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# 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

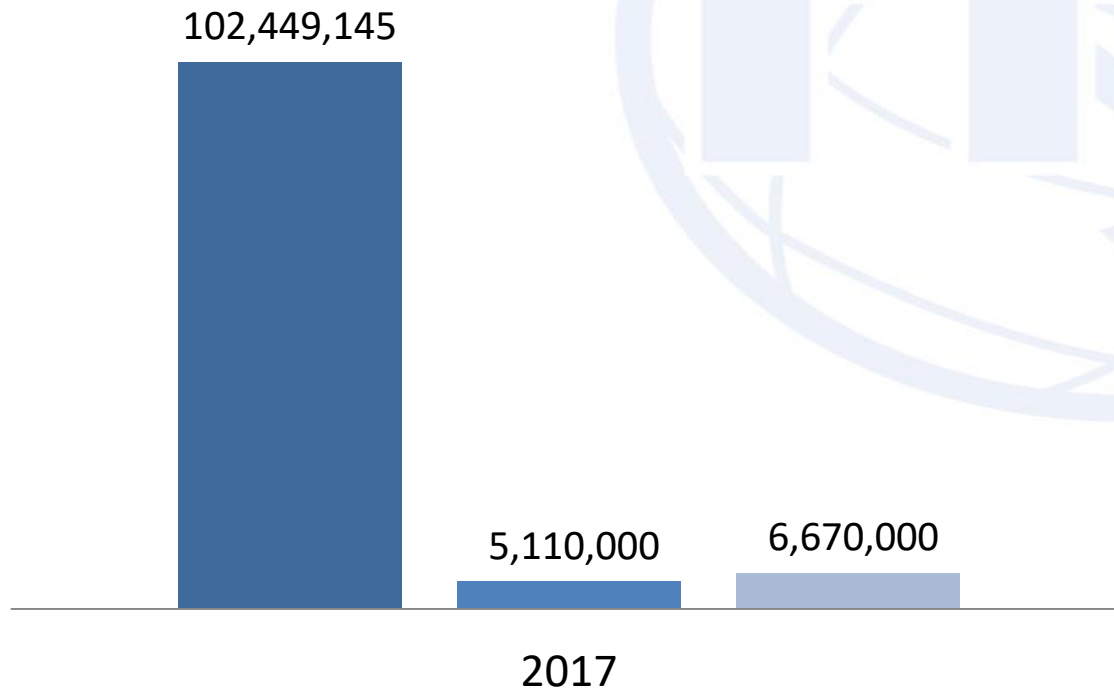
# What is DFI (Digital Financial Inclusion)?

- 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      ■ ADSL Subscribers  
■ Fixed Subscribers



### Telecom Penetration:

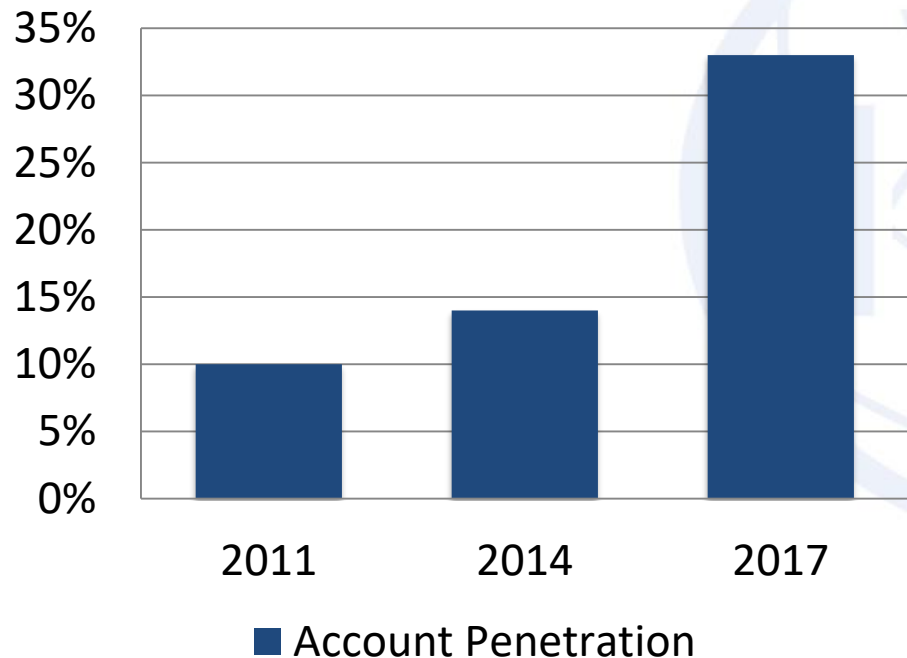
- Mobile: 105% (Four Operators)
- ISPs: 5%
- Fixed Line: 7%

