Financial Consumer Protection Survey (FCPS) Ethiopia 2025

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Associated survey dataset available here: https://doi.org/10.7910/DVN/VKOGM1

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Innovations for Poverty Action

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Executive Summary

Top five challenges and risks identified by DFS users	
1. Poor network quality	67%
2. Difficulty navigating USSD menus	29%
3. Difficulty reaching customer care	15%
4. Fraud attempt	15%
5. Defaulted on mobile loan (% of loan users)	12%

Choice and transparency	
Compares prices before selecting a financial service provider	23%
Often or always learns prices for DFS before the transaction	55%

Over-indebtedness	
Loan users that missed a scheduled payment in last 12 months	8%
Loan users that regretted taking on debt	10%
Loan users that reduced food expenditure to repay debt	24%

Fraud	
Experienced a fraud attempt in last 12 months	15%
Lost money due to fraud in last 12 months	2%

Executive Summary

Challenges with agents	
Paid an extra fee in last agent transaction	2%
Experience agent differential treatment sometimes, often, or always	18%

Complaints redress	
Sought redress in the last 12 months, among those that lost money due to fraud, unclear fees, or service quality challenges	21%
Of redress seekers, somewhat or very satisfied with last redress outcome	59%
Redress seekers changed, stopped, or reduced usage of DFS	
- Of redress seekers, **satisfied** with redress outcome	30%
- Of redress seekers, **dissatisfied** with redress outcome	58%

Trust	
Share of respondents who report full trust in each provider type (regarding privacy, fraud protection, and problem resolution):	
- Mobile banking providers	61%
- Mobile loan providers	34%
- Mobile money providers	33%
- Agents	25%

Executive Summary

Sample Characteristics

1 **Demographics:** 72 percent of respondents had completed at least some secondary education, and nearly three in five were between the ages of 26 and 45. 50 percent of respondents were female, and 50 percent lived in urban areas.

2 **Smartphone usage:** 55 percent of respondents used a smartphone as their primary phone.

3 **SIM card registration:** 23 percent of respondents used SIM cards not registered in their name. Respondents with less education were more likely to use a SIM card registered in someone else's name.

4 **Security vulnerabilities:** 34 percent of digital financial services (DFS) users did not have a PIN or password on their phone. Of those who did, 36 percent shared it with others, usually a spouse or household member.

Executive Summary

Digital Financial Services Usage and Consumer Choice

1 **Services used:** Mobile money and mobile banking were the most-used services, at 73 percent and 90 percent of respondents respectively. 21 percent used DFS agents. Digital credit products remained nascent: 16 percent of DFS users had used mobile loans, overdrafts, buy-now-pay-later, or credit cards.

2 **Provider concentration:** Mobile money use is concentrated among a small number of providers. 83 percent of mobile loan users had used only one provider, and 52 percent had used only one agent.

3 **Comparing prices:** Between 16 percent and 27 percent of consumers compared prices, depending on the service used. 15 percent of payment service users and 10 percent of loan users found it somewhat or very difficult to do so.

4 **Stopped using a service:** 31 percent had stopped using a payment service provider, mainly because of low income, and 9 percent had stopped using an agent, mainly because of distance.

Executive Summary

Challenges and Risks

1 **Fraud exposure:** 15 percent of respondents experienced a fraud attempt in the past 12 months, and 2 percent lost money to fraud. The median loss was USD 21.

2 **Over-indebtedness:** Among mobile loan users, 12 percent failed to repay a loan in the past 12 months, 10 percent regretted taking on debt, and 24 percent reduced food spending to repay debt.

3 **Sending money incorrectly:** 11 percent of payment service users had sent money to a wrong number at least once, and 44 percent of them could not recover the funds.

4 **Service quality issues:** 76 percent experienced a service quality challenge in the past 12 months. 67 percent experienced poor network quality, and 15 percent struggled to reach customer care.

Executive Summary

Complaints Redress

1 **Redress-seeking rates:** Of the 13 percent of respondents who lost money to fraud, unexpected fees, or service quality challenges in the past 12 months, 21 percent sought redress. Less poor respondents were slightly more likely to do so.

2 **Recovery of funds:** Among redress seekers who lost money, 38 percent recovered some or all of it.

3 **Redress resolution:** 59 percent of redress seekers were satisfied with the outcome. 7 percent of cases were not resolved, and 49 percent of respondents spent money on resolution costs such as airtime or travel, averaging USD 2.34.

4 **Impact on service usage:** Among redress seekers, 41 percent changed their DFS usage after the challenge. Those dissatisfied with the outcome were more likely to change their usage than those who were satisfied.

Executive Summary

Trust in Digital Financial Services

1 **Trust levels by provider:** Consumer trust was highest for mobile banking, which 61 percent of respondents rated as fully trusted. 34 percent fully trusted mobile loan providers, 33 percent trusted mobile money, and 25 percent trusted agents.

2 **Help with challenges:** Across all services, consumers were least confident in providers' ability to help resolve DFS-related challenges, and most confident in their ability to protect them from fraud.

3 **Demographic trust patterns:** Less educated and poorer respondents tended to trust providers less, based on a composite of all DFS trust indicators.

4 **DFS challenges and impact on trust levels:** Consumers who experienced DFS challenges did not show lower trust scores. Customer care problems and unclear fees showed no significant negative correlation with trust.

Key Terms

BNPL: Buy-now-pay-later, or installment payment services, allow users to purchase goods or services immediately and repay the cost later through deductions from their accounts over several weeks or months. These services are typically provided by a financial company instantly at the time of purchase.

Credit card: A credit card is a card that allows users to borrow money in order to make payments or purchases. The balance is repaid later.

Debit card: A debit or ATM card is a card connected to an account that allows users to withdraw money or buy things, and the money is taken out of the account immediately.

DFS agents: DFS agents provide cash-in (deposit) and cash-out (withdrawal) services for customers, acting as human ATMs. Agents may also support customers complete other types of transactions, open accounts for new customers, and help customers resolve problems.

Digital credit: financial service that enables you to obtain loans through digital rather than in-person channels, most often via a mobile phone.

Digital financial services (DFS): Financial services—such as deposits, payments, and credit—delivered through digital channels, most commonly via mobile phones.

Key Terms

Mobile banking: A service that allows users to access and manage their bank account via a mobile phone using USSD codes or a bank app. A bank account is required to use mobile banking services.

Mobile money: An electronic wallet service that uses a phone number as the account number, allowing users to hold money electronically, send and receive funds, and make payments without needing a bank account - just a phone number and ID are required.

Overdraft services: Overdrafts allow users to spend more than their account balance by automatically covering the cost of a purchase if it exceeds the account balance. This credit is repaid later.

USSD: Unstructured Supplementary Service Data. A communication service that enables customers to use mobile financial services (MFS) on nearly any phone, by sending instructions to the MFS provider along with their personal identification number (PIN) for authentication, while enabling MFS providers to send responses to clients and confirm transactions. Examples of usage include making payments or sending funds with mobile money, checking account balances, and buying airtime and internet bundles.

Subgroups

Throughout this report, segmentation analysis is conducted using the following six respondent characteristics:

GENDER: In our survey, respondents self-identified as either male or female.

AGE: Grouped into brackets of 18-25 years, 26-45 years, and older than 46 years.

URBAN: Respondents were automatically categorized as urban or rural. We sampled from the country's two largest cities by population size (urban) and two randomly selected districts with a population density below the country median (rural)

EDUCATION: We grouped respondents into those who have completed primary education or less, those who have completed some level of secondary education, and those who have completed secondary education or a higher level. Higher levels includes diplomas and university education.

POVERTY: Our definition was based on the Poverty Probability Index (PPI®) score. Individuals were grouped into more and less likely to be poor, where more poor individuals had a poverty probability higher than the sample median

FINANCIAL LITERACY: We grouped respondents into less financially literate (scoring less than 3/4 questions correctly) and financially literate (scoring at least 3/4 questions correctly), based on Standard & Poor's global financial literacy survey

Study Methodology: Financial Consumer Protection Study

Summary: FCPS studies are conducted as **in-person market intercept surveys** targeting **1,000 DFS active customers** (respondents who had used digital financial services in the past 12 months). By design, the samples include **equal representation by gender as well as rural and urban** locations. We present **unweighted statistics**.

Sampling: Our sampling methodology involves a multi-tiered purposive sampling process to select markets where intercept surveys are conducted. An equal number of urban and rural markets are selected, each with different sampling approaches:

Urban locations: We select the country's **two largest cities** by population. In each selected city, field teams identify five markets (where food, clothing, or other consumer goods are typically sold), one market in the city's central business district and one market in each cardinal direction from the central business district (with modifications based on geography as needed).

Rural locations: We select administrative units at the level with a count closest to 100 units, and randomly select **two administrative units**, subject to three constraints: (1) below median population density, (2) no safety and security concerns, and (3) no IPA or partner survey firm operational limitations. To sample markets, we **randomly generate ten geocoordinates** per administrative unit, excluding areas with high population density (>1,000/km^2). Field teams then identify the **nearest market** within a 15km radius of these coordinates.

Respondent selection and recruitment: Enumerators station themselves in sampled markets, **intercepting individuals** to screen them for eligibility. Interviews are conducted until a total of 25 surveys have been completed in each market. Respondents must be **at least 18 years old, and have used mobile money, mobile banking, or a DFS agent within the past 12 months**. We sample an **equal number of men and women**.

Study Methodology: The Ethiopian FCP Survey

Sampled Districts: In Ethiopia, we conducted the FCP survey in **urban markets** in **Addis Ababa** and **Dire Dawa**, and in **rural markets** in **Bale** and **Ilu Aba Bora** Zones.

Representation: Our survey is **not representative of the population of DFS users in Ethiopia**.

Our **purposive sampling approach** is designed to allow us to make comparisons across important consumer segments, without taking a resource-intensive, nationally representative sampling approach.

Urban cities are displayed in dark green, rural districts in lighter green

Sample Characteristics

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Key Findings

1. **Demographics:** 72 percent of respondents had completed at least some secondary education, and nearly three in five were between the ages of 26 and 45. 50 percent of respondents were female, and 50 percent lived in urban areas.

2. **Smartphone usage:** 55 percent of respondents used a smartphone as their primary phone.

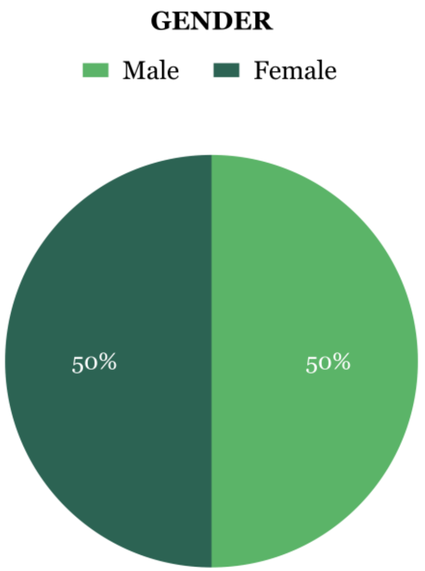
3. **SIM card registration:** 23 percent of respondents used SIM cards not registered in their name. Respondents with less education were more likely to use a SIM card registered in someone else's name.

4. **Security vulnerabilities:** 34 percent of digital financial services (DFS) users did not have a PIN or password on their phone. Of those who did, 36 percent shared it with others, usually a spouse or household member.

By design, our sample is balanced by gender and urbanicity.

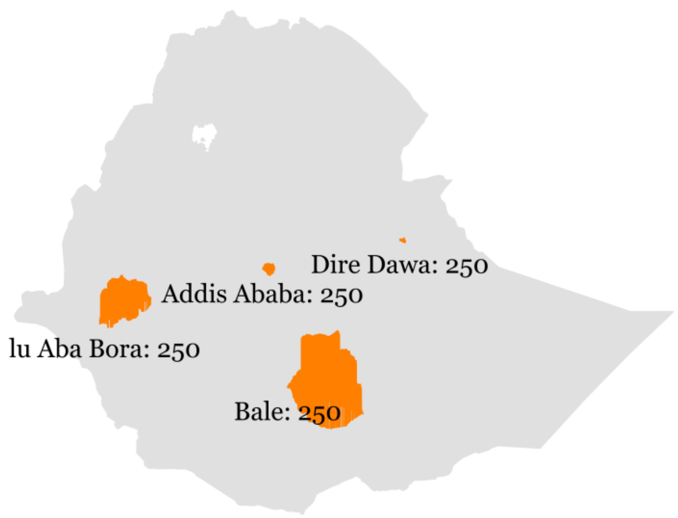
We surveyed a total of 1,000 DFS users in Ethiopia.

Our survey sampled equal shares of men and women.

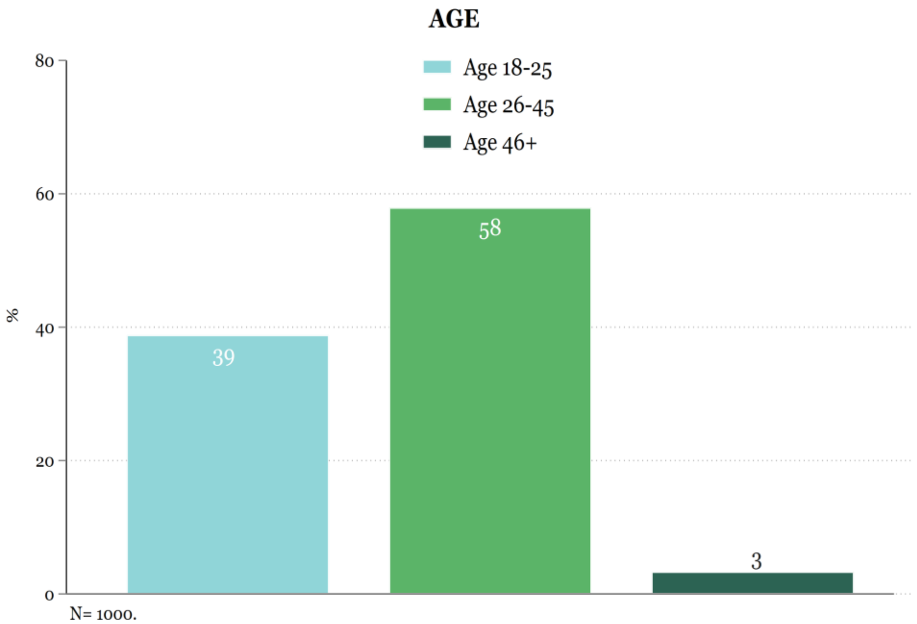


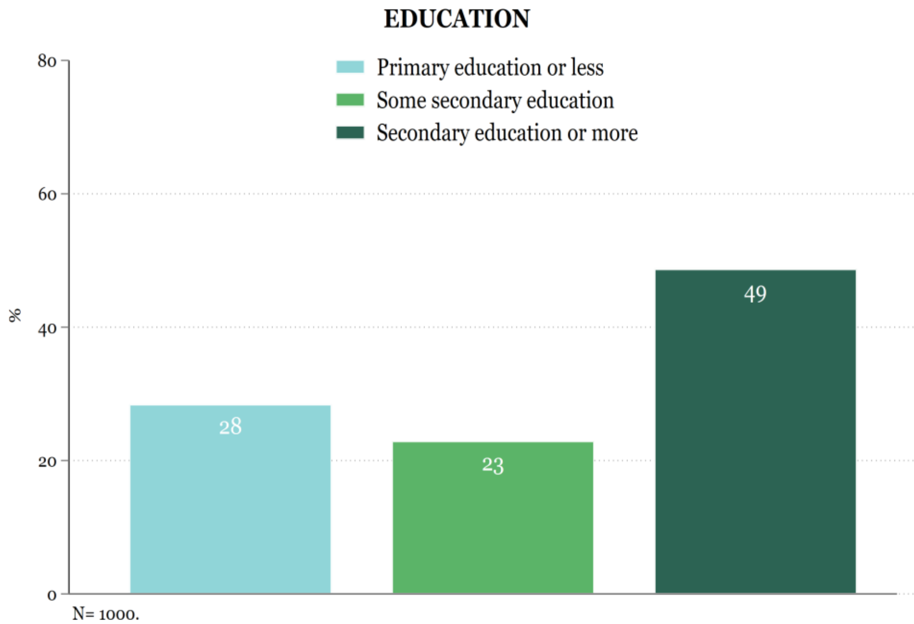
N= 1000.

We surveyed 500 respondents in the two biggest cities, Addis Ababa and Dire Dawa, and another 500 in two randomly selected rural Zones, Bale and Ilu Aba Bora.



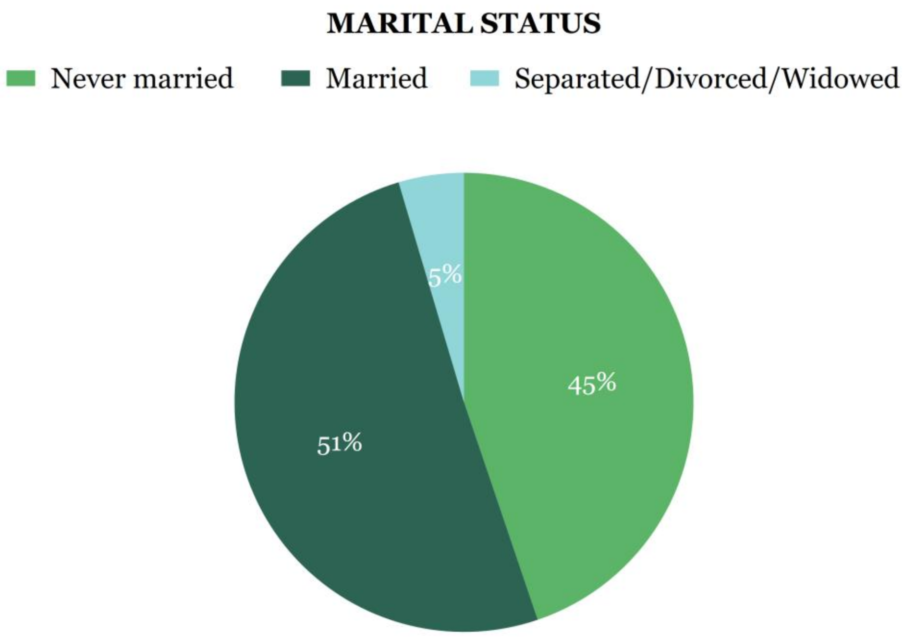
Surveyed DFS users are primarily middle-aged adults with at least some secondary education.



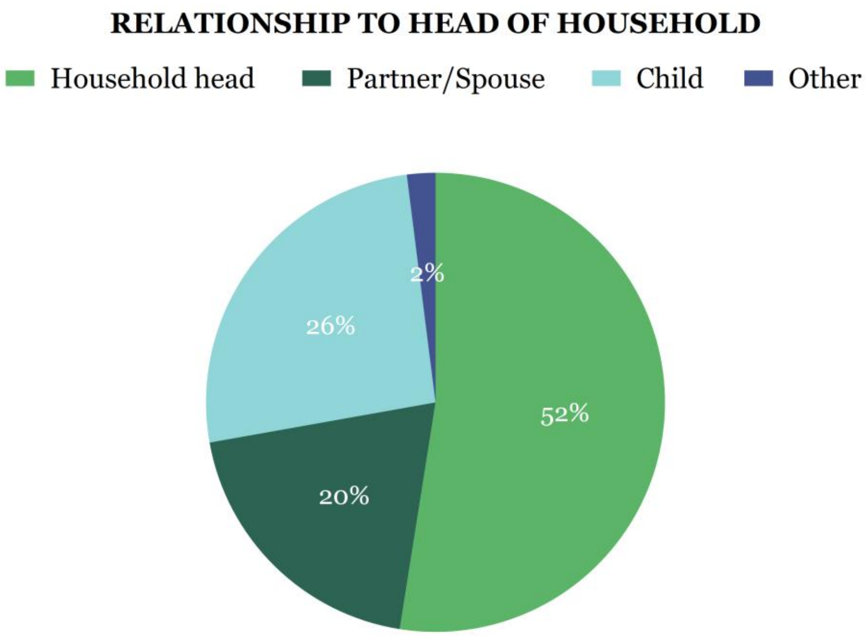


HOUSEHOLDS

Among surveyed DFS users, 51 percent of surveyed DFS users were married, and 52 percent were the household head.



N= 1000.



N= 1000.

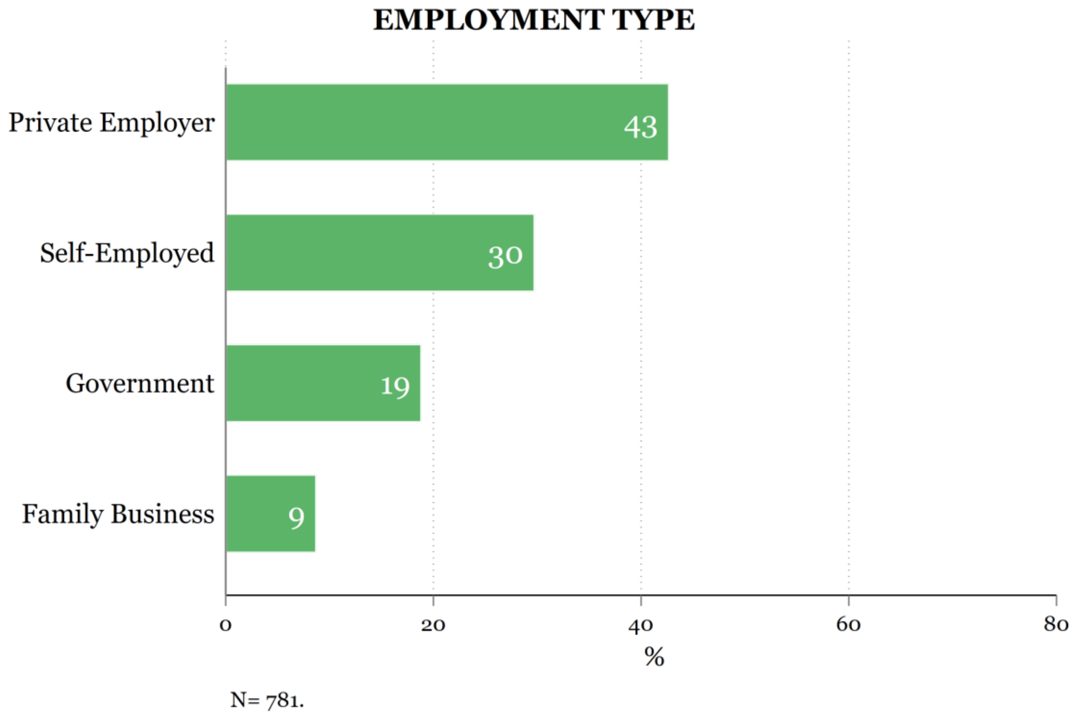
Most respondents were working and employed in the private sector.

78 percent
of respondents were working at least 20 hours a week.

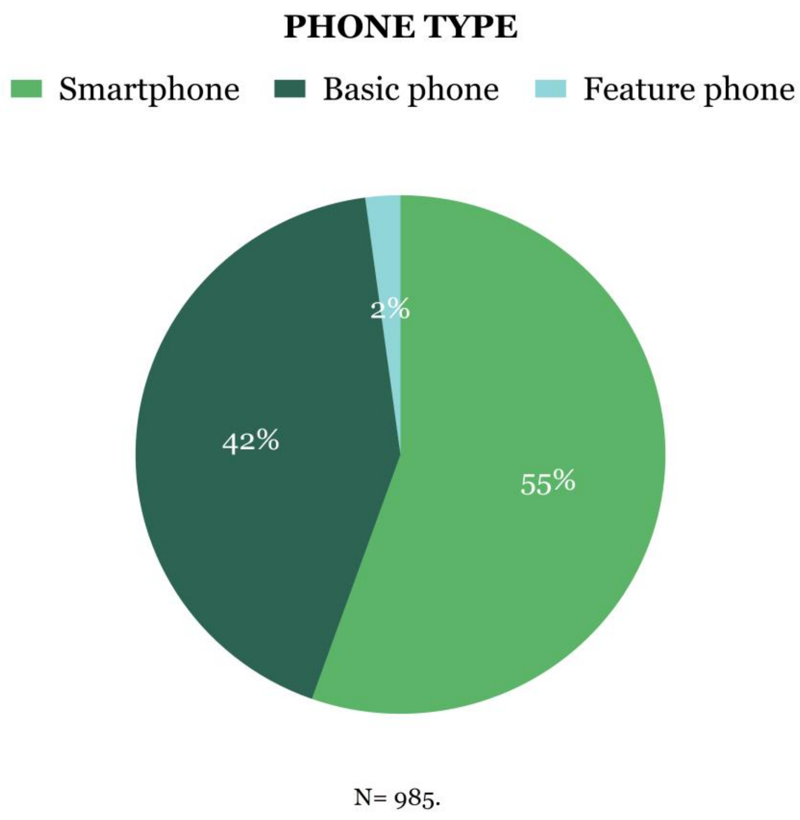
Of those working for an employer,
71 percent
had received wages into an account at a bank or similar financial institution.

71 percent
had received wages through their phone.

30 percent were self-employed. Among all workers, 40 percent worked at a formally registered business.



Over half of respondents use smartphones.

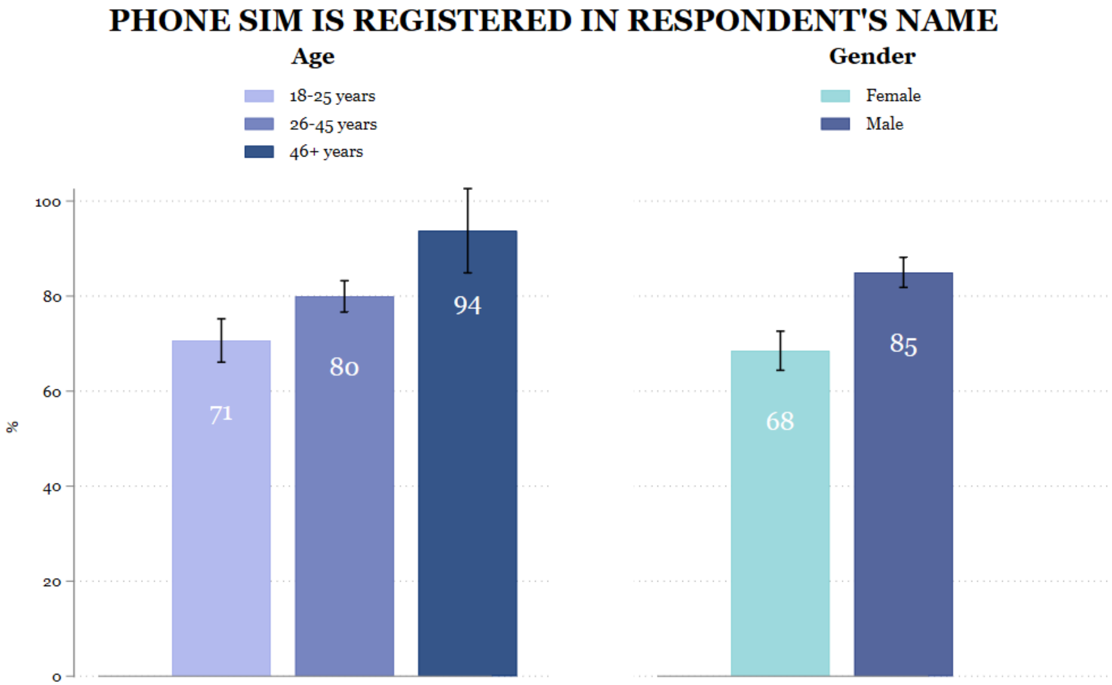


Urban and higher educated respondents were more likely to use a smartphone as their primary phone.

SIM cards were frequently not registered in the respondent's name.

23 percent said the SIM card they used was not registered in their name.

Women and younger consumers were more likely to use phones registered in someone else's name.

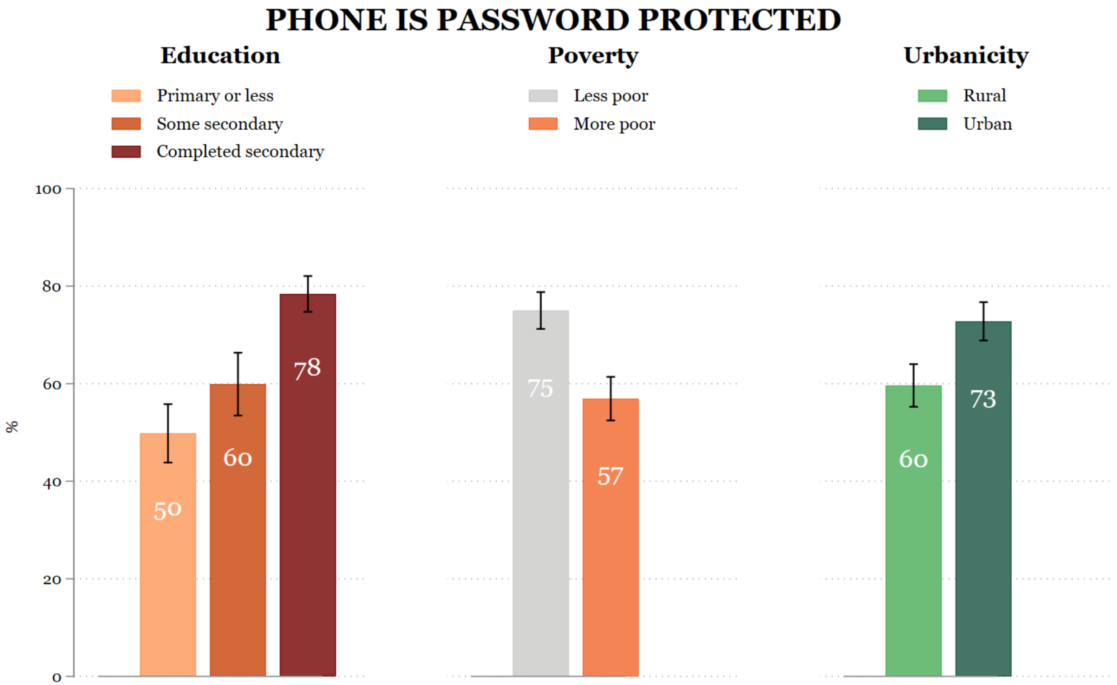


N= 985. 95% confidence intervals shown.
Graphs produced only when consumer segments differed at the 5% significance level.

More than 30 percent of DFS users did not have a PIN or password on their phone.

Less educated, rural and poorer respondents were less likely to have password protected phones.

Among respondents who had a PIN or password,
9 percent did not know how to change it.



N= 984. 95% confidence intervals shown.
Graphs produced only when consumer segments differed at the 5% significance level.

Most consumers use their own phone, but one in three that use a PIN or password share it with others.

