POLICY BRIEF

Financial Inclusion Primary in South Sudan

BOSS

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Introduction

The history of South Sudan's financial sector is closely tied to the political context of the Sudan regime, which was deliberately structured to exclude South Sudanese from the economic system. As a result, commercial banks were few and concentrated in the three capital regions—Juba, Wau, and Malakal—leading to a limited banking presence across the country. However, by 2021, the number of banks increased from 26 to 31, with branches growing from 61 to 86. Despite this growth, competition remains limited, and banking services are still primarily concentrated in urban hubs. The prolonged war contributed to a high poverty rate due to instability, as well as widespread illiteracy. In South Sudan, 82% of the population lives in poverty, with a literacy rate of only 27%.

What is the issue?

This policy brief addresses four key research problems: challenges in opening bank accounts and obtaining IDs, access to financial products and services, and financial literacy. One of the major barriers to accessing financial products, such as loans, is the requirement of a bank account, which in turn necessitates identification (ID). This issue is particularly critical in South Sudan, where only 37,000 people across the entire country possess IDs, highlighting a significant gap that must be bridged urgently. Due to the widespread financial illiteracy among much of the population, alternative mechanisms for issuing identity cards need to be introduced to include marginalized groups, such as women, people with disabilities, and those in rural areas.

Why is it Important?

Financial services, such as savings accounts and credit, are cornerstones of development. Opening accounts with banks or regulated institutions, such as credit unions, microfinance institutions, or mobile money service providers, allows individuals to safely and affordably store, send, and receive money to meet their routine obligations and plan for business, health, education, and more. People without accounts often rely on informal mechanisms, such as cash, which may be less safe, less reliable, and more expensive. Opening an account typically requires a valid identification card or passport. However, many people lack these documents, making it difficult for them to open accounts at banks or formal financial institutions, or even to own a SIM card to access mobile money services.

What should be done

This policy brief explores the problems that need immediate intervention of the relevant and line institutions to take necessary actions to address the issue of financial inclusion and market development in the country. Embarking on agriculture seems important merely because 85% of the population live in the rural areas and the same population depends on subsistence agriculture. It's important to empower the local farmers to engage in agribusiness and Small and Medium Enterprises (SME). This will encourage banks to open more branches in rural areas and attract mobile operators to extend their networks to remote regions. Furthermore, capacity building on financial inclusion is essential. Given the high illiteracy rate, many people struggle to operate phones, highlighting the need for widespread education and awareness campaigns to address these challenges nationwide.

Policy recommendations

- Peer learning and regulatory capacity-building on financial inclusion efforts should be spearheaded by the Bank of South Sudan, involving stakeholders, development partners, academia, and the private sector.
- Alternative Identification cards should be introduced in South Sudan.
- KYC regulation is an important technique to enable and encourage people to open accounts.
- Agriculture should be considered as the main National Agenda.

Conclusion

- South Sudan needs the abovementioned policies to be considered and implemented to ensure socioeconomic development for all.

Mission

To strengthen local capacity for conducting independent, rigorous inquiry into the problems facing the management of economies in sub-Saharan Africa.

The mission rests on two basic premises: that development is more likely to occur where there is sustained sound management of the economy, and that such management is more likely to happen where there is an active, well-informed group of locally based professional economists to conduct policy-relevant research.

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