



**POLICY BRIEF**

# **Mobile Phone Ownership: Bridging Financial Access for the Unbanked**

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## Key Messages

- Mobile phone ownership drives financial inclusion by facilitating mobile money adoption, particularly among rural and women-headed households, thereby improving welfare through enhanced access to financial services.
- Mobile money systems drive the growth of community-based saving groups by enabling seamless and secure digital contributions, thus enhancing significant access to financial services and accelerating financial inclusion.
- Solar power is a key enabler of financial inclusion since it facilitates mobile phone ownership and the use of mobile money in remote areas.

## What's the issue?

The effectiveness of financial inclusion as an instrument to address income inequalities and social inclusion is no longer questionable, given its contribution to the SDGs agenda (SDGs 1, 2, 3, 9, and 10). However, in Burundi, financial inclusion remains low with major causes being social exclusion and physical distance. Half of the adult population lives more than 8 km from the nearest financial institution, and 44% need more than 60 minutes to get there. Financial services are concentrated in Bujumbura, with 37.5% of bank branches located there, exacerbating accessibility challenges for those in rural areas. Moreover, only 30% of the total banks and microfinance accounts are held by women. The latter disparities have obvious negative consequences in terms of household welfare. Many efforts to address the issue of financial inclusion failed as they relied on classical banking approaches, themselves depending on costly and unaffordable infrastructure in the context of Burundi.

Mobile money (MM) has demonstrated significant potential in advancing financial inclusion, particularly in underserved areas such as rural communities and low-income households. Globally, it is celebrated as a transformative tool for bridging the financial inclusion gap and addressing disparities, including the gender gap. However, in Burundi, the adoption and impact of mobile money remain relatively underexplored. This necessitates a critical assessment to identify effective strategies tailored to Burundi's unique context. Drawing direct inferences from other countries without localized evaluation risks policy misalignment and potential failure.

## Why is it important?

The reliance on the traditional financial system in Burundi has proven ineffective in addressing financial inclusion challenges, particularly in remote areas and among marginalized groups. This failure stems largely from the prohibitive costs associated with expanding physical banking infrastructure, including power dams, roads, and buildings an untenable strategy given Burundi's current economic constraint. In contrast, the burgeoning mobile money industry offers a promising alternative. The Burundi National Living Standards Survey (2019-2020) highlights this potential, with mobile money transactions overwhelmingly dominated by internal flows (60.6%), proving its increasing acceptance and utility within the country. Mobile Network Operators (MNOs) already provide a viable infrastructure to address the location and gender-based financial inclusion gaps, offering services that are cost-effective and accessible even in rural areas.

By leveraging the existing mobile money ecosystem, Burundi can advance its alignment with global priorities, such as:

- **SDG 1:** Ending poverty by improving access to financial services.
- **SDG 5:** Achieving gender equality through financial empowerment of women.
- **SDG 9:** Building resilient infrastructure and fostering innovation in financial services.

Investing in mobile money as a driver of financial inclusion offers policymakers a cost-efficient and scalable strategy aligned with international development goals. This approach provides a robust foundation for policymakers to develop tailored, impactful initiatives that capitalize on technological innovations in digital finance.

## What should policymakers do?

- **Detaxation of mobile phones** to improve affordability for low-income households to boost mobile money access.
- **Exempt Import Duties for Network Expansion:** Waiving import taxes on materials necessary for extending mobile network coverage will reduce costs for network operators, enabling the expansion of connectivity in rural and remote areas.
- **Strengthening Mobile Money Policy and Regulation**

**(Aligned with SDG 9)** to protect user transactions and data, building trust in mobile money, and fostering competition among operators to enhance service quality and coverage.

## Source

BIZOZA, S., & IRAKOZE, G. (2024). Exploring the Mobile Money in the Financial Inclusion Landscape in Burundi: Impacts in Gender and Location Perspectives



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