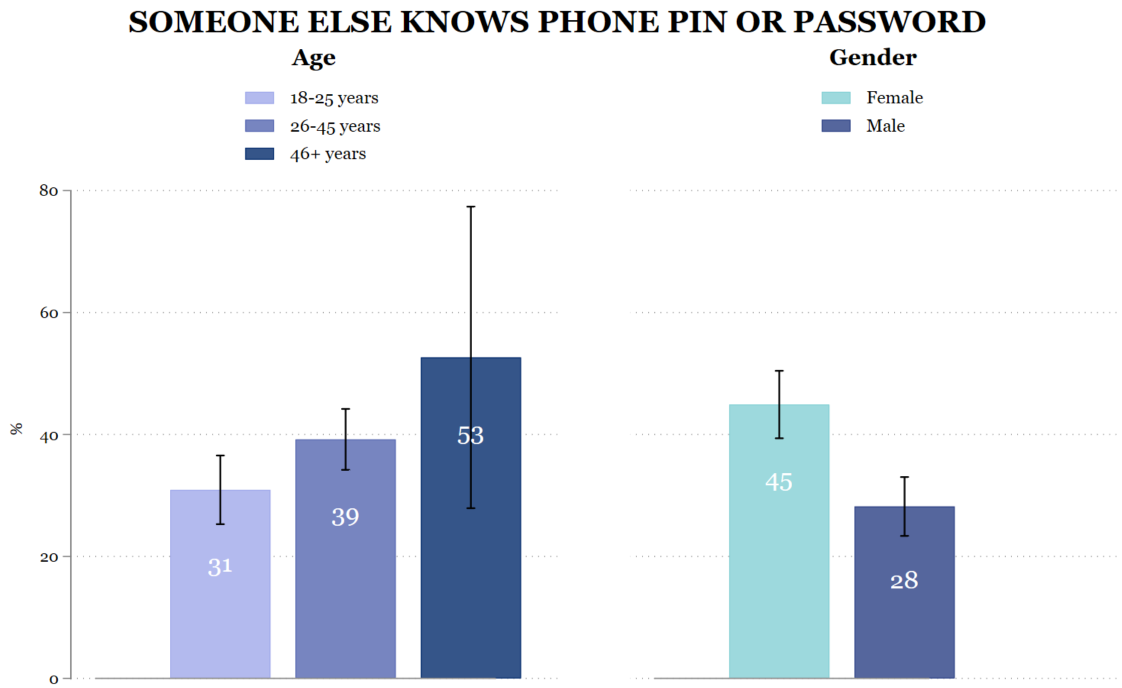
When respondents shared passwords, it was typically with their spouse/partner or another household member. Female and older respondents were more likely to say that someone else knew their PIN or password.

6%

shared their phone with someone else.

36%

of PIN/password users said that someone else knew their PIN or password

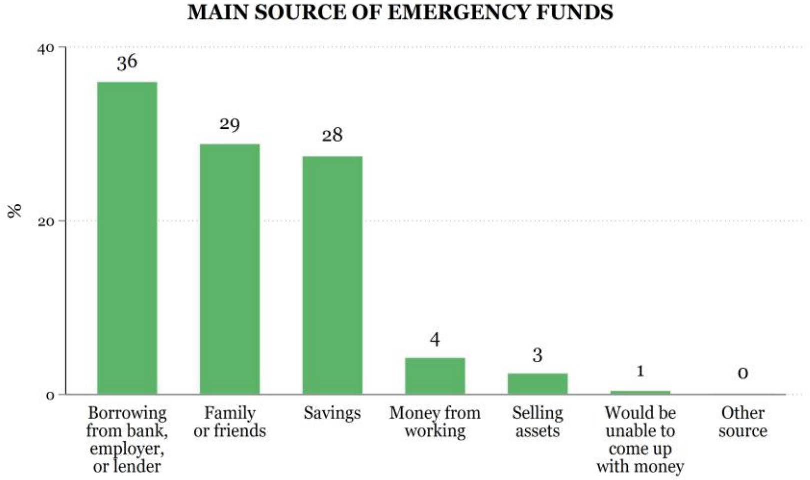


N= 651. 95% confidence intervals shown.
Graphs produced only when consumer segments differed at the 5% significance level.

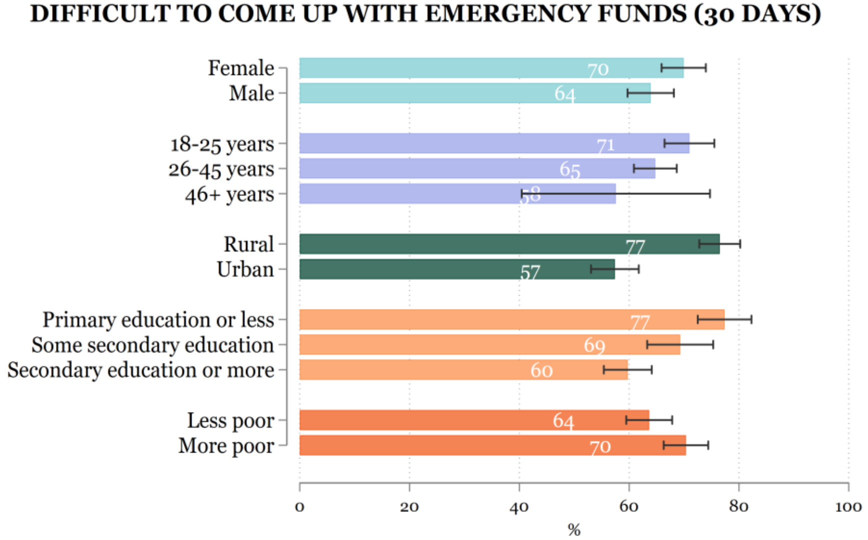
Two-thirds of consumers thought it would be difficult to meet a basic financial health benchmark: accessing funds equal to 1/20th of GNI per capita within 30 days in an emergency.

88 percent thought it would be difficult to come up with the money within a week.

Rural, less educated, women, and younger respondents were most vulnerable to financial emergencies.



N= 996. Excludes 4 don't know/refuse to answer responses.



N= 998. 95% confidence intervals shown.
Graphs produced only when consumer segments differed at the 5% significance level.

In Ethiopia, USD 28.40 or LCU 4,440 is equal to 1/20th of Gross National Income (GNI) per capita. The questions are taken from IPA's Financial Health Survey (2020)

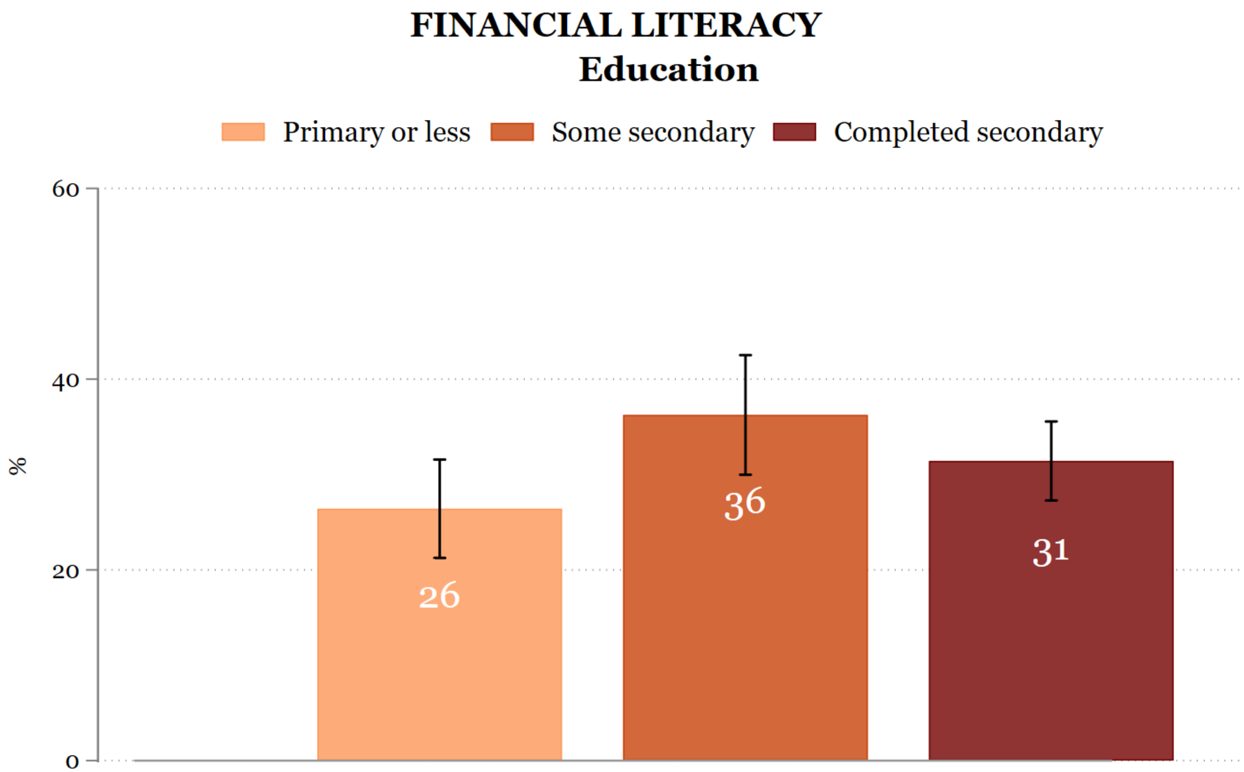
Financial Literacy.

In our study we relied on Standard & Poor's global financial literacy survey which is the world's largest global measurement of financial literacy. This measure probes knowledge of four basic financial concepts: risk diversification, inflation, numeracy, and interest compounding.

A person is considered financially literate if they answer three out of the four questions correctly.

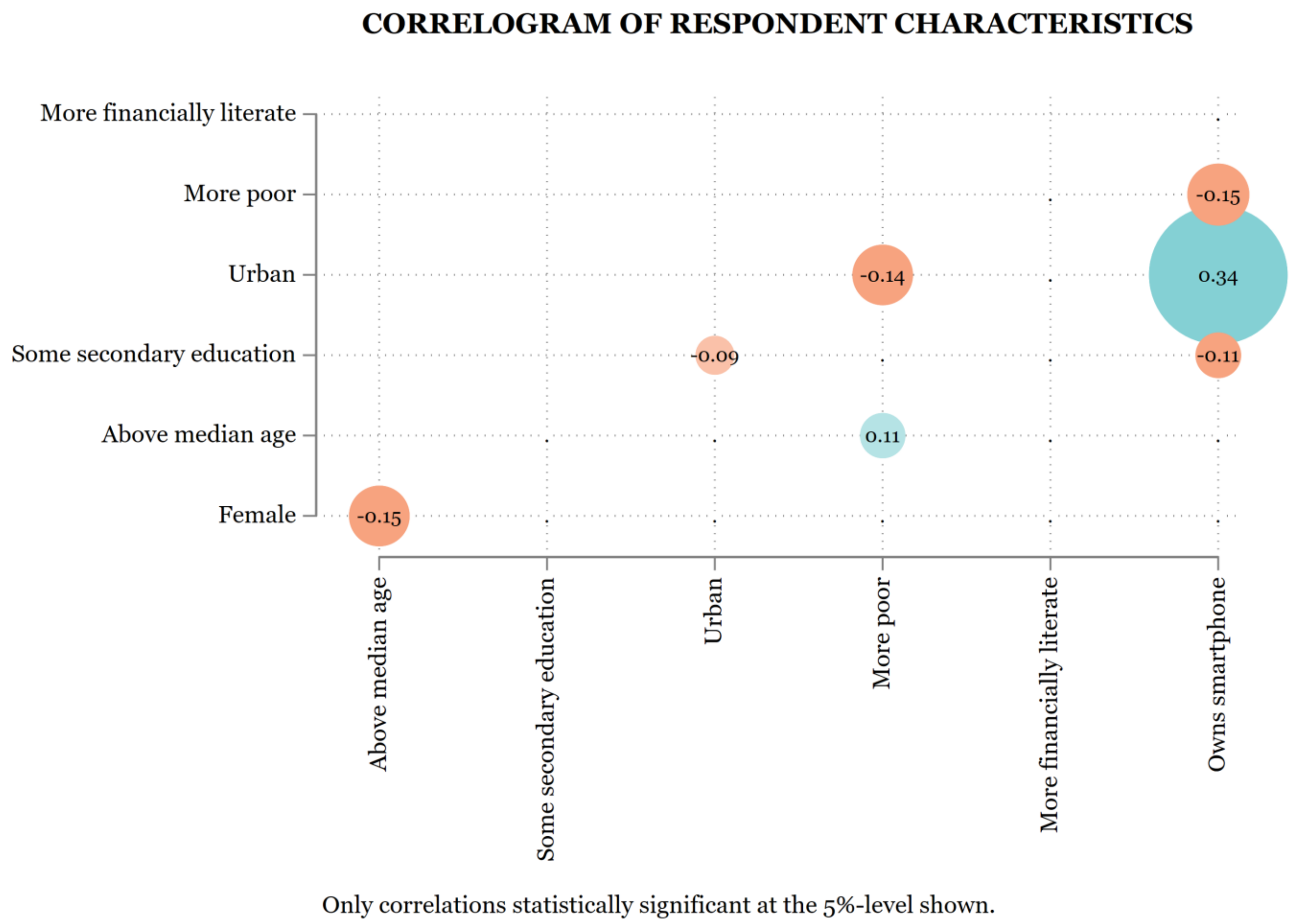
In our sample, 31 percent of respondents were financially literate.

Those with primary education or less, are less likely to be financially literate.



N= 1000. 95% confidence intervals shown.
Graphs produced only when consumer segments differed at the 5% significance level.

Several key demographic characteristics of our sample are correlated.



Stronger relationships are shown as larger circles, in light blue for positive correlations and red for negative correlations.

The largest correlation is between smartphone ownership and living in urban areas.

Digital Financial Services Usage and Consumer Choice

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Key Findings

1. Services used: Mobile money and mobile banking were the most-used services, at 73 percent and 90 percent of respondents respectively. 21 percent used DFS agents. Digital credit products remained nascent: 16 percent of DFS users had used mobile loans, overdrafts, buy-now-pay-later, or credit cards.

2. Provider concentration: Mobile money use is concentrated among a small number of providers. 83 percent of mobile loan users had used only one provider, and 52 percent had used only one agent.

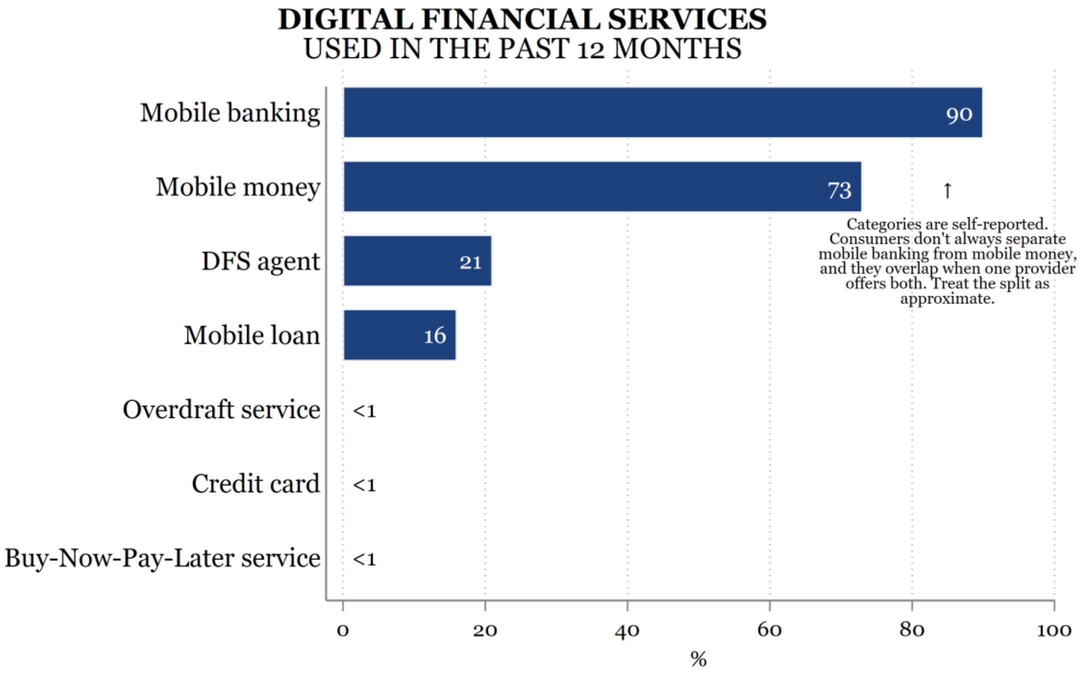
3. Comparing prices: Between 16 percent and 27 percent of consumers compared prices, depending on the service used. 15 percent of payment service users and 10 percent of loan users found it somewhat or very difficult to do so.

4. Stopped using a service: 31 percent had stopped using a payment service provider, mainly because of low income, and 9 percent had stopped using an agent, mainly because of distance.

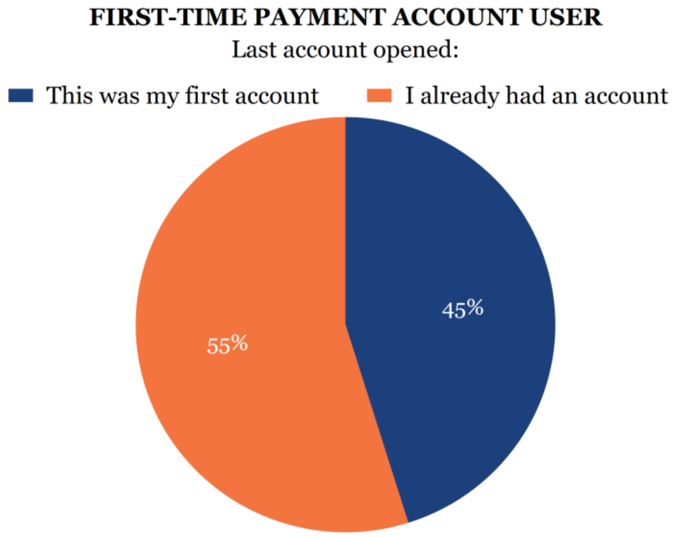
USAGE SUMMARY

Among DFS users, mobile banking and mobile money are the most used services.

90 percent of DFS users used mobile banking, while 73 percent used mobile money. Only 21 percent of users relied on agents, making them much less common. 16 percent of DFS users used mobile loans, but use of overdraft, buy-now-pay-later (BNPL), and credit cards is very rare.



N= 995. Excludes 5 don't know/refuse to answer responses.

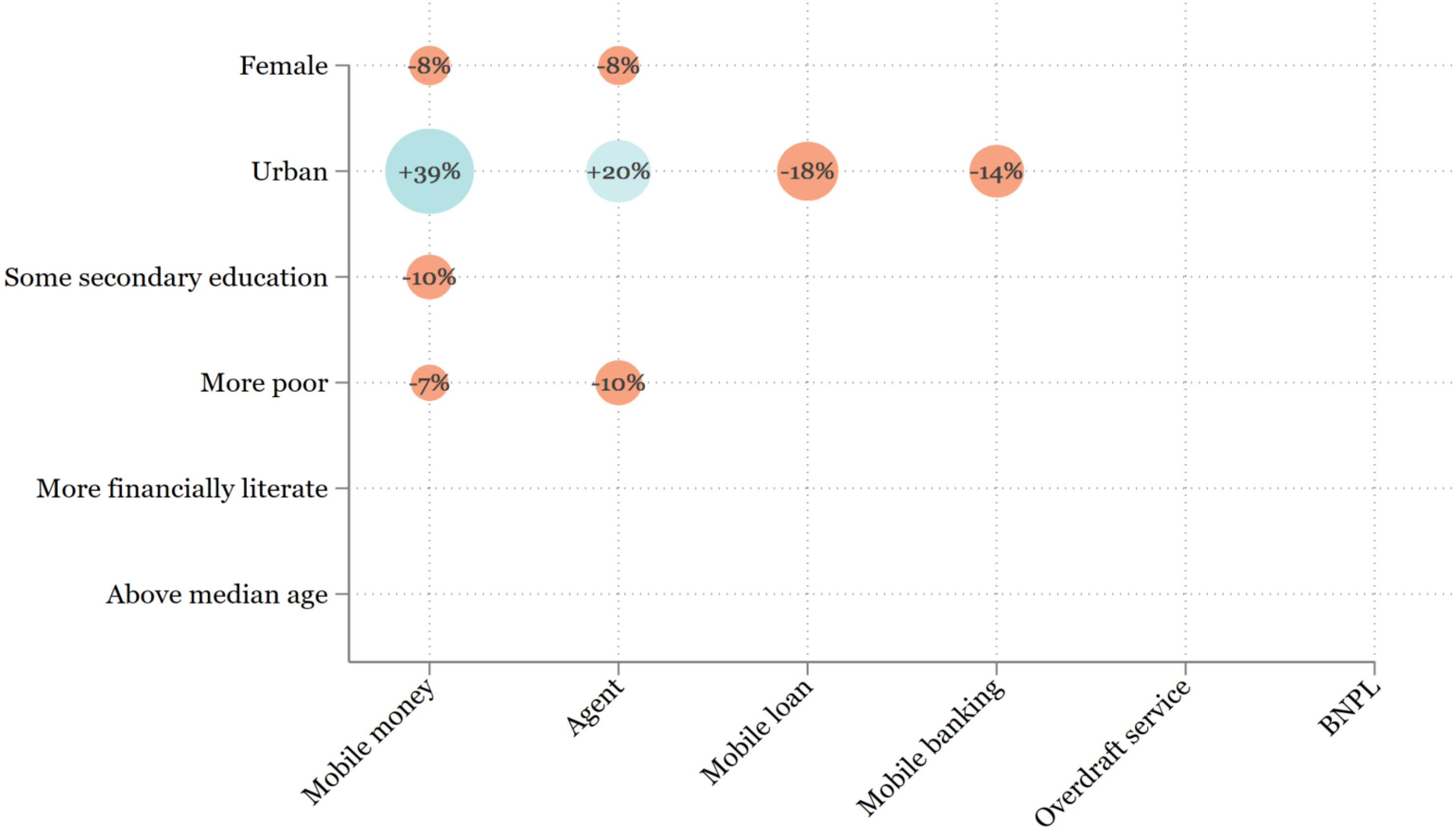


N= 992. Excludes 6 don't know/refuse to answer responses.

The type of services used differed by consumer segment.

Urban consumers tended to use mobile money and agents but are less likely to use banking and loan services compared to other segments.

DFS USAGE BY CONSUMER SEGMENT

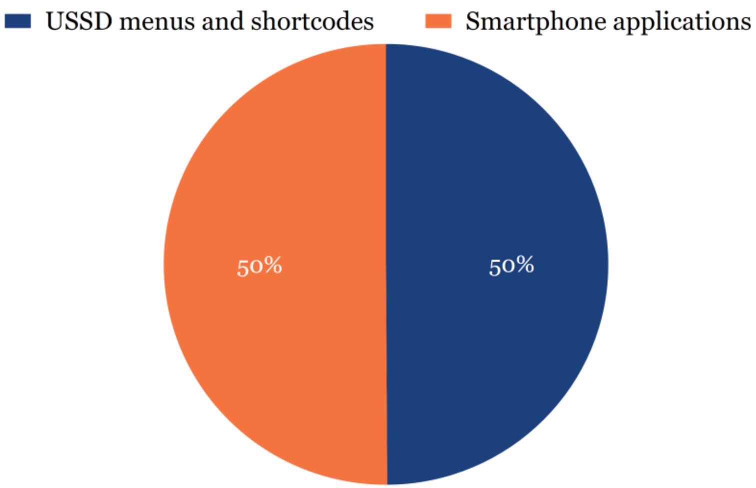


Percentage point difference in usage. Only differences statistically significant at the 5%-level shown.

Smartphone users are equally split between preference for USSD menus versus smartphone apps.

Preference for USSD menus did not differ significantly between mobile banking and non-mobile banking users.

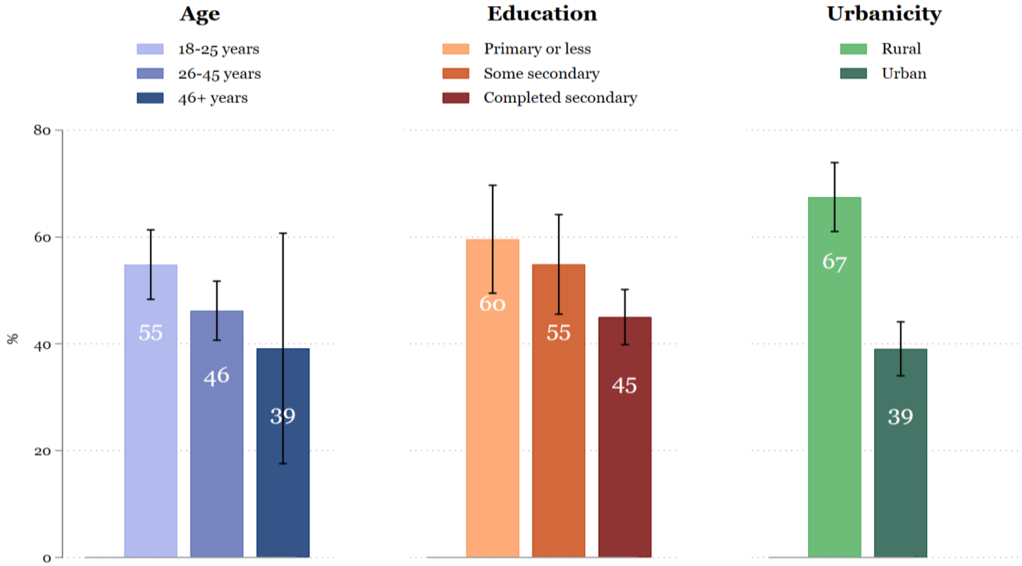
PREFERENCES FOR USSD AND APPS
Smartphone user prefers:



N= 561. Excludes 6 don't know/refuse to answer responses.

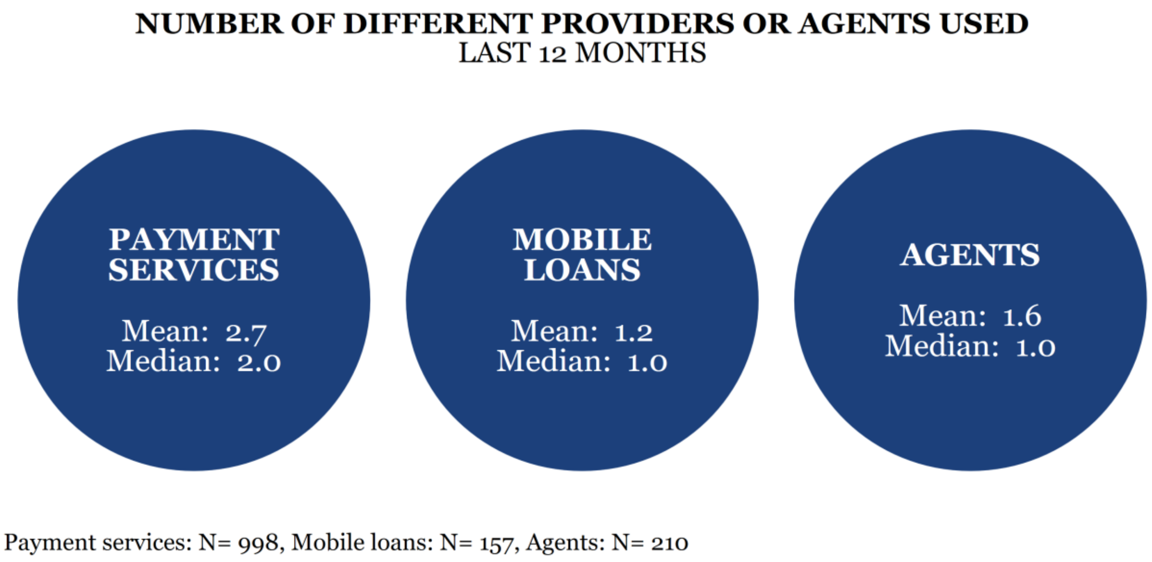
Younger, less educated and rural smartphone users were more likely to prefer USSD menus.

PREFERS USSD MENUS TO SMARTPHONE APPS



N= 567. 95% confidence intervals shown.
Graphs produced only when consumer segments differed at the 5% significance level.

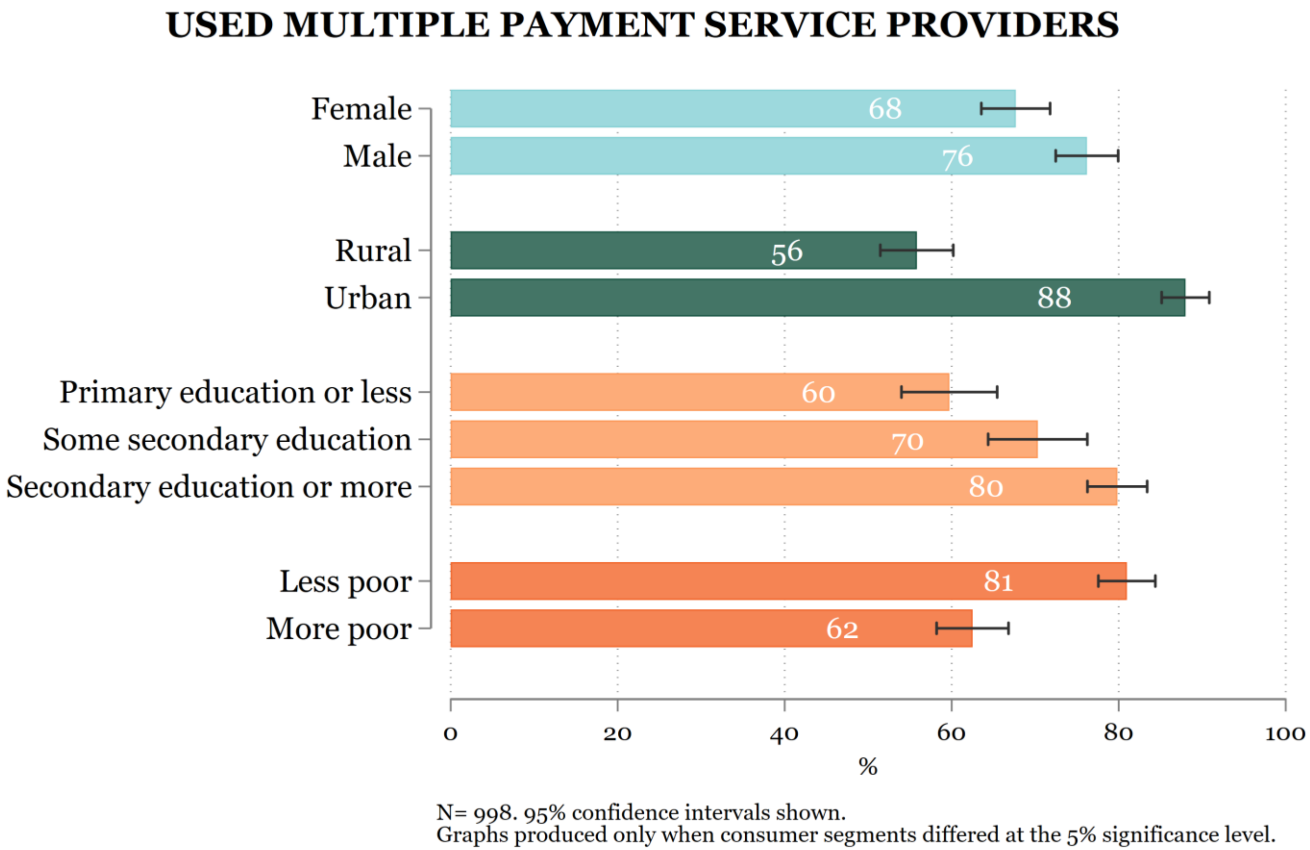
DFS consumers use multiple agents, and have typically used two payment service providers.



