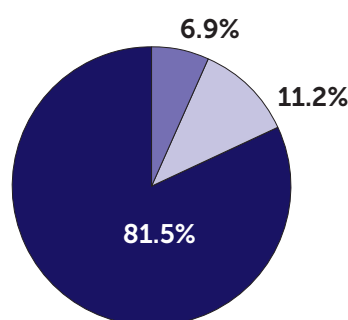
Overall, the findings suggest that financial competency is less significantly influenced by factors such as gender, location, education, and income, than digitisation, digital financial competency, and outcomes. Targeted financial education initiatives should therefore focus on those areas where there are lower scores. Additionally, the main sources of inequality in overall digital and financial literacy (as per the index) appear to arise from structural factors such as digital access and competencies in the use of digital financial services rather than from differences in basic financial knowledge.

Section 3: Digital financial competencies

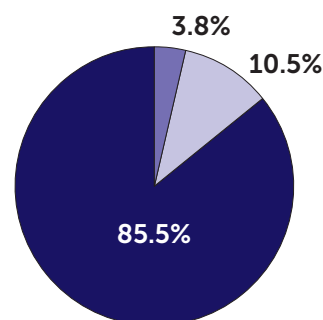


4 out of 10 Ethiopians believe that digital financial services are risky for ordinary people

Took out any kind of insurance policy



Have taken a digital loan of any kind



Yes No Do not know

Digital Financial Competencies Scores

3.6

Mean score out of 9 points



3.9

Mean score among men



3.4

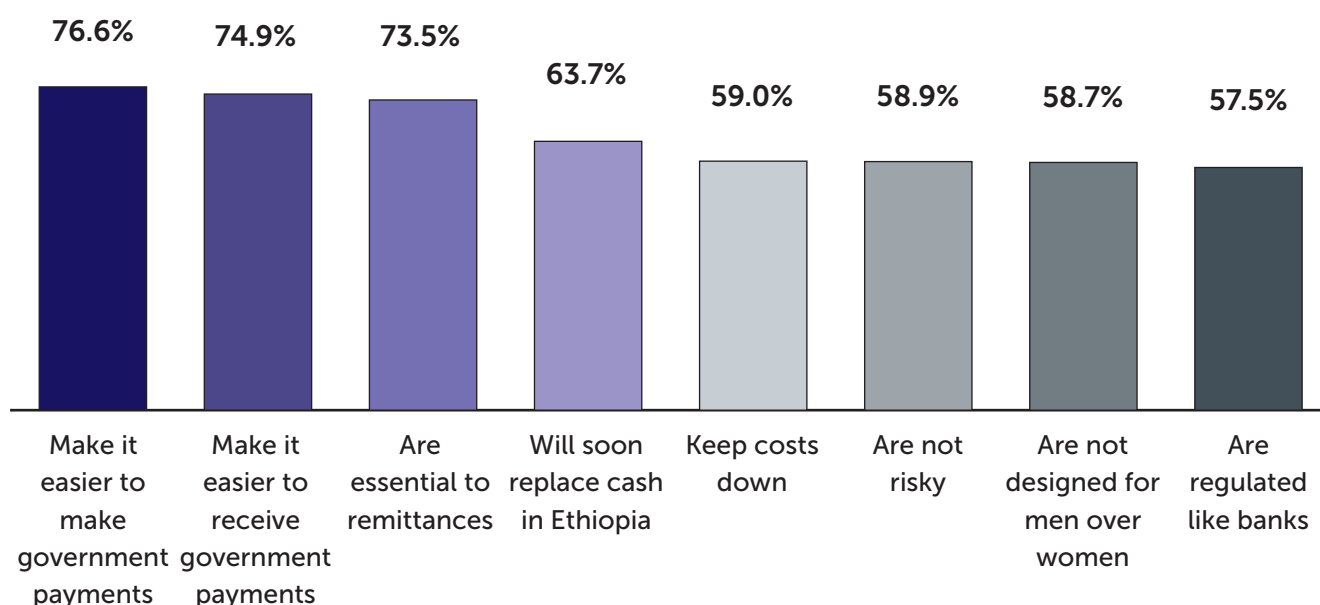
Mean score among women

Perceptions and behaviour about digital financial services

Respondents demonstrate a moderately strong understanding of the value of DFS and have a positive outlook on their benefits. A majority of respondents believe that DFS can help keep costs down, is not risky (58.9%), and is not designed to exclude women (58.7%). There is also an expectation that DFS will soon replace cash in the country (63.7%) and that it is regulated like banks (57.5%). Notably, a large majority of respondents agree that DFS can make government payments easier (76.6%) and is essential for remittances (73.5%).

