FEASIBILITY STUDY · FINTECH & FINANCIAL INCLUSION

Digital Equb Platform

Feasibility Study for a Rotating-Savings Platform in Ethiopia

Market, regulatory, technical, operational and five-year financial assessment of a non-custodial digital Equb operating platform.

17 chapters + annex
Market to implementation

5-year financial model
NPV, IRR, payback, scenarios

Regulatory perimeter
NBE, KYC/AML, data protection

Technical specification
Ledger, payments, draw engine



2026
REFERENCE EDITION

Anonymized illustrative case study.
Analysis completed September 2026; see Edition Notice for scope and post-study developments. Not investment advice.

Publication Information

Item	Details
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Geographic scope	Ethiopia; initial launch in a single selected market, with potential national expansion

EDITION NOTICE (VERIFIED 1 NOVEMBER 2026)

This study was prepared in September 2026 for a digital Equb platform in one Ethiopian region. This edition presents it as a study for Ethiopia: region-specific references have been removed and the initial launch area is described as a "selected launch market".

Customer volumes, contribution levels, costs, staffing and timing remain those of the original regional case. They are illustrative for Ethiopia and should be recalibrated for the launch market actually selected.

After the study was completed, the United Nations reported on 25 September 2026 that fighting had spread across several fronts in northern Ethiopia, with internet and telephone services in affected areas largely cut and mobile and banking transactions disrupted. Security, connectivity and payment-rail continuity should therefore be assessed for any launch market. The implementation timetable, which assumed mobilization on 1 October 2026, should be re-based.

PREVIEW

Disclaimer and Conditions of Use

This publication is derived from a feasibility study prepared for a specific proposed project. Names, contact details, logos and other information identifying the project sponsor, the original adviser and related parties have been removed or replaced with neutral descriptions such as "Project Sponsor" and "the Platform". References to named third-party digital Equb operators are drawn from publicly available information and do not imply any relationship with, or endorsement by, those operators.

The market, financial and implementation figures are project-specific assumptions and projections prepared at the time of the original study. They have not been audited or independently validated, and they are not forecasts of the results of any actual business. Where information was checked for this edition, the verification date and source are stated; other information is reproduced as at the original research cut-off.

The document is provided for educational, research and reference purposes. It is not investment, legal, tax, regulatory or financial advice, and it is not an investment-ready feasibility study for any particular venture. Anyone considering a similar project should obtain current market data, qualified Ethiopian legal and tax advice and, where relevant, engagement with the National Bank of Ethiopia.

Preview: selected pages only. The full report contains 83 pages.

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1. Executive Summary

1.1 Project Overview

The proposed project involves the establishment of a digital Equb (virtual Equb) platform in Ethiopia. The project is intended to modernize the traditional Ethiopian Equb system by combining its familiar rotating-contribution structure with digital customer onboarding, identity verification, contribution administration, electronic payments, transparent transaction records, payout-order management, automated notifications, risk controls and management reporting.

The project is conceived not simply as a mobile application, but as a technology-enabled Equb operating and administration platform capable of serving individuals, existing Equb groups, traditional Equb organizers, employers, institutions and, at a later stage, verified members who do not necessarily know one another beforehand.

This feasibility study assesses the commercial, technical, regulatory and financial viability of the proposed venture. It was prepared to provide an evidence-based basis for the project sponsor's investment decision and to define the appropriate business model, technology requirements, regulatory structure, investment needs, financial performance, risks and implementation pathway.

1.2 Project Sponsor and Location

The project is promoted by a private Ethiopian entrepreneur (the “Project Sponsor”). Identifying details of the sponsor have been removed from this edition. The sponsor's prior business experience lies in customer-facing commercial operations outside financial services, which provides useful familiarity with business establishment, service management, marketing and the local commercial environment.

However, a digital Equb platform represents a materially different business model because it combines technology, customer financial obligations, payment integration, data management, regulatory compliance and trust-sensitive operations. The project therefore requires a more formal governance, technology, risk-management and compliance structure than a conventional service business.

The project will begin in a single selected launch market in Ethiopia, with commercial rollout starting in urban and commercially active areas before broader expansion. National expansion may be considered after the business demonstrates technical stability, regulatory compliance, customer acceptance and satisfactory financial performance in the launch market.

1.3 Proposed Digital Equb Concept

The proposed platform will digitize the main administrative functions of traditional Equb while preserving the fundamental rotating-contribution principle.



