Digital Financial Inclusion in Egypt

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Digital Financial Inclusion in Egypt

• Definition of DFI
• Quick Look at the Egyptian Telecom & Financial Markets
• Importance of Financial Inclusion
• Egypt’s Steps Towards DFI
• Challenges Presented: Change of Culture Needed?
• The Creation of a Digital Economy
What is DFI (Digital Financial Inclusion)?

• Most basic usage: Bank Accounts (send and receive payments through banks)
• Pay bills electronically
• Use your Mobile account to pay bills and send/receive payments
• Make Payments easily and securely
Egypt’s Telecom Market at a Glance

Egyptian Telecom Market

- Mobile Subscribers: 102,449,145
- ADSL Subscribers: 5,110,000
- Fixed Subscribers: 6,670,000

Telecom Penetration:
- Mobile: 105% (Four Operators)
- ISPs: 5%
- Fixed Line: 7%

Population (2017): 97.5 Million (61% under 30)

27% of Mobile Subscribers are Mobile Internet Users

Sources: NTRA & Ministry of Communications, 2017
Financial Indicators: Egypt

Account Penetration (%) 2014-2017

Banking Sector Quick Facts:
• 38 Banks with over 4K Branches
• 17.6 M Debit Cards Issued
• More than 44M people are eligible to enter the formal banking sector

Why is there Low Financial Penetration?
• Presence of a significant Informal Sector: 40% of GDP, approx. USD 89.8M
• High Poverty and Unemployment Rates: 28% and 12% respectively.
• Cash-Based Economy (most activities are done through cash transactions)

Sources: Global Findex, World Bank, 2014; Central Bank of Egypt and Ministry of Planning and Administrative Development, 2017
Egypt vs. MENA

Percentage of Adults with an Account at a Formal Financial Institution, MENA, 2014

Sources: Global Findex, World Bank, 2014
Importance of Financial Inclusion

- Reduce Poverty (starting businesses, loans)
- Increase Inclusive Economic Growth
- Expand businesses
- Invest in Education
- Digitization of payments: easier, more secure and affordable
Challenges of DFI

- Cost
- Convenience
- Confidence (trust in the system)
- Connectivity (access to ATMs, Internet)
- Proper Regulatory and Legal Framework

A Change of Mindset is Needed
Egypt’s Steps Towards Financial Inclusion

• Participation in the Financial Inclusion Global Initiative (FIGI) to accelerate financial inclusion in July 2017
• Approval of new version of the Mobile Payment Services Regulation in 2016 to ease access of financial services through mobile accounts
• Central Bank of Egypt Member of the International Alliance for Financial Inclusion since 2013
• MoU with Visa to enable digital payment of government subsidies to 22 Million Egyptian families
• MoU with MasterCard to extend financial services to 54 Million Egyptians
Egypt’s Aim in its FIGI Participation

• Participation in the Initiative as part of the State’s Digital Transformation Strategy
• Fund Specialized Training Programs for Egypt Post
• Establish a Regional Center for Digital Financial Inclusion to assess the current situation of DFI, identify national and regional needs and measure the success of its projects
• Coordinate between Regulators, Telecom Providers and Financial Service Providers
• Develop regulatory and legal frameworks that promote financial inclusion
• Increase confidence in DFS

Source: MCIT, 2017
The Creation of an Egyptian Digital Economy

Entrepreneurship: Boosting Economy in the Digital Era

- **SIWA's Agricultural Products and Handicrafts**
  - 20 e-market portals have been created
    - [www.kenanaonline.com/siwa](http://www.kenanaonline.com/siwa)
  - 54 small and medium enterprises are selling their products online.

- **6 E-Marketing Courses**
  - for entrepreneurs and small enterprises.

- **Shipping**
  - Egypt Post delivers the product and is responsible for cash payment.

There are over 240,000 palm trees and 25,000 olive trees in Siwa Oasis. Extra virgin olive oil is one of the most Siwa's popular products used in Egypt and is exported internationally.

Money Transfer: Easily & Safely from My Mobile

- [Vodafone Cash](http://www.vodafone.com)
The Creation of a Digital Economy: the Case of Fawry

- Fawry is an Electronic Payment Network, offering financial services to consumers and businesses.
- Pay bills and other services in multiple channels (online, using ATMs, mobile wallets and retail points).
- Fawry’s network of retailers includes small groceries, pharmacies and stationaries, and post-offices, all equipped with point-of-sale machines.

Source: Fawry
THANK YOU!