The findings indicate that respondents see positive aspects of digital financial solutions and that there is a demand for DFS; however, when discussing outcome in the subsequent section, it is clear that uptake and usage are lagging perception.

Graph 12: Beliefs about DFS



A significant portion (83.2%) of respondents who manage financial transactions online check their mobile money balance before making payments, which is a positive practice to avoid unexpected charges. But the majority of those with access to the internet (52.9%) do not use a banking app or online money management tool to monitor their spending and saving.

Access and usage of complex DFS products

The overall access to complex DFS like digital loans and insurance policies in Ethiopia is low, with 6.9% of respondents having taken out a digital loan and only 3.8% having taken out an insurance policy online or via an app.

However, there are significant variations across different demographic groups. Women are less likely than men to have accessed complex DFS, which is particularly evident in the case of digital loans and cryptocurrency products. Younger adults (18-44 years) are also more likely to have accessed complex DFS than older adults (45-74 years). This is likely due to greater familiarity with technology and online platforms among younger generations.

Higher levels of education and income are associated with higher levels of access to complex DFS. For instance, 19.2% of individuals with TVET or university education have taken out a digital loan, compared to 0.8% of those with no formal education. Individuals earning more than 125% of GNI are also more likely to have taken out digital loans and insurance policies.

Notably, rural adults are far less likely to have engaged in complex DFS activities, potentially due to lower levels of digital financial competency and access to and ownership of devices and internet connections.

Table 11: Access to complex DFS products

	A digital loan of any kind	Any kind of insurance policy that is taken out online or via an app	Any kind of cryptocurrency
Total	6.9%	3.8%	2.8%
Men 18 -24 years	11.9%	4.4%	8.1%
Men 25 -44 years	7.8%	4.3%	3.4%
Men 45 -74 years	4.4%	4%	1.6%
Women 18 -24 years	10.5%	4.6%	0.7%
Women 25-44 years	3.3%	2.5%	1.6%
Women 45 -74 years	5%	3.8%	1.5%
Urban men	10.6%	8%	8%
Rural men	6.6%	2%	1.6%
Urban women	9.3%	5.4%	2.2%
Rural women	2.8%	1.4%	0.7%
No formal education	0.8%	1.5%	0.8%
≤ Secondary school	5%	2.7%	1.5%
TVET and University	19.2%	13.7%	11.6%
No income	3.3%	5.7%	1.6%
Make less than 25% of GNI	4.9%	2.7%	2.1%
Make more than 125% of GNI	7.7%	11.5%	7.7%
Persons living with a disability	5.4%	4.1%	2.4%

Digital financial competencies scores

This section focuses on scoring levels with regards to digital financial competencies only; a sub-component of the Digital and Financial Literacy Index described at the outset of this report. Levels of digital financial competencies were determined based on two different aspects:



**Perceptions and
behaviour about DFS**



**Access and usage of
complex DFS products**

Survey respondents could achieve a maximum score of 9 points for digital financial competencies, and a minimum of 0 points based on their responses to 3 questions. Respondents have a mean score of 3.6.