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

27% of Mobile Subscribers are Mobile Internet Users

# Financial Indicators: Egypt

**Account Penetration (%) 2014-2017**



## Banking Sector Quick Facts:

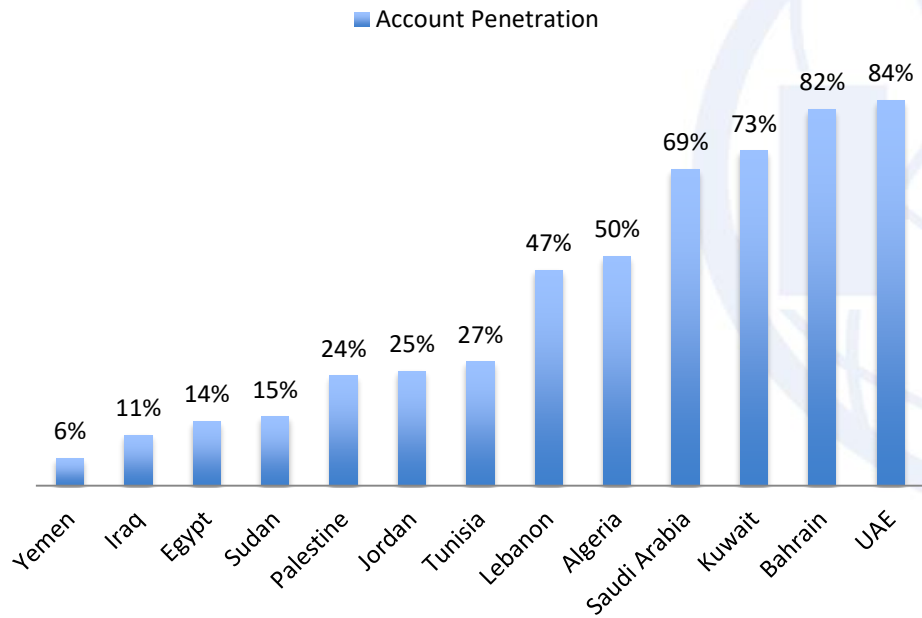
- 38 Banks with over 4K Branches
- 17.6 M Debit Cards Issued
- More than 44M people are eligible to enter the formal banking sector

## Why is there Low Financial Penetration?

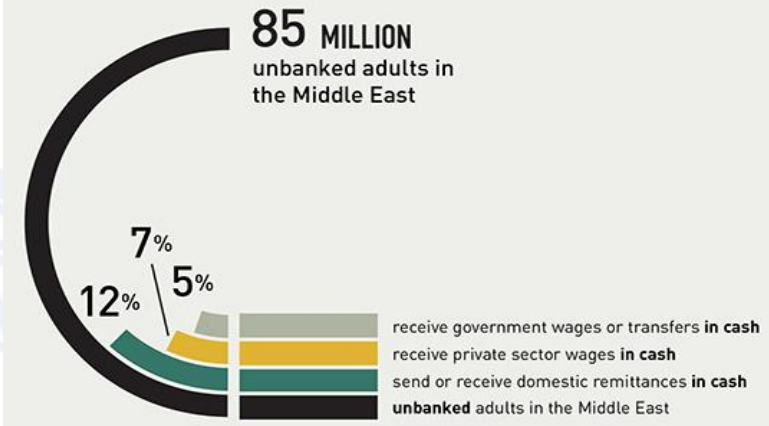
- Presence of a significant Informal Sector: 40% of GDP, approx. USD 89.8M
- High Poverty and Unemployment Rates: 28% and 12% respectively.
- Cash-Based Economy (most activities are done through cash transactions)

# Egypt vs. MENA

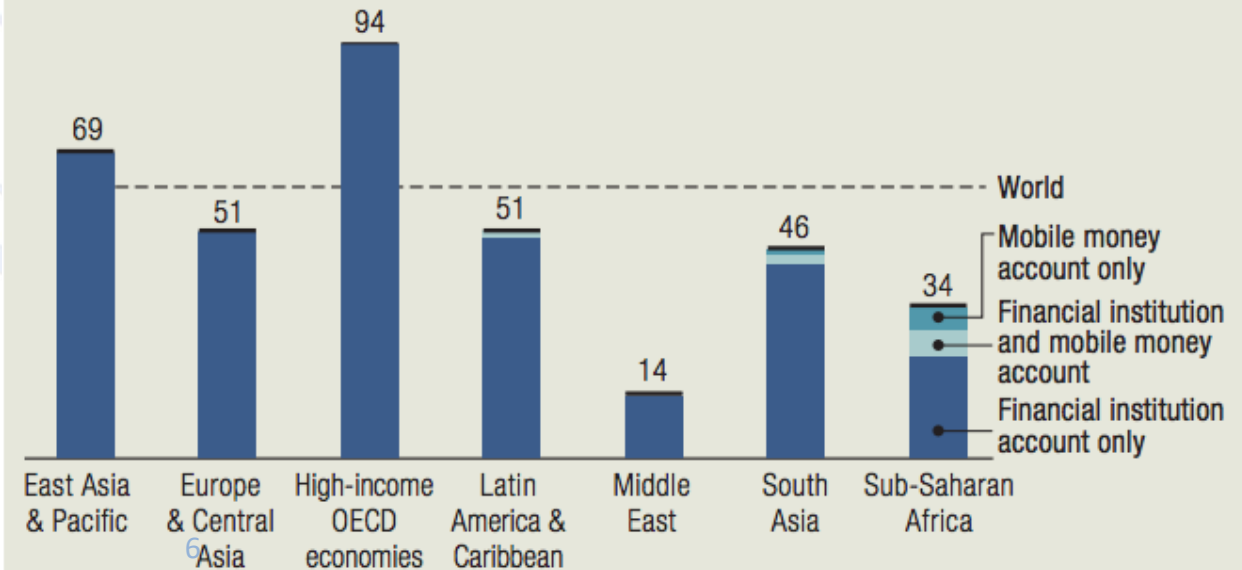
Percentage of Adults with an Account at a Formal Financial Institution, MENA, 2014



IN THE MIDDLE EAST, SHIFTING PAYMENTS FROM CASH INTO ACCOUNTS COULD SIGNIFICANTLY INCREASE FINANCIAL INCLUSION



Account penetration Adults with an account (%), 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



# The Creation of an Egyptian Digital Economy



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# 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.





**THANK YOU!**