Figure 1.1 **Proposed Digital Equb Customer Journey**

Source: Study analysis; diagram redrawn for this edition.

1.9 Financial Results

Table 1.3 Base-Case Financial Feasibility Indicators

Indicator	Base-Case Result
Initial investment	ETB 12.40 million
Operating break-even	≈ 4,700 active funded customers
Equivalent break-even groups	≈ 235 20-member Equbs
NPV at 25% discount rate	≈ ETB 17.45 million
Project IRR	≈ 54.3%
Payback period	≈ 2.9 years
Accounting profitability	Year 2

Source: Study financial model (base case unless stated). ETB million unless otherwise indicated.

The financial analysis indicates potentially attractive returns under the base assumptions. The results are sensitive to active-customer acquisition, average contribution level, service-fee realization, payment-processing cost and operating discipline. Financial results should therefore be treated as investment-model projections rather than guaranteed outcomes.

1.10 Key Risks

- Post-payout member default
- Regulatory misclassification
- Customer-fund commingling
- Identity and KYC fraud
- Cyberattack or account takeover
- Payment or reconciliation failure
- Payout-order disputes
- Weak customer adoption
- Inadequate working capital
- Customer complaints and reputational loss
- Guarantee insolvency if guarantees are introduced

Post-payout default is particularly important because a participant receiving an early payout remains responsible for all remaining contributions. Customer-fund integrity and guarantee solvency, where applicable, are equally important to the long-term viability of the model.

1.11 Implementation Approach

Implementation should proceed through ten controlled phases: business and regulatory preparation; product and software specification; software development; payment and partner integration; recruitment and operational setup; testing and user acceptance; launch-market pilot; pilot evaluation and system improvement; commercial launch; and expansion and scaling.

Capital should be released progressively against regulatory, technical, payment and pilot milestones rather than spending the full ETB 12.40 million at project inception.

9. Software and Technical Specification

This chapter is a direct reference for software developers, technology vendors, system integrators, payment partners and the promoter. The platform should be developed as a secure, API-driven, non-custodial digital Equb operating system rather than as a stand-alone wallet. Core design principles are modularity, immutable financial records, regulated payment integration, security by design, full auditability, low-bandwidth usability, configurable Equb rules and phased feature activation.

9.1 Overall System Architecture

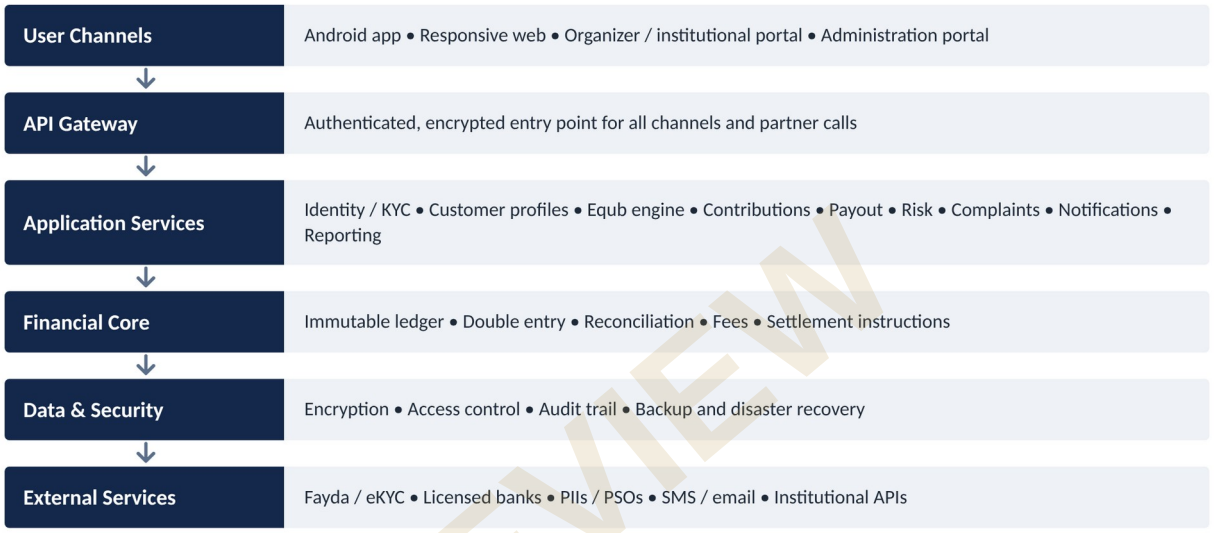


Figure 9.1 High-Level System Architecture

Source: Study analysis; diagram redrawn for this edition.