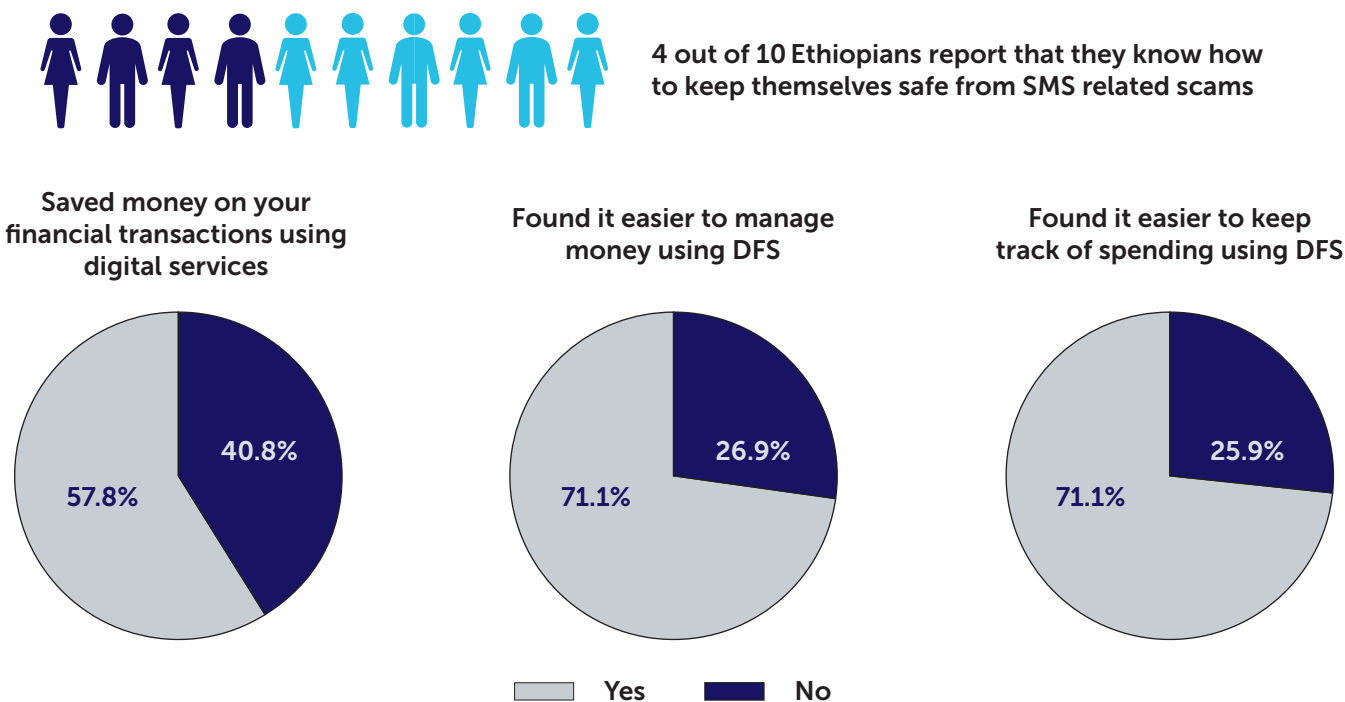
Notable differences in digital financial competencies scores between cohort groups are as follows:

- **Urban vs. rural disparities:** Urban residents have a higher average digital financial competencies total scores (urban men score 4.6 while urban women score 4.1), compared to rural residents (men 3.3, women, 2.9). This is unsurprising given that that urban areas have better access to resources and opportunities that enhance digital financial competency and the ability to access and use DFS and digital tools. It also highlights that targeting women in terms of access and digital financial literacy programmes are important in order to bridge gender gaps as well as urban vs. rural gaps.
- **Educational attainment disparities:** Scores increase along with educational attainment. Respondents with TVET, university, or other tertiary education showed the highest mean scores (4.6–4.8 points), while those with completed upper secondary education score 4.3 points. By contrast, respondents with no formal education achieved much lower scores (3.0).

These findings indicate a clear and strong effect of educational attainment on digital financial competencies than for basic financial knowledge. Higher educational attainment is closely associated with greater familiarity and confidence in using DFS, including mobile money (and using more of its services), secure PIN and password management, and fraud awareness.



