

# DIGITAL IDENTITY AS A CATALYST FOR FINANCIAL INCLUSION AND FORMAL ECONOMY ACCESS

Presented by :

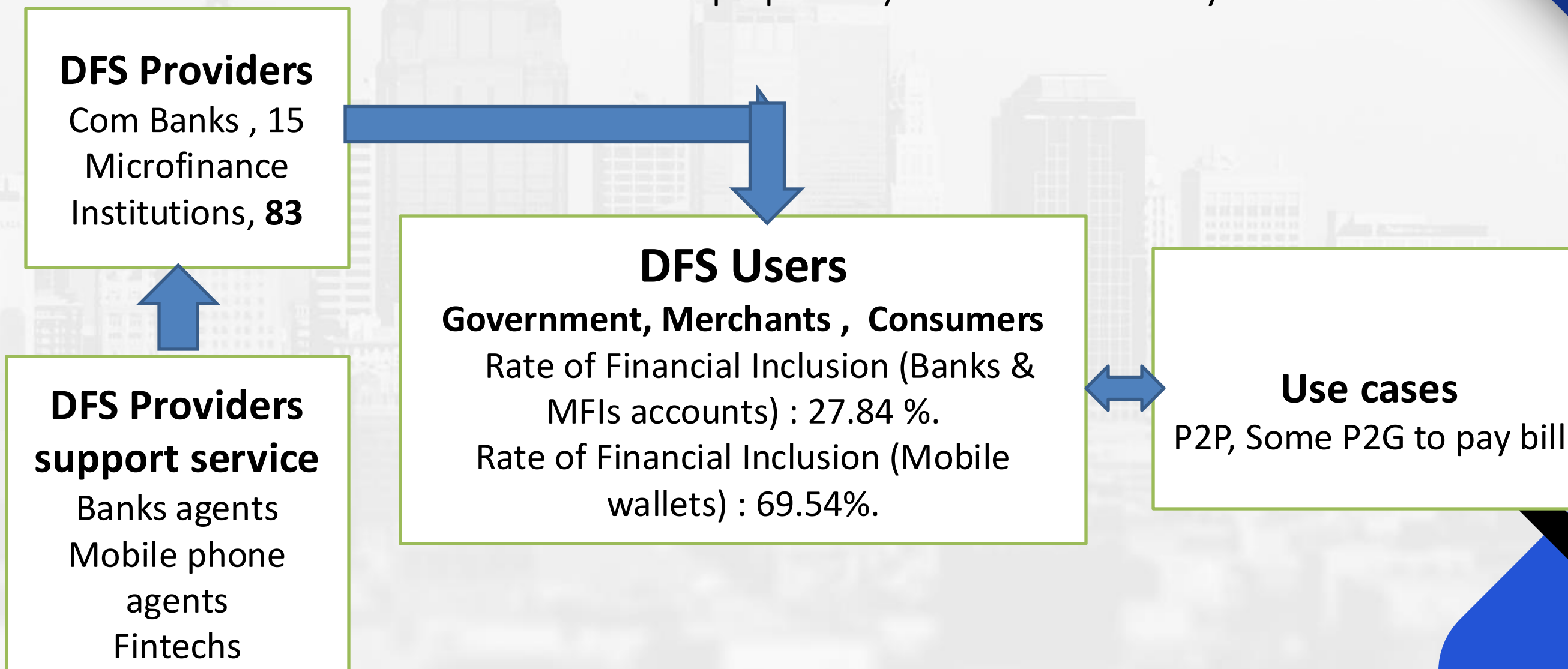
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**Deputy Ambassador, ID4Africa**



# COUNTRY PROFILE AND DIGITAL FINANCIALSERVICE

## PROVIDERS (DFS) ECOYSTEM

- ✓ **Geolocation** : between Central and East Africa
- ✓ **Population** : 12 300 000.
- ✓ **Population** above 16 years : 55 %.
- ✓ **No biometric National ID** but the process and its preparatory works are underway



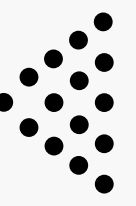
## DIGITAL FINANCIAL SERVICE CHALLENGES IN BURUNDI

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Although both banks and licensed non-banks offer digital financial services, challenges remain due to;

- ❖ Absence of a trusted digitally verifiable ID, resulting in many frauds, hindering opening of bank accounts due to KYC procedures and difficulties in onboarding process
- ❖ Low level of interoperability between systems resulting in high cost of accessing financial services
- ❖ Low Internet coverage (penetration rate, 22%).
- ❖ Excessive use of cash as a means of payment
- ❖ Less use-cases and channels (predominance of P2P via phones)





