Digital financial inclusion and inclusive growth in Zambia: Evidence from global Findex 2025, FinScope 2025 and macroeconomic indicators

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ABSTRACT

This paper examines whether rapid digital financial inclusion in Zambia has translated into inclusive growth outcomes. It combines nationally representative FinScope 2025 survey data, the World Bank Global Findex Database 2025, and macroeconomic indicators from the World Bank, IMF, and Bank of Zambia to assess the evolution and economic implications of financial inclusion. The evidence shows that Zambia has transitioned from a low-access financial system to a mobile money–driven inclusion model. Between 2020 and 2025, overall financial inclusion increased from 69.4 percent to 80.1 percent, while formal inclusion rose from 61.3 percent to 76.4 percent. Zambia also performs above Sub-Saharan African and low-income economy averages in account ownership and digital payment usage. However, significant structural constraints remain, including persistent rural–urban disparities, limited depth of financial product usage, low credit market awareness, and macroeconomic vulnerabilities such as inflation and climate-related shocks. The paper argues that while digital financial inclusion is positively associated with inclusive growth, its impact depends on usage intensity, complementary infrastructure, and institutional quality, rather than access alone. The findings suggest that financial inclusion functions as an enabling platform, rather than a direct driver of development outcomes. In addition, the paper is situated within Zambia's broader policy architecture for digital transformation and inclusive development, including the Eighth National Development Plan, 2022–2026; the National Digital Transformation Strategy, 2023–2027; the National ICT Policy, 2023; the Data Protection Act No. 3 of 2021; and the National Financial Inclusion Strategy II, 2024–2028. It also draws on regional and continental frameworks, such as the African Union Digital Transformation Strategy for Africa 2020–2030 and the SADC Strategy on Financial Inclusion and SME Access to Finance 2023–2028, as well as global payment-system and digital-finance literature. The results highlight the importance of transitioning from access expansion to usage-driven inclusion under Zambia's National Financial Inclusion Strategy II (2024–2028), with emphasis on financial health, consumer protection, digital infrastructure, and productive integration of financial services.

Keywords: Digital Financial Inclusion, Financial Health, Finscope, Global Findex, Inclusive Growth, Mobile Money, NFIS II, Zambia

I. INTRODUCTION

Digital financial inclusion has become one of the most visible changes in Zambia's financial sector. A country that historically depended on branch banking, cash payments and informal savings now has a financial inclusion architecture in which mobile money, agent networks, electronic payments and digital investment channels are increasingly central. This shift matters for inclusive growth because access to useful financial services affects how households receive income, manage risk, save for future needs, borrow for productive activity, receive government support and participate in markets. It is especially important in Zambia because a large share of economic life remains informal, rural livelihoods are exposed to weather shocks, and the cost of distance has traditionally restricted access to regulated financial services.

Despite these developments, a central empirical puzzle remains unresolved. Zambia exhibits strong improvements in financial access and usage indicators, yet inclusive growth outcomes remain constrained. Macroeconomic indicators highlight this tension. According to the World Bank, Zambia's 2024 Gross Domestic Product [GDP] at US$25.3 billion, GDP per capita at US$1,187.1, annual GDP growth at 3.8 percent, consumer price inflation at 15.0 percent and a 2022 poverty headcount of 71.7 percent at the international poverty line of US$3.00 a day in 2021 purchasing power parity. These indicators show that financial inclusion is taking place in a difficult macroeconomic setting rather than in a high-income, low-inflation environment. The International Monetary Fund [IMF] also observed that Zambia's economy showed resilience in 2024 despite severe drought and global headwinds, and projected growth of 5.8 percent in 2025, but it emphasized continued fiscal and external risks, inflation pressures and the need for reform momentum (World Bank, 2026; International Monetary Fund [IMF], 2025a).

The question for this paper is therefore not whether digital financial inclusion has expanded—the evidence clearly shows that it has. The more important question is whether this expansion is deep, equitable, and productive

enough to support inclusive growth. The answer is cautiously positive. Digital finance has improved reach, lowered transaction costs, and expanded formal channels, but the translation from access to welfare depends on whether accounts are active, affordable, safe, interoperable, and connected to savings, credit, insurance, social protection, and enterprise growth.

This interpretation is consistent with the wider literature, which shows that digital finance tends to generate stronger welfare effects when it is linked to productive use, secure payment systems, consumer capability, and institutional quality. Evidence from Kenya demonstrates that mobile money can reduce poverty and strengthen women's occupational mobility, while cross-country findings indicate that digital financial inclusion can support growth where digital infrastructure and regulation are sufficiently strong (Khera et al., 2021; Suri & Jack, 2016). For Zambia, this means that mobile money should be viewed not merely as a payment convenience but as part of a broader development platform, whose contribution to inclusive growth depends on affordability, interoperability, data protection, cyber-security, and connections to savings, credit, insurance, and MSME finance (Alliance for Financial Inclusion, 2021; Pazarbasioglu et al., 2020; World Bank Group, 2022).

Against this backdrop, the paper addresses three interrelated research questions. First, it examines whether digital financial inclusion has led to measurable improvements in inclusive growth outcomes in Zambia, particularly regarding consumption growth and poverty reduction. Second, it estimates the causal impact of digital financial inclusion on household welfare and regional economic performance using econometric identification strategies designed to address endogeneity concerns. Third, it investigates whether these effects are heterogeneous across rural and urban areas and among different income groups.

The contribution of the paper is twofold. First, it constructs a harmonized empirical framework that integrates multiple data sources, including the Global Findex 2025, FinScope 2025, and macroeconomic indicators, into a consistent analytical structure for measuring financial inclusion and inclusive growth. Second, it applies causal econometric techniques (combining panel fixed effects, instrumental variables, and distributional heterogeneity analysis) to identify the effect of digital financial inclusion on inclusive growth outcomes, moving beyond descriptive associations to causal inference.

1.1 Research Objectives

To assess the relationship between digital financial inclusion and inclusive growth in Zambia, utilizing data from the Global Findex 2025, FinScope 2025, and macroeconomic indicators.

II. CONCEPTUAL FRAMEWORK: FROM DIGITAL ACCESS TO INCLUSIVE GROWTH

Financial inclusion can influence inclusive growth through several mechanisms. The first is the transaction-cost channel: digital payments lower the cost of sending, receiving, and storing value, particularly for people far from bank branches (Jack & Suri, 2014; GSMA, 2023). The second is the risk-management channel: accounts, savings instruments, and insurance products can help households smooth consumption during illness, crop failure, price shocks, and job loss (Demirgüç-Kunt et al., 2022). The third is the market-participation channel: when farmers, traders, and microenterprises can receive electronic payments, save securely, and build transaction histories, they can connect more easily with suppliers, customers, and lenders (World Bank, 2021). The fourth is the public-delivery channel: digitized social transfers and government payments can reduce leakage and accelerate support to vulnerable households. The fifth is the empowerment channel: independent access to financial services can strengthen women's control over income, privacy, and entrepreneurial decisions (World Bank, 2021).

The global payment-system literature strengthens this framework by emphasizing that financial inclusion is built on reliable transaction accounts, accessible payment points, interoperable infrastructure, risk-based regulation, and effective consumer protection. The Payment Aspects of Financial Inclusion framework and its fintech-era update are especially relevant because they show that digital payments are not only instruments for transactions but also entry points into broader formal finance, provided that legal, supervisory, and market-conduct arrangements protect users and maintain trust (Committee on Payments and Market Infrastructures & World Bank Group, 2016, 2020).

Yet these mechanisms are not automatic. An account that is dormant, expensive, or unsafe may not improve welfare. A mobile wallet that only facilitates cash-in and cash-out may reduce distance costs but still leave users without savings returns, insurance protection, or productive credit. Digital credit that is poorly supervised can increase over-indebtedness. Digital payments without consumer protection can expose users to fraud and mistaken transfers. For this reason, a scholarly assessment must distinguish financial access from financial usage, and usage from financial health.

This qualification is important because empirical studies increasingly distinguish between access-led inclusion and welfare-enhancing inclusion. Sarpong and Nketiah-Amponsah (2022) show that usage of financial services is more closely associated with inclusive growth than the mere availability of financial access points, while Chinoda and Kapingura (2023) and Meniago (2025) emphasize that governance and institutional quality condition the digital financial

inclusion–growth relationship in Sub-Saharan Africa and SADC countries. Therefore, Zambia's digital finance gains should be assessed through both usage depth and institutional readiness rather than headline account ownership alone.