28 percent had only used one payment services provider, 83 percent had only used one mobile loan provider, and 52 percent had only used one agent.

Urban respondents slightly used more agents than rural respondents, averaging 1.6 compared to 1.4 agents (with a median of 1 for both).

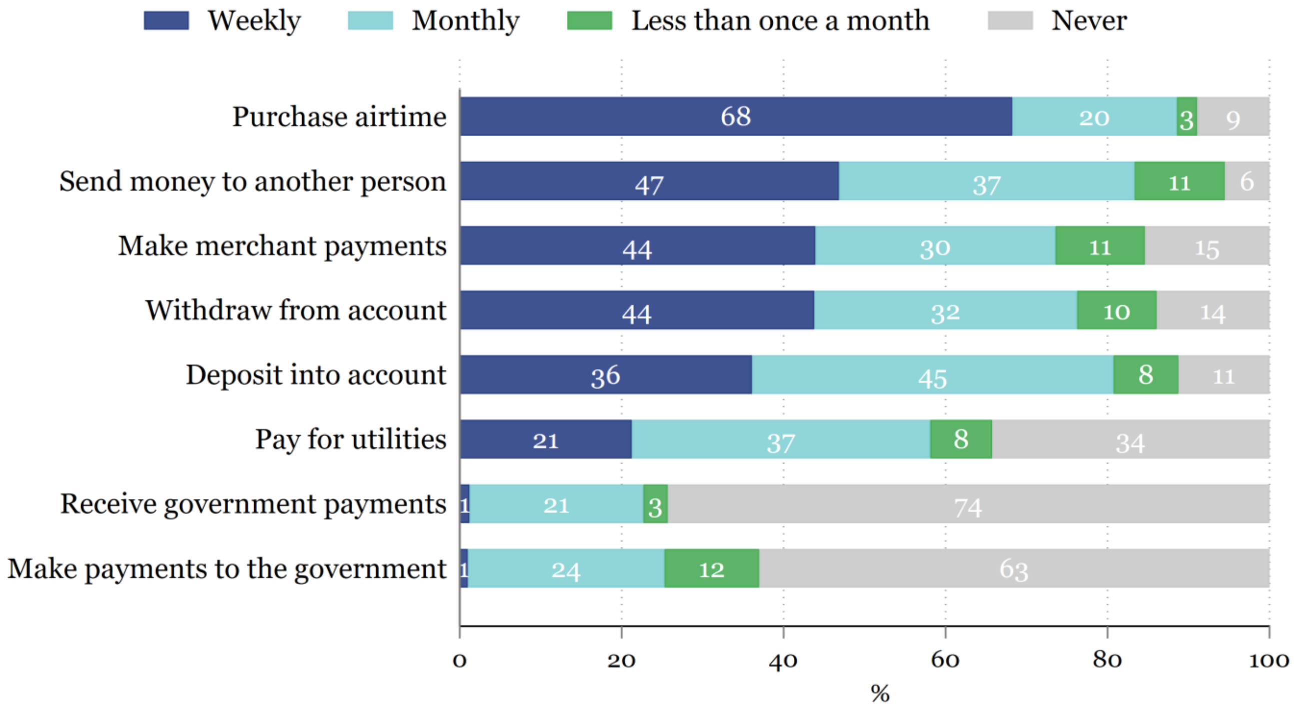
Urban, more educated, less poor, and male consumers were more likely to use multiple payment service providers than their rural, less educated, more poor, and female counterparts.



Most respondents used their DFS accounts for transfers, merchant payments, cash-in/cash-out, and airtime purchase at least monthly

Merchant payments are roughly as common as cash-outs, with 74 percent of respondents paying merchants at least monthly.

FREQUENCY OF MOBILE PHONE TRANSACTIONS

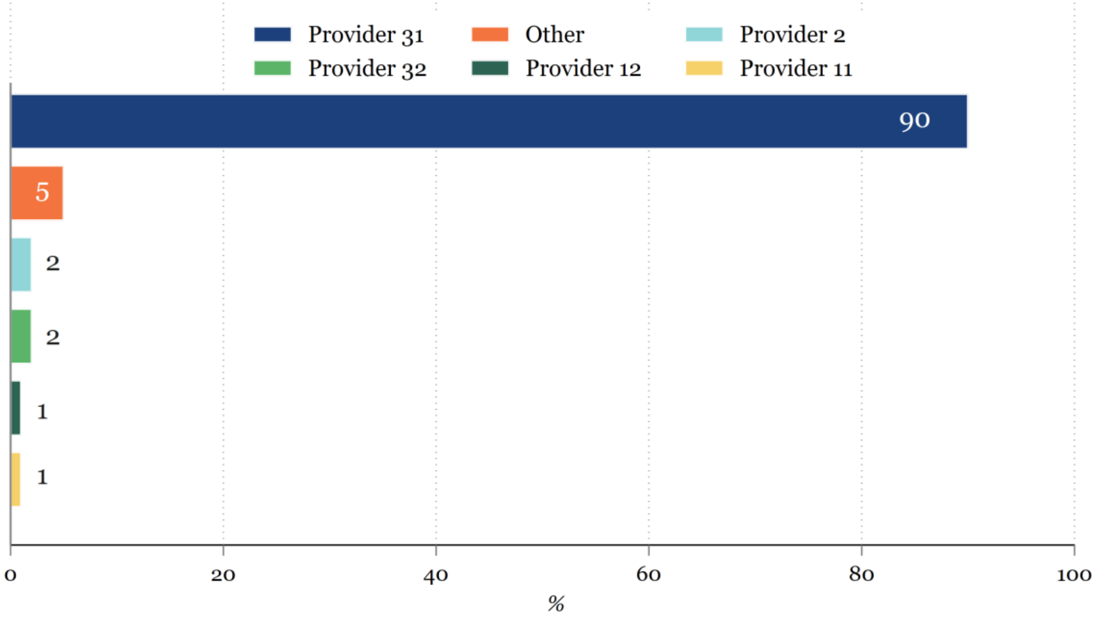


N= 976. Excludes 22 don't know/refuse to answer responses.

The mobile loan market is highly concentrated.

One mobile loan provider alone accounts for 90 percent of the mobile loan market.

MOBILE LOAN PROVIDER MARKET CONCENTRATION



Market share is each provider's share (%) of all mobile-loan provider mentions in the data.
Top 5 providers shown individually; remaining providers grouped as Other.

HHI = 8,115

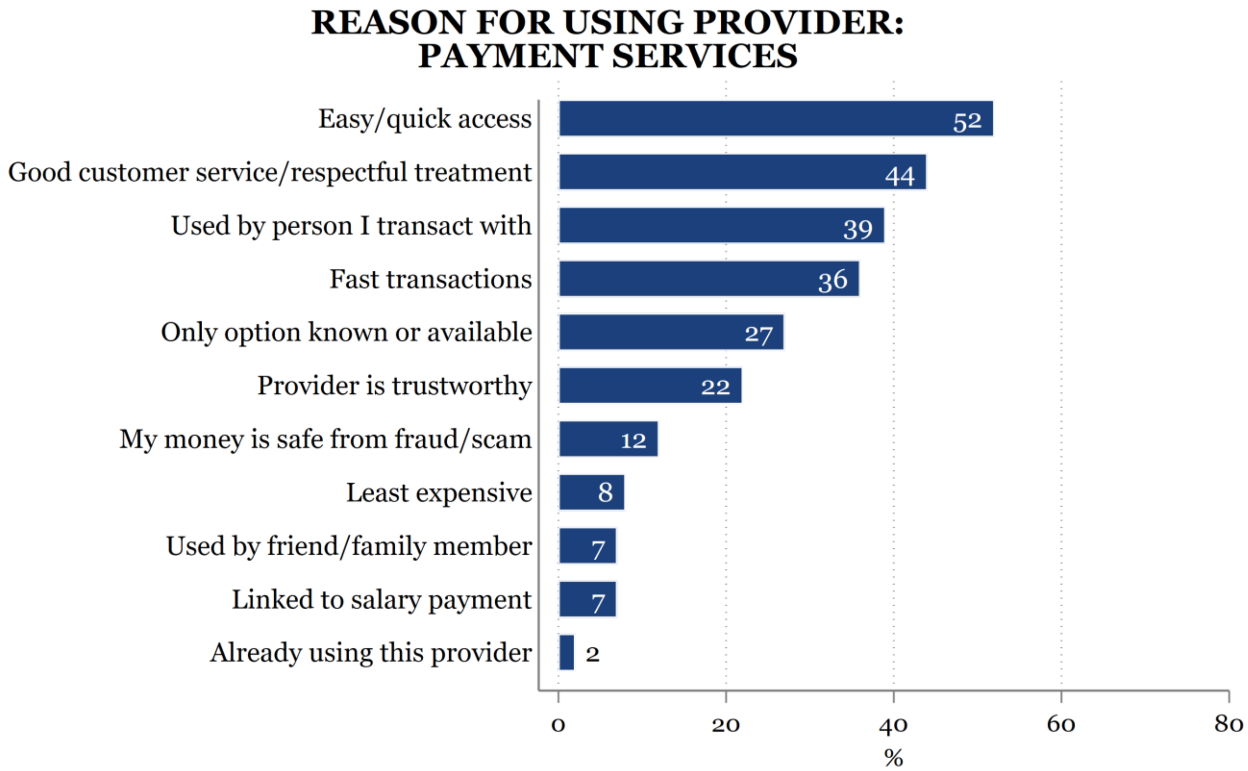
The Herfindahl-Hirschman Index (HHI) measures market concentration as the sum of the squared market shares of all providers. Values above 2,500 indicate a highly concentrated market.

At 8,115, the mobile loan market is highly concentrated, driven by a single provider holding 90 percent of the market.

Note: a survey implementation error makes calculating HHI figures for mobile money and mobile banking markets difficult, so these figures are not presented.

Expediency and quality of customer service are the main drivers of payment service provider choice.

Among respondents, 52 percent chose their most-used provider for its easy, quick access.



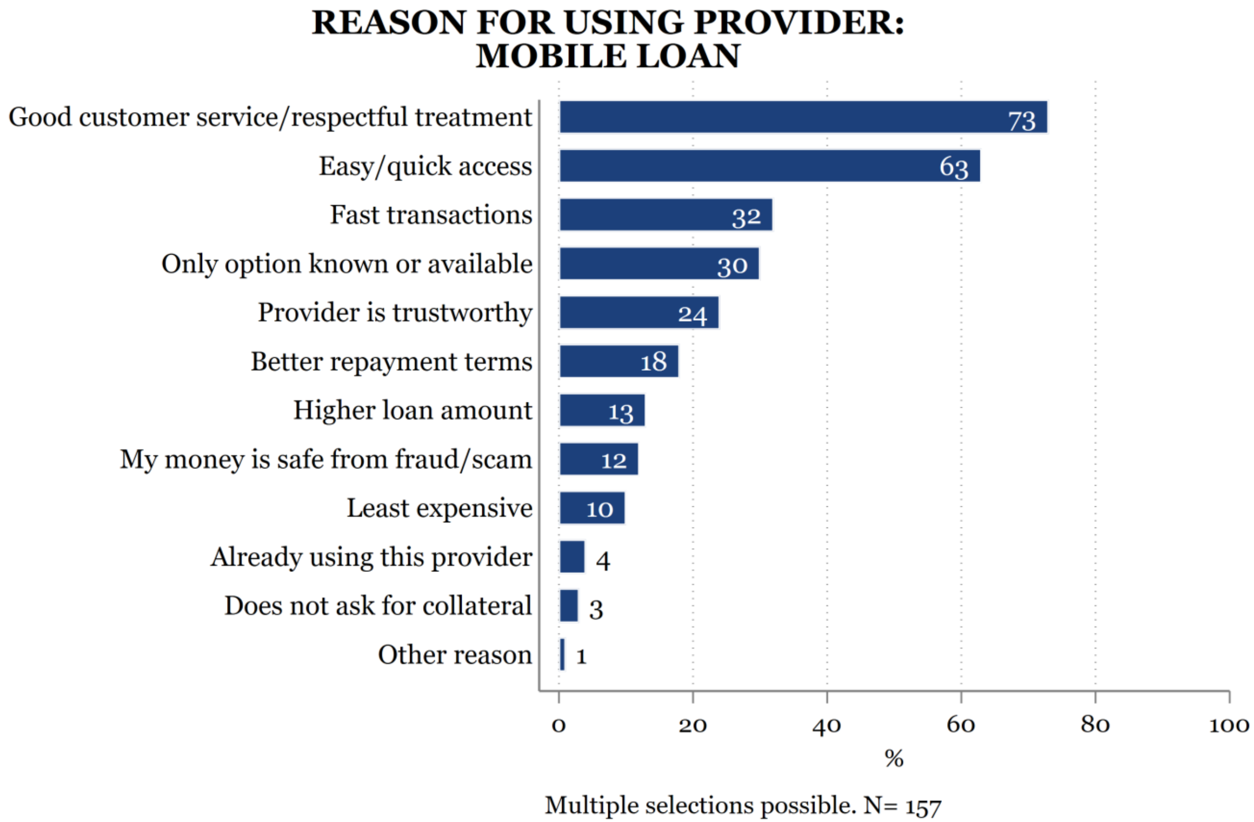
Multiple selections possible. N= 998

Network effects also play a significant role: consumers often choose providers used by others.

Rural and lower-income respondents were more likely to cite respectful treatment as a motivating factor.

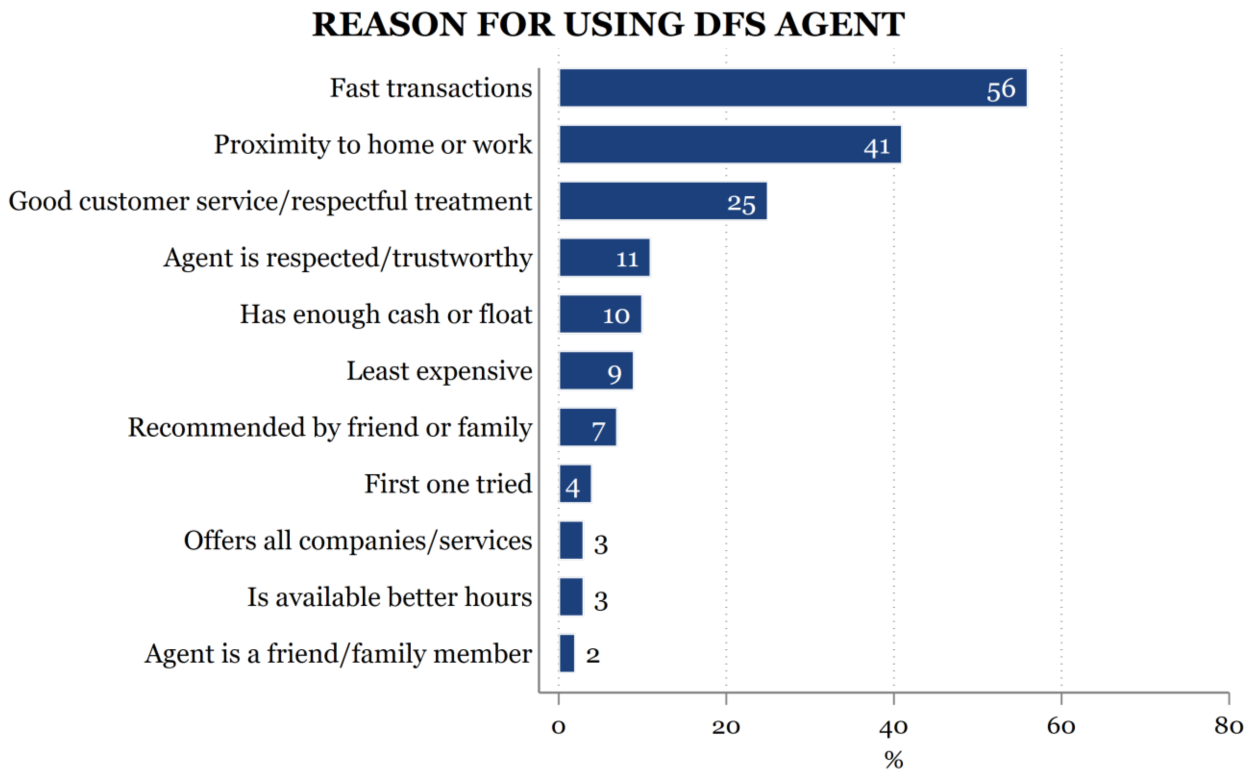
Similar to payment services, the top two reasons for choosing a mobile loan provider were the quality of customer service, and easy and quick access.

Mobile loan users prioritize an easy and fast experience over pricing when selecting a provider.



Ease of access was mentioned by more than half of respondents.

Respondents choose agents based on expediency and proximity.



Multiple selections possible. N= 210.

A quarter of respondents said they chose agents based on quality of service.

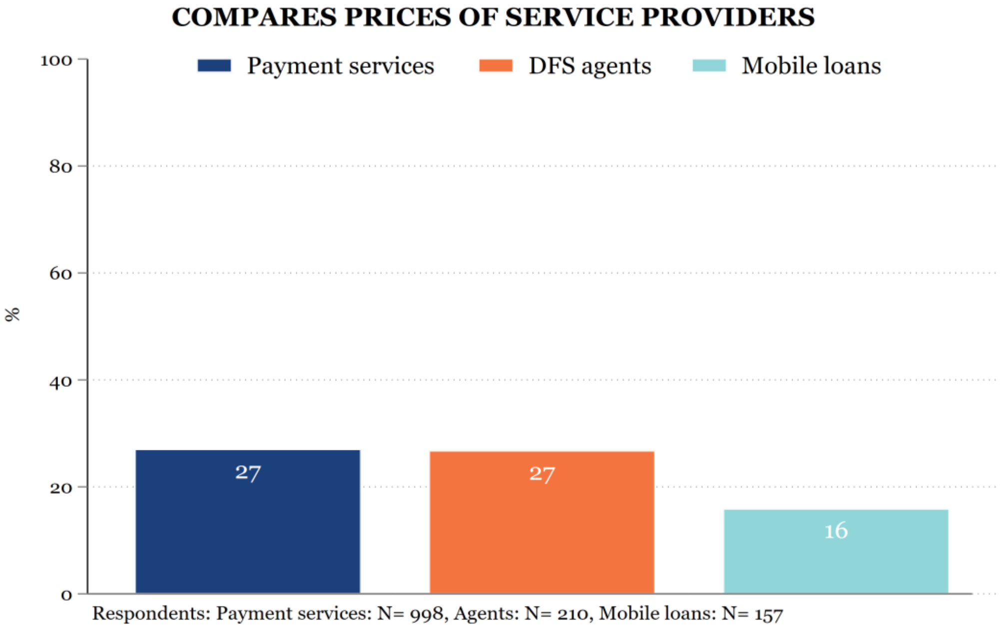
11 percent of respondents said they chose agents based on trust.

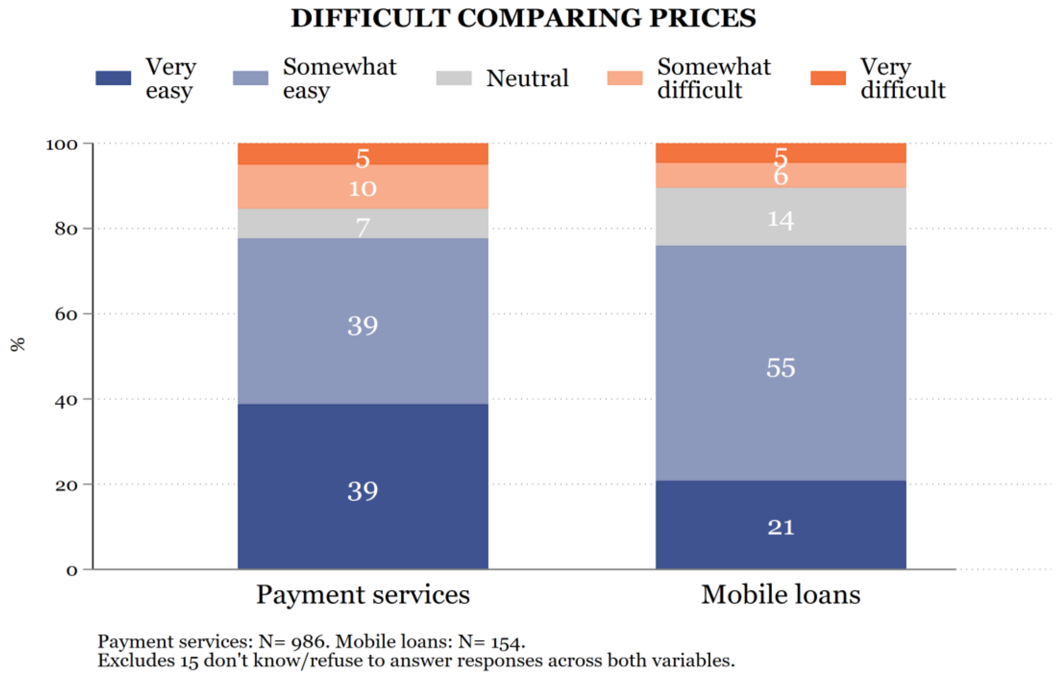
Rural respondents mention quality of service more often, while urban respondents are more likely to cite expediency. Older and poorer respondents are more likely to mention proximity to home or work.

Most consumers don't comparison shop, but believe price comparisons are relatively easy.

Between 16 and 27 percent compared prices, depending on the service used. Male, urban, and those with higher education were more likely to compare prices and services across different DFS.

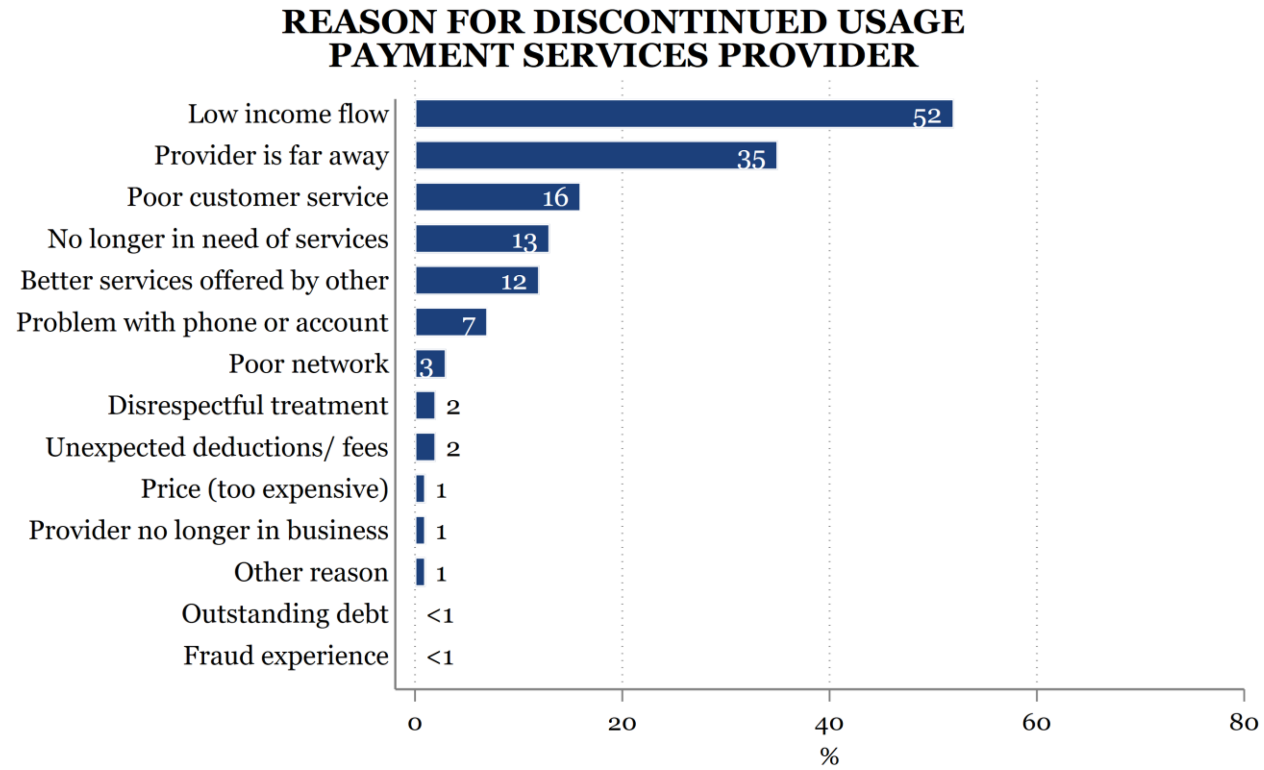
15 percent of payment services users and 10 percent of loan users said it was somewhat or very difficult to compare prices.





About 31 percent of respondents had stopped using a payment service provider.

Half of those did so due to low income, about a third cited the provider being too far away, and 16 percent mentioned poor customer service.



Multiple selections possible. Respondents: N= 311

Urban, older, and higher educated respondents were more likely to have stopped using a payment services provider.

Consumers reported relatively low rates of discontinuing use of loan providers and agents

3 percent
of mobile loan users had stopped using a mobile loan provider.

Most stopped because of cost, or the provider's distance.

Less-poor respondents were more likely. to stop using a provider.

9 percent
of respondents had stopped. using an agent.

Most switched agents because of distance from home or work.

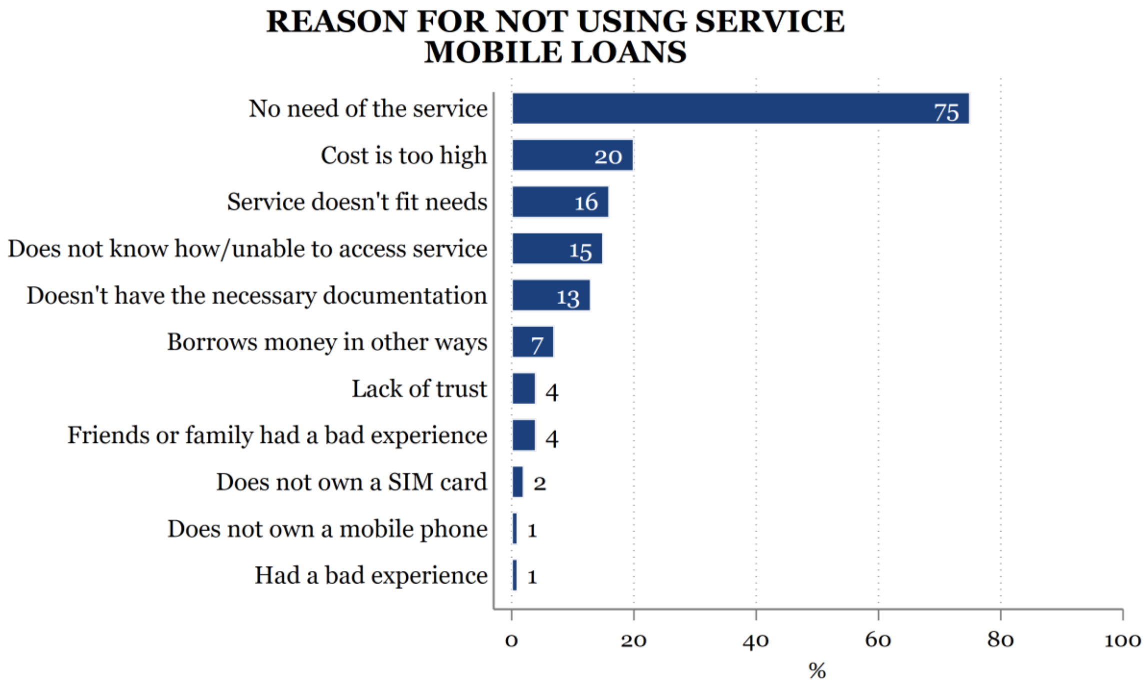
Respondents cited not being comfortable and not having enough money as reasons for not using payment services.

35 percent mentioned not being comfortable using this service, 31 percent said that they don't have enough money, and 19 percent said they are concerned about fraud or scams.

Female respondents were less likely to say cost is too high. Higher educated respondents were more likely to say they use an agent or someone else to make payments.

Respondents cited lack of need for the service and high costs as reasons for not using mobile loans.

Among respondents, 16 percent said the service does not fit their needs, 15 percent did not know how or were unable to access the service, and 13 percent cited not having the necessary documentation.

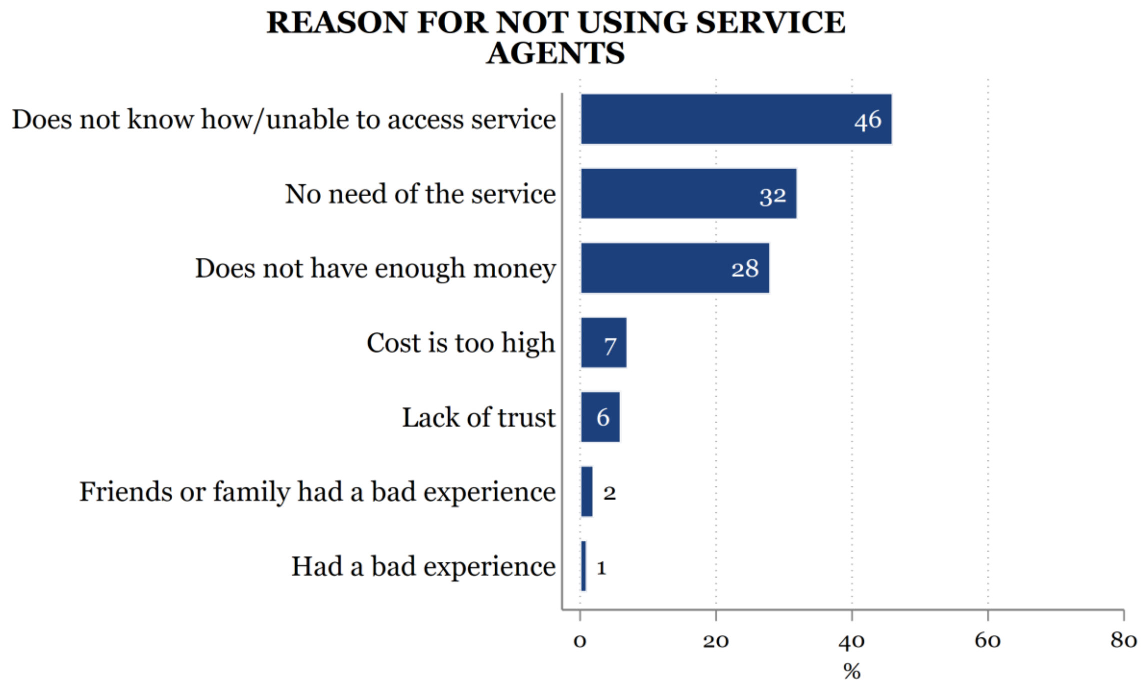


Multiple selections possible. Respondents: N= 829.
Excludes 13 don't know/refuse to answer responses.

Older and higher educated respondents were more likely to say the service does not fit their needs.

Respondents cited lack of access or knowledge, and no need for the service as reasons for not using agents.