Section 4: Desired outcomes



Desired Outcomes Scores

4.6

Mean score out of 12 points



4.4

Mean score among women



4.9

Mean score among men

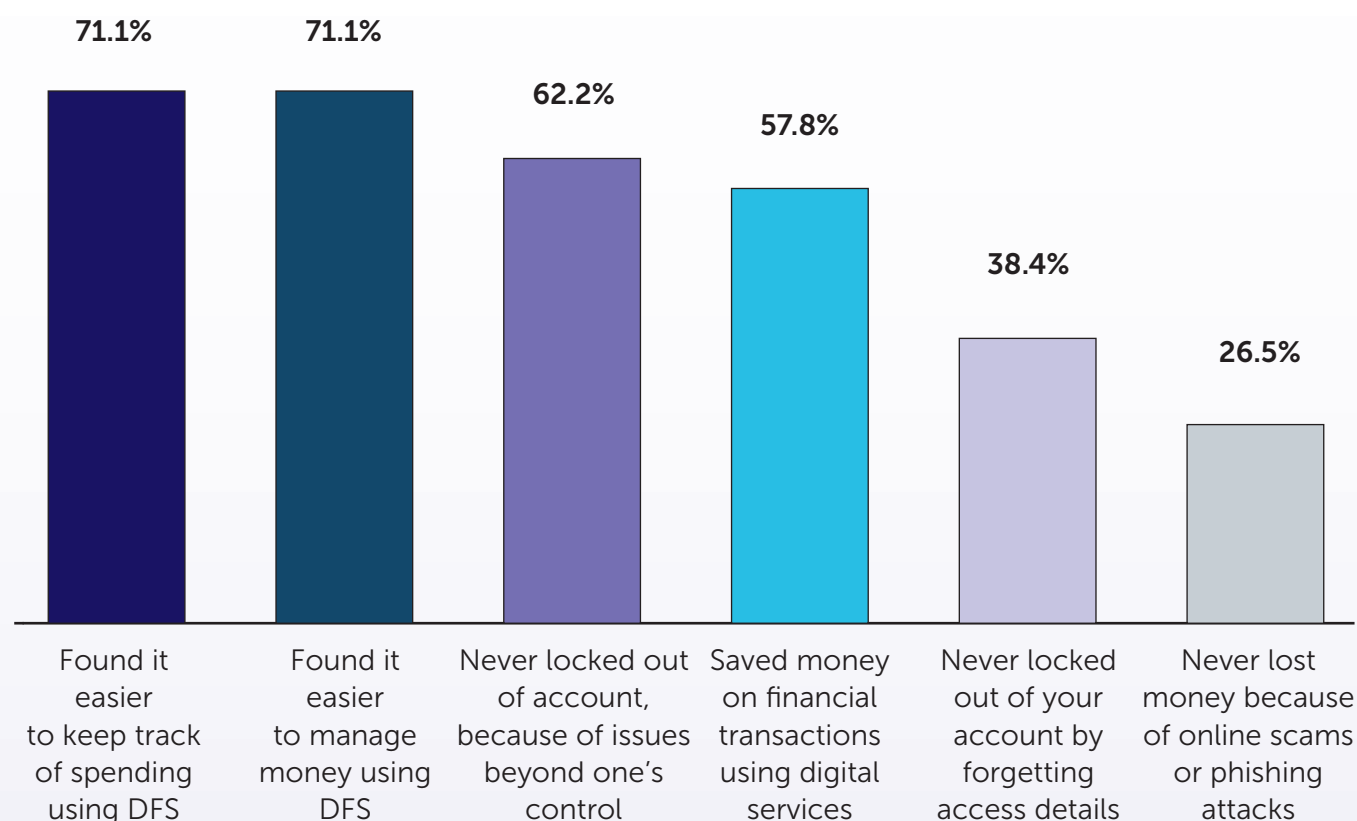
DFS outcomes and cash use

Respondents who had used DFS generally reported having a positive experience. A majority of those who use DFS (57.8%) reported saving money by reducing fees or other costs via those services. Additionally, a large proportion of those that use DFS (71.1%) said that they found it easier to manage their finances and the same percentage (71.1%) found it easier to track their spending. These findings suggest that DFS has brought about financial benefits, increased autonomy, and improved financial awareness for those respondents who have taken up and use these services.

However, a significant concern is the high rate of online scam victims (on websites or apps). A concerning 69.7% of respondents using DFS reported losing money due to online scams, phishing attacks, or similar incidents. This indicates a significant vulnerability to online fraud among DFS users in Ethiopia and a primary area to target with education and campaigns, such as those being designed and implemented by NBE and other actors. Digital fraud will be an ongoing concern as DFS becomes more widely used and as fraud becomes more sophisticated.