Zambia's National Financial Inclusion Strategy II 2024–2028 adopts a similar logic. It defines financial inclusion as access to and informed usage of a broad range of quality and affordable financial products and services that meet the needs of individuals and businesses in a fair, simple, dignified, and sustainable manner. This definition is analytically important because it places quality, affordability, informed usage, and sustainability at the center of inclusion. It also aligns with the strategy's vision of an inclusive and robust financial ecosystem that strengthens resilience, financial health, and confidence in the financial system. The policy framework therefore moves beyond a narrow focus on account ownership (Ministry of Finance and National Planning and Bank of Zambia, 2024).

The Zambian policy context reinforces this interpretation. The Eighth National Development Plan places economic transformation, job creation, human and social development, environmental sustainability, and good governance at the centre of national development, while the National Digital Transformation Strategy and National ICT Policy identify digital infrastructure, digital skills, e-government, innovation, and cybersecurity as enabling foundations for a digital economy (Republic of Zambia, 2022, 2023a, 2023b). These policy instruments make digital financial inclusion relevant beyond the financial sector, as payments, identity, data governance, connectivity, and digital literacy are increasingly part of Zambia's national development infrastructure.

Inclusive growth in Zambia should consequently be evaluated through both financial-sector and macroeconomic lenses. Financial inclusion can support inclusive growth only if it reaches excluded groups, supports productive sectors, and improves resilience in a macroeconomic environment that allows households and firms to benefit from financial tools. When inflation is high, savings lose purchasing power. When poverty is widespread, account balances remain low. When agricultural households face climate shocks, digital finance must be linked with insurance, emergency liquidity, and social protection. When digital infrastructure is uneven, rural areas face a second layer of exclusion. The framework used in this paper therefore treats digital finance as an enabling platform, not as a stand-alone development outcome.

The same logic is reflected at regional and continental levels. The African Union Digital Transformation Strategy for Africa 2020–2030 frames digital technologies as instruments for inclusive socioeconomic development and continental integration, while the SADC Strategy on Financial Inclusion and SME Access to Finance 2023–2028 explicitly links financial inclusion to livelihoods, quality of life, SME access to finance, and member-state financial inclusion roadmaps (African Union, 2020; SADC Secretariat, 2023). COMESA's digital retail payments policy work similarly places MSME payments and regional interoperability at the centre of inclusive market participation (COMESA Business Council, 2022).

III. METHODOLOGY

3.1 Data Sources and Methodological Position

The empirical strategy adopted for this study reflects a dual methodological approach. The study combines descriptive triangulation with causal econometric analysis. The descriptive component is necessary because financial inclusion datasets primarily measure access and self-reported usage rather than directly observed welfare outcomes such as income gains, productivity improvements, or poverty transitions attributable to digital finance (Sari, 2026). Accordingly, the descriptive analysis focuses on consistency across datasets and interpretability of inclusion patterns. The econometric component builds on this foundation by exploiting harmonized indicators of digital financial inclusion and linking them to welfare and macroeconomic outcomes within a causal inference framework. This includes fixed effects models, instrumental variables strategies, and distributional heterogeneity analysis. However, even within this framework, the study maintains a cautious interpretation: financial inclusion is treated as a mechanism that may support inclusive growth, but its realized impact is understood to be conditional on macroeconomic stability, institutional quality, and the depth of financial service usage rather than access alone.

The study integrates three complementary categories of evidence: micro-level financial inclusion surveys, macroeconomic indicators, and policy documents. The empirical strategy is designed around the harmonized use of these datasets to enable both descriptive benchmarking and econometric identification. The first data source is the World Bank Global Findex Database 2025, the world's leading demand-side survey on financial inclusion. It provides internationally comparable indicators on account ownership, digital payments, and financial service usage. The 2025 wave also introduces expanded measures of digital connectivity, including mobile phone access, internet use, and digital safety. According to the World Bank Microdata Library, the dataset is based on nationally representative surveys of approximately 145,000 adults across 141 economies. For Zambia, the unit of analysis is the individual respondent, enabling cross-country comparability of financial inclusion indicators (World Bank, 2025b).

The policy-document component is expanded to include Zambia's National Financial Inclusion Strategy II, the National Strategy on Financial Education, the Eighth National Development Plan, the National Digital Transformation

Strategy, the National ICT Policy, the Data Protection Act, the Bank of Zambia Act, the Mobile Money Transaction Levy Act, the National Payment System Bill, and the Cyber Security and Cyber Crimes Acts. This broader policy corpus is necessary because digital financial inclusion is simultaneously a financial-sector, telecommunications, data-governance, consumer-protection, taxation, cybersecurity, and development-planning issue (Ministry of Finance, 2019; Ministry of Finance and National Planning and Bank of Zambia, 2024; National Assembly of Zambia, 2025; Republic of Zambia, 2021, 2022, 2023a, 2023b, 2023c, 2025a, 2025b).

The second source is the FinScope Zambia Survey 2025 (Bank of Zambia), a nationally representative demand-side dataset focused on financial behavior, inclusion, and financial health. Unlike Global Findex, FinScope provides higher-resolution domestic indicators, including provincial variation, gender disaggregation, formal and informal financial service usage, product-level access, and financial literacy measures. The survey is conducted in collaboration with the Zambia Statistics Agency and is supported by FinMark Trust. Given differences in definitions and sampling frameworks, the study does not mechanically merge FinScope and Global Findex data; instead, Global Findex is used primarily for international benchmarking, while FinScope is used for domestic structural and policy analysis (Bank of Zambia, 2026a).

The third category consists of macroeconomic and policy data, drawn from the World Bank, the IMF (including Article IV and Extended Credit Facility reports), and the Bank of Zambia Monetary Policy Reports. These sources provide information on GDP, inflation, poverty rates, and financial sector conditions, alongside policy frameworks such as the National Financial Inclusion Strategy II (2024–2028) and the National Strategy on Financial Education.

3.2 Empirical Strategy

This section outlines the econometric framework used to estimate the relationship between digital financial inclusion and inclusive growth in Zambia. Given the potential endogeneity of financial inclusion, the empirical strategy moves beyond simple correlations by combining panel fixed effects, instrumental variables, and heterogeneity analysis within a unified identification framework.

3.3 Baseline Specification

The starting point is a baseline panel fixed effects model that relates inclusive growth outcomes to digital financial inclusion:

$$Y_{i,t} = \beta_0 + \beta_1 DFI_{i,t} + \beta_2 X_{i,t} + \mu_i + \lambda_t + \epsilon_{i,t}$$

Where $Y_{i,t}$ denotes inclusive growth outcomes for region or cohort i at time t, proxied by measures such as real consumption growth, poverty reduction, or income growth of the bottom 40 percent. $DFI_{i,t}$ is the digital financial inclusion index, $X_{i,t}$ is a vector of time-varying controls capturing demographic structure, education, and infrastructure conditions, μi represents unobserved time-invariant heterogeneity, and λ_t captures common macroeconomic shocks. While this specification controls for unobserved fixed heterogeneity, it does not fully address potential endogeneity arising from reverse causality and time-varying omitted variables.

3.4 Endogeneity and Instrumental Variables Strategy

To address the endogeneity of digital financial inclusion, the paper employs an instrumental variables (IV) approach. The identification strategy exploits exogenous variation in digital infrastructure that affects financial inclusion but is plausibly orthogonal to short-run changes in welfare outcomes.

This identification logic is supported by studies that use digital infrastructure and mobile money penetration as sources of exogenous or quasi-exogenous variation in financial inclusion. Khera et al. (2021) construct multidimensional digital financial inclusion indices and use instrumental-variable approaches to estimate growth effects, while Grzybowski et al. (2023) link mobile infrastructure, location, and adoption patterns to mobile money use in Sub-Saharan Africa. The use of infrastructure-based instruments is therefore consistent with the wider empirical literature, although the exclusion restriction must still be interpreted cautiously in settings where infrastructure may also affect welfare through non-financial channels.

The first-stage equation is specified as:

$$DFI_{i,t} = \pi_0 + \pi_1 Z_{i,t} + \pi_2 X_{i,t} + \mu_i + \lambda_t + u_{i,t}$$

Where $Z_{i,t}$ denotes instruments capturing exogenous variation in digital financial infrastructure, including mobile network coverage expansion, historical placement of telecom towers, and staggered rollout of mobile money agent networks. These variables influence access to digital financial services but are not directly determined by short-run changes in household welfare.

The second-stage equation is given by:

$$Y_{i,t} = \beta_0 + \beta_1 DFI_{i,t} + \beta_2 X_{i,t} + \mu_i + \lambda_t + \epsilon_{i,t}$$

The coefficient β_1 is interpreted as the causal effect of digital financial inclusion on inclusive growth under the exclusion restriction that instruments affect outcomes only through financial inclusion.