User channels comprise Android, responsive web, organizer/institutional and administration portals. Application services include identity/KYC, customer profiles, Equb engine, contributions, payout, risk, complaints, notifications and reporting. The financial core includes immutable ledgering, double entry, reconciliation, fees and settlement instructions. External services include Fayda/eKYC, licensed banks, PIIs/PSOs, SMS/email and institutional APIs.

9.2 Android/Mobile Application

The Android application should support registration, identity verification, login/MFA, profile management, Equb creation/joining, schedules, payment initiation, payment history, payout information, obligations, notifications, complaints, statements and security settings. It should be optimized for variable connectivity. Authoritative balances, payment status and payout eligibility must be determined server-side.

9.3 Web Application

Responsive web functionality should provide the core customer journey and support institutions, organizers, desktop users and assisted onboarding. Sensitive web functions should apply the same authentication and authorization standards as mobile.

9.4 Administration Portal

The administration portal should provide controlled access to customer/KYC records, group configuration, organizer/institution management, payment monitoring, ledger enquiries, reconciliation, delinquency, fraud

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14.7 Expected Default/Fraud Losses

The base case does not assume a 100% platform guarantee. A modest operational fraud/default provision of 0.05% of contribution GMV is included, producing approximately ETB 0.11 million in Year 1 and ETB 1.55 million by Year 5. Guaranteed public Equbs would require a materially different loss/reserve model.

14.8 Projected Income Statement

Table 14.6 Projected Income Statement

ETB million	Y1	Y2	Y3	Y4	Y5
Revenue	7.28	17.68	35.30	61.77	99.87
Operating costs	(8.65)	(12.84)	(18.84)	(27.82)	(39.36)
EBITDA	**(1.37)**	**4.84**	**16.46**	**33.95**	**60.51**
Depreciation/amortization	(1.10)	(1.10)	(1.10)	(1.10)	(1.00)
EBIT	(2.47)	3.74	15.36	32.85	59.51
Income tax	—	(0.38)	(4.61)	(9.86)	(17.85)
NET PROFIT/(LOSS)	**(2.47)**	**3.36**	**10.75**	**23.00**	**41.66**

Source: Study financial model (base case unless stated). ETB million unless otherwise indicated.

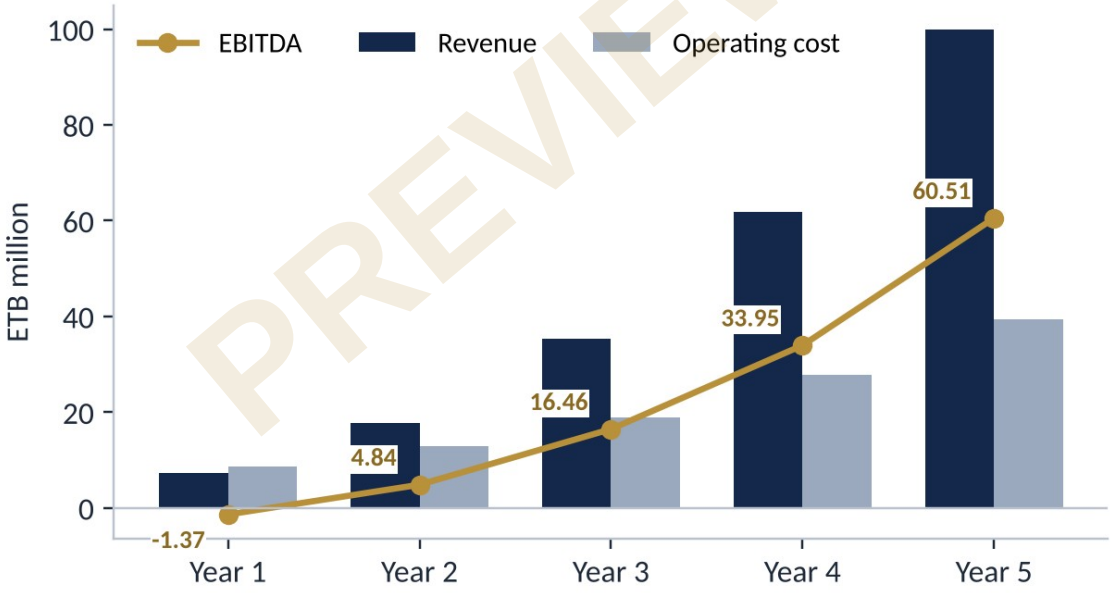


Figure 14.1 Revenue, Operating Cost and EBITDA, Years 1–5 (Base Case)

Source: Tables 14.4, 14.5 and 14.6.