Graph 13: DFS outcomes

Question to respondent: And since accessing a financial service online or using your phone to make payments, have you:



14.2% of respondents use cash exclusively, saying that they neither have a formal account, have never carried out financial transactions online, and pay for groceries, meals out or utility bills only using cash. This indicates that there is still a small but significant number of people entirely dependent on cash for all of their financial transactions. Most of the exclusive cash users say that this is because they prefer cash over other payment methods. However, it also indicates that financial inclusion is no longer the main concern; rather broader usage of products and services, including digital, should be.

DFS safety

Respondents have high levels of vulnerability to phishing attacks that scam money. While just 37.7% chose to "Delete and Ignore" suspicious instant messages when asked what they would do if one was received, 41.9% opted to "Respond to message to enquire more" and 6.80% said they would transfer the money. This further indicates the pressing need for increased awareness and education on scams and fraud.

Demographic differences were observed in response patterns as well. Urban respondents were significantly more likely to correctly identify the phishing attempt presented in the survey and choose to delete and report the message as spam (44.9%) compared to rural respondents (32.6%). Educational attainment also showed stark disparities, with 60% of those with postgraduate education opting to delete and report the message, while only 23.8% of those with no formal education did the same. These findings highlight the influence of urban residency and higher education levels on the ability to identify and appropriately respond to phishing threats.

Table 12: DFS safety

Question to respondent: Abeba has just received a Telegram message claiming she has won an ETB 200,000 lottery prize – a surprise, as she does not remember entering one. The account name says 'Ethio telecom' but it does not have a blue checkmark. The message instructs her to send ETB 5,000 to a specified account to claim her large prize. Abeba is not sure what she should do. What is the safest action for Abeba to take in response to the Telegram message?

	Delete and report as spam	Refused/Doesn't know	Respond to message to enquire more	Transfer the ETB 5,000
Total	37.7%	13.6%	41.9%	6.8
Men 18 -24 years	43.1%	5.6%	39.4%	6.3%
Men 25 -44 years	42.1%	5.2%	42.8%	4.3%
Men 45 -74 years	41.2%	5.8%	34%	7.4%
Women 18-24 years	34%	5.2%	46.4%	9.2%
Women 45 -74 years	32.2%	6.6%	33.6%	10.6%
Women 25 -44 years	37.5%	5.3%	44.6%	4.9%
Urban men	48.1%	3.8%	44.6%	3.5%
Rural men	37.6%	9%	37.4%	7.1%
Urban women	41.9%	7%	46%	5.1%
Rural women	27.2%	6.6%	41.6%	10.2%
No formal education	23.8%	12.5%	30.6%	10.2%
≤ Secondary school	36.2%	4.2%	45.3%	7.5%
TVET and University	53.5%	0.9%	39.3%	4.3%
No income	29.3%	14.6%	31.7%	2.4%
Make less than 25% of GNI	36.6%	5.7%	38.7%	10%
Make more than 125% of GNI	42.3%	3.9%	53.9%	
Persons with disability	35.3%	5.1%	44.8%	6.8%

Desired outcomes scores

This section focuses on scoring levels with regards to desired outcomes only; a sub-component of the Digital and Financial Literacy Index described at the outset of this report. Levels of DFS desired outcomes were determined based on two different aspects:

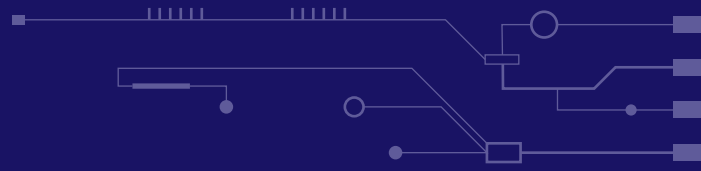


Survey respondents could achieve a maximum score of 12 points for desired DFS outcomes, and a minimum of 0 points based on their responses. Respondents have a mean score of 4.6.

A notable difference in desired DFS scores between cohort groups is as follows:

- **Education attainment disparities:** Individuals with university, postgraduate or TVET education demonstrate significantly higher desired DFS outcomes and safety scores (5.8 - 6.2) compared to those with only school level or no formal education (3.8). This suggests that education plays a crucial role in shaping expectations and awareness of safety features in DFS and the likelihood of uptake and usage of digital services.
- **Urban vs. rural disparities:** Residents of the rural parts of the country (4.2) score lower compared to urban residents (5.2). Rural men and women displayed a large divide (4.6 vs. 3.9, respectively), while urban men and women (5.4 and 5.0 respectively) have a smaller gap. This is driven mainly by urban adults showing higher awareness of DFS and access to digital tools and services compared to their rural counterparts, particularly women.