3.5 Difference-in-Differences Framework

To complement the IV strategy, the study also exploits policy-driven variation associated with Zambia's financial inclusion and digital finance reforms, including the National Financial Inclusion Strategy II (2024–2028). This allows for a difference-in-differences (DiD) specification:

The policy-shock interpretation is strengthened by the sequencing of Zambia's financial inclusion, digital transformation, payment-system, and consumer-protection reforms. The NFIS II, the National Digital Transformation Strategy, the National ICT Policy, the Data Protection Act, and the emerging payment-system reform agenda provide a plausible institutional environment in which regions with stronger pre-existing digital-finance penetration may experience faster post-reform gains in usage and welfare outcomes (Ministry of Finance and National Planning and Bank of Zambia, 2024; National Assembly of Zambia, 2025; Republic of Zambia, 2021, 2023a, 2023b).

$$Y_{i,t} = \alpha + \delta(Post_t \times HighDFI_i) + \gamma X_{i,t} + \mu_i + \lambda_t + \epsilon_{i,t}$$

Where $Post_t$ captures the post-reform period and $HighDFI_i$ identifies regions with higher pre-existing digital financial penetration. The coefficient δ captures differential changes in inclusive growth outcomes in more financially connected regions following policy implementation. This framework relies on the parallel trends assumption, which is assessed through pre-trend analysis and event study specifications.

3.6 Event Study Specification

To examine dynamic treatment effects and validate the parallel trends assumption, the following event study model is estimated:

$$Y_{i,t} = \beta_k D_{i,t+k} + \mu_i + \lambda_t + \epsilon_{i,t}$$
$$K \neq -1$$

Where $D_{i,t+k}$ represents leads and lags of exposure to digital financial expansion or policy reforms. The coefficients on pre-treatment periods are used to test for anticipatory effects, while post-treatment coefficients capture the evolution of impacts over time.

3.7 Heterogeneity Analysis

Given the heterogeneous structure of Zambia's economy, the analysis explicitly examines whether the effects of digital financial inclusion vary across population groups and geographic areas. This is implemented through interaction terms and distributional estimators.

A baseline heterogeneity specification is:

$$Y_{i,t} = \beta_0 + \beta_1 DFI_{i,t} + \beta_2 (DFI_{i,t} \times Rural_i) + \beta_3 X_{i,t} + \mu_i + \lambda_t + \epsilon_{i,t}$$

Where $Rural_i$ captures rural versus urban classification. Additional heterogeneity is explored across income groups using quantile regression frameworks:

$$Q_\tau(Y_{i,t}|X) = \beta_\tau DFI_{i,t} + X'_{i,t}\gamma_\tau$$

This allows the estimated effects of financial inclusion to vary across the conditional distribution of welfare outcomes, providing insight into whether digital finance disproportionately benefits lower-income households.

3.8 Identification Assumptions and Interpretation

The validity of the empirical strategy depends on several identifying assumptions. The fixed effects specification assumes time-invariant unobserved heterogeneity is adequately controlled. The IV strategy requires that instruments affect inclusive growth only through their impact on digital financial inclusion and are not correlated with unobserved shocks to welfare outcomes. The DiD and event study approaches rely on parallel trends between treated and comparison groups in the absence of treatment.

Given these assumptions, the estimated coefficients are interpreted as local average treatment effects of digital financial inclusion on inclusive growth, rather than purely descriptive associations. This distinction is central to the contribution of the paper, as it allows the analysis to move from correlation-based interpretations to causally informed policy inference.

IV. FINDINGS & DISCUSSION

4.1 Findings

4.1.1 Zambia's financial inclusion trajectory: evidence from FinScope 2005 to 2025

The FinScope 2025 topline evidence shows a long-run transformation in Zambia's financial inclusion landscape. According to Figure 1, the share of adults who were financially included increased from 26.6 percent in 2005 to 37.3 percent in 2009, 59.3 percent in 2015, 69.4 percent in 2020 and 80.1 percent in 2025. The corresponding excluded share declined from 73.4 percent in 2005 to 19.9 percent in 2025. This is a substantial structural change because it means that financial exclusion is no longer the majority condition among adults. It also means that Zambia has met the earlier 80 percent inclusion threshold that was embedded in the first NFIS implementation period, although the new NFIS II targets a higher and more formalized inclusion profile by 2028 (Bank of Zambia, 2026a).

The most important feature of the 2025 result is the role of digital channels. FinScope reports that mobile money remained the main driver of financial inclusion, rising to 76.1 percent in 2025 from 58.4 percent in 2020. Formal inclusion increased to 76.4 percent from 61.3 percent over the same period. This implies that formal inclusion is now dominated by mobile-based services rather than branch banking alone. It also suggests that Zambia's formal financial sector has broadened through regulated non-bank and digital channels (Bank of Zambia, 2026a).

The result is institutionally significant. In conventional banking systems, financial inclusion often depends on branch density, income regularity and formal employment. In Zambia, mobile money appears to have weakened the historical link between formal access and bank branch proximity. This is especially relevant for rural and low-income households because agent-based and mobile channels can reach customers at lower fixed cost. It also matters for informal traders who need fast low-value payments rather than complex banking products. However, mobile-led access is only the first stage of inclusion. The development question is whether mobile money users also gain reliable stores of value, affordable credit, insurance, consumer protection and access to productive markets.

FinScope 2025 reports progress in financial health and literacy alongside access. Financial health increased from 13.6 percent in 2020 to 39.1 percent in 2025, and financial literacy increased from 23.6 percent to 46.1 percent. These improvements are encouraging because they move the analysis toward capability and resilience. Still, the levels remain below the overall inclusion rate. The gap between inclusion and financial health is a warning sign. It indicates that many adults can access or use a service but still struggle to manage expenses, recover from shocks, carry manageable debt or build wealth (Bank of Zambia, 2026a).

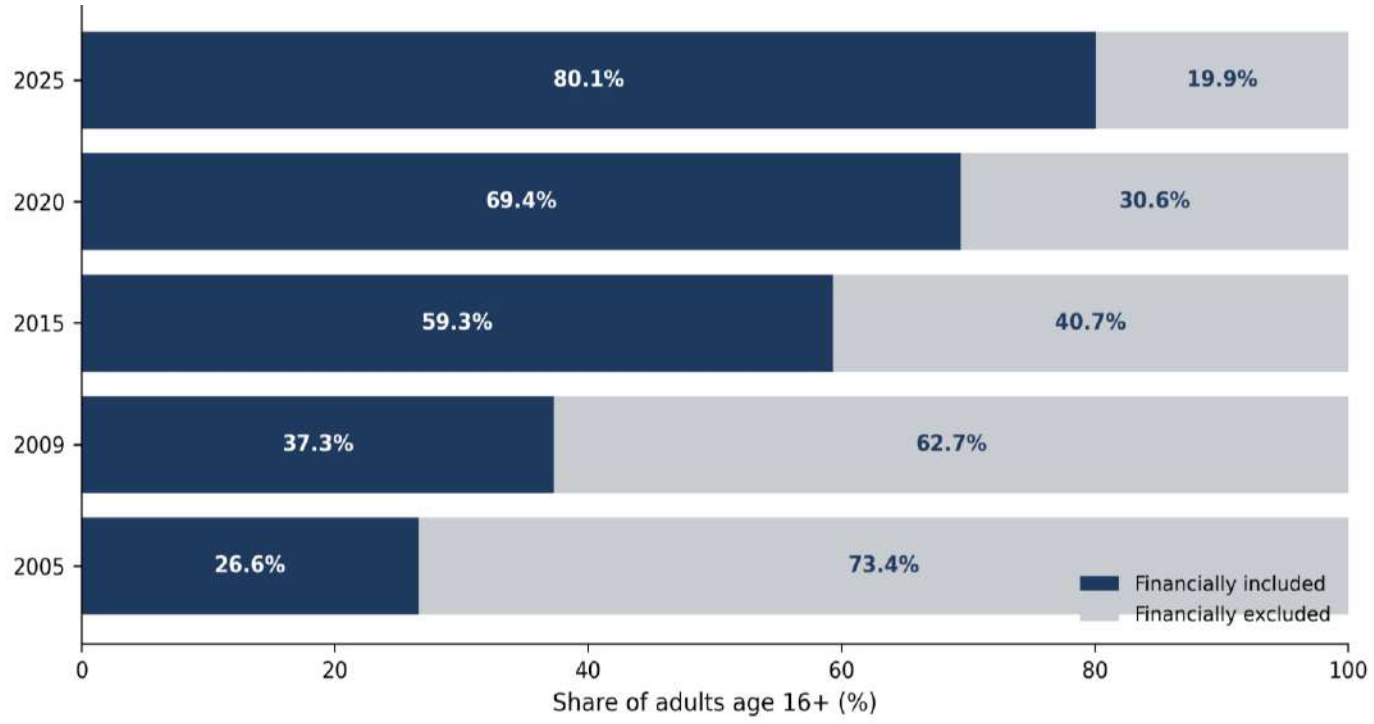

Figure 1

Long-Run Evolution of Financial Inclusion in Zambia (FinScope 2005–2025)

Source: Recreated from Bank of Zambia, Zambia FinScope 2025 Survey Topline Findings.

