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Digital Financial Inclusion in Egypt: Priorities for Accelerating the DFS Ecosystem

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World Bank Group



The Case of the Central Bank of Egypt

Ehab Nasr
Head of Payment Systems
The Central Bank of Egypt



Highly Connected & Young population

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34
Million

Mobile Internet users



38
Million

Internet users

275,285

Egypt Mobile Payments
Ecosystem Agents

50%

Smart Phone penetration rate

104%

Mobile penetration rate



30%

of the population bet
18-35 years old



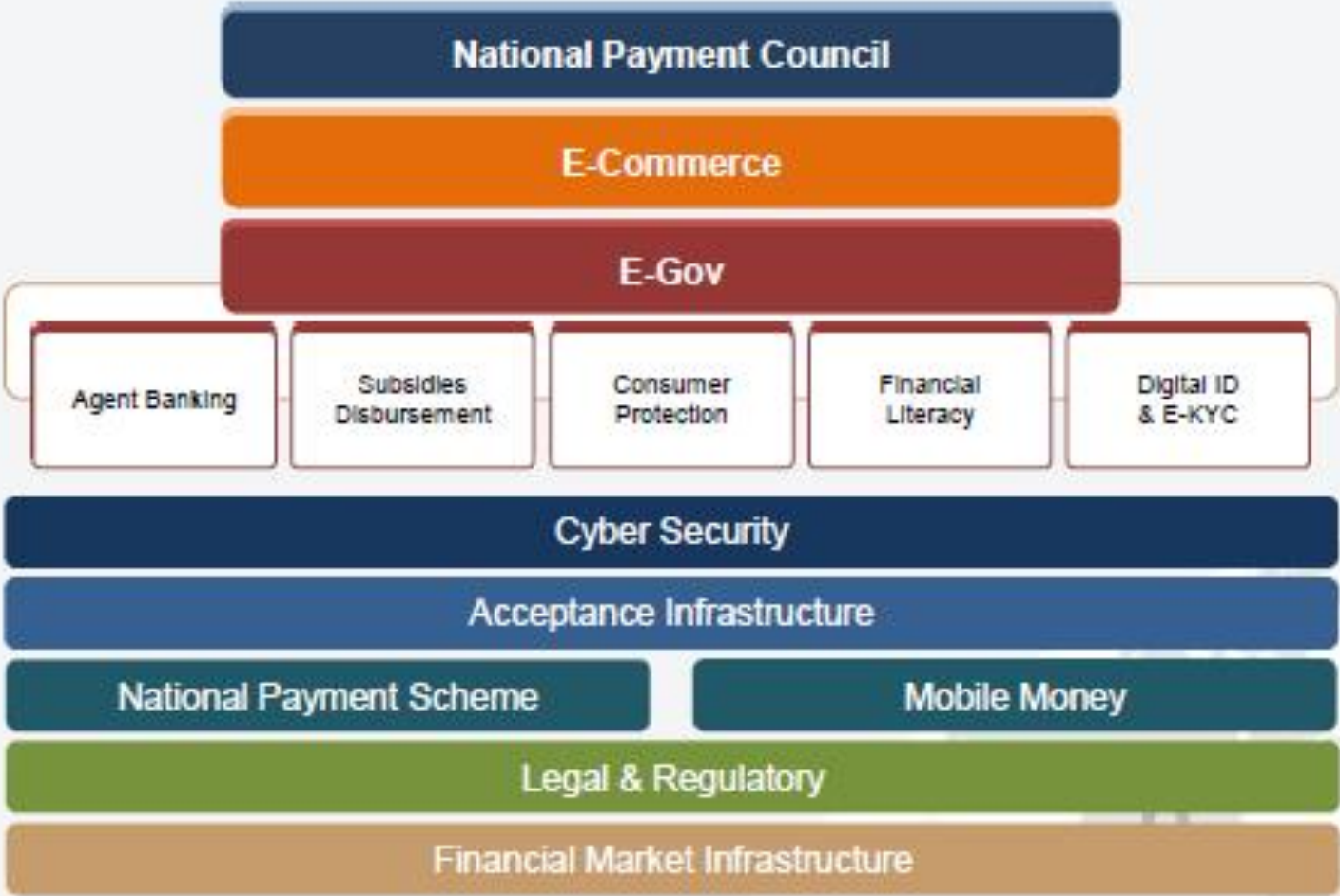
Digital Transformation Governance



Government & Central Bank Of Egypt

Cairo

Less-Cash Transformation Framerwork



Legal & Regulatory Pillars



- Amendments on the Banking Sector Law No. 88 of 2003

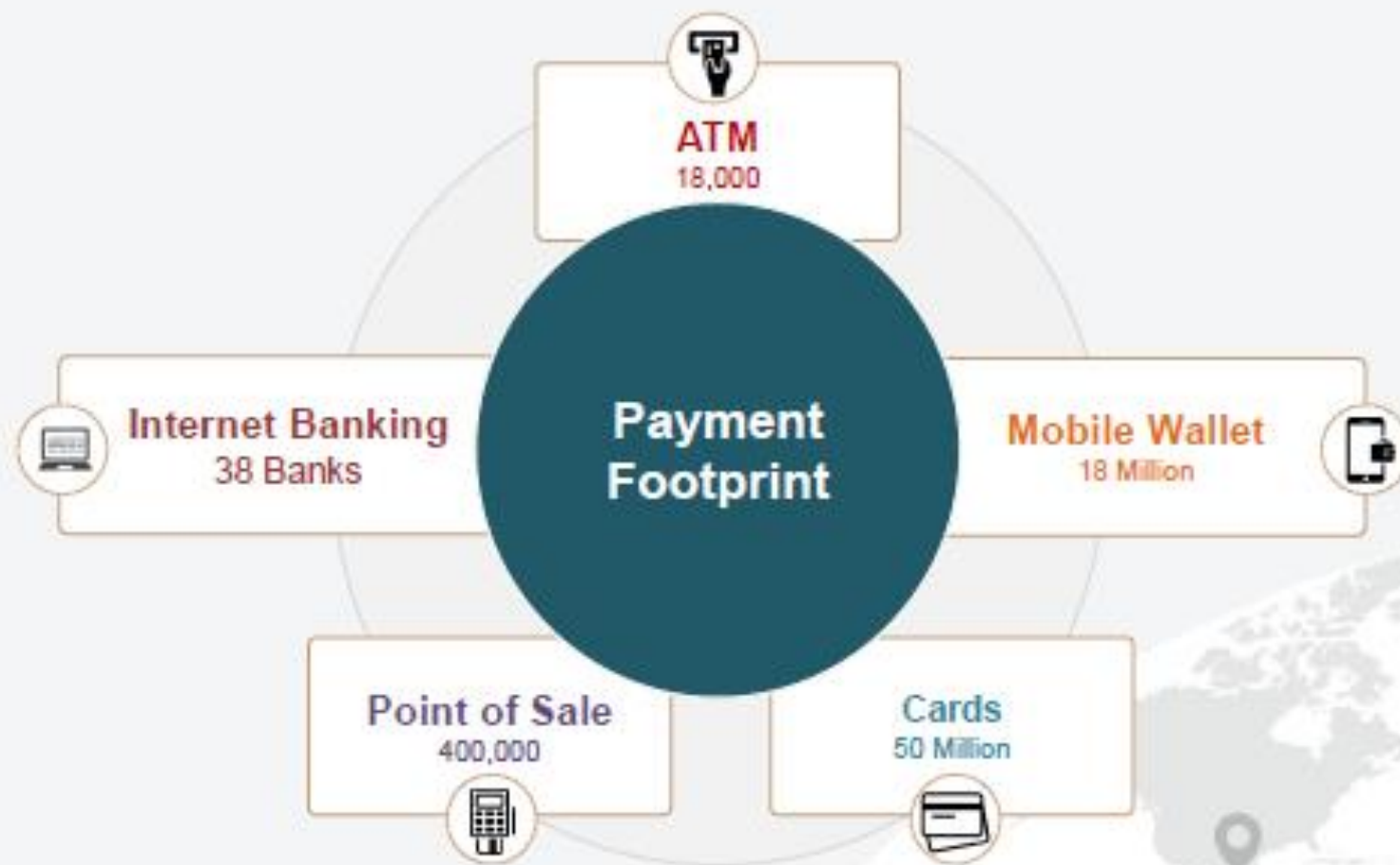
- Less Cash Transformation Law

- Anti-Cyber and Information Technology Crimes Law

- Personal data Protection Law to protect fully or partially electronically treated personal data.

- Mobile Payment & QR Regulations

Targeted Payment Landscape 2020



National Payment Scheme & Digital acceptance

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National Payment Card:

A potential of 45+ m untapped users is ahead of the National Payment Scheme to penetrate with a distinct value proposition, and with a multi application payment card, the cost of the transaction shall be less

Mobile Merchant Payments (QR Code):



CBE has issued electronic acceptance criteria for payments through QR Code -unified standards- which will apply to all banks licensed to accept payments electronically in Egypt.



Digital Identity - Egyptian Block chain Taskforce & E-KYC



- 1. E-KYC and digital Identity are the top priorities of CBE, we are currently examining e-KYC and Digital ID rules, These rules are a major legal challenge that faces the expansion of FinTech services.
- 2. We established CBE Task-force to study the ability of utilizing blockchain technology in applying shared e-KYC.



Cyber Security

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CSIRC

Central Bank is building a Financial Computing Security Incident Response Center (CSIRC) aiming at preventing cyber-attacks.

Capacity Building

Providing, 2 years developing program to 100 Employees.



