

Ethio Telecom's mobile money lures 4 million in first month

Ethio Telecom has signed up four million Ethiopians for a mobile money service that it launched in May, a document published by the finance ministry said, as the government seeks to sell a stake in the state-owned company.



A customer holds a 3G prepaid simcard after buying the service from an Ethio-Telecom shop in Addis Ababa, Ethiopia, November 12, 2019.
Reuters/Tiksa Negeri/File Photo

The Telebirr service allows users to send and receive money, deposit or take out cash at appointed agents, pay bills and receive cash from abroad, mirroring services that have spread elsewhere in Africa where many people do not have bank accounts.

Ethio Telecom launched the service as the government seeks to sell a 40% stake in the company, part of a broader plan to liberalise its largely closed economy. A tender for the stake sale was issued this month.

"Ethio Telecom's mobile money services will provide a valuable opportunity for upscaling the financial inclusion of the unbanked population," Deloitte wrote in the document on the stake sale published on the finance ministry's website.

Telecoms operators have expanded mobile financial services across Africa after the idea was pioneered by Kenya's Safaricom with its M-Pesa service in 2007.



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Only Ethio Telecom will be able to offer mobile financial services in Ethiopia, with its population of 115 million people and 19 commercial banks, as foreign mobile operators are barred by law from participating.

Ethiopia's telecoms sector, one of the world's last closed markets, has attracted investor interest, although some have been put off by the slow pace of economic change and risks linked to ethnic unrest and a conflict in the Tigray region.

Ethio Telecom had about 54.7 million subscribers in April, with 43.7 million of them active, Deloitte said. It had total assets of ₦ 79.8bn (Ethiopian Birr) at the end of 2020.

The company made a gross profit of ₦ 24.9bn in the six months to the end of December 2020, with earnings before interest, taxes, depreciation, and amortisation of ₦ 14.8bn, the document said.

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