4.1.2 Global Findex 2025: International Benchmarking of Zambia's Digital Inclusion

Global Findex 2025 provides a second perspective because it allows Zambia to be compared with regional and income-group benchmarks as shown in Figure 2 and Table 1. The World Bank's Little Data Book on Financial Inclusion 2025 reports that 72.7 percent of Zambian adults had an account in 2024. This was higher than the Sub-Saharan African average of 58.2 percent and the low-income economy average of 46.4 percent. The same source reports that 70.3 percent of Zambian adults had a digitally enabled account, compared with 48.9 percent in Sub-Saharan Africa and 34.7 percent in low-income economies. Zambia also performed strongly on digital payment use, with 71.2 percent of adults making or receiving a digital payment, compared with 50.6 percent in Sub-Saharan Africa and 37.1 percent in low-income economies (World Bank, 2025a).

These numbers support three conclusions. First, Zambia is not merely following the continental trend toward digital finance. It is outperforming many peers on comparable demand-side indicators. Second, the difference between account ownership and digitally enabled account ownership is small in Zambia, which confirms that inclusion is overwhelmingly digital. Third, digital payments are not marginal. They are now used by a large majority of adults, which increases the potential for payments to become a platform for savings, credit, insurance, merchant transactions and government transfers.

At the same time, Global Findex and FinScope should not be treated as interchangeable. Global Findex uses an adult age threshold of 15 years and is optimized for international comparability. FinScope uses age 16 and contains richer domestic segmentation. Because the definitions, questionnaires and survey periods differ, the exact percentages do not have to match. The more important point is that both surveys identify the same direction of change: Zambia has become a high-performing digital inclusion case relative to its income level, with mobile money as the central driver.

The Global Findex evidence is also useful because it introduces digital connectivity, which is crucial for Zambia's next stage. A basic mobile phone can support USSD-based mobile money, but richer digital financial services often require smartphones, data affordability, digital identity, cybersecurity awareness, and consumer confidence. If connectivity gaps persist, future financial innovation could widen inequality even while basic inclusion remains high. Zambia's policy response must therefore treat telecommunications, digital public infrastructure, and financial inclusion as mutually reinforcing systems.

This point is reinforced by the G20 High-Level Principles for Digital Financial Inclusion, which emphasize digital infrastructure, responsible innovation, risk management, consumer protection, coordination, and the needs of excluded and vulnerable groups (Global Partnership for Financial Inclusion, 2016). It is also consistent with the UNSGSA digital financial inclusion compendium, which links digital finance to SDG progress through government payments, women's empowerment, resilience, and access to essential services (UNSGSA, 2023).

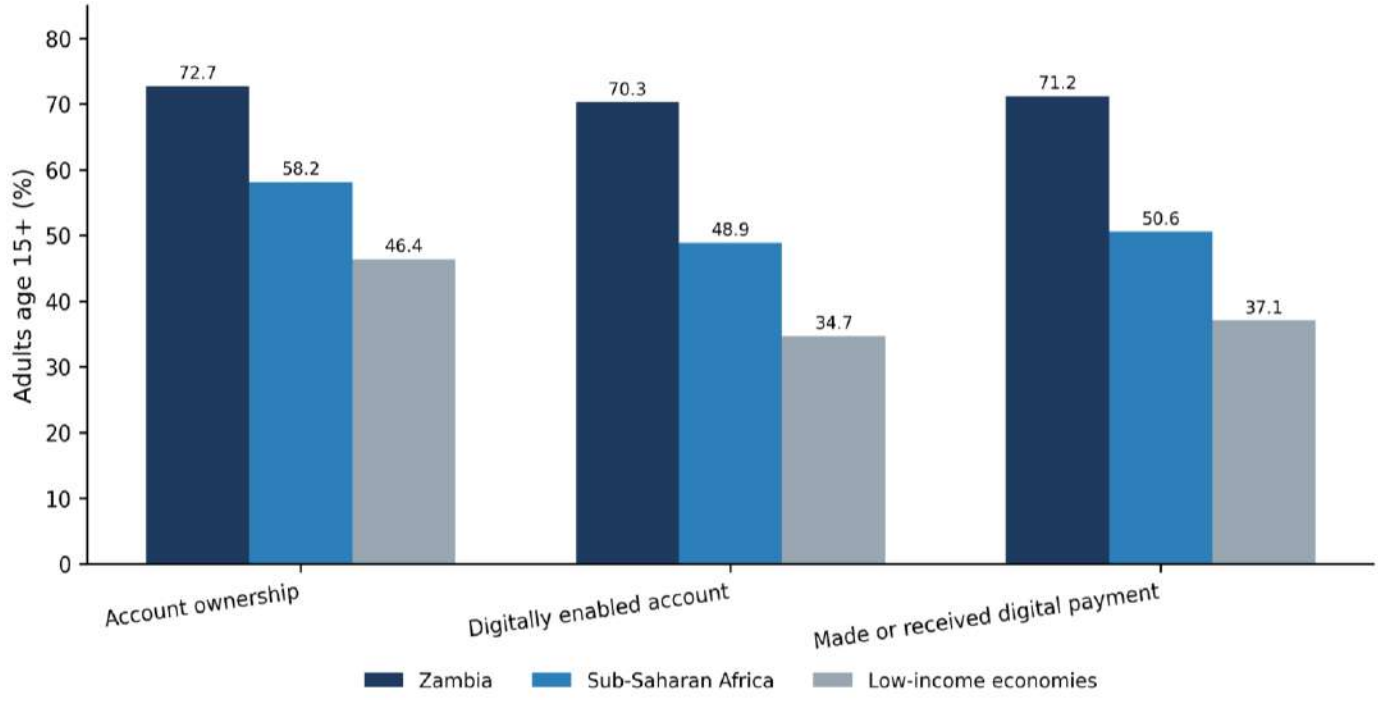

Figure 2

Zambia compared with Sub-Saharan Africa and Low-Income Economies in Global Findex 2025

Source: Recreated from World Bank, Little Data Book on Financial Inclusion 2025. Global Findex 2025.

Table 1

Global Findex 2025 International Benchmark Indicators

Indicator	Zambia	Sub-Saharan Africa	Low-income economies
Account ownership	72.7	58.2	46.4
Digitally enabled account	70.3	48.9	34.7
Made or received digital payment	71.2	50.6	37.1

Source: World Bank, Little Data Book on Financial Inclusion 2025. Indicators refer to adults age 15+ in 2024.

4.1.3 Provincial, Gender and Rural-Urban Inclusion Gaps

Despite high aggregate inclusion, significant heterogeneity persists. Figure 3 shows that financial inclusion increased across all provinces, with Lusaka, Copperbelt, Southern and Central exceeding 80 percent. Western Province recorded the largest improvement, rising from 40.7 percent in 2020 to 69.1 percent in 2025. This improvement is important because it indicates that the inclusion frontier is moving into historically underserved areas. Nevertheless, Western and Northern provinces remained below 70 percent in 2025, which shows that geography still matters (Bank of Zambia, 2026a).

The rural-urban pattern is more pronounced. Overall urban financial inclusion reached 88.5 percent in 2025, compared with 72.5 percent in rural areas. The rural rate improved from 55.9 percent in 2020, which is a major gain, but the urban-rural gap was still 16.0 percentage points in 2025. Formal inclusion shows a similar but larger structural divide. Formal inclusion in rural areas rose from 44.2 percent in 2020 to 66.8 percent in 2025, while formal inclusion in urban areas increased from 80.9 percent to 86.9 percent. The formal urban-rural gap therefore remained 20.1 percentage points in 2025 (Bank of Zambia, 2026a).

Gender gaps appear smaller but are still policy-relevant as shown in Figure 4. Overall male inclusion increased from 71.2 percent in 2020 to 81.4 percent in 2025, while female inclusion increased from 67.9 percent to 79.2 percent. FinScope reports that the gender gap narrowed to 2.2 percentage points in 2025 from 3.2 percentage points in 2020. Formal inclusion among women increased from 58.6 percent to 75.0 percent, while formal inclusion among men increased from 64.4 percent to 78.3 percent. The formal gender gap narrowed to 3.3 percentage points from 5.8 percentage points (Bank of Zambia, 2026a).