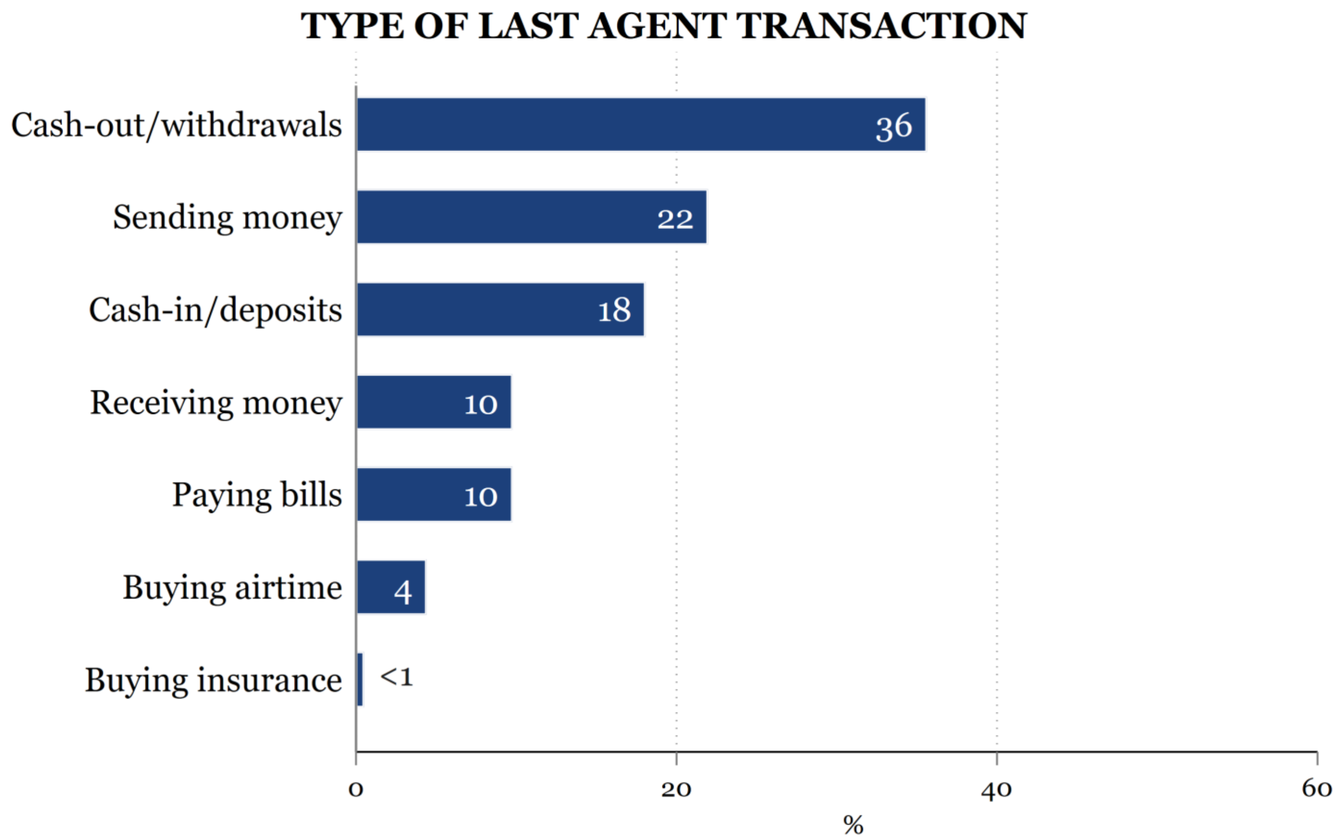
28 percent mentioned insufficient funds, 7 percent said that the cost was too high, and 6 percent cited lack of trust.



Multiple selections possible. Respondents: N= 766.
Excludes 22 don't know/refuse to answer responses.

Rural respondents were more likely to cite not knowing how or being unable to access agent services, while urban respondents were more likely to say they had no need for them.

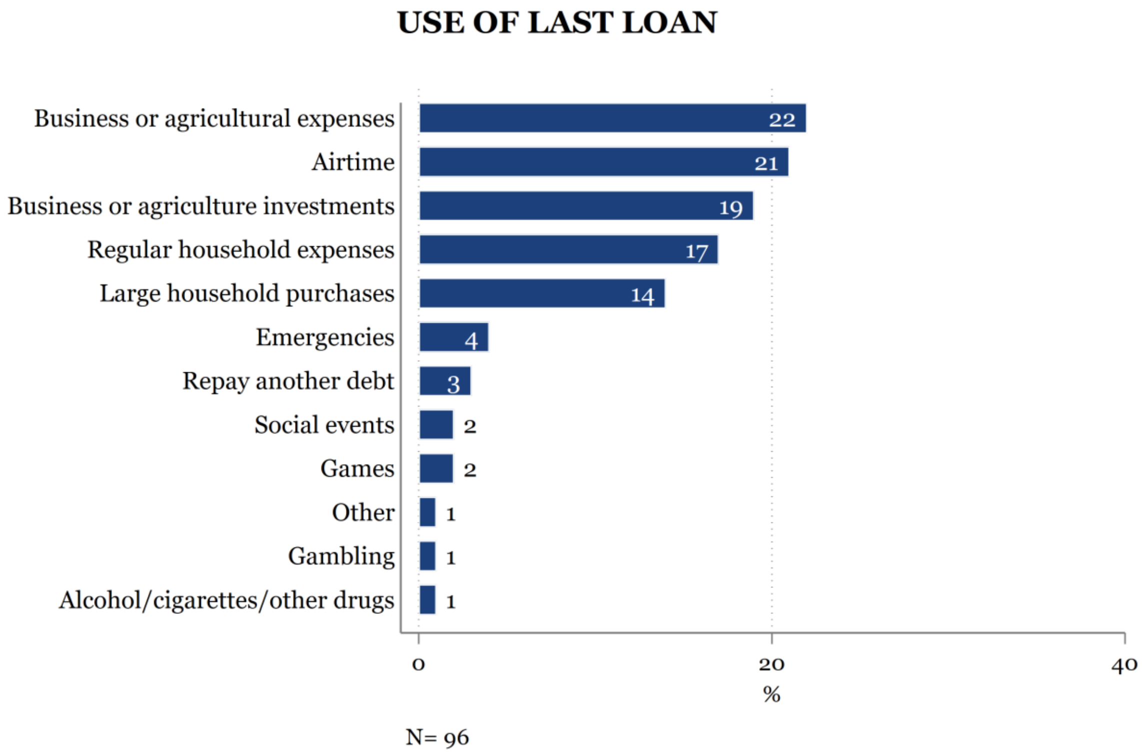
Among DFS users who work with agents, the most common purposes are cash-in/cash-out and assistance with transfers.



N= 208. Excludes 2 don't know/refuse to answer responses.

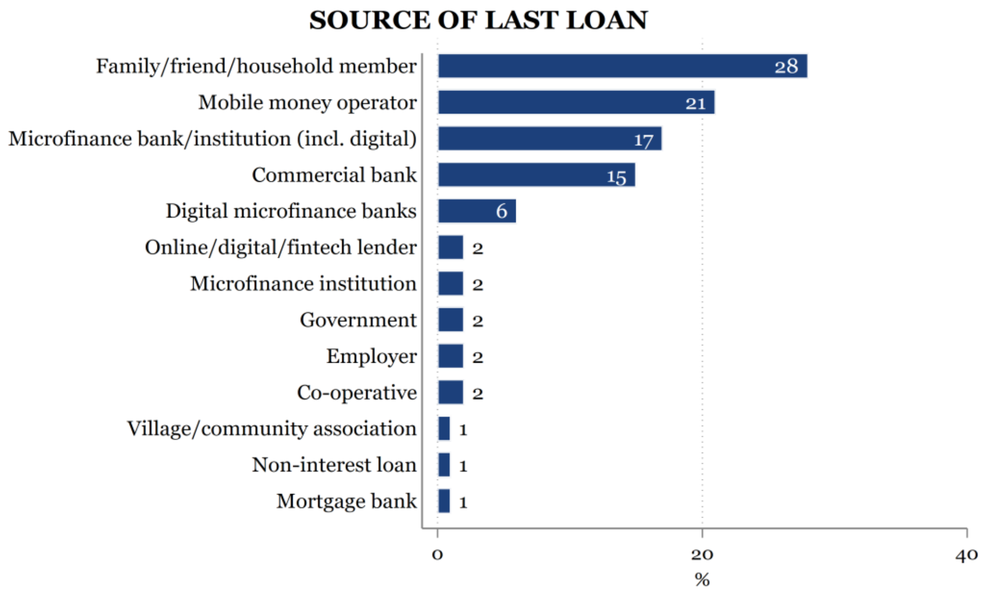
Loans were most commonly used for business or agricultural expenses and investments or airtime purchases.

Regular household expenses were also cited by 17 percent of respondents, while only 4 percent used loans for emergency expenses.

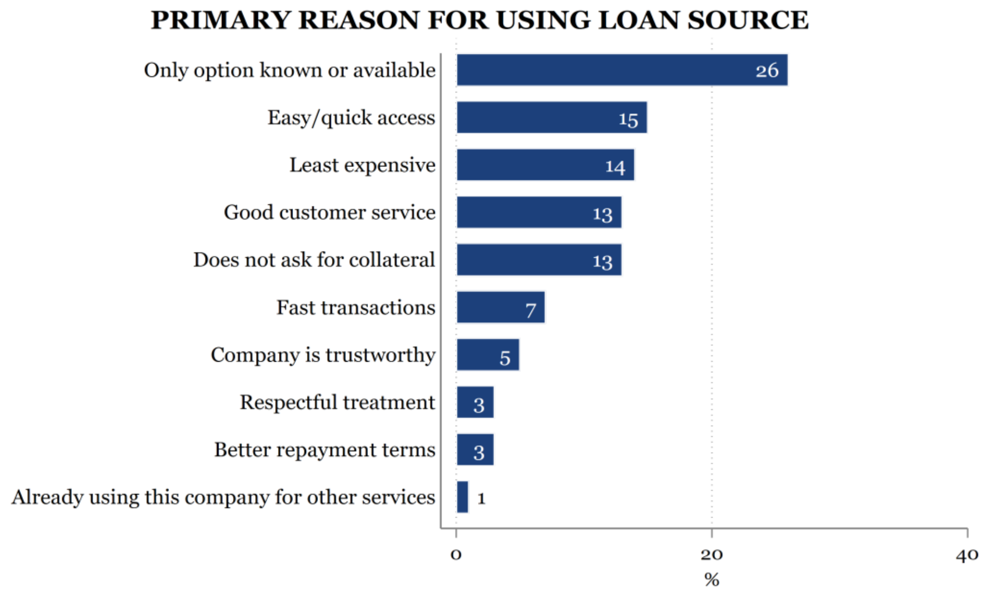


Mobile money is the top formal loan source, but most borrowers still turn to family and friends first.

41 percent of most recent loans came from a microfinance or commercial bank.



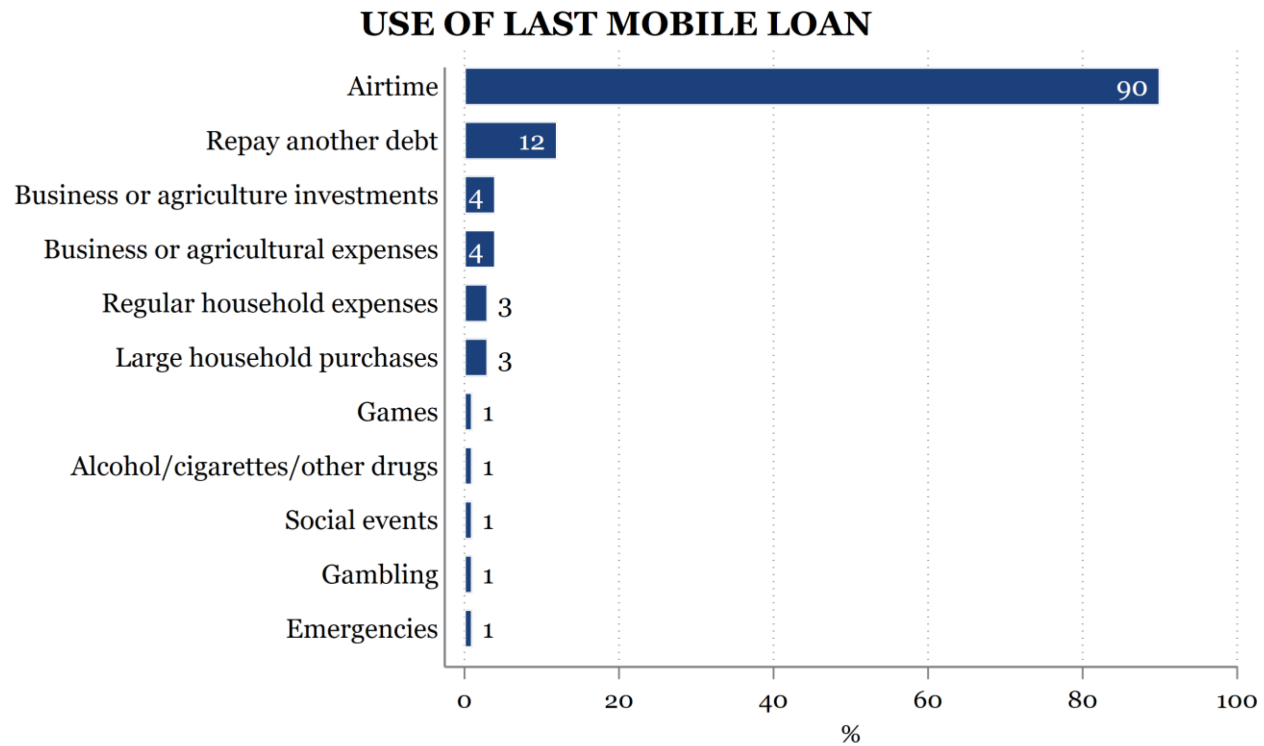
N= 96. Excludes 0 don't know/refuse to answer response.



N= 95. Excludes 1 don't know/refuse to answer response.

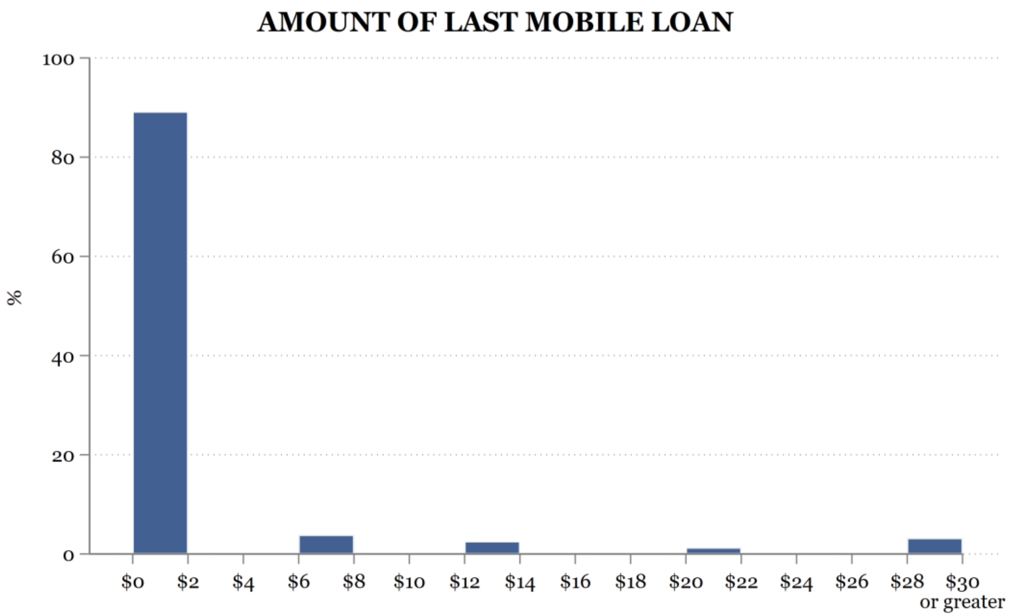
The vast majority of mobile loans are used to purchase airtime.

12 percent used it to repay another debt, 8 percent to cover business or agricultural expenses, and 3 percent to pay for routine household needs.

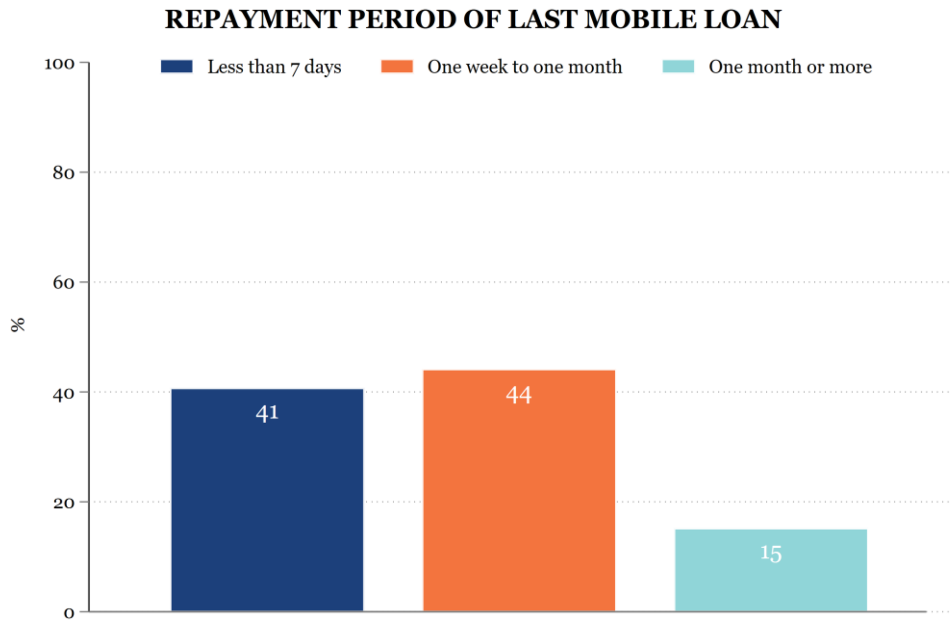


Multiple selections possible. Respondents: N= 151.
Excludes 6 don't know/refuse to answer responses.

Mobile loans tend to be quite small, with a median value of USD 0.2 and mean of USD 5.2.



N= 157. Loans of $28 or more grouped in the final bar.



N= 145. Excludes 12 don't know/refuse to answer responses.

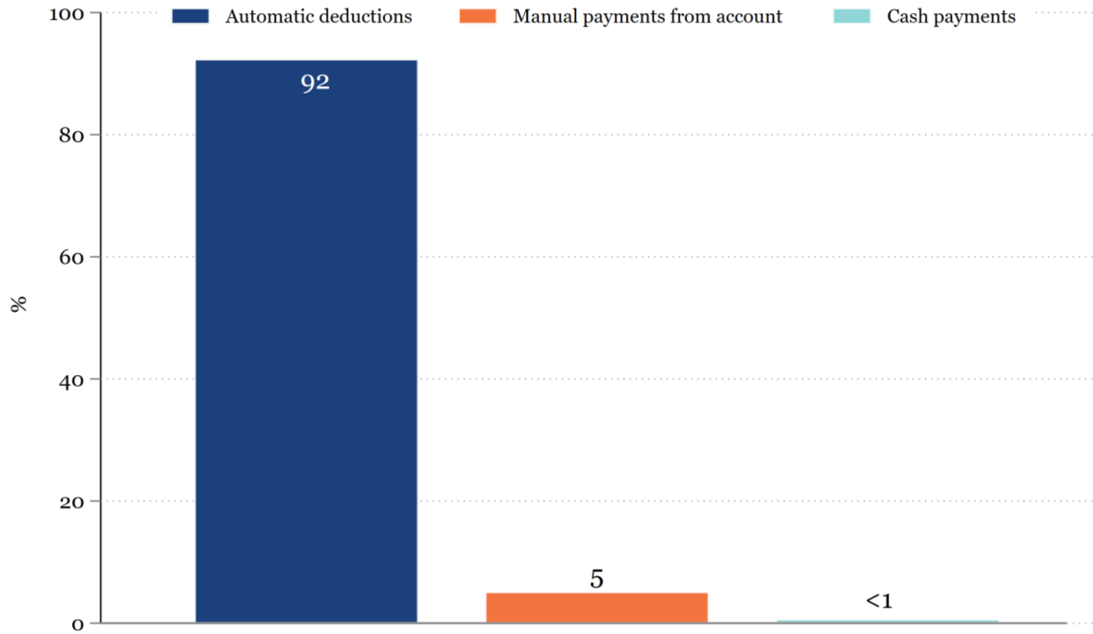
The concentration of small loans is consistent with use for airtime and data top-ups.

Early repayment of mobile loans is common, and often reduces fees.

44 percent
of loan users repaid their last loan before the due date.

Among those that did,
65 percent
reported paying less in fees or interest because of it.

MOBILE LOAN REPAYMENT MODE



N= 156. Excludes 1 don't know/refuse to answer responses.

Challenges and Risks

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Key Findings

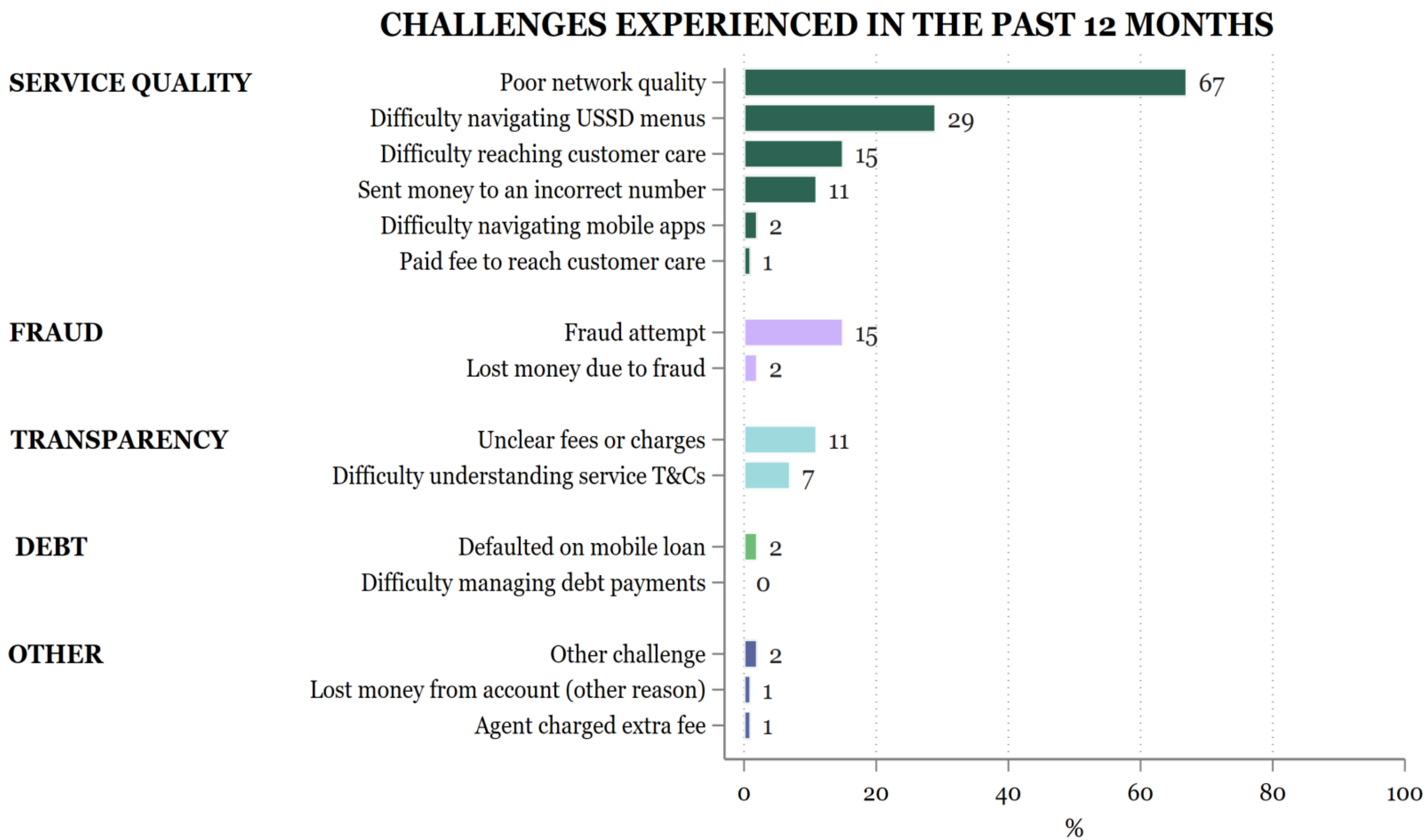
1. **Fraud exposure:** 15 percent of respondents experienced a fraud attempt in the past 12 months, and 2 percent lost money to fraud. The median loss was USD 21.

2. **Over-indebtedness:** Among mobile loan users, 12 percent failed to repay a loan in the past 12 months, 10 percent regretted taking on debt, and 24 percent reduced food spending to repay debt.

3. **Sending money incorrectly:** 11 percent of payment service users had sent money to a wrong number at least once, and 44 percent of them could not recover the funds.

4. **Service quality issues:** 76 percent experienced a service quality challenge in the past 12 months. 67 percent experienced poor network quality, and 15 percent struggled to reach customer care.

The most commonly reported challenges are service quality issues, particularly poor network quality and difficulty using USSD menus.

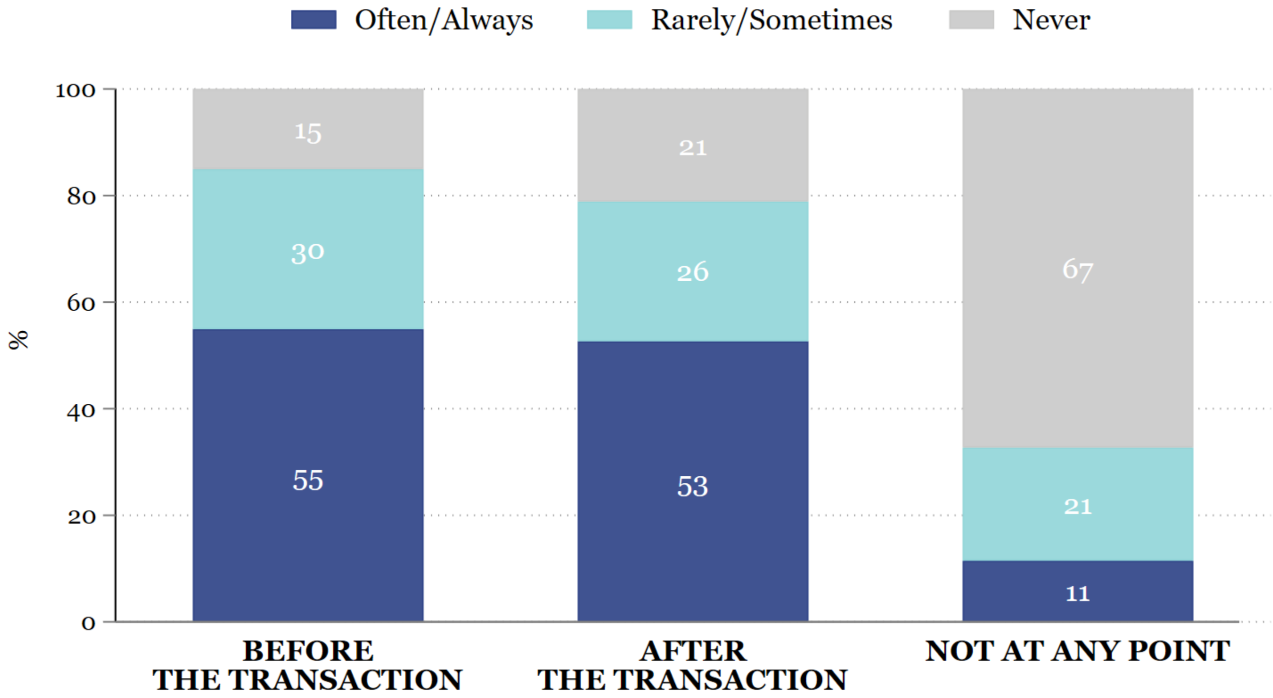


N=1000. Multiple selections possible. Unconditional values.

About half of respondents consistently knew fees before completing transactions.

11 percent said they did not learn prices at any point.

WHEN CONSUMERS LEARN TRANSACTION FEES



N= 980. Excludes 18 don't know/refuse to answer responses.

Most respondents learned about prices before completing a transaction, primarily through automated notifications.

Only 4 percent usually looked up prices online.

HOW RESPONDENTS LEARN ABOUT PRICES

Respondents: Payment services: N=1000, Overdraft service: N=407, Mobile loan: N=289, BNPL: N=21, Credit card: N=16. Totals may add to greater than 100% because respondents could select more than one source of pricing information.

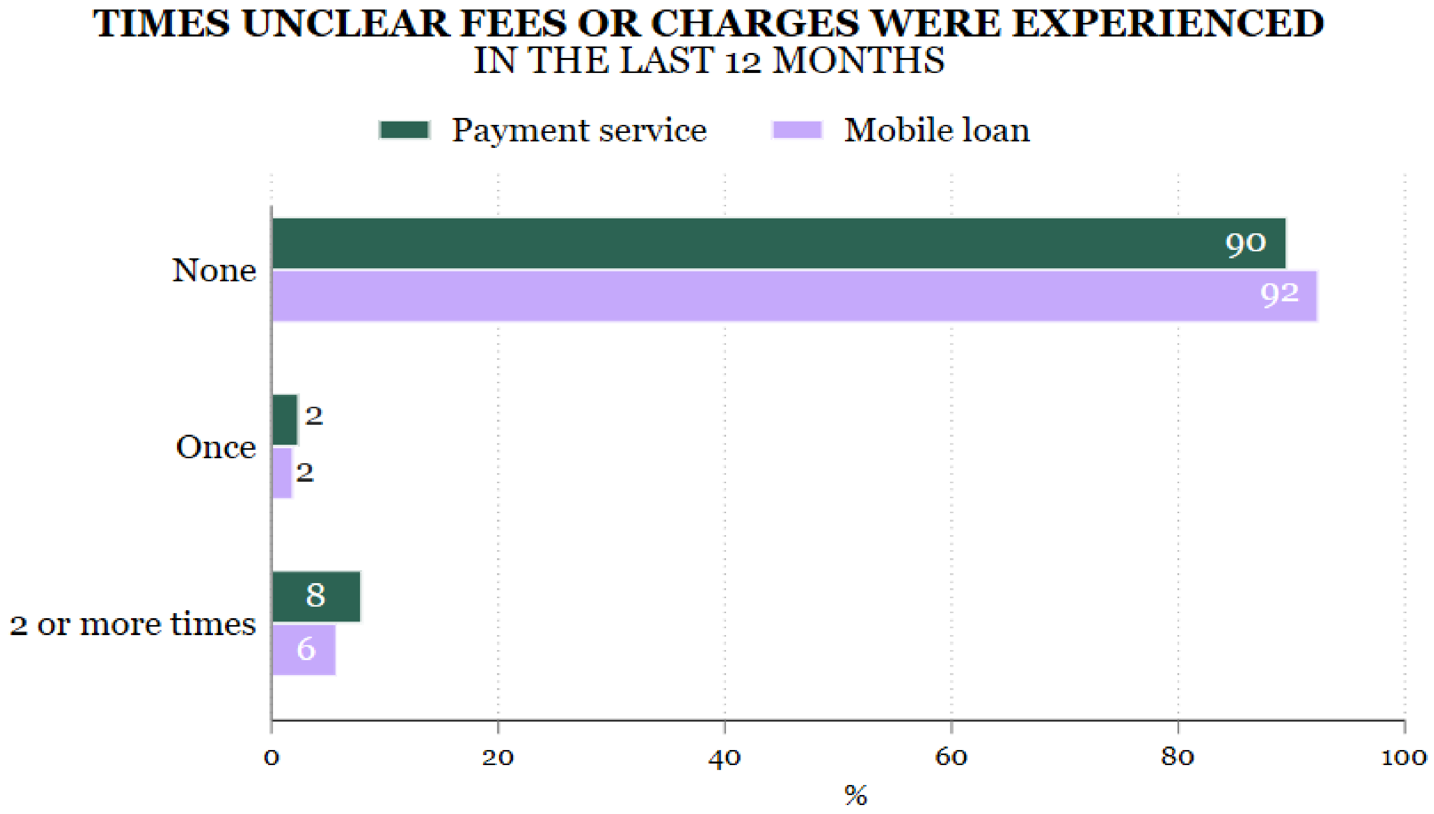
UNCLEAR FEES

In our sample, 11 percent of respondents had experienced a fee or deduction on their account that they did not understand at first.

