

# ISTANBUL CONFERENCE ON ECONOMICS AND SOCIETY (ISTCES) 2025

*Pathways to Inclusive Growth: Overcoming Challenges in  
Emerging and Developing African Countries.*

24-26 SEPTEMBER 2025

*Book of Proceedings*

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**Copy Editor**

Şeyma Kılıç

**ISBN**

978-625-93023-8-6

**1<sup>st</sup> Edition**

İstanbul - 2026

**IHU Press**

155

**Executive Editor**

Savaş Cihangir Tali

**Publishing Director**

Ayşenur Alper

**Design**

IHU Press

**Cover Design**

IHU Press

**Layout**

Muhammed Muttaki Topcu

**Imprinting  
and Binding**

Milba Matbaacılık  
Certificate No: 77090

Istanbul Conference on Economics and Society (ISTCES) 2025 : pathways to inclusive growth : overcoming challenges in emerging and developing African countries / Hasan Vergil, Muhittin Kaplan, Asad Ul Islam Khan, Ayman Bekirođlu, Arab Dahir Hasan, Ayuba Napari, Mohammed Muntaka Abdul Rahman, Mahat Maalim Ibrahim, Abdülkadir Kömü, Enes Cebe ; copy editor Şeyma Kılıç. -- First edition -- Istanbul : Ibn Haldun University Press, 2026.

352 s. ; 24 cm. -- (IHU Press ; 155.).

Bibliographical references.

ISBN 978-625-93023-8-6.

1. Economic development\_Africa. 2. Inclusive growth\_Africa. 3. Africa\_Economic conditions.

HC800

330.96

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## 55.

### Digital Finance and Poverty in Fragile States: Evidence from Somalia's Mobile Money Diffusion

Arab Dahir Hassan<sup>1</sup>

Financial inclusion is increasingly recognized as a catalyst for achieving the Sustainable Development Goals (SDGs), particularly in reducing poverty (SDG 1), ensuring food security (SDG 2), and promoting reduced inequalities (SDG 10). In fragile states such as Somalia, where decades of conflict and institutional weakness constrain formal financial systems, digital financial services have emerged as a critical alternative. This study investigates the determinants of household wealth in Somalia using nationally representative data from the Somali Demographic and Health Survey (SDHS), comprising 26,180 households after cleaning. Wealth is measured via the standardized Wealth Index, with explanatory variables capturing demographic, socioeconomic, and infrastructural conditions-including household size, education, property ownership, electricity access, and mobile money use. Ordered logit and probit models are employed to assess these relationships. The results demonstrate that access to mobile money significantly enhances household wealth, alongside educational attainment, electricity supply, and secure home ownership. Spatial disparities are observed, with northern and eastern regions outperforming the conflict-affected south, while rural and nomadic households remain structurally disadvantaged. These findings highlight the transformative role of mobile money in advancing financial inclusion, while also emphasizing the need for complementary investments in infrastructure and education to ensure equitable development. Policy efforts should prioritize expanding digital financial services, bridging urban-rural divides, and addressing geographic inequalities to accelerate progress toward SDG 1, SDG 2, and SDG 10 in Somalia.

**Keywords:** FinTech, Financial Technology, Mobile Money, Poverty, Wealth index, Somali Demographic and Health Survey, Financial Inclusion.

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