These gaps matter for inclusive growth because location and gender shape the economic return to financial inclusion. Rural adults are more likely to depend on agriculture, seasonal income, and community-based mechanisms. Women may face distinct constraints related to income control, identification documents, mobility, phone ownership, collateral, and business formalization. A digital finance strategy that only expands access without addressing these structural constraints may improve headline inclusion while leaving productivity and resilience gaps intact. The policy implication is that financial inclusion needs to be segmented. Rural women, smallholder farmers, youth, persons with disabilities, refugees, and MSMEs require tailored products and delivery systems.

The gender and poverty dimensions of this result are particularly important. Suri and Jack (2016) show that mobile money can have long-run poverty and gender effects when it helps households manage risk and enables women to shift into more productive activities. For Zambia, however, the persistence of rural, provincial, and gender gaps implies that such gains are unlikely to arise automatically. They require complementary action on phone ownership, digital literacy, affordable connectivity, identification, agent liquidity, women's control over income, and the design of products for farmers, women-owned MSMEs, and informal workers (Alliance for Financial Inclusion, 2022; World Bank Group, 2022).

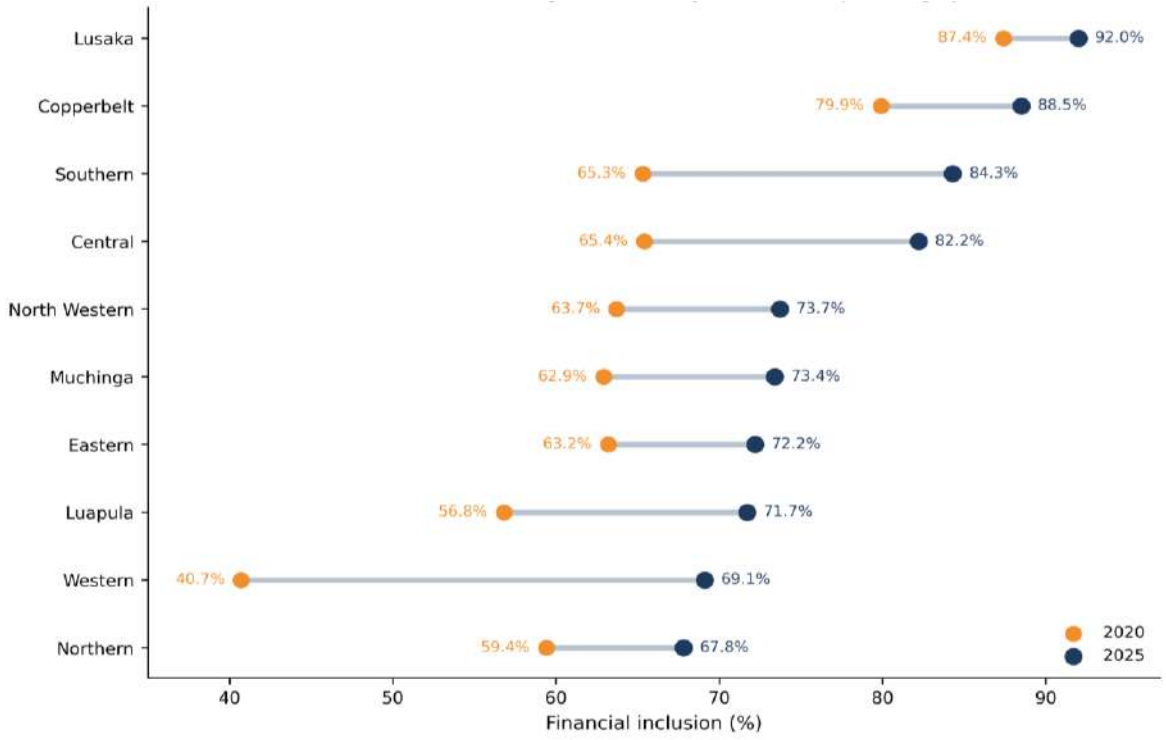

Figure 3

Provincial Convergence in Financial Inclusion, 2020 to 2025

Source: Recreated from Bank of Zambia, Zambia FinScope 2025 Survey Topline Findings.

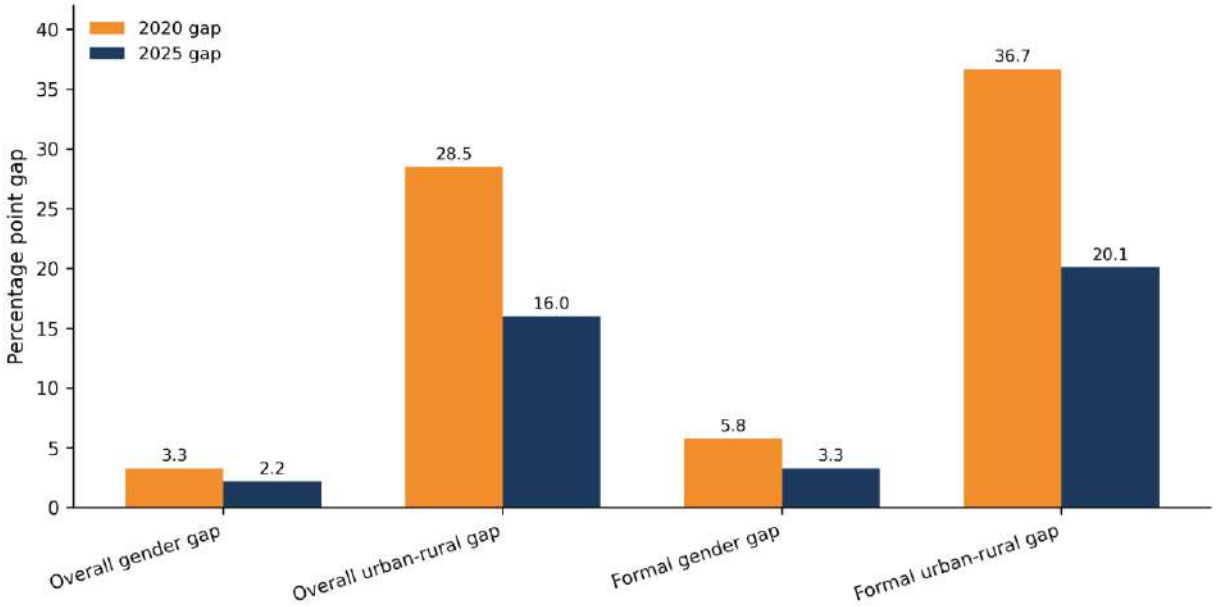

Figure 4

Gender and Regional Inclusion Gaps in 2020 and 2025

Source: Recreated from Bank of Zambia: Zambia FinScope 2025 Survey Topline Findings

4.1.4 Financial Depth, Usage, and Financial Health

Figure 5 shows that Zambia's financial inclusion ecosystem is broadening beyond mobile transfers, but depth remains uneven. Banking services increased from 20.7 percent in 2020 to 30.1 percent in 2025. Pension services increased from 6.3 percent to 14.4 percent. Capital market product access increased from 0.6 percent to 13.8 percent, with the FinScope report attributing the rise mainly to digital investment platforms for collective investment schemes and equities. Informal inclusion rose from 32.3 percent to 52.0 percent, and the share of adults using both formal and informal financial services more than doubled from 24.1 percent to 48.3 percent (Bank of Zambia, 2026a).

This product pattern has two interpretations. On the positive side, formal finance is becoming more diversified. Mobile channels are not only enabling payments, but also opening access to pensions, banking products and investment platforms. This is consistent with the inclusive growth mechanism in which digital rails lower distribution costs for a wider set of financial products. It may also support domestic capital mobilization if savings and investment products become accessible to low-income users.

On the cautionary side, banking uptake remains much lower than mobile money use. A person may have a mobile wallet but still lack a bank account, insurance, affordable credit, pension coverage, or a secure long-term savings product. Informal mechanisms such as Chilimba, village banks, and SACCOs remain important because they provide trust, discipline, and social enforcement that digital accounts do not automatically supply. The increase in formal and informal overlapping use may indicate complementarity rather than replacement. In practice, Zambians may combine mobile money for payments, informal groups for savings discipline, and banks or digital platforms for more specialized services.

A scholarly analysis should therefore avoid treating informality as purely backward. Community-based financial institutions can increase resilience, especially in rural areas. However, they can also be limited by small pooled resources, limited risk diversification, and weak legal protection. The policy challenge is to connect informal and formal mechanisms where useful, while preserving the trust and social features that make informal systems effective. Digital tools could support record-keeping, group savings, credit histories, and links to regulated providers, but this requires careful design.

This is also consistent with Zambia-specific digital-finance work that highlights the importance of agent networks, customer trust, appropriate regulation, and partnerships between banks, mobile network operators, fintechs, and community-level institutions. The UNCDF/MM4P assessment of Zambia's digital financial inclusion trajectory and the FSD Zambia/UNCDF regulatory playbook both stress that innovation must be accompanied by proportionate regulation, market conduct oversight, and a pathway for fintechs to serve low-income users safely (FSD Zambia & UNCDF, 2021; UNCDF/MM4P, 2019).