Among consumers who later identified a provider fee as the cause of an unclear deduction, service fees were the most common type.

Users of payment services reported marginally more frequent incidents of unclear fees compared to other types of DFS.

48 percent of consumers never found out the cause of the unclear fee.

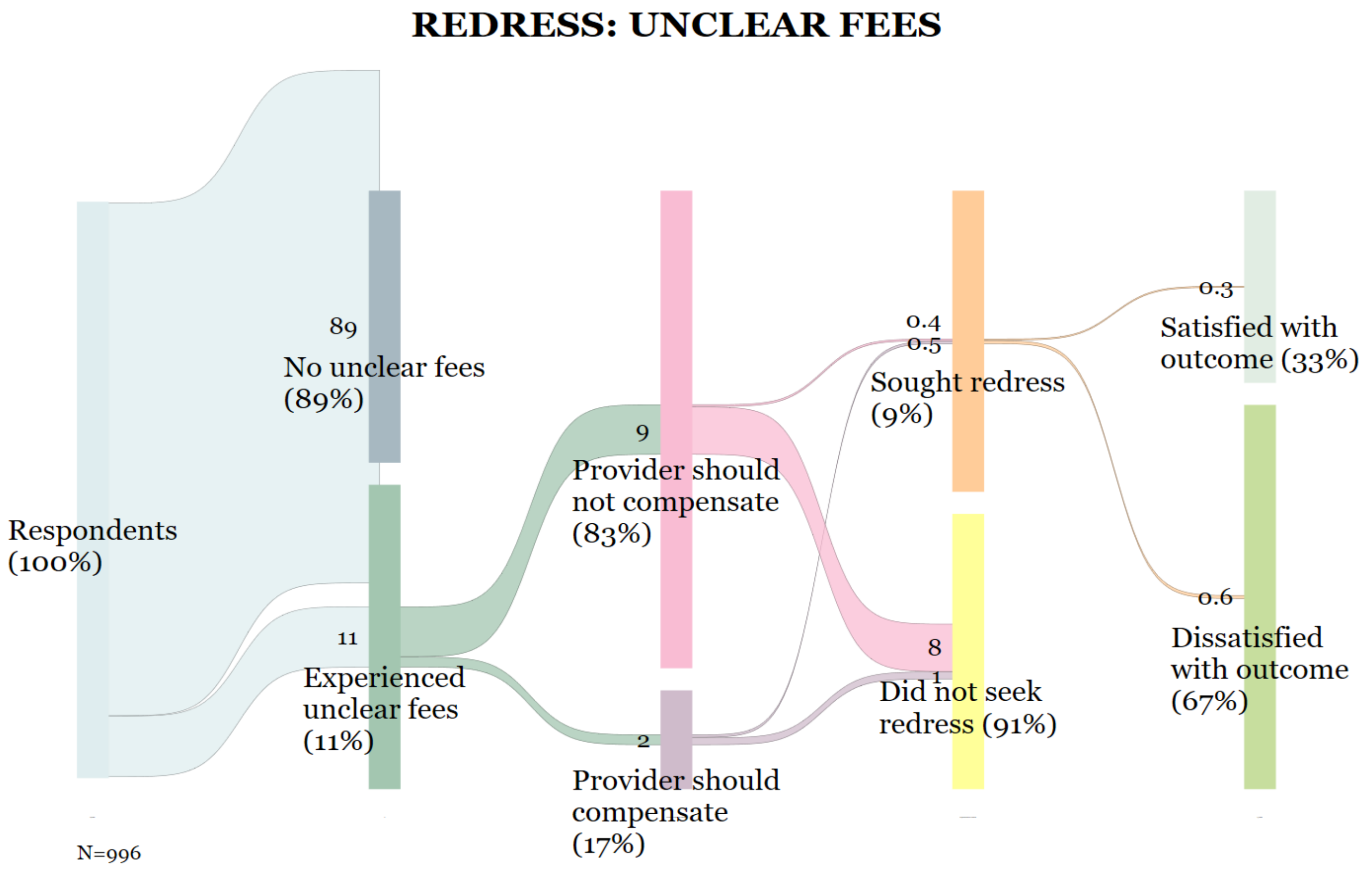


Payment services: N= 963, Mobile loan: N= 157.
Excludes 2 don't know/refuse to answer responses.

The fee was usually charged directly by the provider (in 69 percent of cases) as opposed to a payment or transfer made to another person or business.

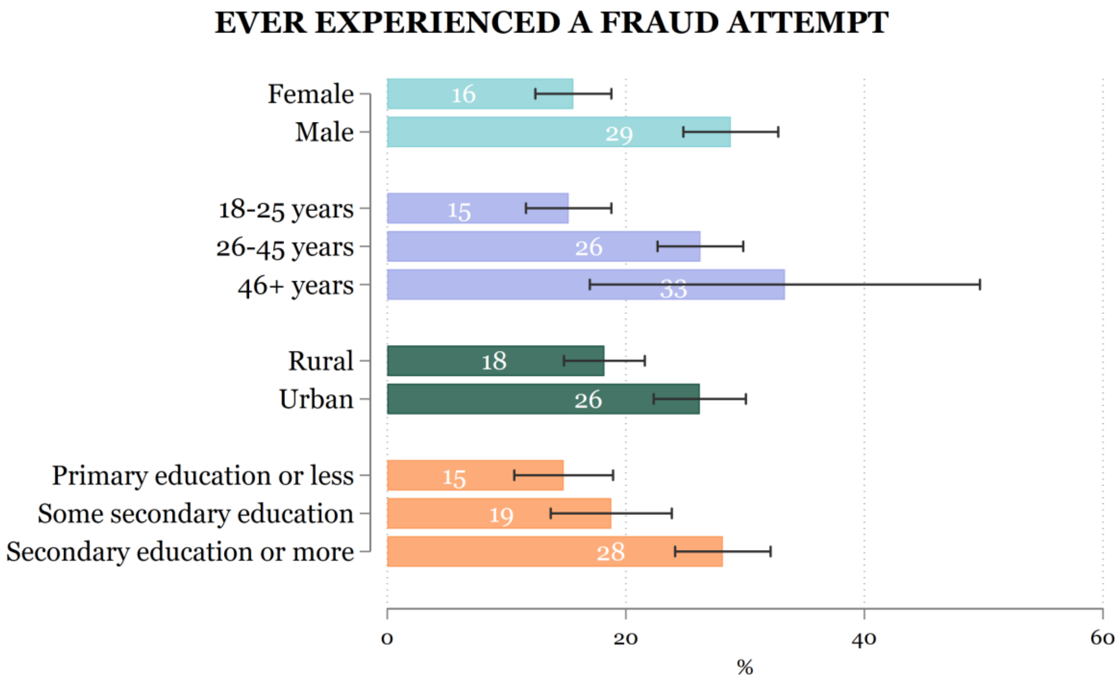
21 percent believed that this charge was not allowed under their account's rules.

Few consumers seek formal redress for issues involving unclear fees.



A large majority of respondents report never experiencing a fraud attempt.

22 percent said they had been contacted by someone attempting to deceive them into sharing personal financial information or authorizing a transaction, and 15 percent said that it had happened in the past 12 months.

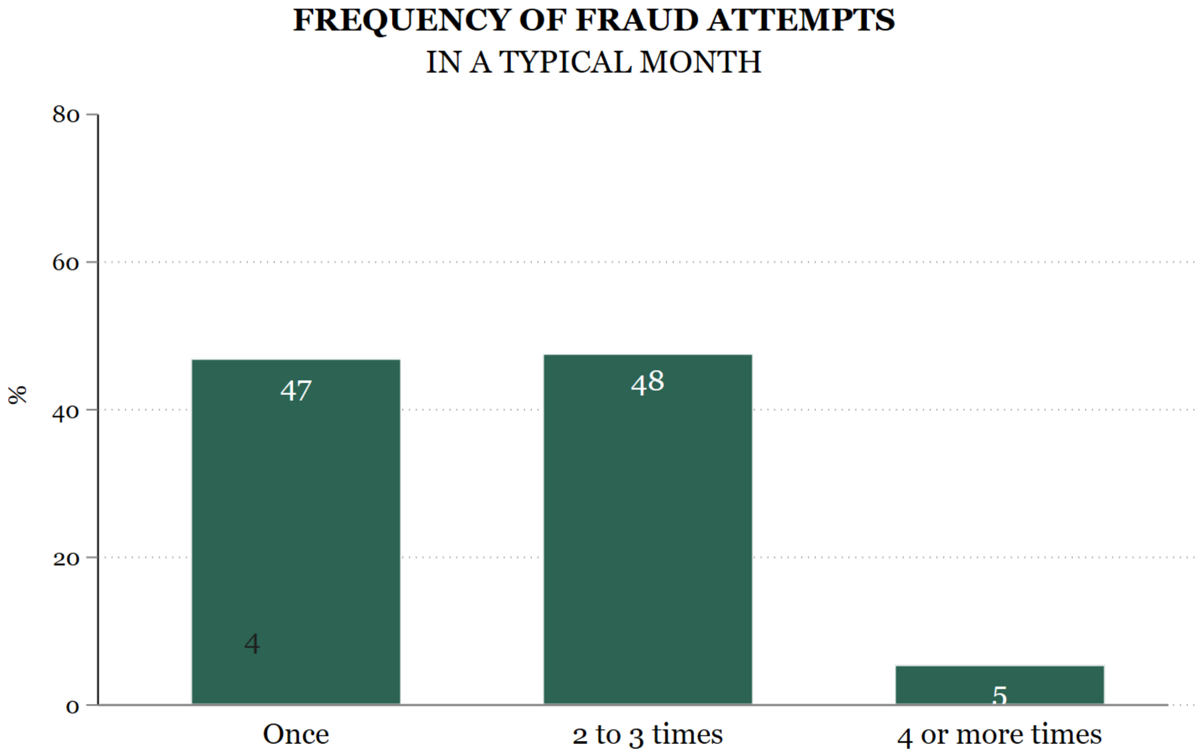


N= 1000. 95% confidence intervals shown.
Graphs produced only when consumer segments differed at the 5% significance level.

Male, older, and higher educated consumers reported higher incidents of fraud attempts.

We did not observe any significant differences in reported fraud attempts by wealth and financial literacy levels.

Among those reporting fraud attempts, half experienced multiple exposures per month.

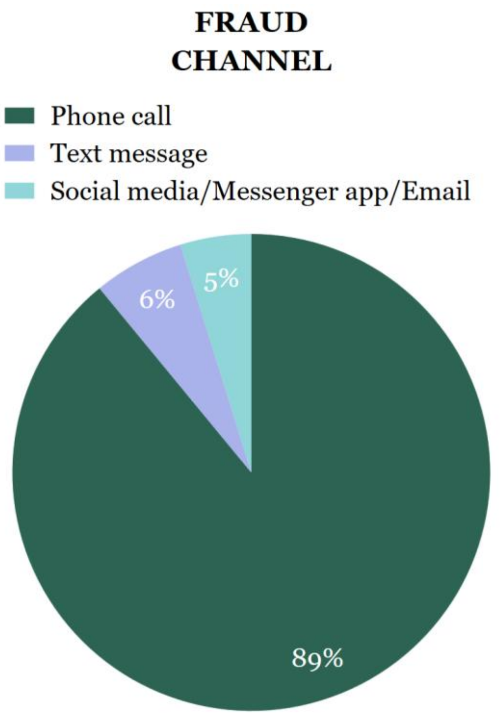


N= 147.

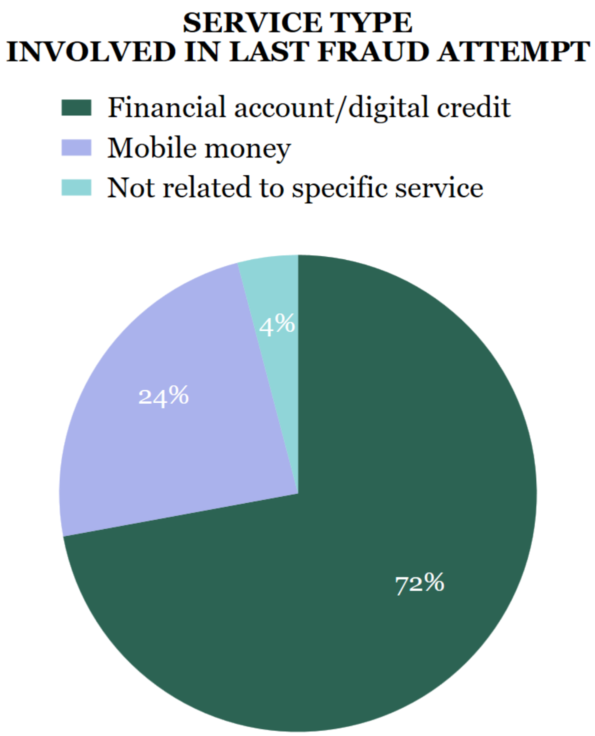
53 percent
of respondents were typically targeted more than once a month.

We did not observe any significant differences by segment.

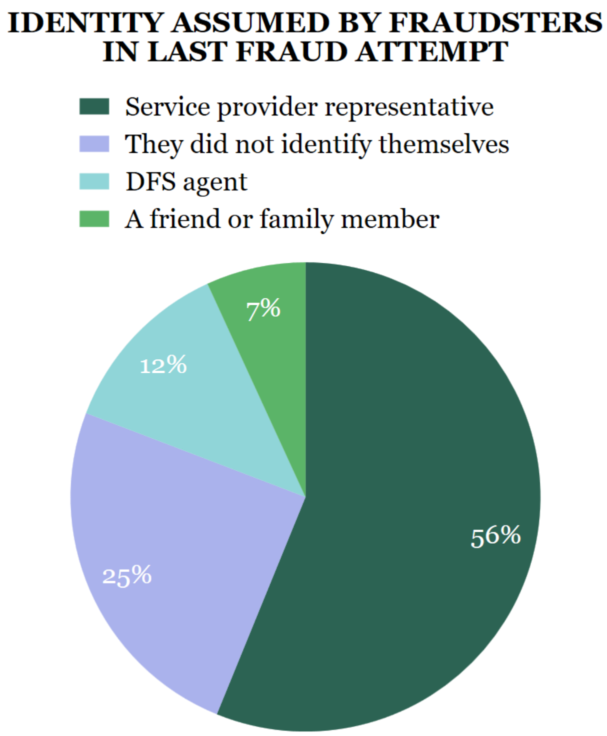
Fraud attempts most commonly come by phone, target financial accounts, and involve impersonation of service providers.



N= 147.



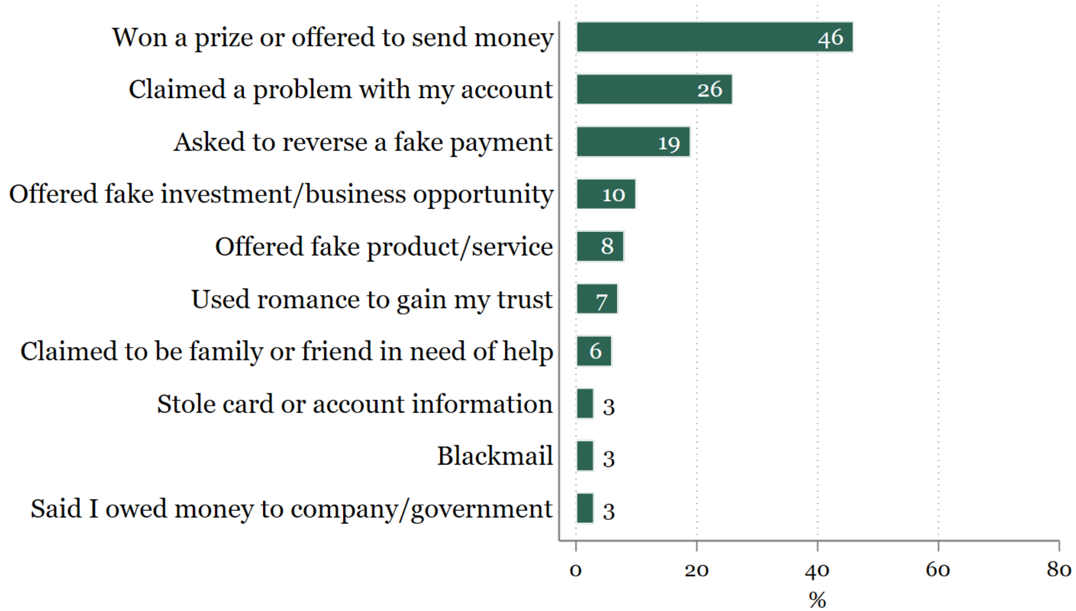
N= 147.



N= 146. Excludes 1 don't know/refuse to answer response.

Fraudsters most commonly try to trick respondents into believing they have won a prize or offered to send money, or claimed a problem with their account.

FRAUD RUSE



Multiple selections possible. N= 127.
Excludes 20 don't know/refuse to answer responses.

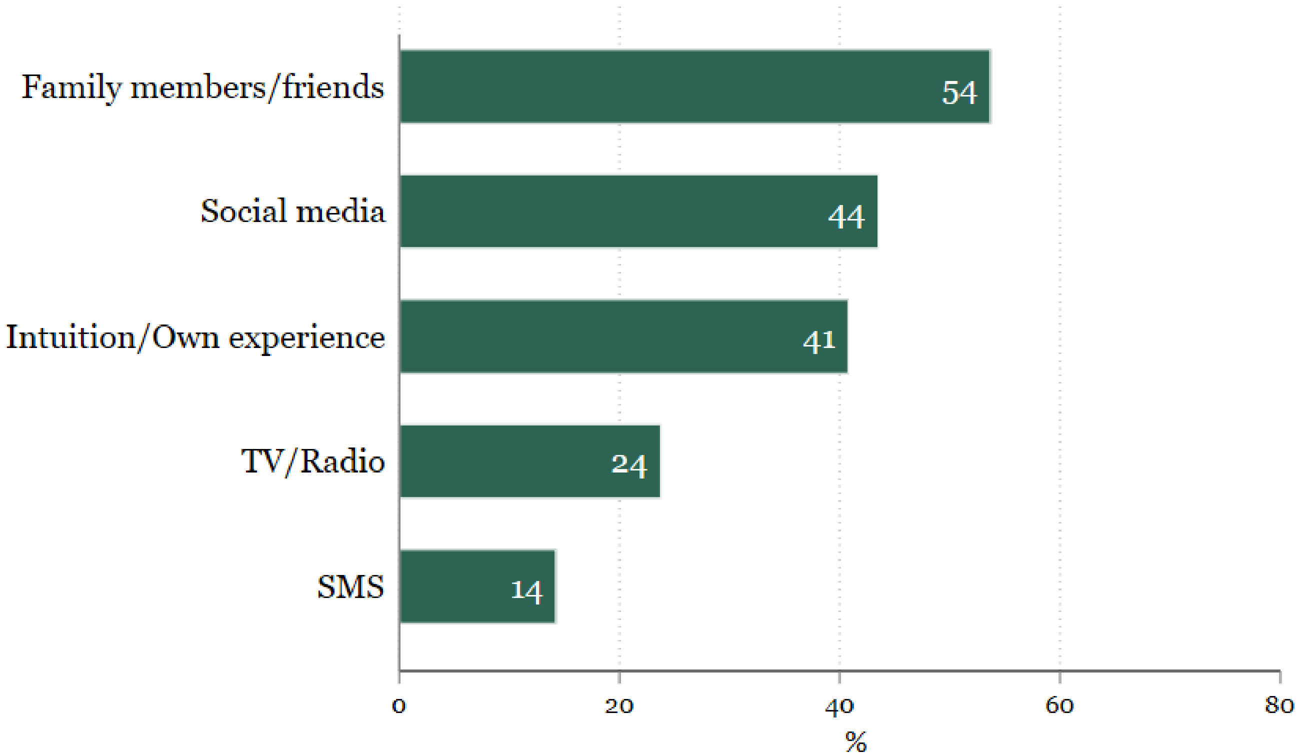
Respondents most commonly identified scams by three common suspicious behaviors: requests for private information, calls from non-institutional phone numbers, and mentioning unfamiliar transactions and services.

Respondents also took account of warnings or advice from banks and the experiences shared by others to help them identify fraudulent attempts

ATTEMPTED FRAUD

Respondents often learn to detect scams based on skills from their social network, social media, or their own experiences.

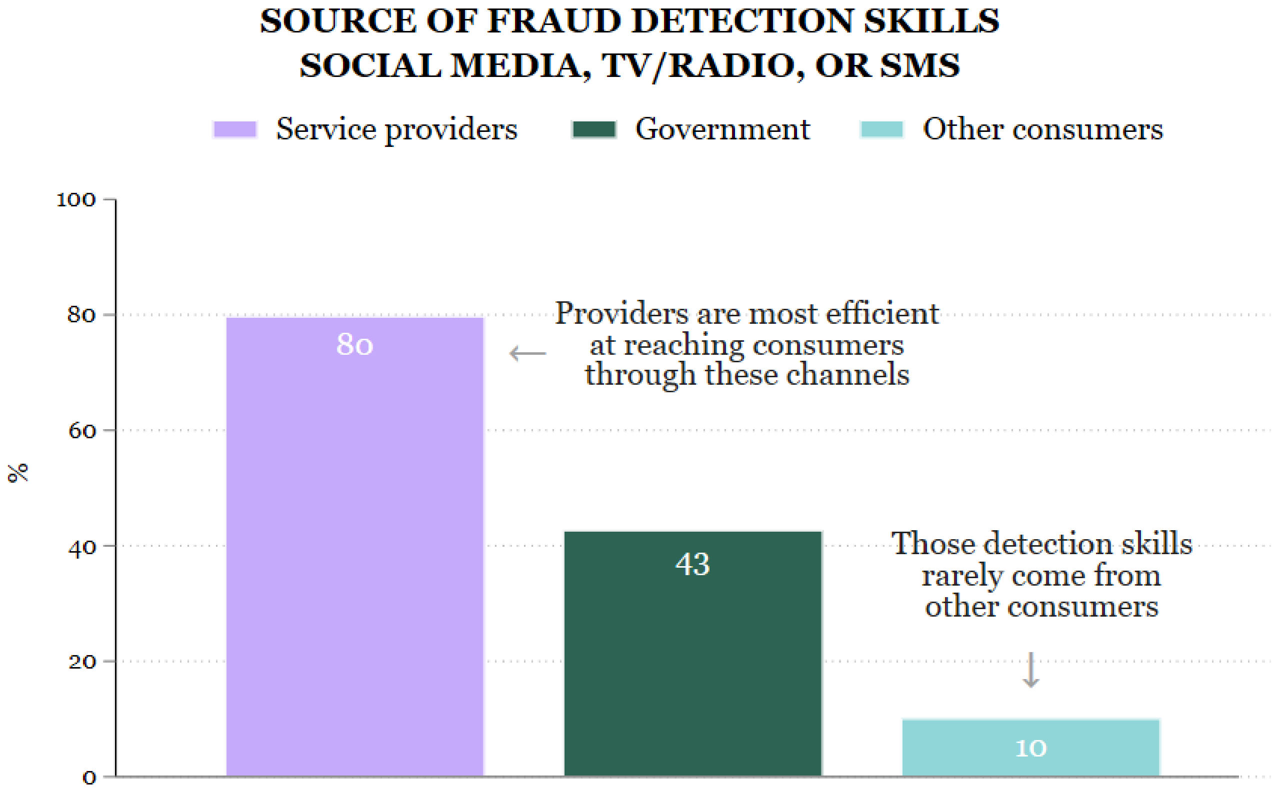
WHERE FRAUD DETECTION SKILLS ARE LEARNED



Multiple selections possible. N= 147.

ATTEMPTED FRAUD

When fraud detection skills are learned through social media, TV, radio, or SMS, the source is often service providers.



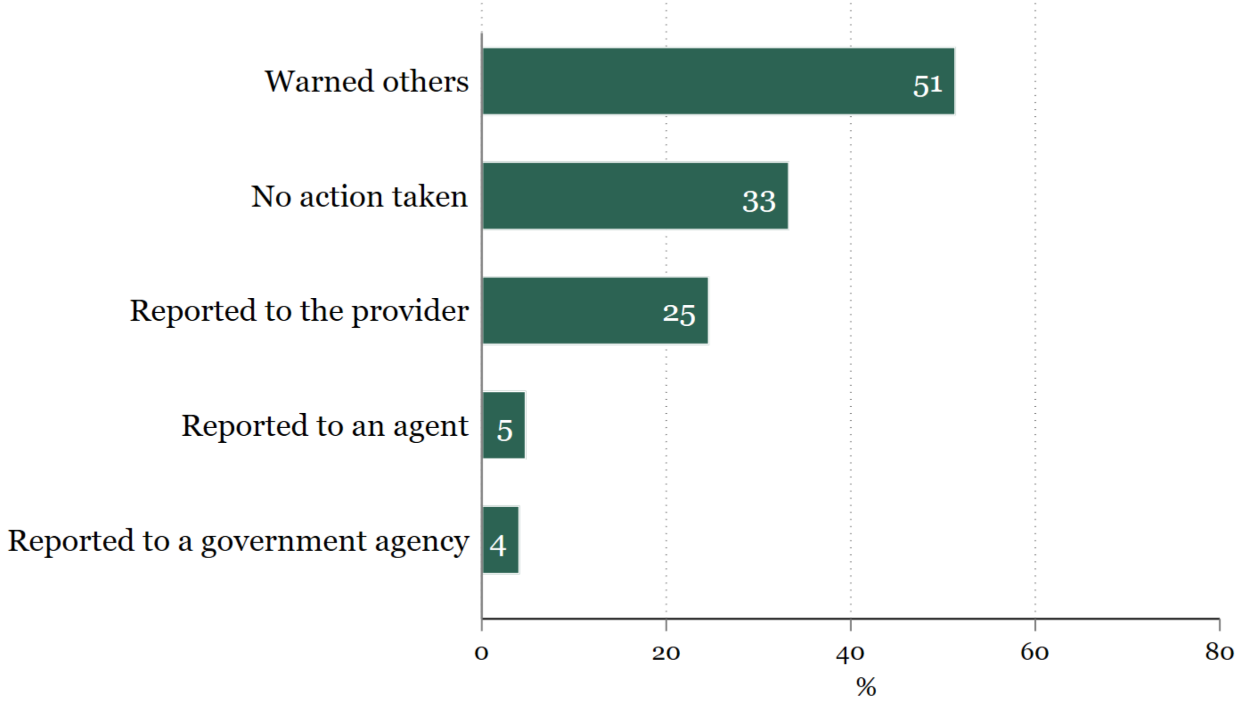
Multiple selections possible. N= 89.

ATTEMPTED FRAUD

Only 31 percent formally reported the last fraud attempt they experienced.

About half of respondents warned friends and family, and 33 percent took no action at all.

ACTION TAKEN AFTER FRAUD ATTEMPT



Multiple selections possible. N= 143.
Excludes 4 don't know/refuse to answer responses.

Reported fraud losses are quite uncommon.

4 percent of respondents had ever lost money, and 2 percent had lost money in the past 12 months.

1 percent
of respondents had lost money specifically due to fraudulent fintech smartphone applications in the past 12 months.

1 percent
lost money from their account for reasons other than fraud, unexpected fees, or agent overcharging in the past 12 months.

We did not observe any significant differences in reported fraud loss by segment.

SUCCESSFUL FRAUD

The median respondent lost USD 21 the last time they were defrauded.

This corresponds to 16 percent of national mean monthly household income.*

$21

Median annual financial loss due to fraud among fraud victims in our sample

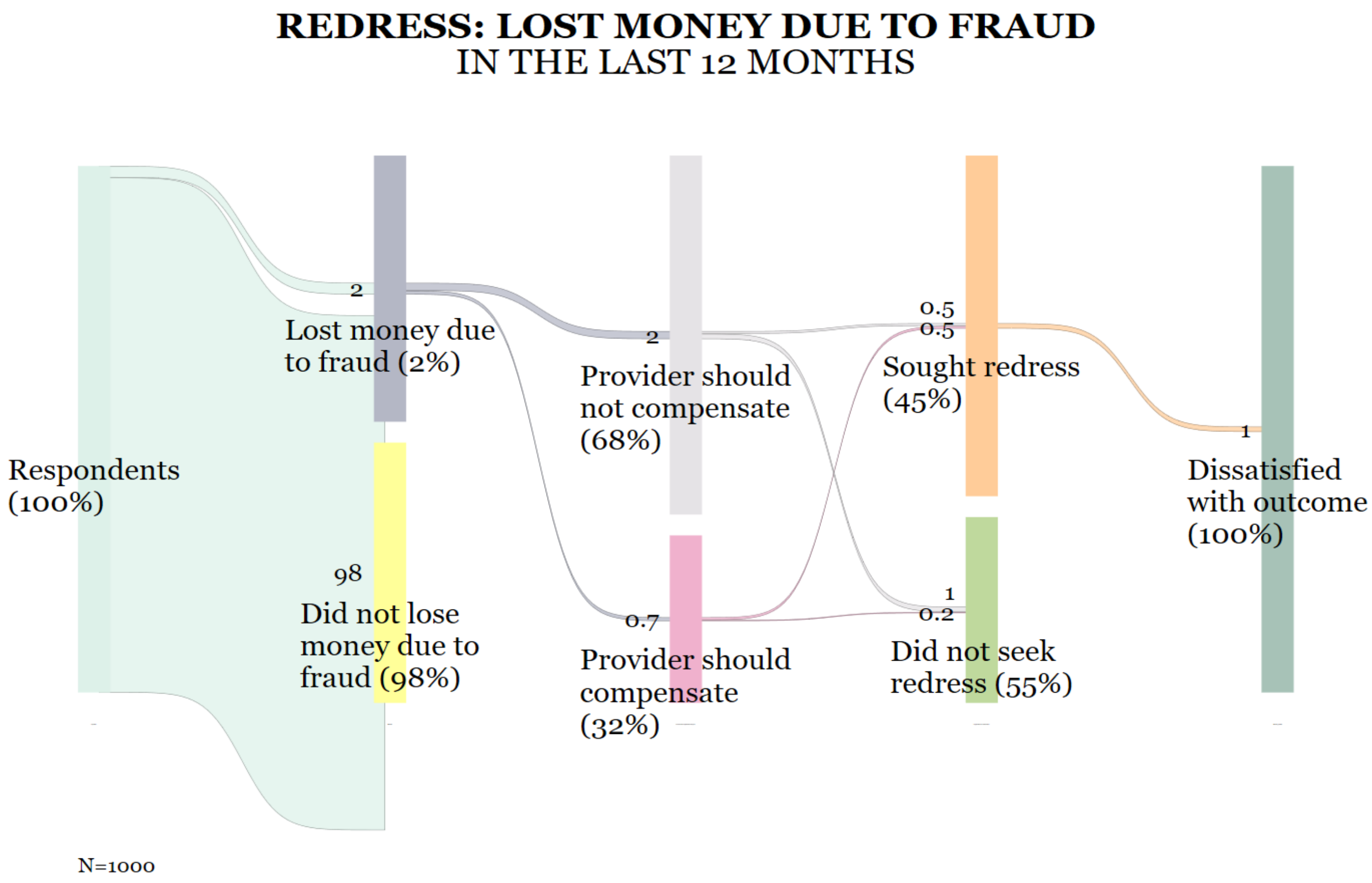
$ 72 million

Estimated total annual loss due to fraud among all Ethiopian DFS users.**

*The comparison uses national-level income data for Ethiopia (World Bank Open Data, SI.SPR.PCAP: survey mean consumption or income per capita) rather than region-specific figures.