## Digitalization of Burundi Financial Sector

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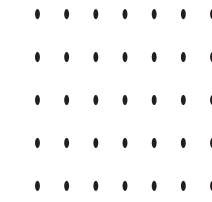
To address the observed challenges and inline with its mission, Burundi, through the Central Bank, is in the process to modernize National Payment System through a project to digitalize its financial sector

### The key features of the system include :

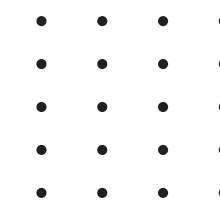
- ❖ Unique financial ID based on biometrics
- ❖ Open and interoperable
- ❖ Ability to both enroll new consumers and transact offline
- ❖ Support of all use-cases
- ❖ Instant payments
- ✓ The project was launched in **early 2024** where TORs for the solution was prepared and **an RFP** was issued
- ✓ Nov-24, Contract was signed with successful bidder



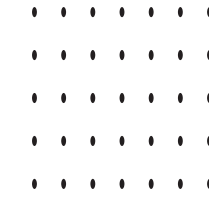
# Digitalization of Burundi Financial Sector



- **Jan-April-25**
  - ❖ Training of Project team on what entails the solution
  - ❖ Diagnostic on the payment systems in the financial sector
  - ❖ Provision of required pre-requisites to connect to the system by solution provider
  - ❖ Awareness workshops by solution provider and the central bank to stakeholders
  - ❖ Selection and training of Focal points from com banks, micro finances, Electronic money issuers and remittance companies
- **May 25**, Shipment of equipments
- June – September 25,
  - ❖ Onsite equipment Installation and associated settings
  - ❖ System testing/piloting on 2 Com banks and 2 mobile money operators on interoperability and identification modules
  - ❖ Revision of regulations to enable adoption and implementation of the system
- From October 25, Start of the System implementation



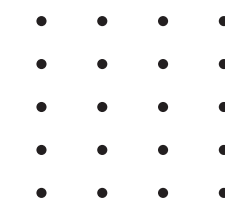
# Digitalization of Burundi Financial sector



## Financial ID based on biometrics

As per UNCDF report that in countries with no digital ID, central banks can step in to establish a digital ID system for financial service users, the solution by the central bank is building a system with a **strong identification module for its financial services users where;**

- ❖ Smart PoS/ Tablet distributed by central bank will be used to enroll clients.
- ❖ Each financial institution including branches will conduct biometric enrollment of its clients
- ❖ No client will be enrolled twice as the system has a verification mechanism to detect and prevent double record
- ❖ The Identification module will not depend on a specific database like National population registry or Civil register (Both registers are not digitized and not based on biometrics and also other clients of financial system are foreigners)
- ❖ To obtain a Financial ID, clients will use any identification at hand in addition to own finger print capture
- ❖ The database will be centralized at the central bank for issuance of a unique Financial ID after the validation process
- ❖ The unique ID will be linked to all accounts and wallets



# Digitalization of Burundi Financial sector

## Interoperability of systems

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The system under implementation will be open and interoperable through

- ❖ **Electronic banking** : cards on ATM/PoS
- ❖ **Mobile** : USSD codes, mobile wallets
- ❖ **Internet** : Internet banking, e-commerce

With Interoperability, the system will have the ability to support

### I) All use-cases

On Individual level - P2P, P2B, P2G

On Enterprise level – B2P, B2B, B2G

On Government level – G2P, G2B, G2G

### II) and all channels

Account-to-Account, Account-to-Wallet

Wallet-to-Wallet, Wallet-to-Account

Wallet-to-Card, Card-to-Wallet

Unique USSD code will be implemented that will interface all USSD codes in any mobile phone allowing every one to access financial services



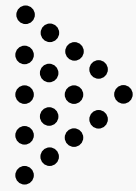
## THE WAY FORWARD

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- The Central bank has already secured a solution and its provider and we are in a testing phase
- The implementation of the system is expected to start in October 2025 progressively along with consumer financial education program to drive adoption of the system.
- The implementation strategy with its action plan is also available
- The Central bank will ensure the system is integrated with other regional (E. g EAC, COMESA) and international systems.
- Finally, the central bank will collaborate with a line Ministry during establishment of National Population Registry if need be





# THANK YOU FOR YOUR ATTENTION

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May our journey in building a strong digital identity be successful and impactful.

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