14.9 Cash-Flow Projection

Table 14.7 Projected Project Cash Flow

ETB million	Initial	Y1	Y2	Y3	Y4	Y5
Initial investment	(12.40)	—	—	—	—	—
EBITDA	**—**	**(1.37)**	**4.84**	**16.46**	**33.95**	**60.51**
Income tax	—	—	(0.38)	(4.61)	(9.86)	(17.85)
Maintenance/expansion CAPEX	—	(0.30)	(0.50)	(0.70)	(1.00)	(1.50)
FREE CASH FLOW	**(12.40)**	**(1.67)**	**3.96**	**11.15**	**23.10**	**41.16**

Source: Study financial model (base case unless stated). ETB million unless otherwise indicated.

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Indicator	Conservative	Base	Optimistic
IRR	16.7%	54.3%	79.1%
Payback	4.17 years	2.91 years	2.30 years
Five-year cumulative ROI	212%	615%	1,001%

Source: Study financial model (base case unless stated). ETB million unless otherwise indicated.

14.19 Sensitivity and Stress Testing

Table 14.11 One-Variable Sensitivity Analysis

Sensitivity Variable	NPV @25% (ETB million)
Base case	17.45
Active customers −20%	9.84
Active customers +20%	25.01
Service fee reduced to 2.0%	12.46
Service fee increased to 2.5%	22.43
Payment-processing cost increases to 0.50%	13.47
Payment-processing cost falls to 0.20%	19.44
Fixed operating costs +15%	13.22
Fraud/default cost increases to 0.10%	16.46
Average contribution falls 15%	11.75
Initial investment increases 10%	16.21

Source: Study financial model (base case unless stated). ETB million unless otherwise indicated.

PREVIEW

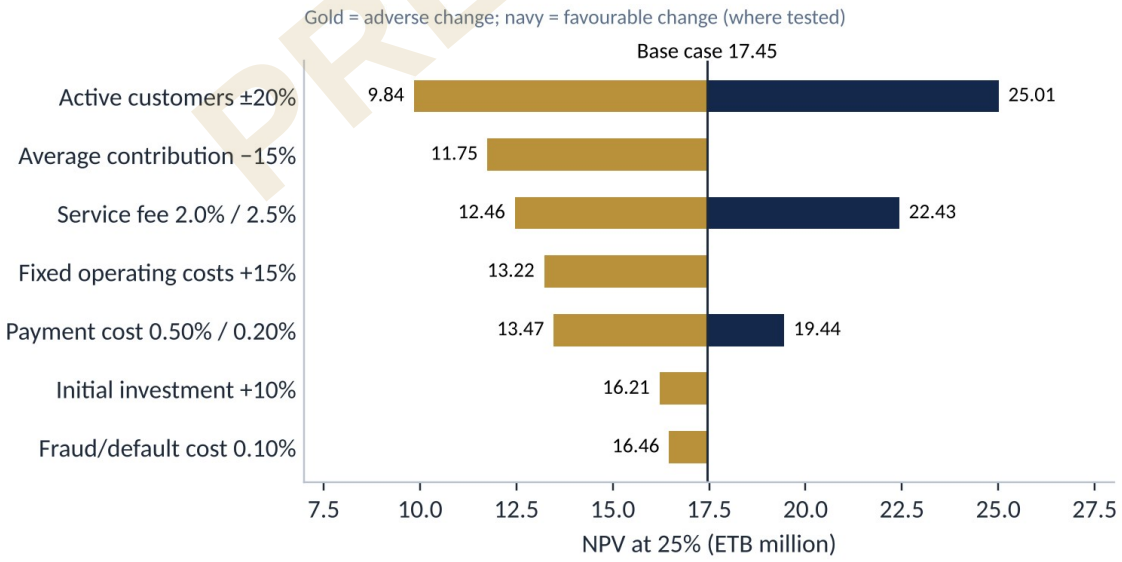


Figure 14.3 NPV Sensitivity to Key Variables (ETB Million, 25% Discount Rate)

Source: Table 14.11.

A combined downside scenario with approximately 25% fewer customers, 2.0% service fee, 0.50% payment cost, 0.10% fraud/default cost and weaker B2B penetration produces approximately negative ETB 3.96 million NPV and 16.7% IRR, below the assumed 25% hurdle rate.

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