**Calculated by multiplying the mean amount lost due to fraud across our entire sample (including those who did not lose money to fraud) – $0.93 – by the total number of Ethiopian DFS consumers (reported by Findex 2025) – 78,031,387. This estimate should be treated as indicative given the small sample of fraud victims (N=22).

When consumers lose money due to fraud, less than half of them seek redress, and most that do are dissatisfied with the outcome.



Fraud victims become more cautious, reduce their DFS usage, and experience negative impacts on their well-being.

Younger and female respondents were more likely to experience negative psychological impacts.

IMPACTS ON DFS USAGE

50%
became more cautious or vigilant when making transactions

39%
changed their PIN or password

3%
decreased their DFS usage across all services

17%
switched to a different service provider

8%
stopped using the service entirely

IMPACTS ON WELL-BEING

50%
felt anxious or worried

86%
felt angry or frustrated

55%
lost confidence

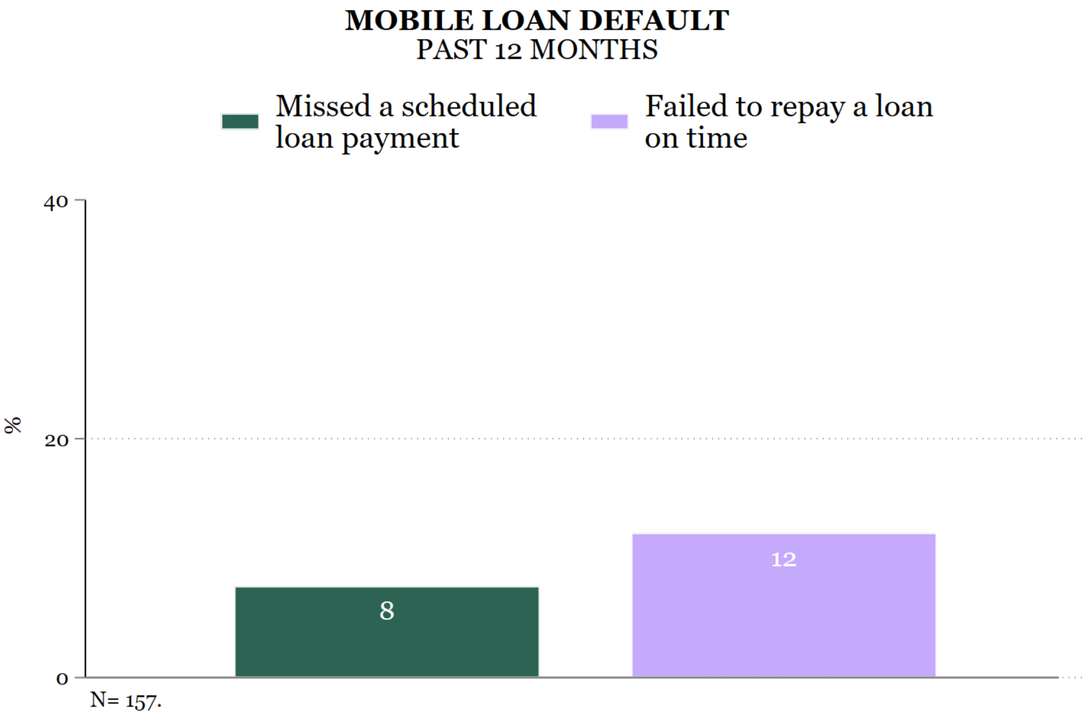
45%
felt helpless or vulnerable

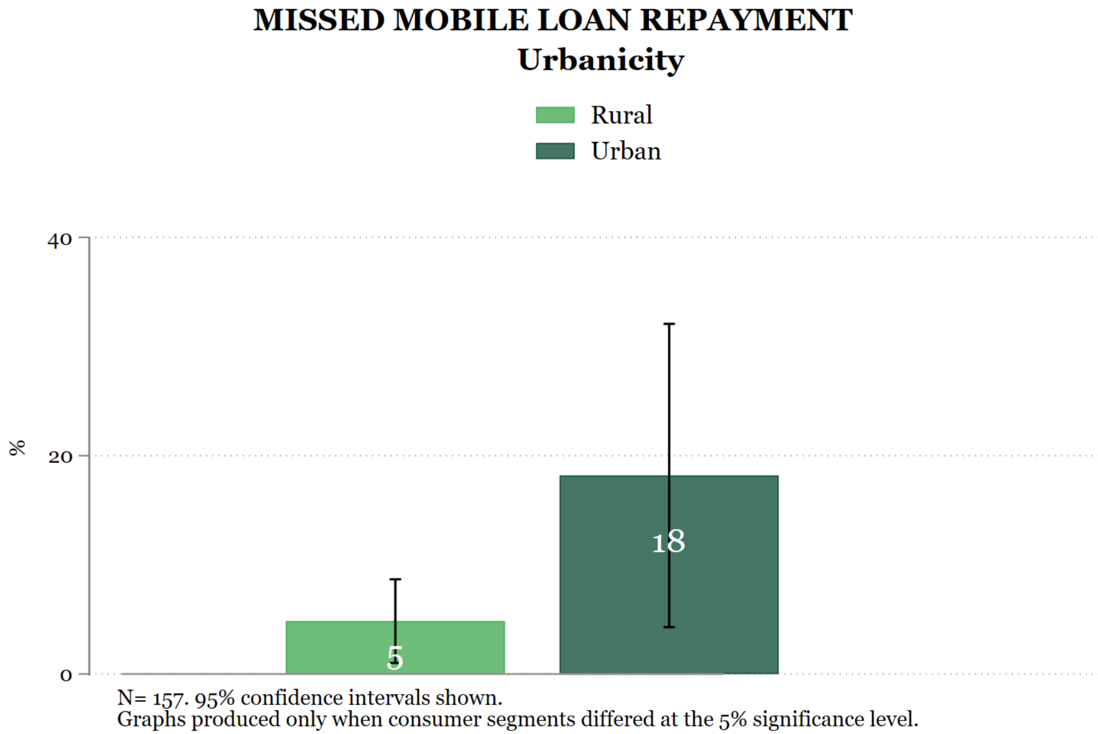
41%
felt embarrassed or ashamed

DFS usage impacts (N = 36) are conditional on ever having lost money to fraud or a scam; well-being impacts (N = 22) on having lost money in the past 12 months.

Among mobile loan users, 12 percent of mobile loan users reported failing to repay on time in the last year.

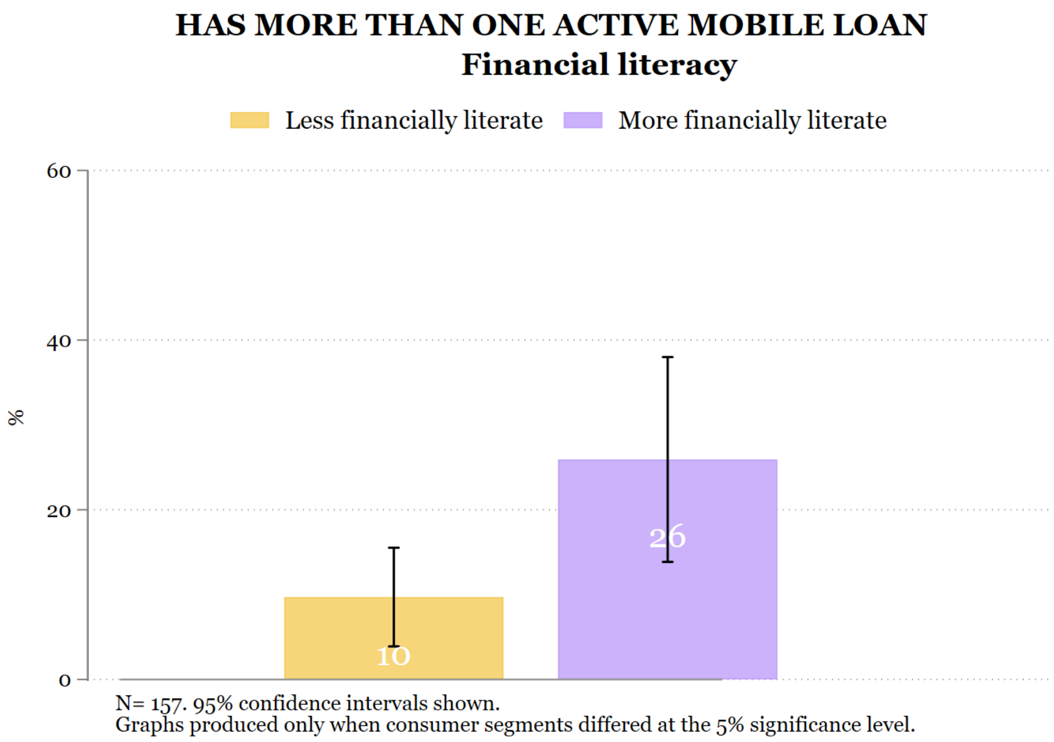
Urban consumers were significantly more likely to miss a loan payment.



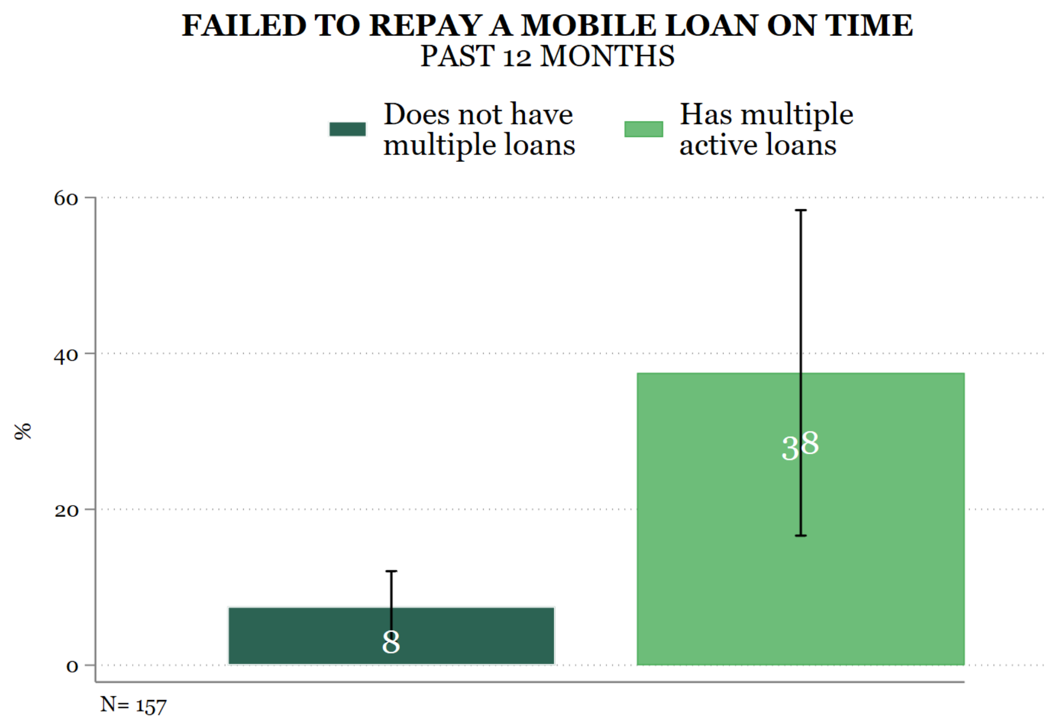


Among mobile loan users, 15 percent had multiple active loans.

More financially literate consumers were more likely to have multiple loans.



Consumers with multiple loans were significantly more likely to have experienced loan default.



Credit cards, overdraft services, and buy-now-pay-later remain rare forms of credit.

CREDIT CARDS	OVERDRAFT SERVICES	BUY-NOW-PAY-LATER
0.1%	0.1%	0.1%
had used a credit card in the past 12 months.	had used overdraft services in the past 12 months.	had used buy-now-pay-later in the past 12 months.

Statistics are conditional on users of each service (credit cards N = 1; overdraft N = 1; buy-now-pay-later N = 1).

Signs of over-indebtedness are relatively common among mobile loan users.

Proportion of debt services users reported that they…

10%

...regretted taking on debt.

5%

...used a loan to repay another debt.

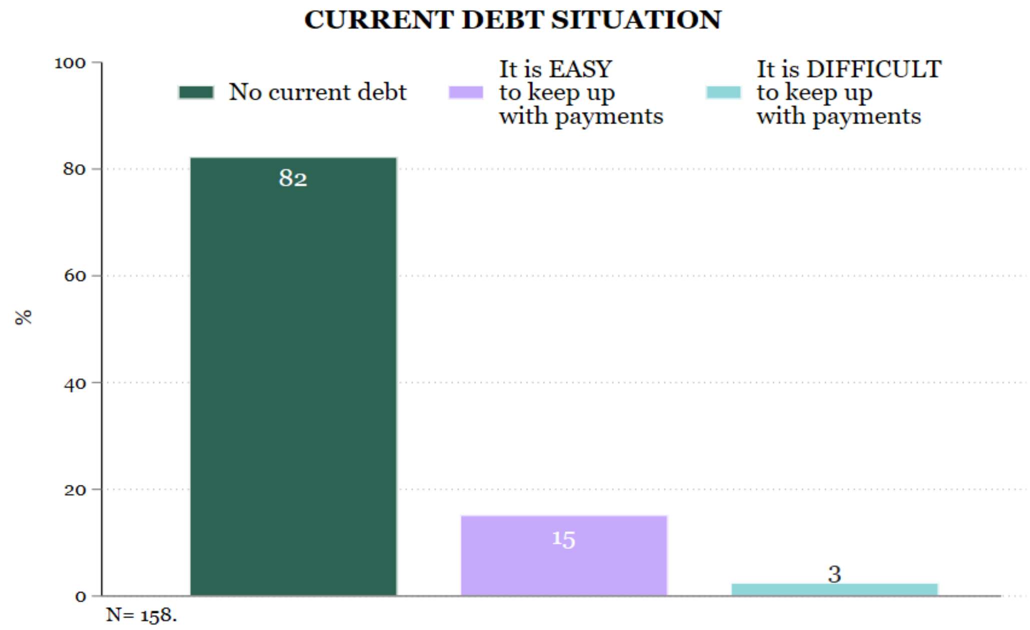
4%

...lost access to one of their accounts due to unpaid debt.

Among respondents that used debt services in the past 12 months,

103 percent

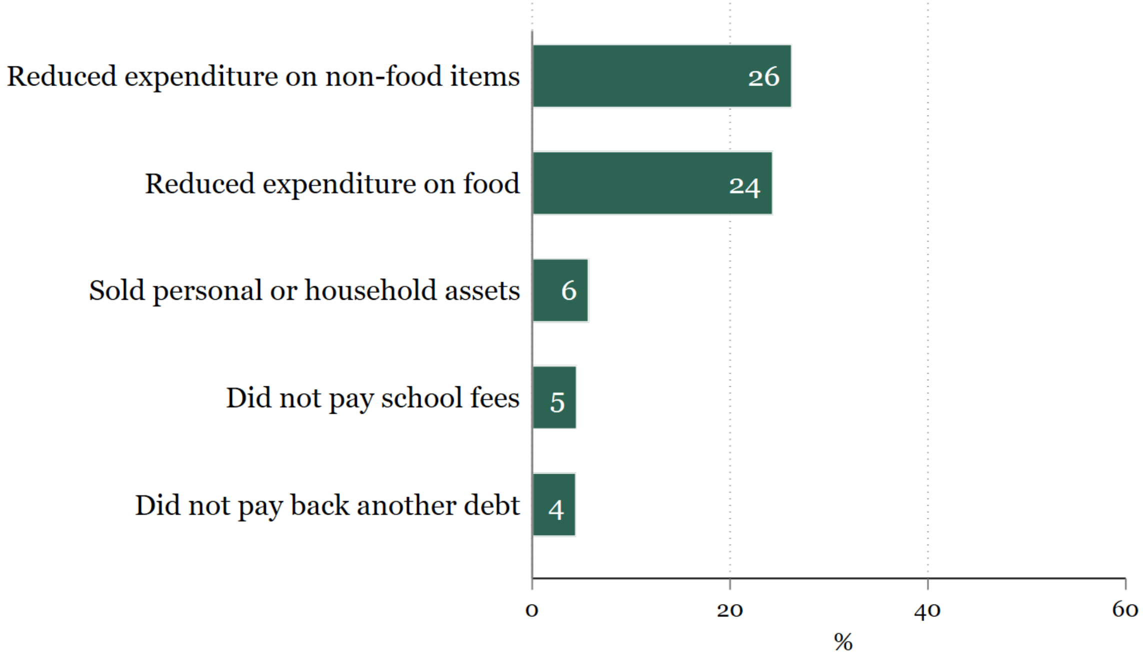
found it somewhat or very difficult to keep up with their debt payments.



Among mobile loan users, 24 percent had cut back on food expenditure to repay their debt in the past 12 months.

Rural, poorer and financially literate respondents are significantly more likely to make a sacrifice to pay back a loan.

SACRIFICES MADE TO REPAY DEBT



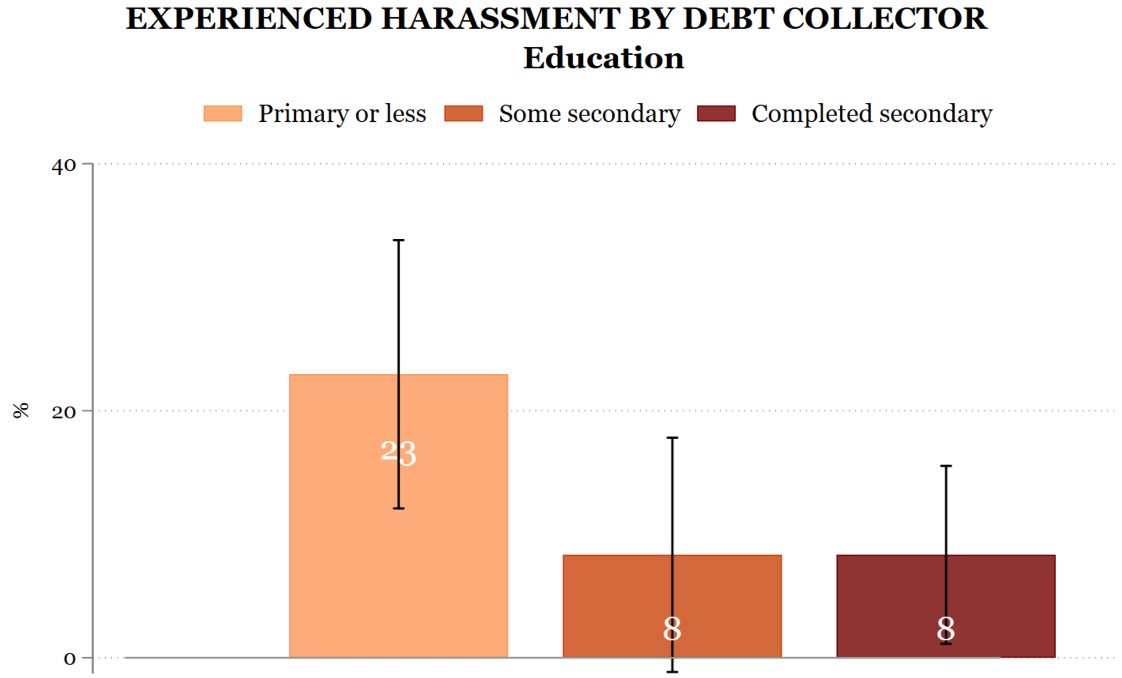
Multiple selections possible. N= 148.
Excludes 10 don't know/refuse to answer responses.

27 percent
of debt users used two or more strategies to cope with their debt situation.

4 percent
used three or more coping strategies.

Among mobile loan users, 14 percent experience harassment by debt collectors.

Less educated consumers were more likely to have experienced harassment.

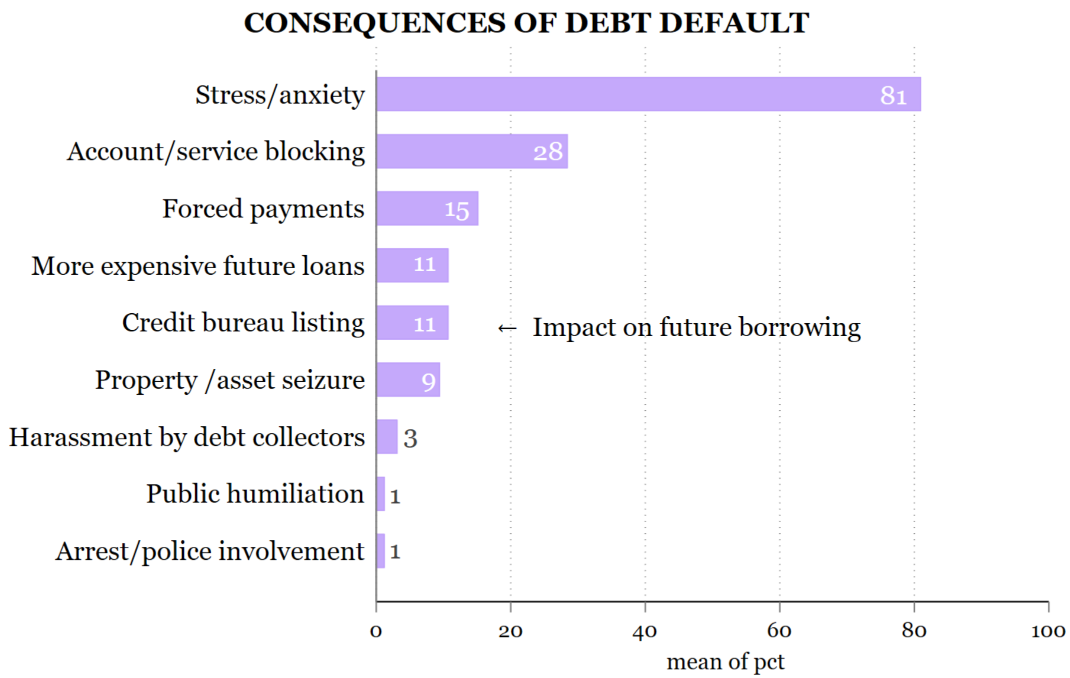


N= 157. 95% confidence intervals shown.
Graphs produced only when consumer segments differed at the 5% significance level.

The most common form of harassment was through **phone calls or text messages.**

10 percent had been publicly shamed or received threats of legal action.

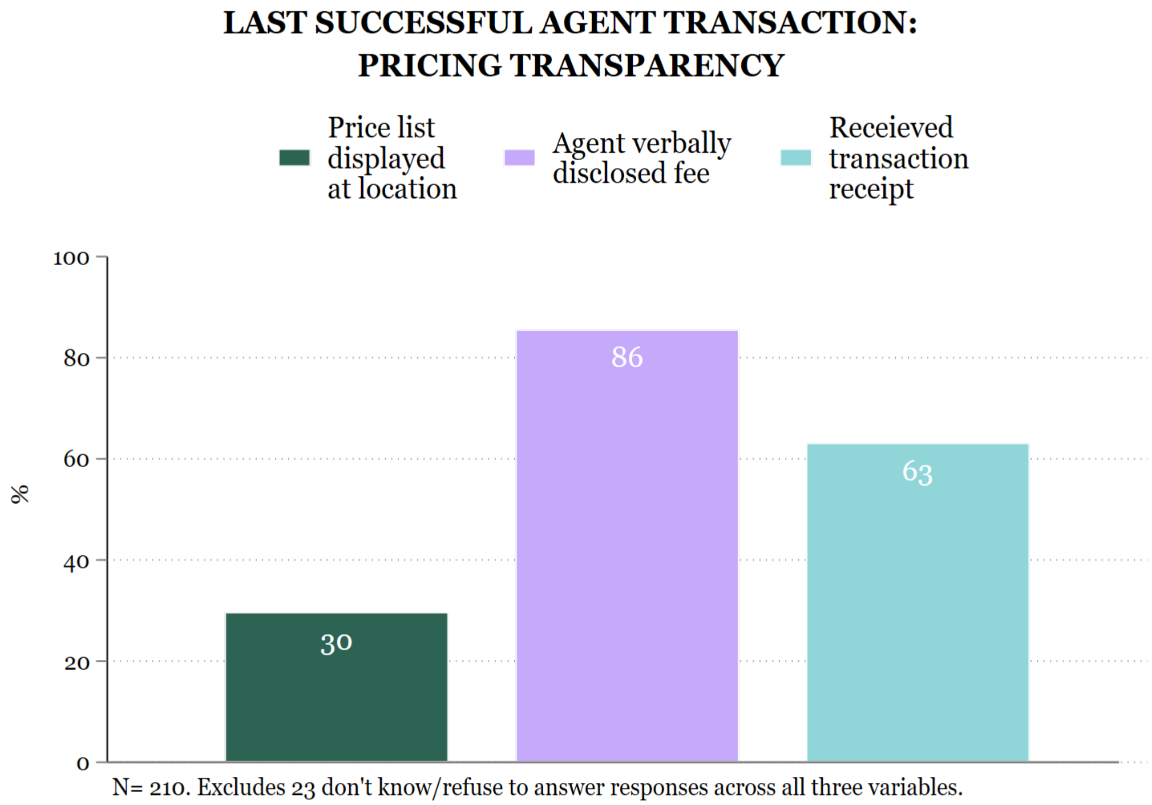
The vast majority of consumers identified stress and anxiety as negative consequences of defaulting, and over one-quarter cited risks of account or service blocking.



Multiple selections possible. N= 158.

Nearly a quarter of borrowers mentioned impacts on future credit, namely more expensive future loans and credit bureau listing.
An additional 28 percent identified account or service blocking, which can also constrain future access to credit by forcing borrowers to seek alternative providers.

Agents typically disclose prices verbally, but 70 percent do not have price lists visible to consumers.



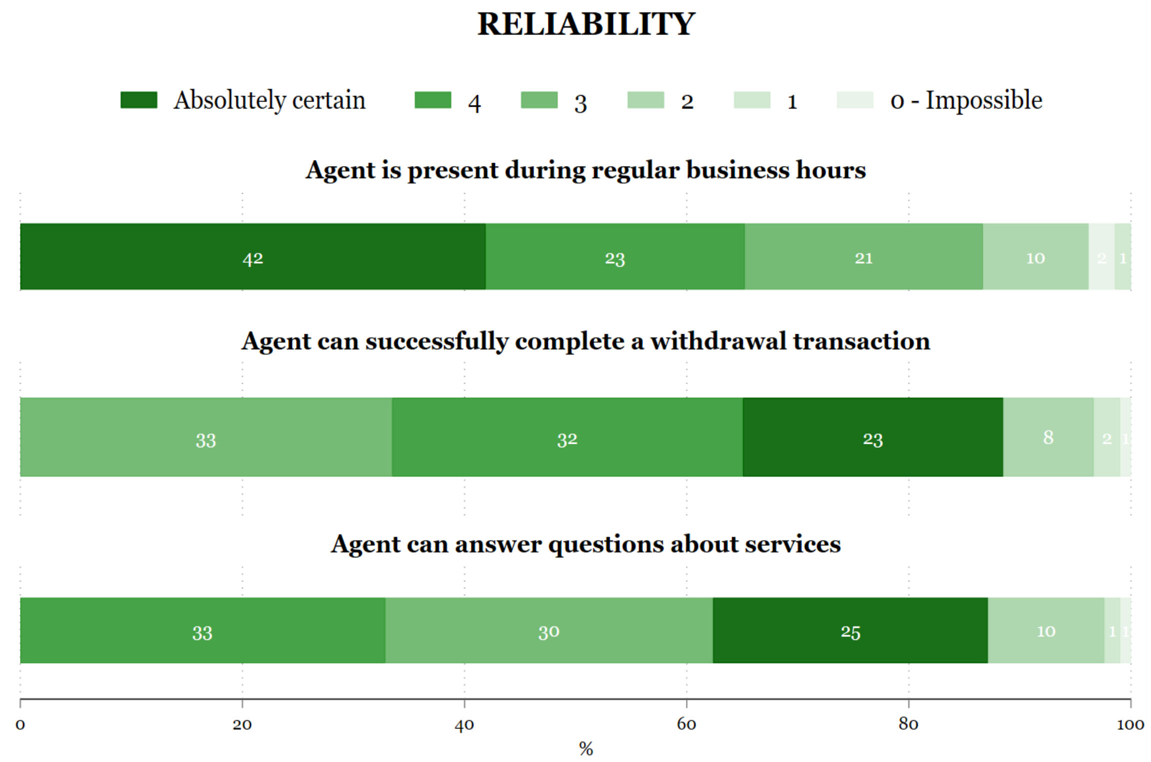
Most consumers stated that the agent verbally disclosed fees and that they received transaction receipts.

Urban and poorer respondents were significantly less likely to report seeing pricelists at agent locations.

Younger respondents also reported significantly lower rates of fee disclosure.

Agents do not always provide reliable service.

Agents are not always present or able to complete transactions successfully. Only a quarter of respondents were absolutely certain that an agent could help them answer questions related to their services.

