Article 04:

TECHNOLOGY'S ROLE IN TRANSFORMING SOMALIA'S BUSINESS ENVIRONMENT

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Introduction

In recent years, technological advancement has emerged as one of the most powerful catalysts for business transformation worldwide. Across both developed and developing economies, entrepreneurs have increasingly embraced digital innovations to improve efficiency, reduce operational costs, and maintain competitive advantage. The rapid integration of information and communication technologies (ICT) into business systems has enabled organizations to streamline operations, expand market access, and deliver services more effectively.

In Somalia, technological transformation has similarly played a pivotal role in reshaping business operations. The widespread adoption of mobile money platforms, expansion of internet connectivity, and emergence of digital service ecosystems have significantly altered the country's commercial landscape.

TECHNOLOGY AND COMPETITIVE ADVANTAGE

Technological advancement has become a primary determinant of business success, shaping how organizations operate, innovate, and compete. Entrepreneurs are therefore expected to adopt emerging technologies proactively and strategically. Failure to embrace innovation may result in reduced competitiveness and potential displacement from the market (London College of Contemporary Arts, 2024).

A notable example from Africa is Kenya's digital transformation through the mobile payment platform M-Pesa. According to Ndung'u (2017), M-Pesa revolutionized financial inclusion by enabling seamless money transfers, encouraging savings mobilization, and expanding access to credit. It has also improved efficiency in retail transactions, e-commerce, tax payments, and public revenue systems, strengthening transparency and financial reliability.

STRENGTHENING DIGITAL INFRASTRUCTURE IN SOMALIA

A reliable digital infrastructure forms the backbone of technological progress. According to the National Communications Authority (2023), Somalia has significantly strengthened its telecommunications capacity by connecting to major submarine fiber optic cables, including: EASSy, Gulf to Africa (G2A), DARE1, and PEACE Cable.

These cables terminate at landing stations in Mogadishu, Berbera, and Bosaso, significantly enhancing international bandwidth capacity and digital resilience.

Improved internet connectivity has accelerated online banking, increased internet penetration, enabled cloud-based services, and supported the expansion of e-commerce platforms. Consequently, businesses across Somalia are now better positioned to operate efficiently, expand market reach, and adopt secure digital systems.

MOBILE MONEY REVOLUTION AND FINANCIAL INCLUSION

Somalia is widely recognized as one of the most mobile-money-dependent economies globally. The majority of business and personal transactions are conducted through USSD-based mobile payment platforms primarily operated by major telecom providers such as Hormuud Telecom, Golis Telecom, and Telesom.

Key mobile payment services include: EVC Plus, DahabPlus, Sahal Service, MyCash, and ZAAD.

These services operate without requiring smartphones or internet access, making financial services accessible even in rural and low-income communities. As a result, mobile money has become deeply embedded in everyday commercial activities, promoting financial inclusion and facilitating broader economic participation.

GROWTH OF E-COMMERCE AND DIGITAL MARKETPLACES

Beyond mobile payments, digital innovation has stimulated the growth of e-commerce platforms in Somalia. A key example is the Waafi application, which provides integrated financial services, online shopping, and digital communication features.

Waafi enables users to purchase electronics, furniture, construction materials, airline tickets, and household goods through a single platform. Its “buy-now-pay-later” feature simplifies short-term financing and supports individuals who may not qualify for traditional bank credit.

Another significant innovation is Dhaweeye, Somalia’s first ride-hailing application similar to Uber.

Dhaweeye transformed taxi operations by improving efficiency, safety, cost transparency, and availability. Customers can order taxis within minutes using the application or a short- code number. Since its launch seven years ago, it has served approximately three million customers. The company has expanded into e-commerce delivery, ticketing services, and logistics, while creating substantial employment opportunities for Somali youth, including ICT engineers and drivers.

DIGITAL TRANSFORMATION IN EDUCATION

Technological innovation has also reshaped Somalia's education system. EasyTech Solutions, based in Garowe, has developed an integrated digital school management system to automate academic, administrative, and financial functions.

The system maintains secure digital student records, automates fee collection via USSD mobile payments, digitally tracks attendance, and sends SMS alerts to parents regarding attendance and exam results.

This approach enhances transparency, strengthens parental engagement, improves accountability, and increases operational efficiency—without requiring internet-enabled devices.

DIGITAL REVENUE COLLECTION IN LOCAL GOVERNMENTS

Several local governments, including Garowe, Bosaso, Gardo, and Galkayo, have adopted automated mobile-based revenue collection systems.

These systems allow taxpayers to verify outstanding dues and make payments instantly via mobile platforms. Automation has resulted in increased public revenue collection, reduced dependency on manual processes, enhanced financial transparency, and minimized fraud and administrative errors.

Such reforms enable municipalities to manage public finances more effectively and improve service delivery.

TECHNOLOGY IN UTILITY SERVICES

Utility companies such as NUWACO and NECSOM have introduced USSD-based bill payment systems, allowing customers to settle bills remotely.

Additionally, integrated mobile platforms and 24-hour customer service centers have enhanced customer–company engagement, improved operational responsiveness, and streamlined revenue collection.

Conclusion:

Technology has become an indispensable catalyst for business growth and economic transformation. In Somalia, advancements in telecommunications infrastructure, mobile finance, e-commerce, education technology, municipal revenue automation, and utility management systems demonstrate the country's commitment to digital innovation.

By continuing to strengthen technological infrastructure and encourage digital adoption, Somalia is building an enabling environment for entrepreneurs and businesses to enhance productivity, improve efficiency, and expand into regional and global markets. As digital transformation accelerates, it holds significant potential to drive sustainable economic growth and inclusive national development.