Findings related to DFS outcomes underscore the difference that education and access have in achieving digital financial inclusion, as well as in safety and security in using DFS. It also highlights that while knowledge and awareness are important, it is regular access and usage that lead to real life outcomes.



Summary and Recommendations

Ethiopians demonstrate low to moderate levels of digital and financial literacy as per the UNCDF DFL Index. The survey revealed that a significant portion of respondents in Ethiopia have digital and financial literacy scores in the lower range as per the index, with variations based on age, education, income, and urban vs. rural residency. Younger, urban, and higher-income individuals tend to have higher scores.

Mobile phone ownership is widespread, but internet access remains limited, particularly in rural areas. Almost 90% of those surveyed owned a mobile phone of any kind; however, infrastructure issues, such as power interruptions and high internet costs, significantly hinder access. Internet access is also primarily through mobile data due to limited availability of cost-effective options like public hotspots and home WiFi.

There is a strong reliance on cash in daily transactions despite the increasing presence of mobile money services like Telebirr, M-Pesa, and CBE Birr.

While respondents engage in basic online tasks, the use of more advanced digital financial services, such as loans and insurance, is less common.

Savings behaviours tend to favour traditional methods, and participation in savings clubs is notably high, indicating a blend of traditional and community-based financial strategies amid varying socioeconomic pressures.

Respondents generally hold positive views about DFS, recognising their potential benefits, particularly in cost reduction, government payments, and remittances. Many believe DFS will replace cash and is regulated like banks. This positive perception is notable given the limited current access to internet and smartphones, suggesting substantial untapped demand.

Concerns about online security are among the most notable and actionable findings, with many respondents showing potential vulnerability to phishing attacks and fraud.

Recommendations

These recommendations are designed to foster sustained improvements in digital and financial literacy in Ethiopia not as a means to an end of higher levels of digital and financial literacy, but of financial health and resilience via an improved usage of available digital financial products and services to increase earning and promote business and household economic growth. The activities proposed have the potential to leverage data from the DFL Survey further broken down by age groups and regions to target pilot interventions and to build in areas where there are quick(er) wins or 'low hanging fruit' to test ideas and to achieve results.

By addressing accessibility, education, security, and behavioural engagement and prioritising integration into existing and local structures, such as the formal education system, community-based initiatives, and digital financial service platforms, actors wishing to promote DFL could better design programmes that promote relevance and scalability and to achieve some of the targets set in the Digital Ethiopia 2025 Strategy (and now 2030 Strategy) on education and capacity building, inclusive prosperity, and to face some of the challenges to cybersecurity and the current digital divide.

Recommendation	Actions	Activities
Expanding access to digital devices and the Internet	Initiative to lower the cost of handsets and other digital devices	Initiatives to introduce instalment-based smartphone / feature phones purchases (pay in small, affordable monthly payments via mobile money or “Pay as You Go”). This could follow similar initiatives like M-Kopa, and Ethio Telecom’s Znexus line.¹¹
	Low-cost public access to digital tools in marketplaces and rural schools	Establish free WiFi zones in key economic hubs and places where people live, work, or study, particularly in rural areas and in places where women frequent.
	Multi-channel	Financial services that reach a broad number of Ethiopians and aim to target rural customers, or customers that are ‘left behind’, should have a USSD version to cater to feature phone users.
Promoting access to digital financial services	Mobile money expansion in rural areas	- Expand agent networks to those areas showing lower penetration to provide support and increase transaction reliability. - Where possible, recruit and train female agents. - Streamline the account opening and verification processes for people in rural and underserved communities who may lack formal identification or technical expertise.
	Expand payment services for Government payments and other common payments (utilities, etc.)	Link DFS and DFL to social safety nets and payments (G2P, P2G). Where possible, linking government payments to DFS and making utility, school fees, and other common payments more convenient could drive further uptake and usage .