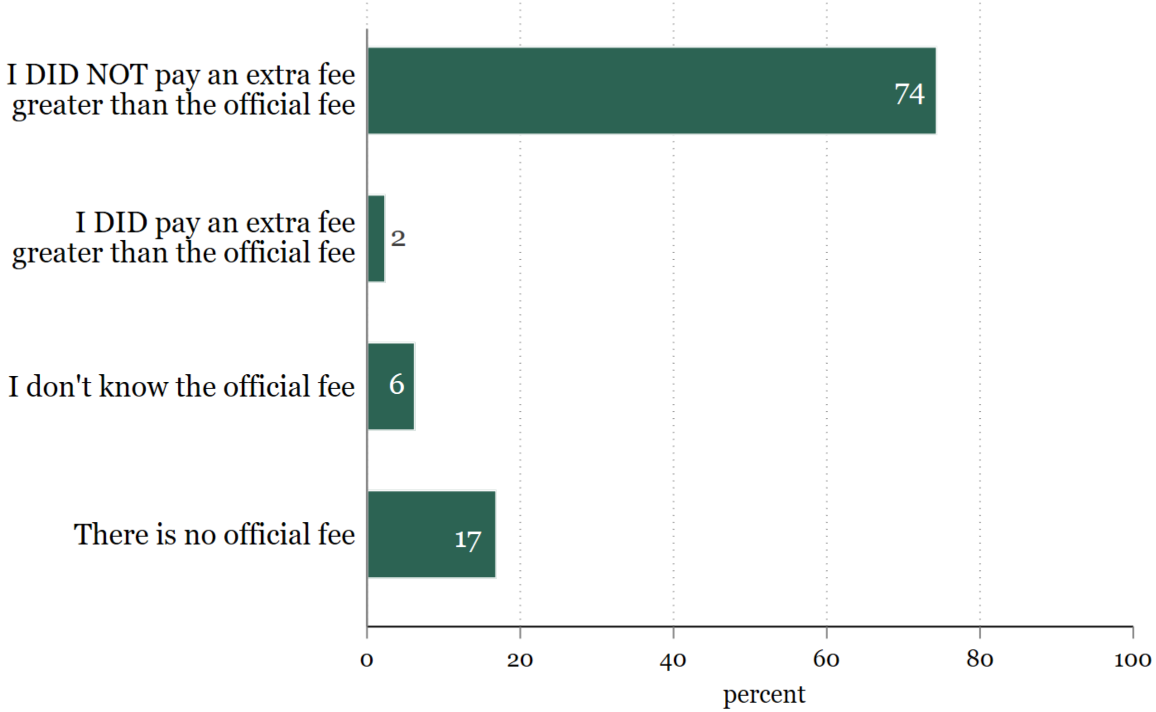


N= 210.. Excludes 14 don't know responses across all three variables.

Nearly three-quarters of consumers believe agents charge correct fees.

17 percent believe agent transactions do not have an official fee.

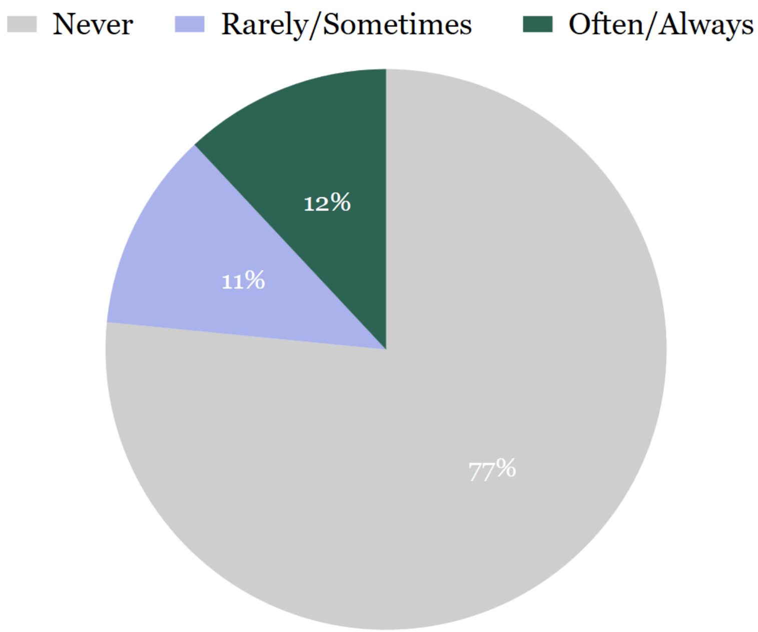
FEE OF LAST AGENT TRANSACTION



Among respondents, 77 percent said that agents do not treat them differently because of their gender, age, ethnicity, or religion.

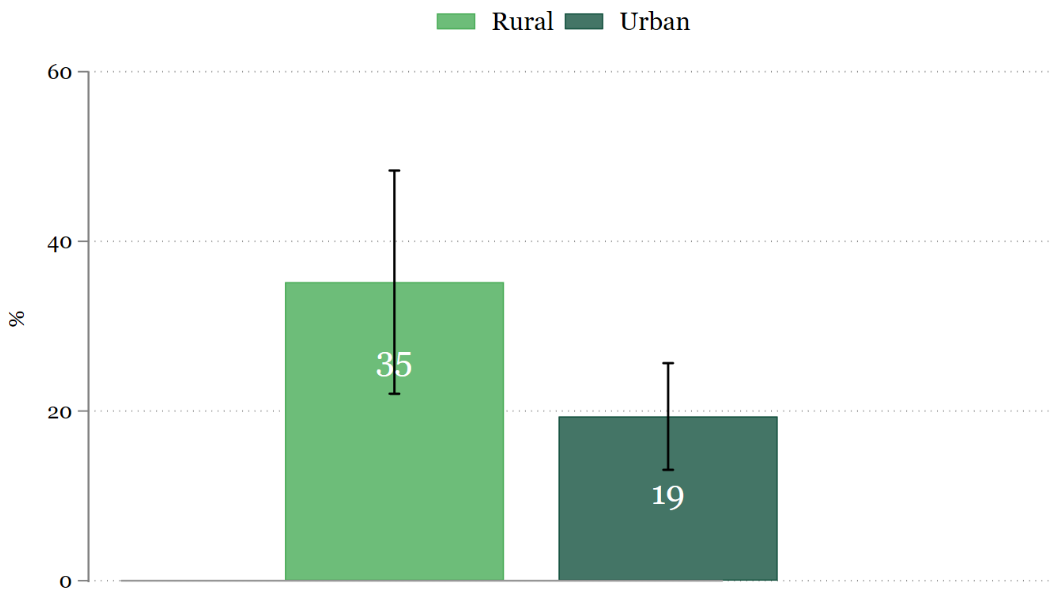
Rural consumers were more likely to report these experiences. There were no differences by gender.

AGENT DIFFERENTIATES TREATMENT
BASED ON GENDER, AGE, ETHNICITY, OR RELIGION



N= 209. Excludes 1 don't know/refuse to answer response.

EXPERIENCED DIFFERENTIAL TREATMENT BY AGENT
Urbanicity



N= 209. 95% confidence intervals shown.
Graphs produced only when consumer segments differed at the 5% significance level.

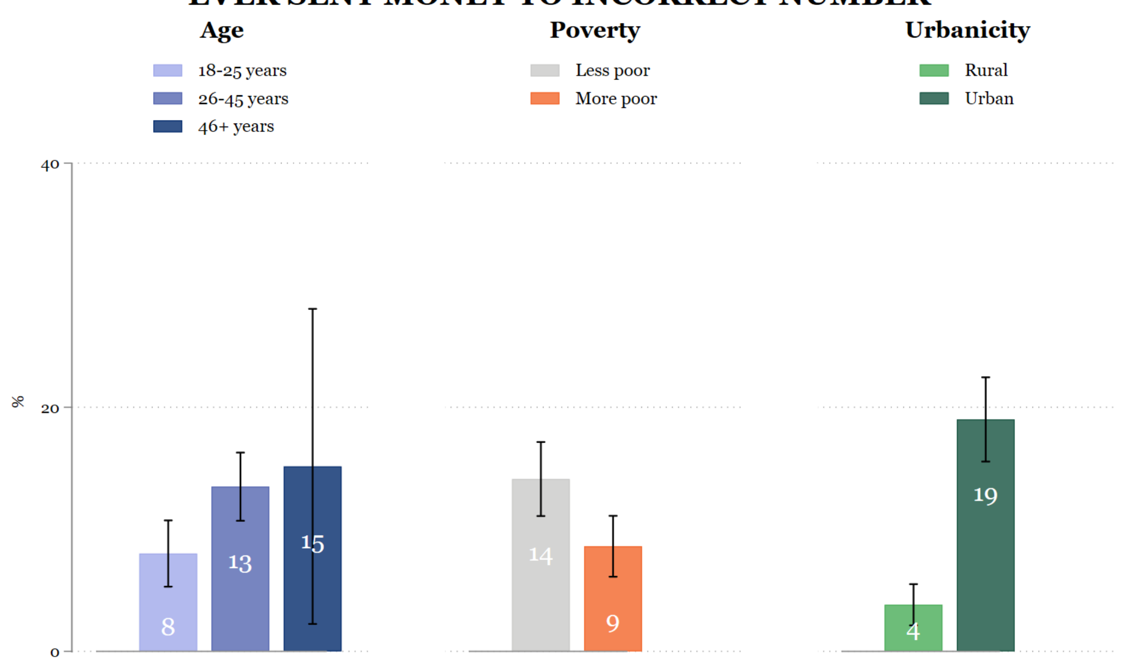
Despite safeguards, nearly one in ten respondents had sent money to the wrong number. Most are able to recover the funds.

90 percent
of respondents said that there was an extra verification step they had to complete before sending money to a new phone number.

Nonetheless, 11 percent
of payment services users had ever sent money to a wrong number.

Of those, 44 percent
were not able to recover the money.

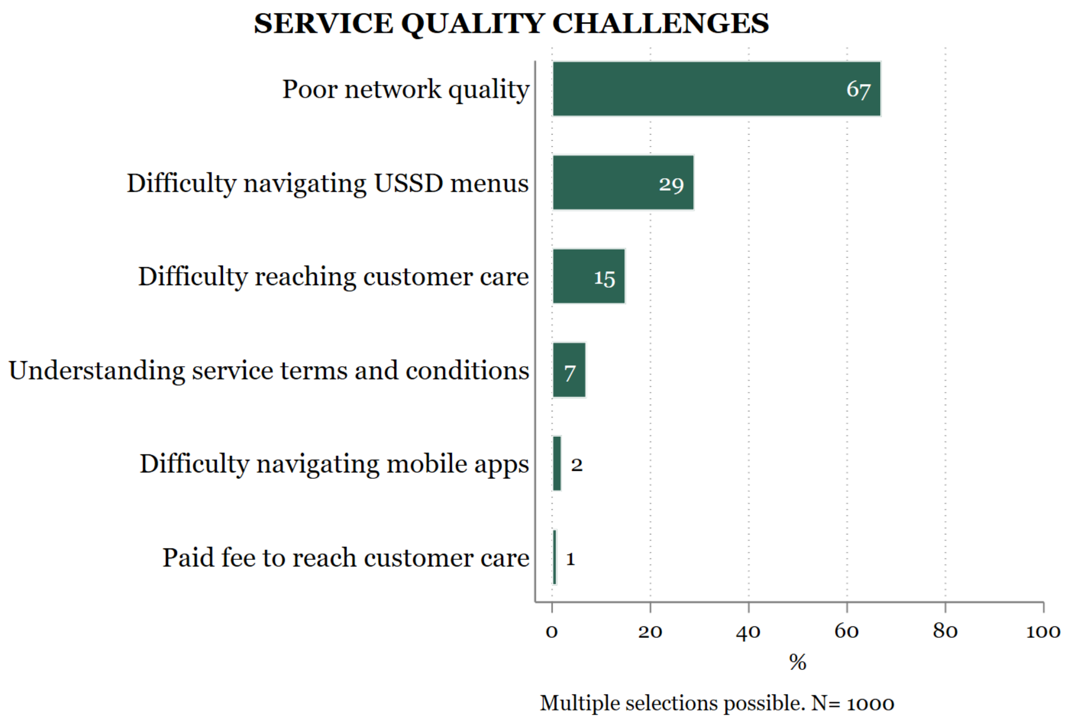
Older, less poor and urban respondents were more likely to experience the challenge.



N= 998. 95% confidence intervals shown.
Graphs produced only when consumer segments differed at the 5% significance level.

Most consumers encounter challenges related to the quality of a service.

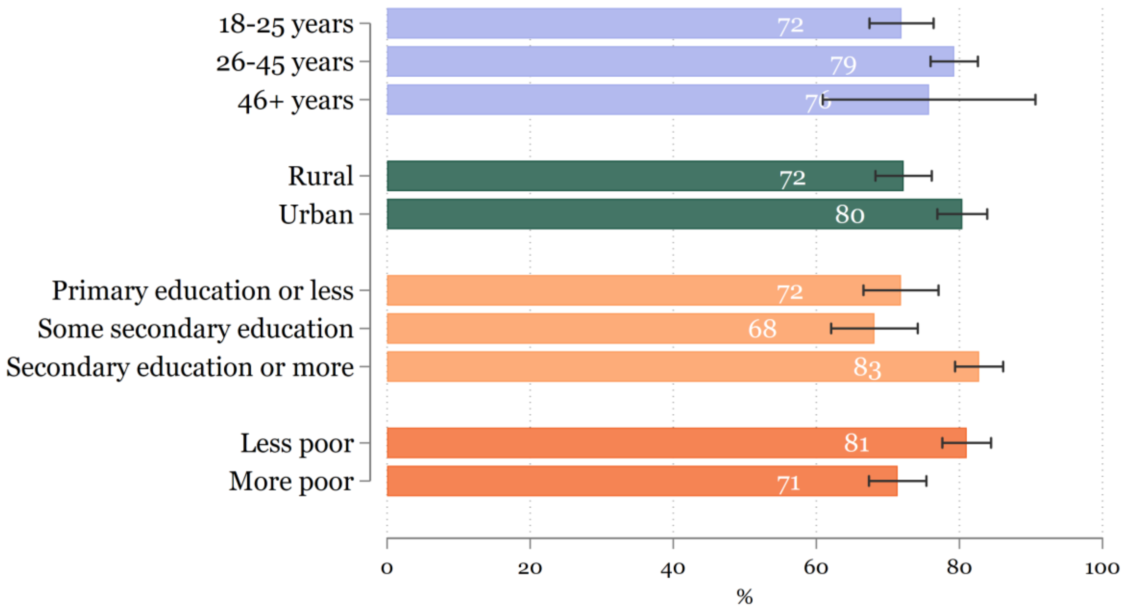
76 percent had experienced such a challenge in the past 12 months.



The most common challenge was poor network quality.

While only one in fifty had difficulty navigating apps, over a quarter struggled with USSD menus.

Urban, more educated and less poor respondents were more likely to report having experienced any type of service quality challenge.



N= 1000. 95% confidence intervals shown.
Graphs produced only when consumer segments differed at the 5% significance level.

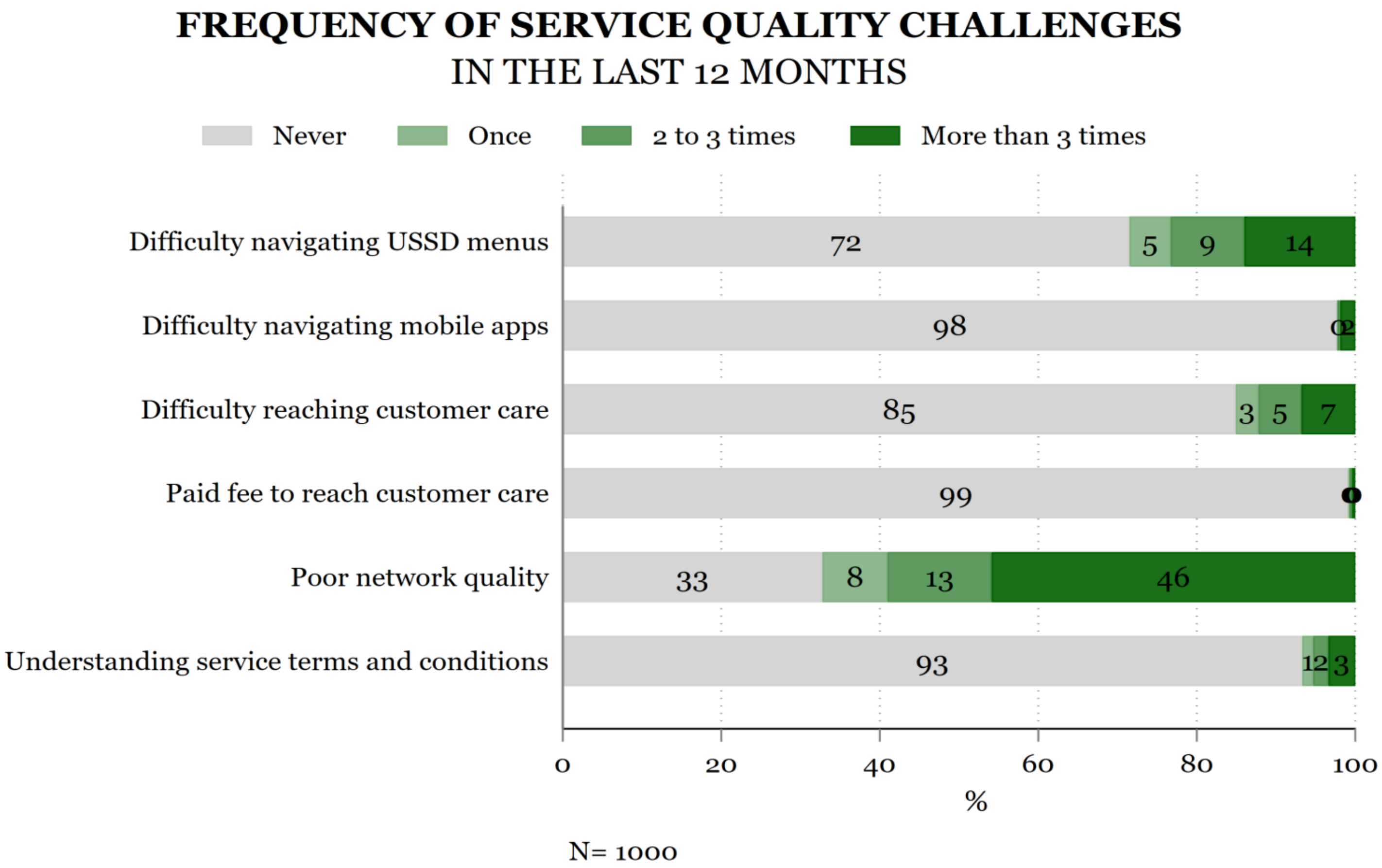
Less educated and older respondents reported significantly higher rates of
not understanding a service or how to use it.

Among all respondents experiencing these difficulties,

4 percent
lost money as a result.

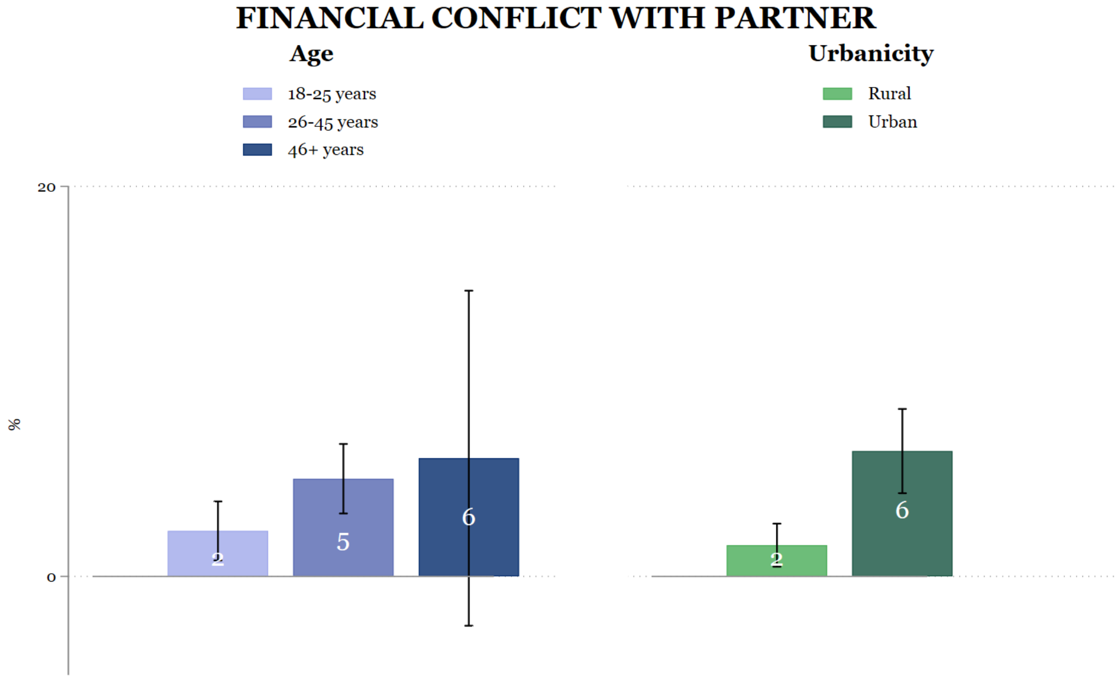
The median loss was **$4.83.**

Poor network quality was by far the most frequently experienced service quality challenge encountered.



About four percent had experienced a financial disagreement with a partner or household decision maker, a potential indicator of financial abuse.

Urban and older respondents reported higher rates of intra-household financial conflicts.



N= 998. 95% confidence intervals shown.
Graphs produced only when consumer segments differed at the 5% significance level.

2 percent
said that a spouse or decision maker had accessed their financial account without their permission.

2 percent
had been prevented from using money stored in their account.

1 percent
said a spouse or decision makers had taken out a loan in their name without their permission.

Challenging Complaints Redress Processes

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Key Findings

1. **Redress-seeking rates:** Of the 13 percent of respondents who lost money to fraud, unexpected fees, or service quality challenges in the past 12 months, 21 percent sought redress. Less poor respondents were slightly more likely to do so.

2. **Recovery of funds:** Among redress seekers who lost money, 38 percent recovered some or all of it.

3. **Redress resolution:** 59 percent of redress seekers were satisfied with the outcome. 7 percent of cases were not resolved, and 49 percent of respondents spent money on resolution costs such as airtime or travel, averaging USD 2.34.

4. **Impact on service usage:** Among redress seekers, 41 percent changed their DFS usage after the challenge. Those dissatisfied with the outcome were more likely to change their usage than those who were satisfied.

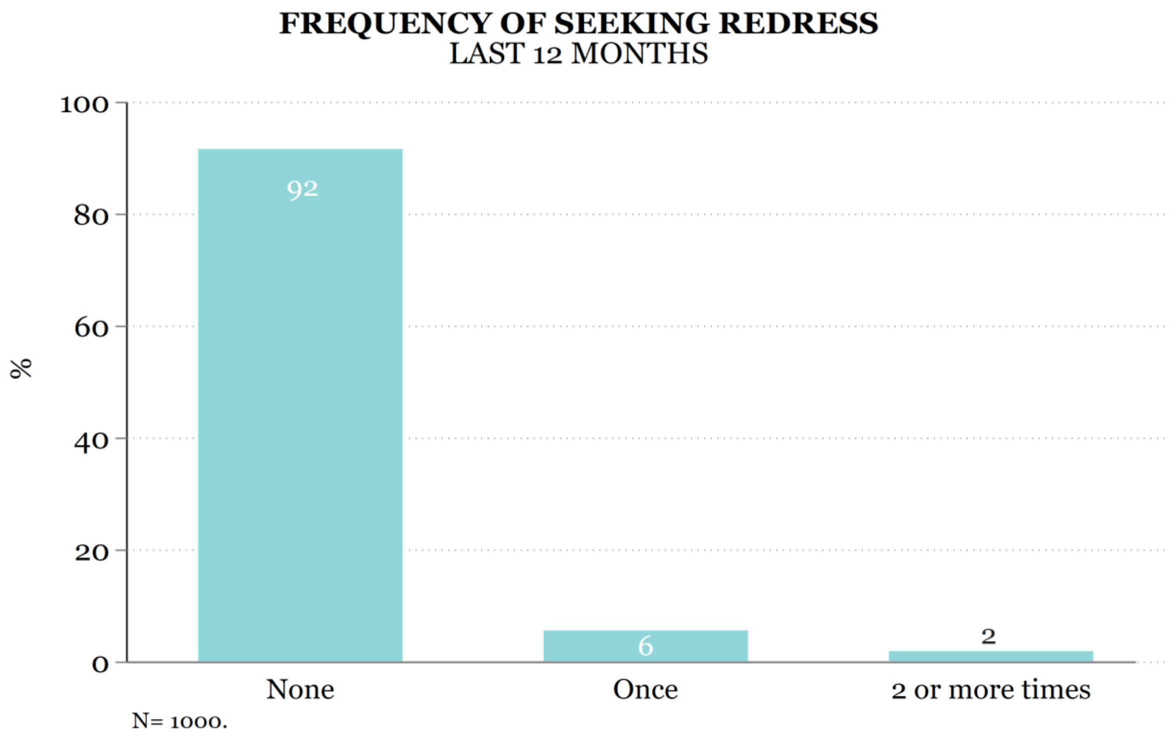
Respondents rarely sought redress for a DFS challenge.

Of those that lost money due to a DFS challenge, higher educated respondents were more likely to seek formal redress.

8 percent
of all respondents had sought redress for an issue in the past 12 months.

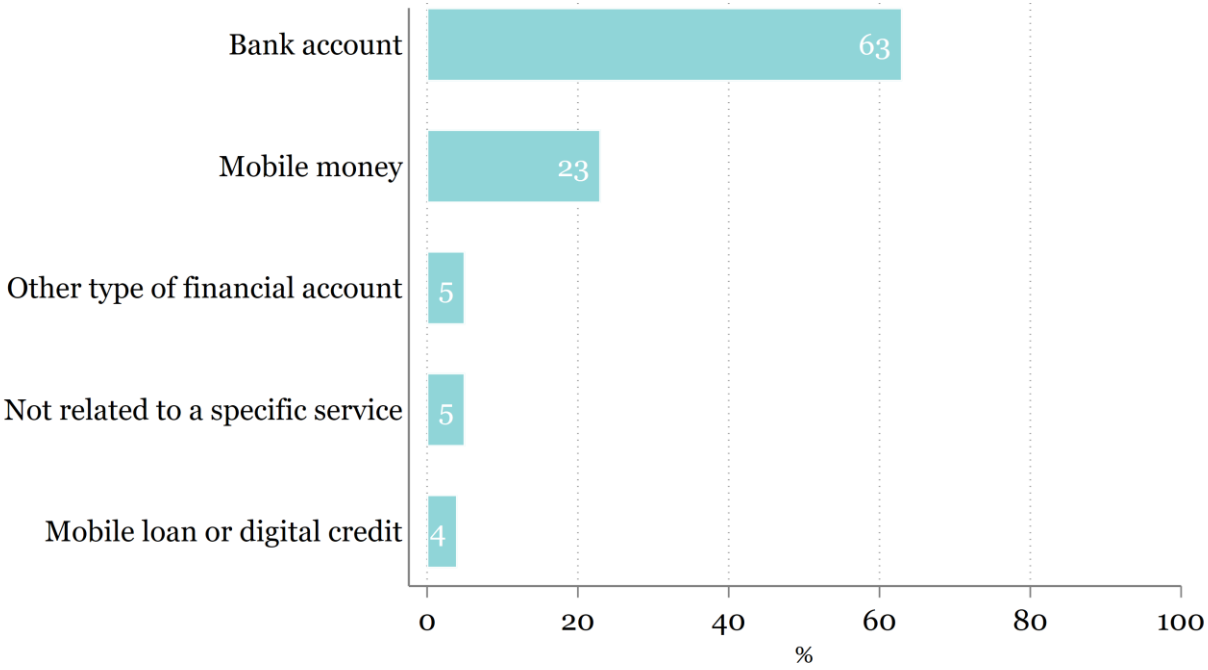
2 percent
had sought redress for an issue more than one time in the past 12 months.

21 percent
of respondents who had lost money due to fraud, an unexpected fee, or a service quality challenge had sought redress in the past 12 months.



Consumers typically sought redress about an issue with their bank account, and usually went to their service provider for support.

SERVICE TYPE RELATED TO REDRESS CHALLENGE



N= 81

86%

contacted the service provider

5%

contacted the mobile network operator

6%

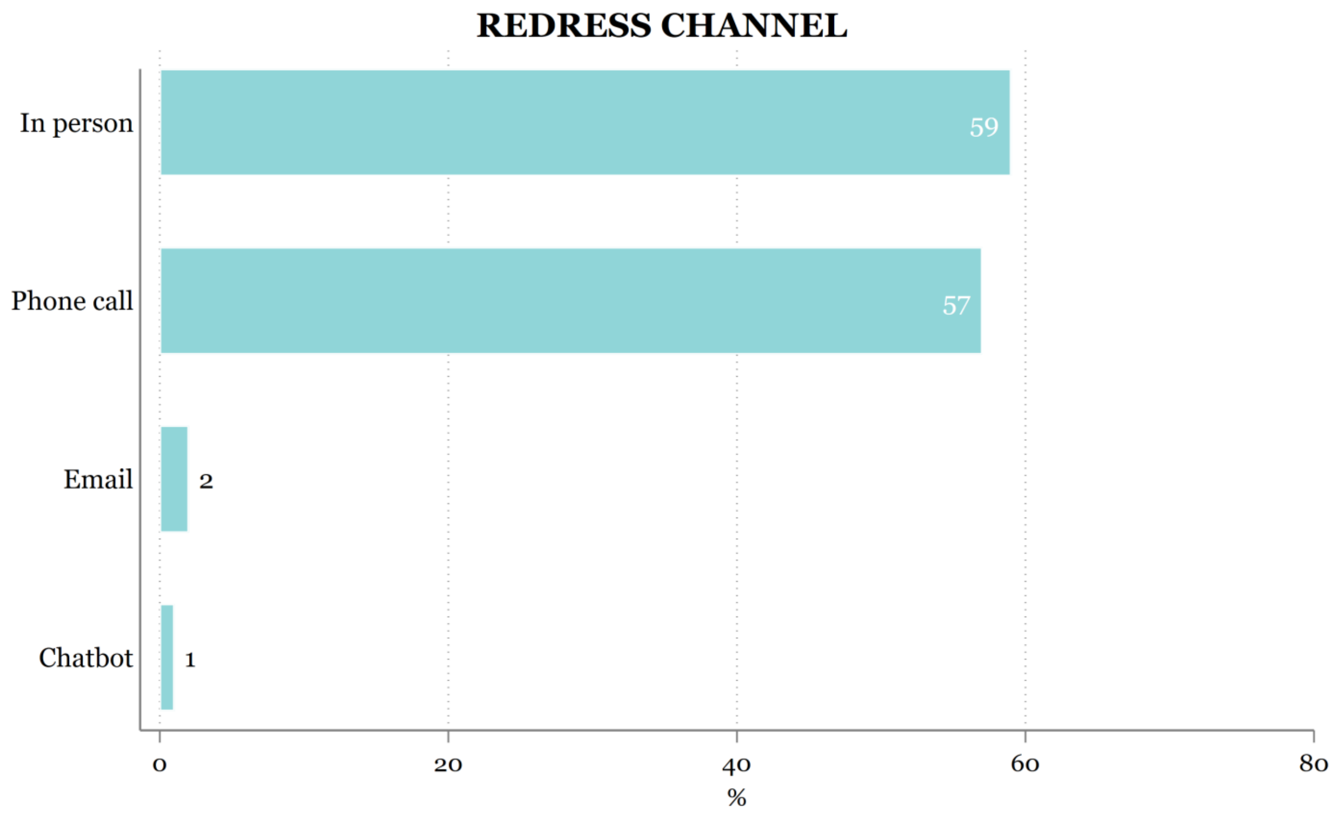
contacted an agent

2%

contacted a government agency, including the police.

Consumers who sought redress almost exclusively did so via phone or in person.