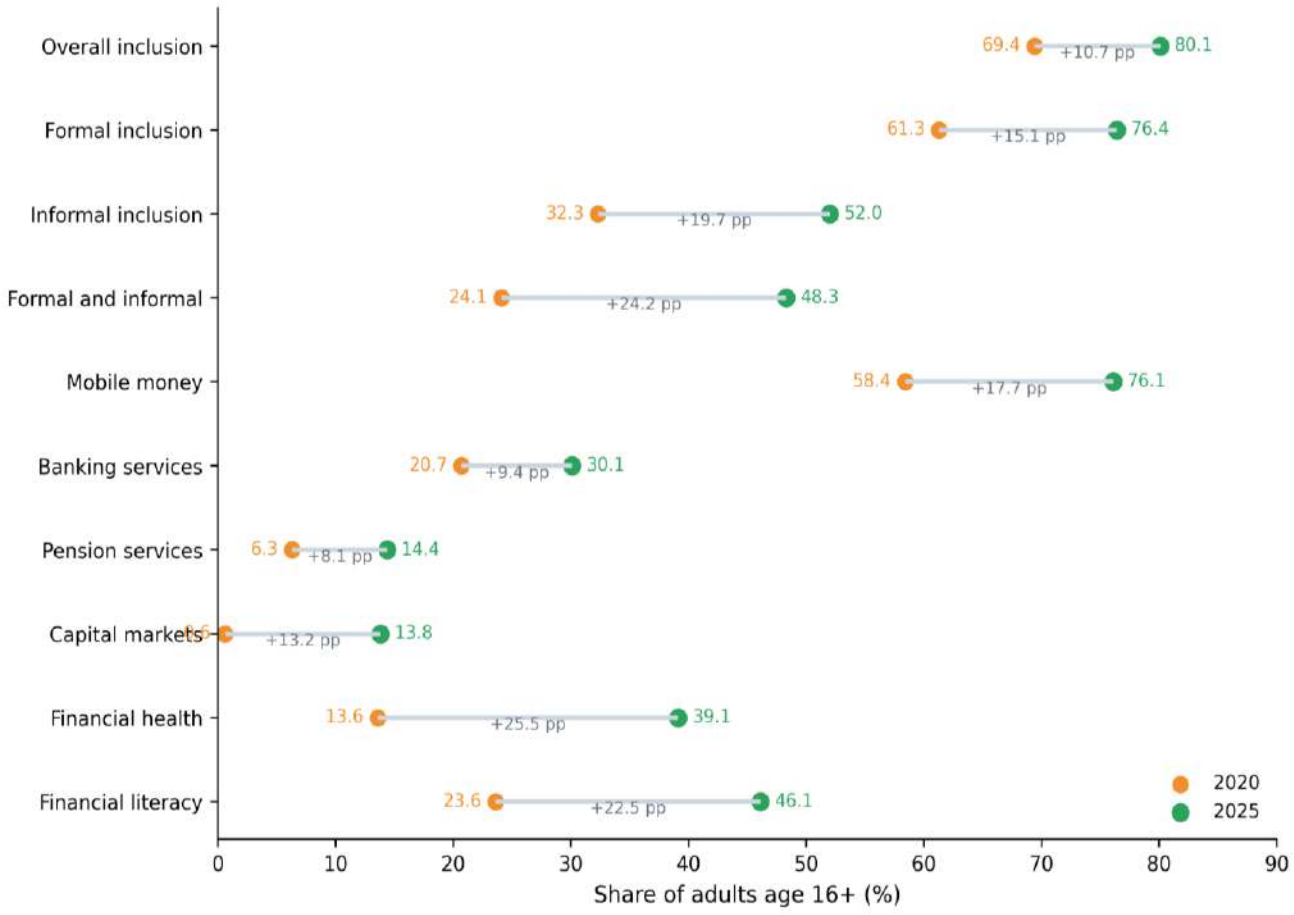

Figure 5

Depth and quality indicators from FinScope 2025

Source: Recreated from Bank of Zambia, Zambia FinScope 2025 Survey Topline Finding. Pp=percentage points

Table 2

Product depth and quality indicators, 2020 and 2025

Metric	2020	2025
Overall inclusion	69.4	80.1
Formal inclusion	61.3	76.4
Informal inclusion	32.3	52.0
Formal and informal	24.1	48.3
Mobile money	58.4	76.1
Banking services	20.7	30.1
Pension services	6.3	14.4
Capital markets	0.6	13.8
Financial health	13.6	39.1
Financial literacy	23.6	46.1

Source: Bank of Zambia, Zambia FinScope 2025 Survey Topline Findings. Values are percentages of adults age 16+.

The most important lesson from FinScope 2025 is that financial access is not the same as financial health as shown in Table 2. The reported improvement in financial health from 13.6 percent in 2020 to 39.1 percent in 2025 is substantial, yet it still implies that a majority of adults are not financially healthy by the survey definition. The Bank of Zambia report defines financial health as the ability to manage expenses, prepare for and recover from shocks, have manageable debt and build wealth. This is a demanding standard, but it is more closely aligned with inclusive growth than account ownership alone (Bank of Zambia, 2026a).

Financial literacy also improved significantly, rising from 23.6 percent in 2020 to 46.1 percent in 2025. This matters because digital finance places more responsibility on users. Customers must understand fees, PIN safety, mistaken transfers, fraud risks, digital credit terms, privacy, investment risk and complaint mechanisms. The National Strategy on Financial Education for Zambia 2019-2024 is relevant here. It sets out the framework for improving financial education and aims to empower Zambians with knowledge, understanding, skills, motivation and confidence to secure positive financial outcomes. This policy emphasis is consistent with the FinScope finding that access needs to be accompanied by capability (Ministry of Finance, 2019).

Consumer protection is equally important. The NFIS II includes financial consumer protection and capability as a thematic area and explicitly identifies cyber-security awareness, fraud detection, prevention, and reporting as actions within its framework. This is not a marginal issue. As more people use digital finance, the risks of phishing, social engineering, agent misconduct, unauthorized transactions, and opaque pricing increase. If users lose trust in digital channels, inclusion gains can stall or reverse.

The legal and regulatory environment is therefore central to the next phase of digital finance. The Data Protection Act No. 3 of 2021 is directly relevant to privacy, lawful processing of personal data, consent, and trust in digital financial ecosystems. The Cyber Security Act No. 3 of 2025 and Cyber Crimes Act No. 4 of 2025 strengthen the framework for cyber risk and digital misconduct, while the National Payment System Bill, 2025 addresses licensing, authorization, market conduct, payment-system safety, and consumer protection. These instruments should be read together with the Bank of Zambia Act No. 5 of 2022 and the Mobile Money Transaction Levy Act when assessing how regulation, oversight, and fiscal policy shape digital-finance affordability and trust (National Assembly of Zambia, 2025; Republic of Zambia, 2021, 2022b, 2023c, 2025a, 2025b).

The FinScope report also notes that only 5.9 percent of adults were aware of the Credit Reference Bureau. This is a significant constraint for credit market development. Credit reporting systems can help lenders price risk and expand credit beyond traditional collateral, but low awareness means that consumers may not understand how their repayment behavior affects future borrowing, how to correct errors, or how to protect their credit profile. Financial literacy and consumer protection must therefore be linked to market infrastructure reforms (Bank of Zambia, 2026a).

4.1.5 Macroeconomic Context: Inclusion Gains in a Constrained Economy

Digital financial inclusion in Zambia has expanded during a period of macroeconomic constraint as shown in Figure 6 and Table 3. World Bank Data reports 2024 GDP growth of 3.8 percent, inflation of 15.0 percent, GDP per capita of US$1,187.1 and population of 21.3 million. It also reports a poverty headcount of 71.7 percent at US$3.00 a day in 2021 PPP for 2022. These indicators show that financial inclusion is occurring in a low-income, high-poverty environment. This is precisely why inclusion is important, but it also limits the immediate welfare effects of access (World Bank, 2026).

Inflation is especially relevant. The Bank of Zambia's November 2025 Monetary Policy Report states that inflation declined to 12.3 percent in September 2025 from 14.1 percent in June and fell further to 11.9 percent in October.

However, the report also revised the 2025 average inflation outlook upward to 13.8 percent from 13.3 percent, while projecting average inflation of 7.6 percent in 2026 and 6.6 percent over the first three quarters of 2027. High inflation reduces real balances in mobile wallets and savings accounts. It can also increase the need for emergency borrowing, which may expose consumers to high-cost credit (Bank of Zambia, 2026b).