¹¹ Note that there are other variables to such initiatives succeeding such as cost, not just repayment structure, for M-Kopa, and storage capability (as the Znexus line, which provides a cloud-based entry-level smart handset and requires an internet connection)

Recommendation	Actions	Activities
Empowering gender-inclusive digital financial engagement	Women's participation in digital finance	- Advocate for mobile financial services to incorporate features that are tailored to the needs of women, such as enhanced privacy controls and access to financial resources for small businesses. - Develop digital platforms that cater to women in the informal sector, helping them manage their income and savings through accessible mobile apps and financial literacy resources. It is highly recommended to partner with women's groups to build trust in these services.
Strengthening digital security awareness	Phishing and other digital fraud prevention campaigns and educational initiatives	- Launch local campaigns to educate users about the risks of phishing and how to recognise fraudulent activity; simple language can be used as well as visuals to cater to different literacy levels, particularly in rural communities. - Work with local community radio stations and social media influencers and IVR providers to spread information on how to stay safe online, addressing the vulnerability many users face when dealing with online scams.
	Strengthening the regulatory framework	Create strong oversight of DFS platforms to ensure consumer protection, focusing on fraud reduction, and enhancing digital transaction security as well as recourse mechanisms.
Increasing DFS adoption and reducing cash reliance	Digitising government payments	- Scale up digital mechanisms for payments of social welfare benefits (e.g., farmer subsidies, pension payments). - Incentivise digital tax payments with discounts for users who pay via mobile money.
	Digital payroll for informal workers	Strengthen existing mechanisms for mobile salary payments for informal workers (e.g., farmers, domestic workers) and ensure affordability.
	Merchant incentives for digital payments	Offer tax breaks and lower transaction fees for micro and small business (i.e. small shop owners, taxi drivers) who accept digital payments.
	Building upon the savings culture which is currently primarily with traditional savings mechanisms (equb) or brick-and-mortar institutions	Encourage financial institutions to offer more flexible, digital accounts with USSD access and incentives such as access to small digital loans that can grow with repayment and savings history, making digital savings more attractive than it is currently.

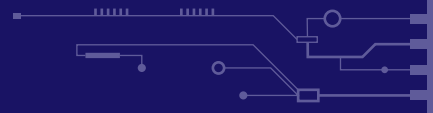
Recommendation	Actions	Activities
		- Promote mobile savings products that are accessible via mobile money platforms targeting rural populations and women who could conveniently and more privately save without needing a traditional bank account. - Couple the above with simple, practical and targeted campaigns to raise awareness of the products and services, their benefits and uses, and that build capacity to make informed choices.
Enhancing digital and financial education	Digital and financial literacy programmes that target children and youth (pre-financial lives)	Introduce age-appropriate digital finance education in primary and secondary schools, with a focus on practical skills like mobile money usage, budgeting, and online safety. UNCDF and the Fiji Ministry of Education provide one such example in which DFL Survey data has contributed to the design and launch of such a programme (PDEP, 2024).
	Community-based training programs:	- Organize community workshops targeting rural areas, particularly women and those in the informal sector, to teach basic digital financial skills. Leverage local leaders and trusted figures in the community / village to facilitate these programs. - Develop a model where communities take ownership of digital and financial literacy programs, ensuring continuity and long-term impact.

Limited experience with DFS has constrained exposure to DFS outcomes, positive or negative. DFL interventions and education efforts could potentially be used to raise awareness of the broad range of DFS available to Ethiopians and make a clear case for the positive benefits of DFS usage – i.e., potential cost savings, efficient and lower-cost options for sending and receiving remittances, greater control, management, and security of financial resources, no matter how limited – to all adults.

While it will be important to educate adults to the potential risks of DFS usage and practices for safe usage, Ethiopians will also need to be persuaded as to why they should deviate from current practices (e.g., an almost exclusive reliance on cash transactions) in favour of DFS usage. Moving forward, this study will continue to monitor changes in DFL index scores between survey rounds as well as track progress on specific measures related to financial well-being, trust in financial service providers, money management and savings behaviours, and outcomes from DFS use .

For more information on the surveys, the anonymized data set, or questions, please write:

- dfi.survey@uncdf.org
- info@uncdf.org



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