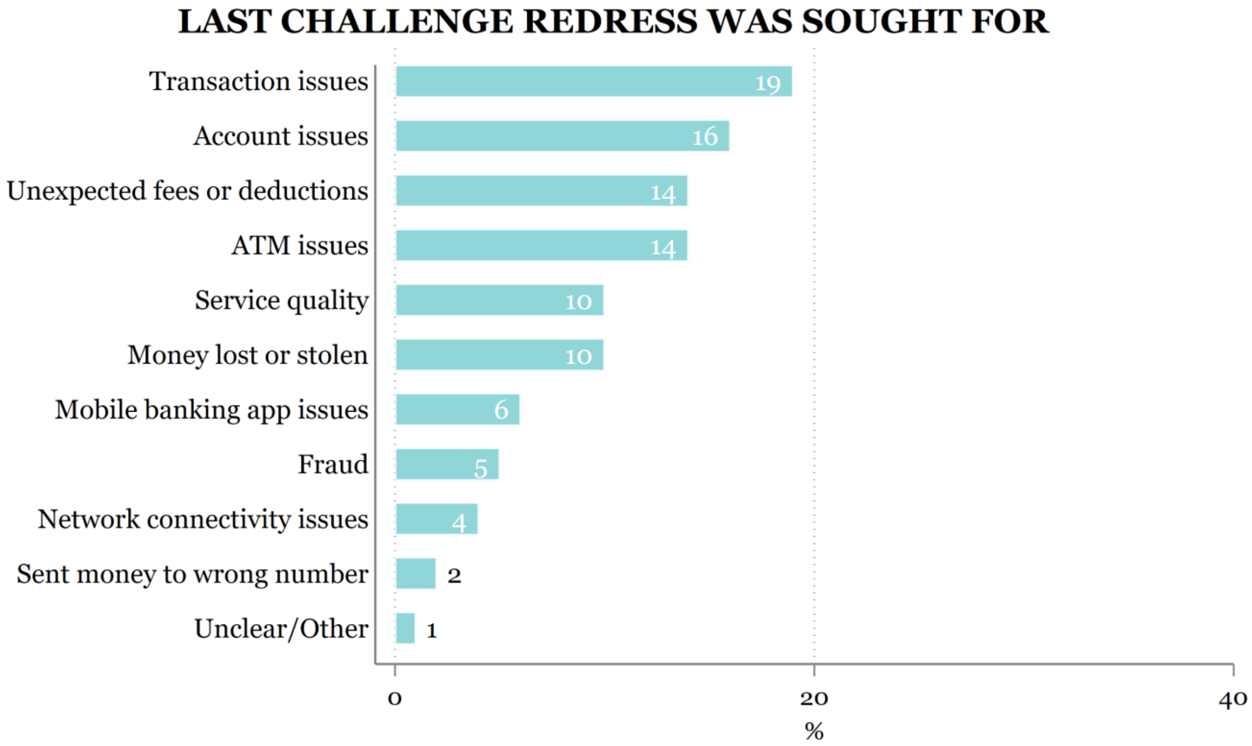
Email and chatbot were all utilized by less than 4 percent of respondents.



Multiple selections possible. N= 81.
Excludes 1 don't know responses.

Rural respondents were more likely to seek redress in person and less likely to use phone call.

Transaction issues were the most common reason for which redress was sought.

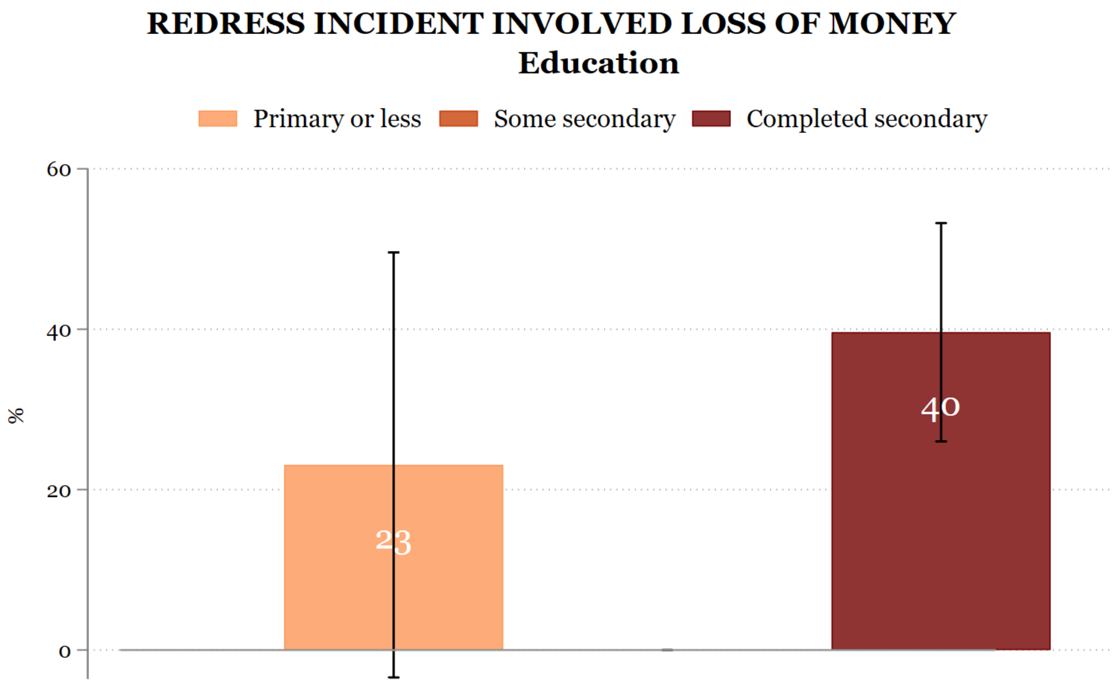


Categorized ex-post from text describing the redress issue.
N= 81

Urban and poorer consumers were more likely to have sought redress for transaction issues. Higher-educated respondents were more likely to have sought redress for account issues. Less educated consumers were more likely to have sought redress for money lost or stolen.

Nearly a third of redress cases involved loss of funds.

Higher educated respondents were more likely to seek redress for issues concerning loss of funds.



N= 81. 95% confidence intervals shown.
Graphs produced only when consumer segments differed at the 5% significance level.

$9.69

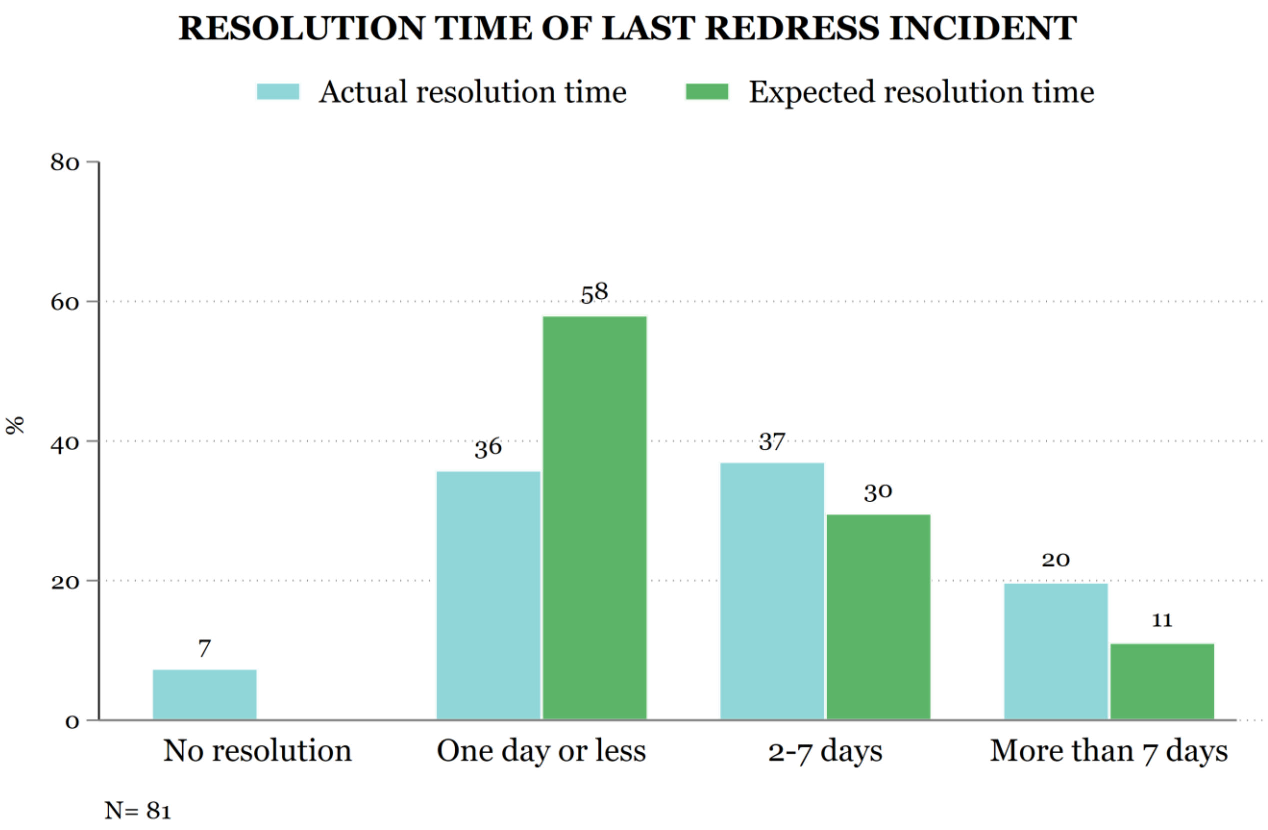
was the average amount that was lost in the incident.

38%

of respondents that lost money were able to recover some or all of it.

Resolution times are longer than respondents expected.

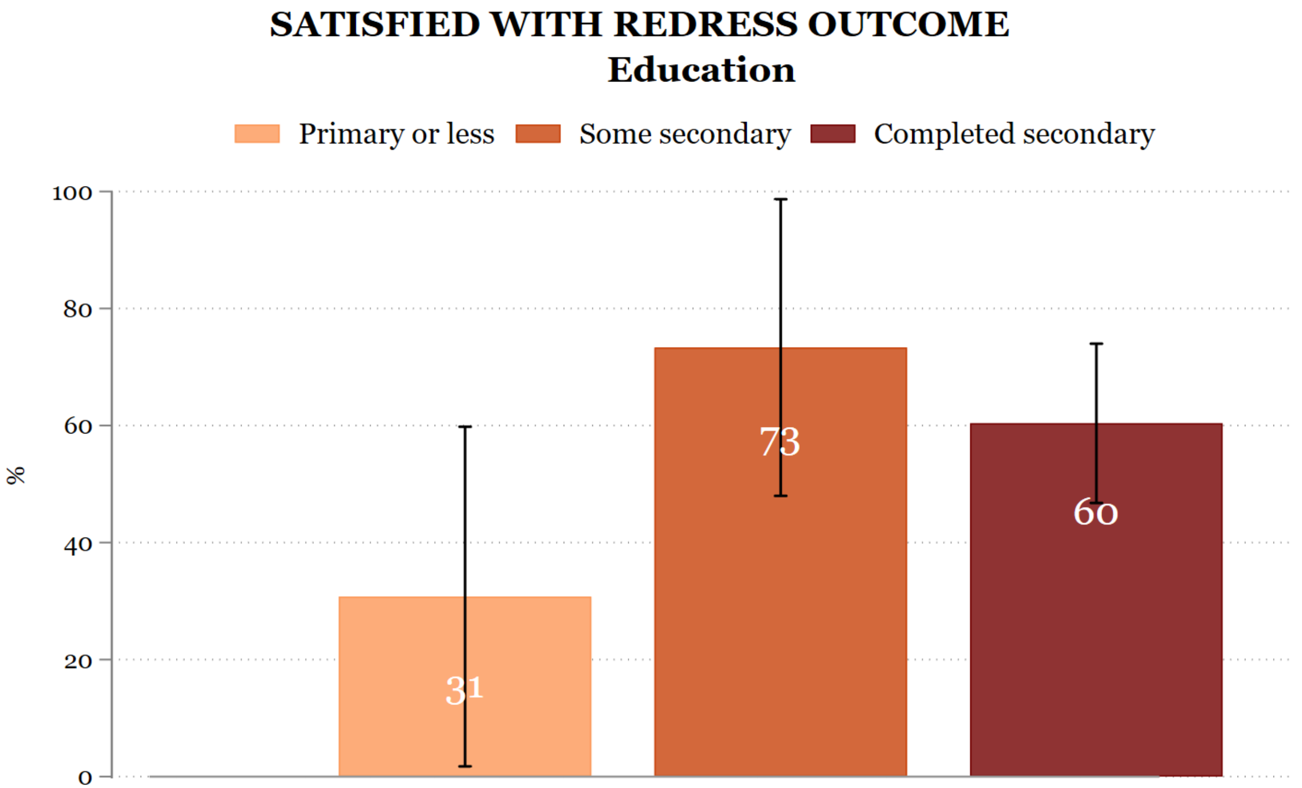
49 percent of respondents spent money to resolve their issue, for example in airtime fees or travel expenses when reports were made in person. On average, they spent $2.34 on the resolution.



Everyone expected to get their issue resolved at some point, but 7% didn't get a resolution at all.

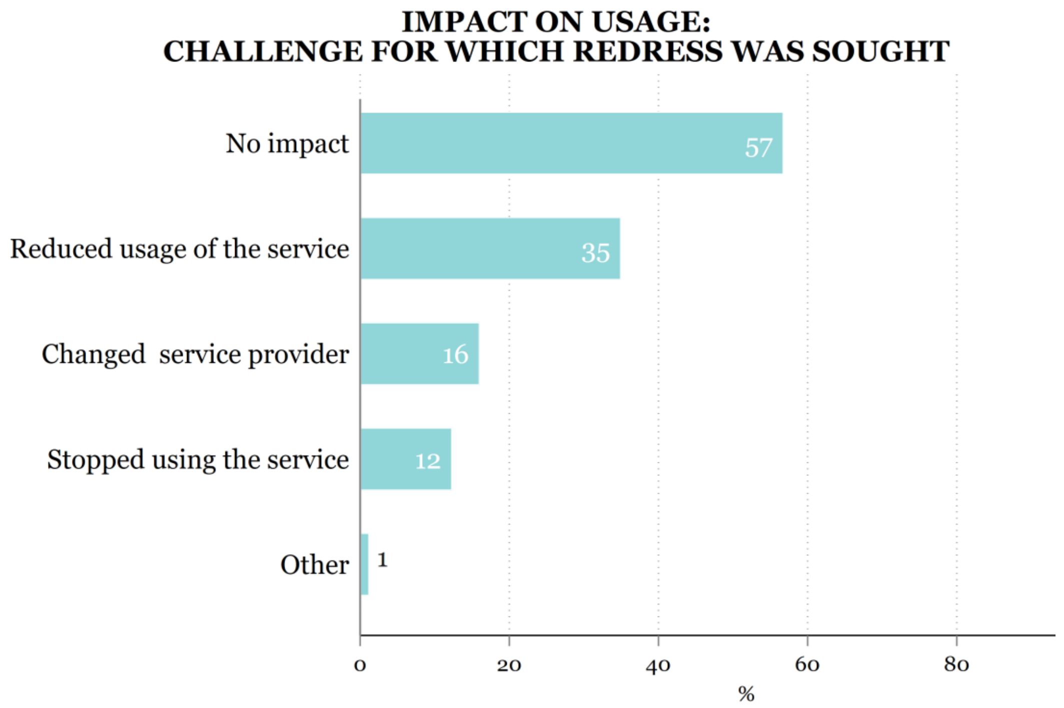
Among users, 59 percent of users were somewhat or very satisfied with the redress outcome.

Less educated respondents were less likely to be satisfied with the outcome.

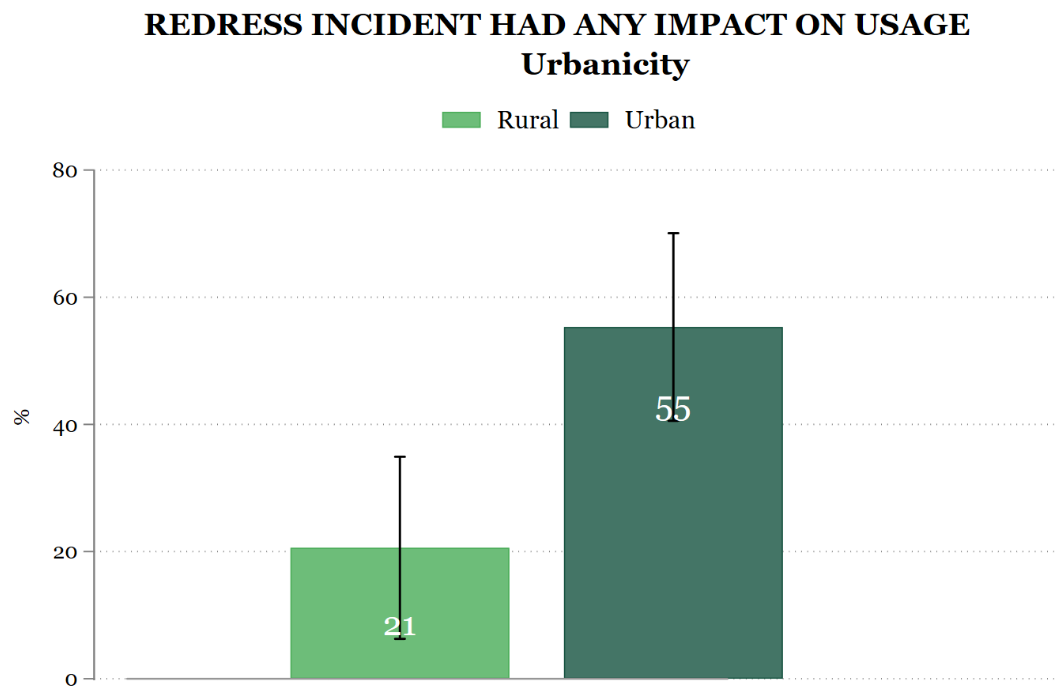


N= 81. 95% confidence intervals shown.
Graphs produced only when consumer segments differed at the 5% significance level.

Among redress seekers, 41 percent made a change to their DFS usage as a result of the challenge they had experienced.



Multiple selections possible. N= 81.
Excludes 1 don't know/refuse to answer response.

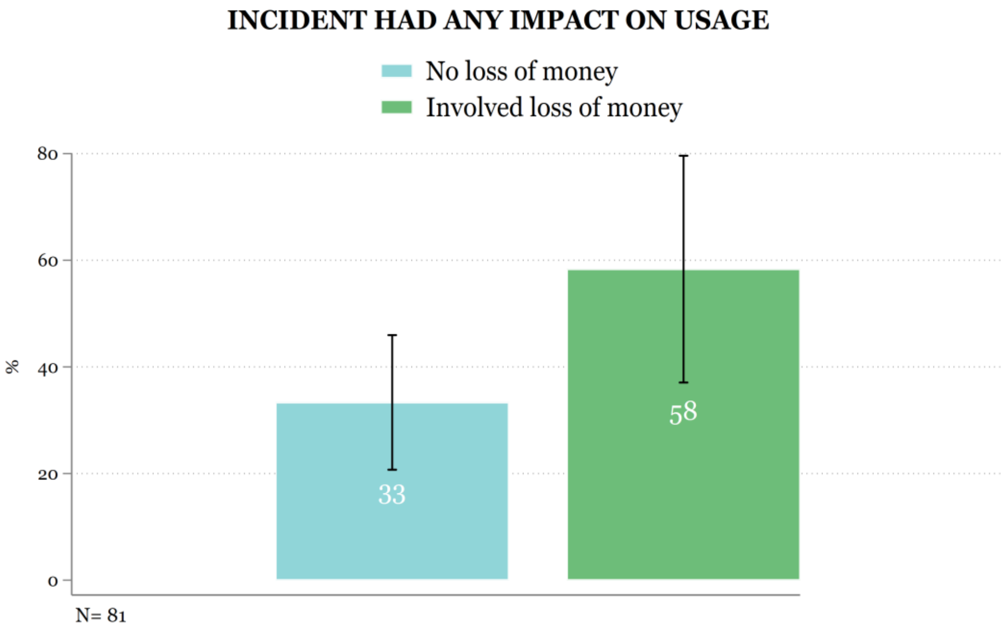


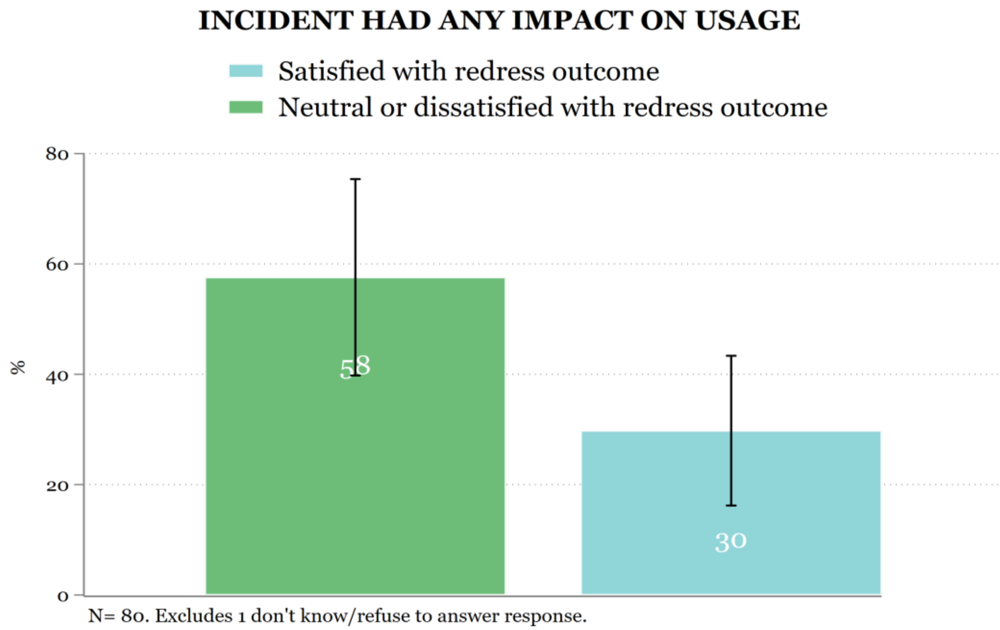
N= 81. 95% confidence intervals shown.
Graphs produced only when consumer segments differed at the 5% significance level.

Complainants reporting lost money or dissatisfaction with the redress process tend to reduce their DFS usage.

Respondents were more likely to reduce their DFS usage when the challenge involved **loss of funds.**

Those dissatisfied with the outcome of their complaint were also more likely to reduce their DFS usage.





Trust in Digital Financial Services

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Key Findings

1. **Trust levels by provider:** Consumer trust was highest for mobile banking, which 61 percent of respondents rated as fully trusted. 34 percent fully trusted mobile loan providers, 33 percent trusted mobile money, and 25 percent trusted agents.

2. **Help with challenges:** Across all services, consumers were least confident in providers' ability to help resolve DFS-related challenges, and most confident in their ability to protect them from fraud.

3. **Demographic trust patterns:** Less educated and poorer respondents tended to trust providers less, based on a composite of all DFS trust indicators.

4. **DFS challenges and impact on trust levels:** Consumers who experienced DFS challenges did not show lower trust scores. Customer care problems and unclear fees showed no significant negative correlation with trust.

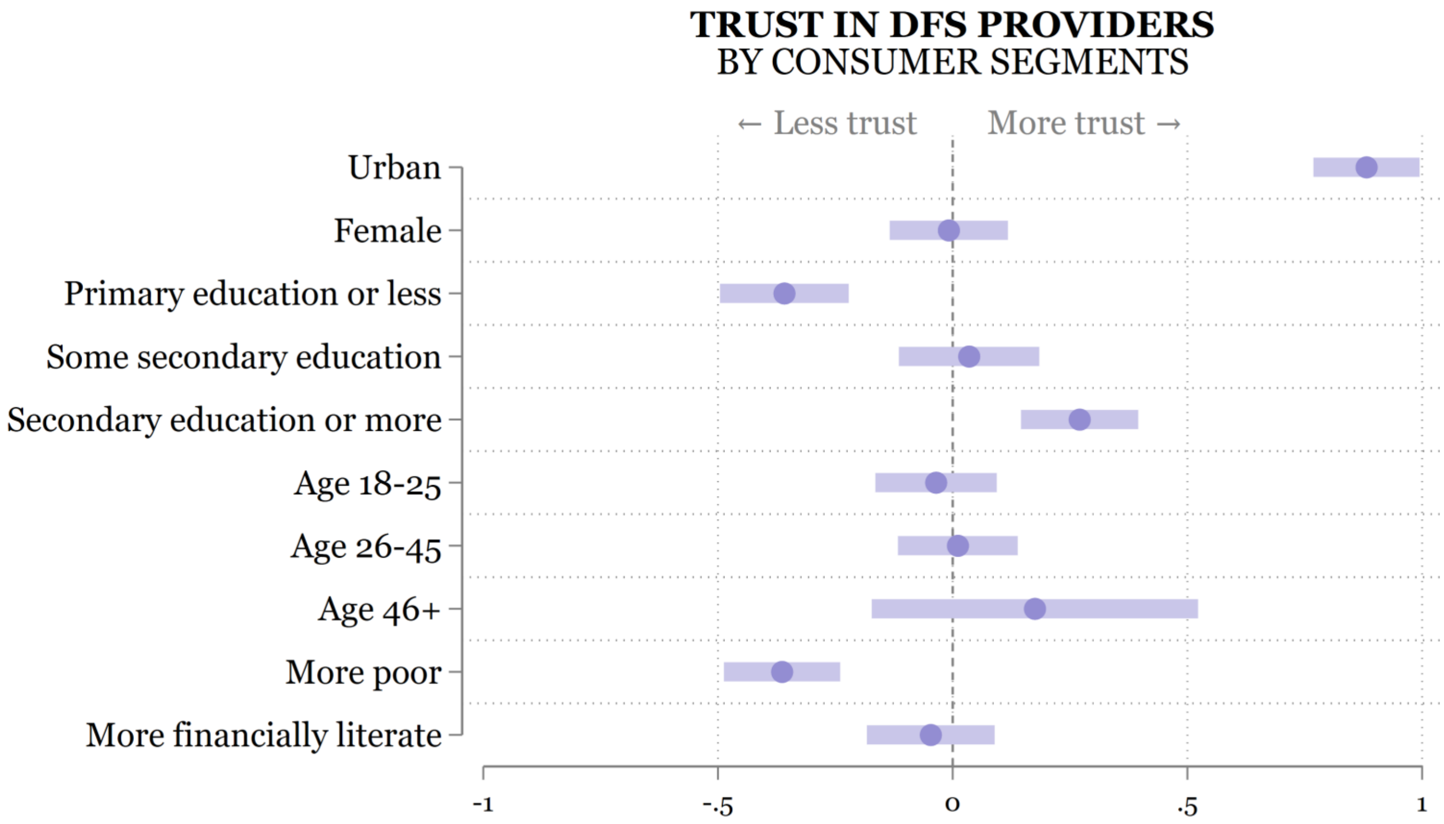
Consumer trust is highest for mobile banking services, and lowest for DFS agents.

TRUST IN DIGITAL FINANCIAL SERVICES

N= 1000. Graph shows the percentage of respondents who gave the highest trust rating to statements related to security from fraud, privacy, and help with challenges.

Trust in DFS providers varies by consumer segments.

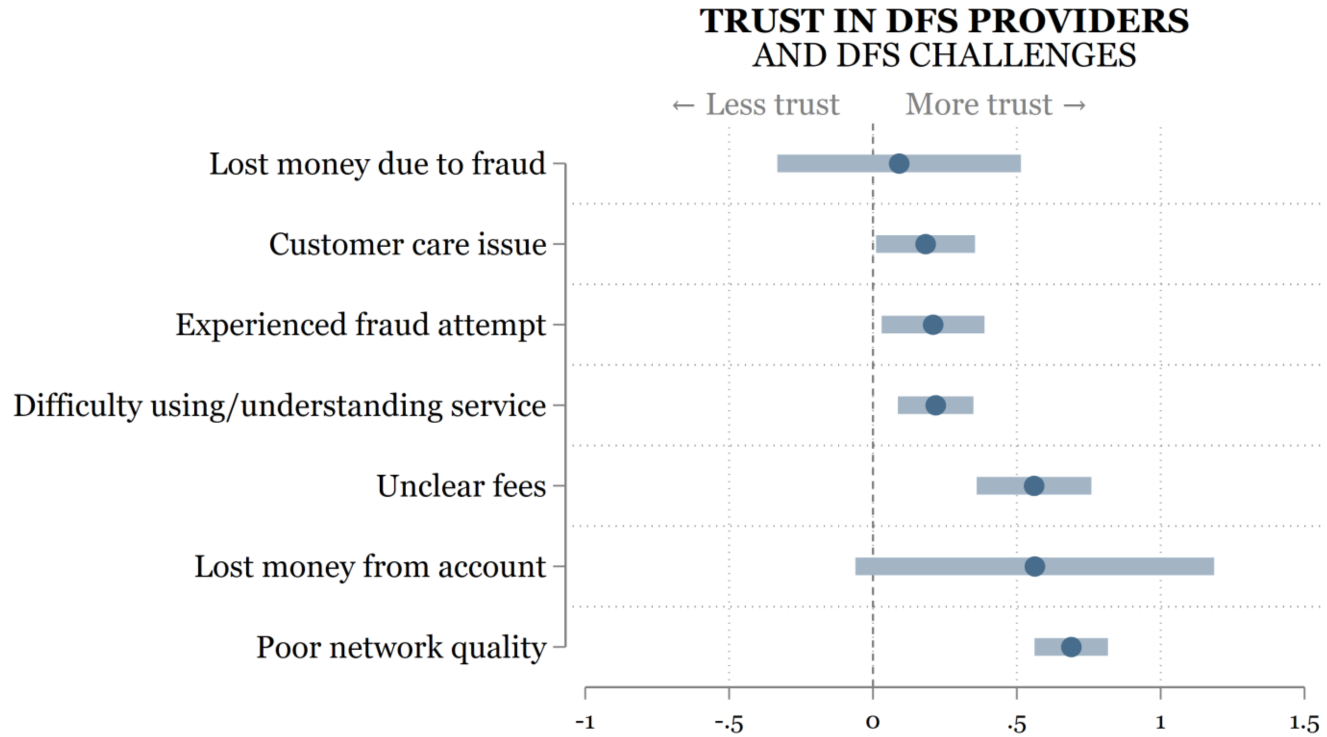
Less educated, and poorer respondents tend to be less trustful.



N= 972. Linear bivariate regression results. Dependent variable is trust in DFS providers (composite additive index of 12 items across mobile money, mobile banking, digital credit, and agent banking providers, covering trust in providers to protect money from fraud, help with challenges, and keep information private. Standardized to mean=0, SD=1. Separate regressions run for each segment. 95% confidence intervals reported. 28 observations (2.8%) excluded: respondents who answered 'Don't know' or refused to answer on more than 50% of trust items.

Consumers who have experienced DFS challenges did not have lower trust in DFS providers.

Most challenges experienced are not associated with lower levels of trust.



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This finding holds under repeated testing. The result persisted after controlling for DFS usage, applying an alternative usage index, comparing high and low-usage consumers, and estimating within each provider type. Because the analysis cannot account for every unobserved factor that shapes trust, the finding should be read as an association rather than a causal relationship, a caveat that applies throughout the report.

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