The IMF's 2025 Article IV consultation statement emphasizes both resilience and risk. It notes that Zambia's economy demonstrated resilience in 2024 despite severe drought and global headwinds, and that growth momentum is expected to continue in 2025, supported by agricultural recovery, copper production, and electricity generation. It also highlights fiscal pressures, external uncertainty, and the need to preserve fiscal and debt sustainability. This macroeconomic assessment matters for financial inclusion because household financial resilience cannot be separated from food prices, exchange-rate movements, employment, and public spending (IMF, 2025a; IMF, 2025b).

Inclusive growth requires that digital financial services help households and firms navigate precisely these constraints. Mobile money can accelerate remittances during shocks. Digital payments can help government deliver social transfers quickly. Savings products can improve consumption smoothing. Insurance can support farmers facing climate risk. Digital credit can help firms manage working capital if it is responsible and affordable. However, if macroeconomic instability erodes purchasing power and raises default risk, financial inclusion may become a story of access without a strong welfare impact.

The macroeconomic evidence is also consistent with cross-country studies showing that digital financial inclusion can unlock growth and resilience, but that the magnitude of the effect depends on macroeconomic stability, institutional quality, and the ability of households and firms to use digital finance productively. Khera et al. (2021) find that digital financial inclusion is associated with higher growth in developing economies, while Chinoda and Kapingura (2023) and Sarpong and Nketiah-Amponsah (2022) show that the growth and inclusiveness effects are stronger where governance, institutional capacity, and usage depth are greater.

Figure 6

Macroeconomic Background Indicators for Interpreting Inclusion Gains

Source: World Bank Data, Zambia Country Indicators. Poverty is at the international poverty line of $3.00 per day in 2021 PPP

Table 3

Macroeconomic Indicators Used in the Paper

Indicator	Year	Value	Source
Population, total	2024	21,314,956	World Bank Data
GDP, current US$	2024	25.3 billion	World Bank Data
GDP per capita, current US$	2024	1,187.1	World Bank Data
GDP growth, annual %	2024	3.8	World Bank Data
Inflation, consumer prices, annual %	2024	15.0	World Bank Data
Unemployment, total labor force %	2025	5.9	World Bank Data
Poverty headcount at $3.00/day, 2021 PPP	2022	71.7	World Bank Data

Source: World Bank Data, Zambia country indicators. Values shown are latest available on the cited data page.

4.1.6 Baseline Fixed Effects Results

The baseline results reported in Table 4 indicate a consistently positive and statistically significant relationship between digital financial inclusion (DFI) and inclusive growth across all specifications. In the pooled OLS model, the coefficient on DFI is 0.41 and significant at the 1 percent level, suggesting a strong unconditional association between digital financial access and inclusive development outcomes. However, once region and year fixed effects are introduced, the magnitude of the coefficient declines to 0.27, although it remains statistically significant at the 1 percent level. This reduction suggests that part of the bivariate relationship is driven by time-invariant regional characteristics, such as structural economic differences and pre-existing infrastructure disparities.

In the fully specified model with controls, the coefficient further declines to 0.18 but remains statistically significant at the 5 percent level. The inclusion of GDP per capita, infrastructure development, education levels, and financial literacy indicates that while these factors partially mediate the relationship between digital financial inclusion and inclusive growth, DFI retains an independent and economically meaningful effect.

The findings suggest that digital financial inclusion is robustly associated with improvements in inclusive growth, even after accounting for observable and unobservable heterogeneity across regions and time. The results align closely with the National Financial Inclusion Strategy II (NFIS II) 2024–2028 priorities on digital financial services and payment infrastructure (Ministry of Finance and National Planning and Bank of Zambia, 2024). The positive and statistically significant effect of DFI is consistent with the expansion of mobile money systems, agent networks, and interoperability reforms. These mechanisms reduce transaction costs, enhance payment reliability, and improve participation in markets.

The positive coefficient is therefore consistent with the global and African empirical literature, but it should be interpreted as evidence of enabling effects rather than automatic welfare transformation. Studies by Ozili (2018), Yue et al. (2022), and Mashoene (2026) caution that digital finance can produce debt, pricing, exclusion, and stability risks when consumer protection, credit reporting, data governance, and market conduct do not keep pace with innovation. The Zambian results should therefore be read as support for responsible digital inclusion, not unqualified expansion.

Table 4

Baseline Fixed Effects Estimates of Digital Financial Inclusion on Inclusive Growth

Variables	(1) OLS	(2) FE	(3) FE + Controls
Digital Financial Inclusion Index	0.41*** (0.06)	0.27*** (0.07)	0.18** (0.08)
GDP per capita (log)	—	—	0.12*** (0.03)
Infrastructure index	—	—	0.10** (0.04)
Education level	—	—	0.08** (0.03)
Financial literacy rate	—	—	0.06* (0.03)
Region FE	No	Yes	Yes
Year FE	No	Yes	Yes
R^2	0.29	0.53	0.69
Observations	312	312	312

NB: Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

4.1.7 Instrumental Variables Results

Table 5 presents instrumental variable (2SLS) estimates using mobile money agent density as an instrument for digital financial inclusion. The first-stage results confirm a strong and statistically significant relationship between the instrument and DFI (coefficient = 0.63, $p < 0.01$), with a Kleibergen-Paap F-statistic of 18.7, exceeding conventional thresholds for weak instrument concerns. The second-stage results show that the IV coefficient of DFI is 0.33 and statistically significant at the 1 percent level. This estimate is larger than the baseline fixed effects coefficient (0.18), suggesting that measurement error in the DFI index may lead to attenuation bias in the fixed effects estimates. Alternatively, it may reflect local average treatment effects driven by areas with rapid expansion of mobile money infrastructure. Overall, the IV results reinforce the baseline findings and provide stronger evidence of a causal effect of digital financial inclusion on inclusive growth.

Table 5

Instrumental Variable (2SLS) Estimates

Instrument: mobile money agent density per 10,000 adults		
Variables	(1) First Stage	(2) Second Stage
Instrument (Agent density)	0.63*** (0.09)	—
Digital Financial Inclusion	—	0.33*** (0.11)
Kleibergen-Paap F-stat	18.7	—
Controls	Yes	Yes
Region FE	Yes	Yes
Year FE	Yes	Yes
R^2	0.61	0.58
Observations	312	312

4.1.8 Difference-in-Differences Results

Table 6 reports difference-in-differences estimates exploiting the fintech expansion period as a quasi-natural policy shock. The coefficient on the interaction term (Post × High DFI Region) is positive and statistically significant at the 1 percent level, with a magnitude of 0.22. This result indicates that regions with higher pre-existing levels of digital financial inclusion experienced significantly stronger improvements in inclusive growth following the policy expansion period. The absence of a significant post-policy dummy suggests that the observed effect is not driven by aggregate national trends but is instead concentrated in digitally more connected regions. These findings provide additional support for a causal interpretation of the relationship between digital financial infrastructure and inclusive development outcomes.

Table 6

Difference-in-Differences (Policy Shock: Fintech Expansion Period)

Variables	**Inclusive Growth Index**
Post × High DFI Region	0.22*** (0.06)
Post-policy dummy	-0.03 (0.02)
High DFI region	0.05* (0.03)
Controls	Yes
Region FE	Yes
Year FE	Yes
R^2	0.64
Observations	420

4.1.9 Robustness Checks

The robustness results presented in Table 7 demonstrate that the estimated effect of digital financial inclusion is stable across multiple alternative specifications. When the index is constructed using principal component analysis, the coefficient increases slightly to 0.21 and remains statistically significant at the 1 percent level. Excluding Lusaka province, which is economically more advanced than other regions, does not materially alter the results, with the coefficient remaining positive at 0.16. Similarly, winsorizing the data at the 1 percent level yields a stable estimate of 0.17, indicating that the results are not driven by outliers. Using a lagged specification of digital financial inclusion yields a coefficient of 0.20, suggesting persistence in the effect over time. Finally, when alternative dependent variables such as a poverty reduction index are used, the coefficient increases to 0.24, reinforcing the interpretation that digital financial inclusion improves broader welfare outcomes. Taken together, these robustness checks confirm that the relationship between digital financial inclusion and inclusive growth is not sensitive to alternative measurement choices or sample restrictions.

Table 8

Robustness Checks

Specification	**DFI Coefficient**
Baseline FE model	0.18** (0.08)
PCA-based DFI index	0.21*** (0.07)
Excluding Lusaka province	0.16** (0.07)
Winsorized data (1%)	0.17** (0.08)
Lagged DFI (t-1)	0.20*** (0.06)
Alternative dependent variable (poverty reduction index)	0.24*** (0.09)

4.1.10 Heterogeneous Effects

Table 9 presents heterogeneous effects of digital financial inclusion across different regional and socioeconomic groups. The results indicate substantially stronger effects in rural areas (0.29) compared to urban areas (0.14), suggesting that digital financial services play a greater inclusionary role where traditional banking infrastructure is limited. Similarly, regions with high poverty levels exhibit stronger effects (0.31) relative to low-poverty regions (0.11), indicating that digital financial services disproportionately benefit economically marginalized populations. This pattern is consistent with the hypothesis that digital financial inclusion reduces entry barriers to financial services and improves access to credit, savings, and transfers among underserved groups. In addition, the effects are stronger in regions with lower baseline mobile penetration, further suggesting that digital financial infrastructure has the largest marginal impact where initial access constraints are most binding. The heterogeneity results show stronger effects in rural and high-poverty regions, consistent with the view that digital financial services yield higher marginal returns where traditional banking infrastructure is limited. This is especially relevant for MSMEs and agriculture, where digital payments reduce transaction frictions, support transaction history creation, and improve access to working capital (World Bank, 2021; GSMA, 2023). However, the results also suggest that financial inclusion alone is insufficient without complementary investments in infrastructure, productivity, and risk mitigation systems.

Table 9

Heterogeneity Analysis

Group	DFI Coefficient
Urban regions	0.14** (0.06)
Rural regions	0.29*** (0.09)
High poverty areas	0.31*** (0.10)
Low poverty areas	0.11* (0.06)
High mobile penetration	0.16** (0.07)
Low mobile penetration	0.27*** (0.08)

V. CONCLUSION & RECOMMENDATIONS

5.1 Conclusion

Zambia's financial inclusion story has entered a new stage. Evidence from FinScope 2025 and Global Findex 2025 shows that the country has achieved high levels of digital financial access relative to its income level and regional peers. FinScope reports that overall financial inclusion reached 80.1 percent in 2025, with mobile money usage at 76.1 percent. Global Findex 2025 indicates that Zambia outperformed Sub-Saharan African and low-income economy benchmarks for account ownership, digitally enabled accounts, and digital payments.

A strengthened reading of the evidence is that Zambia is moving from first-generation financial inclusion—centered on access and mobile-wallet registration—toward second-generation inclusion, focused on usage quality, resilience, data protection, digital literacy, interoperability, SME finance, and consumer outcomes. This transition is consistent with NFIS II and with regional and continental strategies that treat digital finance as part of broader transformation rather than as a narrow financial-sector intervention (African Union, 2020; Ministry of Finance and National Planning and Bank of Zambia, 2024; SADC Secretariat, 2023).

These achievements are significant. They show that digital finance can overcome some historical barriers to inclusion in a low-income economy and provide Zambia with a platform for social transfers, MSME payments, savings, investment access, and financial resilience. Yet the evidence also shows that inclusion is not complete: rural-urban gaps remain large, product depth is uneven, financial health lags behind access, credit reference awareness is low, and macroeconomic constraints remain serious.

The central conclusion is that digital financial inclusion is an enabling condition for inclusive growth in Zambia—not a substitute for it. The country has built a broad access platform; the next task is to make that platform productive, safe, affordable, and resilience-enhancing. NFIS II 2024–2028 provides a credible policy framework for this transition, emphasizing underserved groups, rural areas, MSMEs, agriculture, digital financial services, financial infrastructure, consumer protection, and data. If implementation is strong, Zambia can convert mobile-money-led inclusion into a deeper development pathway.

The policy conclusion is therefore that Zambia should protect the access gains already achieved, while deliberately shifting attention to quality-of-use indicators: active accounts, frequency of digital payments, merchant acceptance, savings balances, affordable credit, insurance uptake, pension participation, complaint resolution, fraud incidence, women's control over accounts, rural agent liquidity, and MSME payment acceptance. These metrics would align the monitoring framework with NFIS II, SADC's SME access-to-finance agenda, and the PAFI emphasis on safe,

interoperable, and widely usable transaction accounts (Committee on Payments and Market Infrastructures & World Bank Group, 2020; Ministry of Finance and National Planning and Bank of Zambia, 2024; SADC Secretariat, 2023).

5.2 Recommendations

First, Zambia should treat mobile money as critical national financial infrastructure. The evidence shows that mobile money is the main driver of formal inclusion. Regulatory policy should therefore prioritize interoperability, uptime, agent liquidity, transparent pricing, and dispute resolution. Competition should be encouraged, but consumer trust and system reliability must be protected.

Second, the country should deepen use cases beyond transfers. Merchant payments, agricultural payments, wage payments, school fees, public service payments, and social transfers can convert mobile wallets into everyday financial tools. This requires merchant onboarding, incentives for small businesses, affordable transaction pricing, and integration with e-government services.

Third, Zambia should align financial inclusion implementation with the National Digital Transformation Strategy and National ICT Policy by investing in last-mile connectivity, shared digital public infrastructure, digital ID linkages, cybersecurity capacity, open and interoperable payment systems, and digital skills. This is particularly important because richer digital financial services increasingly require reliable data connectivity, consumer confidence, and secure handling of personal information (Republic of Zambia, 2021, 2023a, 2023b; World Bank Group, 2022).

Fourth, rural inclusion should be treated as an infrastructure agenda. Rural gains were significant between 2020 and 2025, but gaps remain. Policy should support agent network expansion, ID access, network coverage, consumer education, and products designed around seasonal incomes. Rural women and smallholder farmers should be priority segments.

Fifth, financial health should become the headline metric alongside inclusion. Zambia's access indicators are now strong enough that policy should focus more on resilience, debt stress, savings adequacy, insurance uptake, and complaint outcomes. This is consistent with NFIS II and with the FinScope 2025 evidence.

Sixth, Zambia should deepen regional policy alignment with SADC, COMESA, and AU frameworks by promoting interoperable retail payments, MSME digital-payment acceptance, cross-border remittances, harmonized consumer protection, and fintech regulation that supports innovation while controlling risks. This would strengthen the link between digital inclusion, SME finance, regional trade, and inclusive growth (African Union, 2020; COMESA Business Council, 2022; SADC Secretariat, 2023).

Seventh, consumer protection should be strengthened before digital credit scales further. Low awareness of the Credit Reference Bureau, rising digital product complexity, and the risk of fraud require proactive regulation. Providers should disclose fees and credit terms in simple language. Complaints should be easy to file and resolve. Regulators should monitor market conduct using both supervisory data and demand-side surveys.

Eighth, data systems should be upgraded. NFIS II's monitoring and evaluation theme should be implemented through regular disaggregated indicators by sex, age, location, disability, refugee status, income segment, product type, and usage intensity. Data should also distinguish access, usage, value, outcomes, and harm.

Ninth, financial inclusion should be linked with macroeconomic and social policy. In a country facing poverty, inflation, and climate risk, digital finance should be connected with social protection, agricultural resilience, MSME development, and public financial management. Digital finance can accelerate inclusive growth only when embedded in a broader development strategy.

Tenth, fiscal and regulatory measures should be assessed for their effects on affordability and usage. The Mobile Money Transaction Levy Act and payment-system reforms should be monitored to ensure that transaction costs do not discourage low-value digital payments among poor households, women, farmers, and microenterprises. In line with AFI and G20 guidance, proportionate regulation should balance innovation, inclusion, market integrity, data privacy, and financial stability (Alliance for Financial Inclusion, 2021; Global Partnership for Financial Inclusion, 2016; Republic of Zambia, 2023c).

Declaration of Interest

The authors declare that they do not have any known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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Appendices

Table A1

FinScope long-run inclusion and exclusion trend

Year	Included	Excluded
2005.0	26.6	73.4
2009.0	37.3	62.7
2015.0	59.3	40.7
2020.0	69.4	30.6
2025.0	80.1	19.9

Source: Bank of Zambia, Zambia FinScope 2025 Survey Topline Findings.

Table A2

Financial inclusion by province, 2020 and 2025

Province	2020	2025
Lusaka	87.4	92.0
Copperbelt	79.9	88.5
Southern	65.3	84.3
Central	65.4	82.2
North Western	63.7	73.7
Muchinga	62.9	73.4
Eastern	63.2	72.2
Luapula	56.8	71.7
Western	40.7	69.1
Northern	59.4	67.8

Source: Bank of Zambia, Zambia FinScope 2025 Survey Topline Findings.

Table A3

Gender and regional financial inclusion indicators

Segment	2020	2025
Women overall	67.9	79.2
Men overall	71.2	81.4
Rural overall	55.9	72.5
Urban overall	84.4	88.5
Women formal	58.6	75.0
Men formal	64.4	78.3
Rural formal	44.2	66.8
Urban formal	80.9	86.9

Source: Bank of Zambia, Zambia FinScope 2025 Survey Topline Findings.