Innovation



Innovation

- Fintech Strategy
- Innovation Fund
- Fintech Hub

1Bn



Central Bank of Egypt will establish a 1Bn EGP FinTech fund & is establishing Egypt Fintech Hub



The Case of Egypt Post

Essam EL Saghir
Chairman, Egypt Post



How Egypt Post Envisions Its Role in The National Financial Inclusion Strategy



To be able to provide access to a full range of digital financial services, via multi-channeling, to anyone, anywhere, anytime and with any instrument

Egypt Post is a competitive part of the financial sector, linked with payment systems, and contributing to the transition to cashless money

Egypt Post offices to act as main points of entry in rural areas, for cash-in and cash-out transactions, personal identification and financial education

Egypt Post Strategic Plan for Digital Inclusion Concept : “ 4 CS”



Convenience

- Proximity of post offices
- Easy access
- Standardized products, simple but **complete** range
- Anywhere, anytime, anybody

Credibility

- Trustworthy , reliable brand
- Efficient service
- Operational excellence – no ‘ out of service’
- Consumer protection

Competitive Price

- Free or low-cost package of payment services
- Price leadership in selected products
- Value for money

Clear

- Financial literacy and education
- Transparent conditions published
- Easy to understand, and to compare
- Customer service

Egypt Post's Key Enablers to Support Financial Inclusion



Accessibility

Over 22 million customers access postal network of 4,000 postal service centers spread across Egypt urban, and rural areas surely doubles the size of the current financial services network

Expertise

Skilled Employees who are qualified to deal with different segments of society

Advanced Systems

Through e-administration services, Egypt Post guarantees Standard Business Process and Reporting

Service Portfolio

A wide portfolio of government and financial services. Savings services over L.E. 200 billion pounds, current accounts of L.E 7.5 billion pounds, 17 million local remittances monthly transfers, and 7 million monthly pensions beneficiaries

The Structure in Place to Facilitate the Implementation of Digital Inclusion Strategy



Sales and Services

- Multi Digital Channeling
- Internet
- SMS/Social Media
- Call Center
- Face
- Post Office

Marketing

- Segment Marketing
- Product Marketing
- Communication
- Database Marketing Center

Products and Operations

- Payments
- Savings
- Transfers
- E-Commerce
- Government Services

ICT

- IT Applications
- New Business Technology

Financial Management

- Treasury and Cash Management
- Financial Accounting
- Asset Management

Egypt Post Financial Services Range for the Market



Almost Complete Range
of Financial Services
Through Partnership with
Licensed Financial and
Business Management
Institutions

Saving Accounts

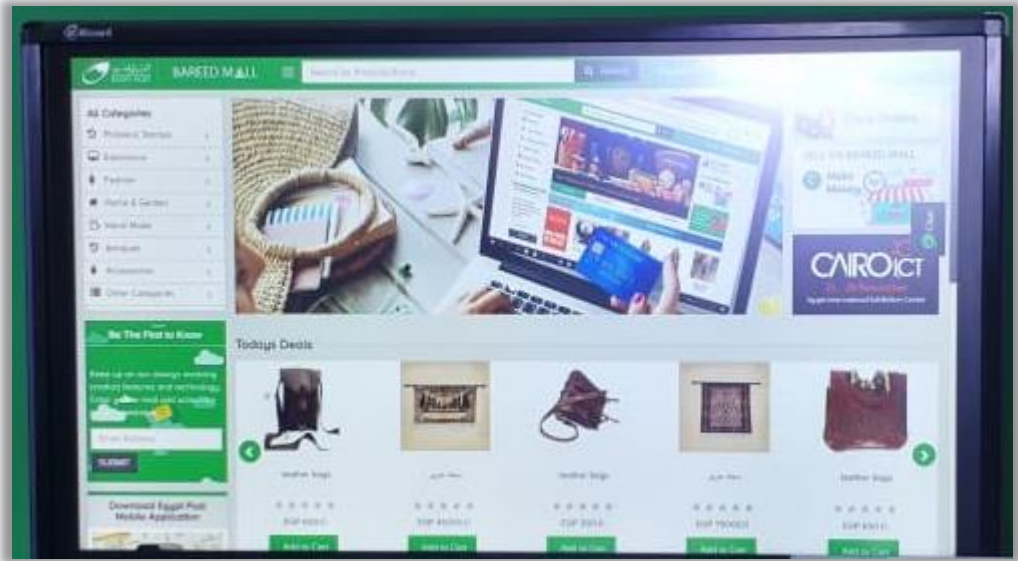
Current Accounts

Cards (Prepaid and Debit)

E-Wallets

Trade Facilitations and E-com

Upgraded Post Offices



Market Place



GIS Screens in Public Places



Biometric ATM



Biometric POS



Home Services Solution



kiosk

Challenges Facing a secure ICT Infrastructure for Digital Financial Services



Cultural

- Low levels of financial literacy
- Dependency on cash as a payment method
- Lack of trust in digital payment channels

Political

- Bureaucratic barriers
- Changes to laws and regulations
- Reluctance to share customer data

Financial

- Large upfront investment
- Long payback period
- Investment is difficult to justify

Last but not Least....

Human Capital Management at Egypt Post



Human Capital Management Project

Management, Culture, Morale and Motivation (New HR Regulations)

Egypt Post Strategic Projects to Leverage the Human Assets

Internal Communications
(Video Conferencing)

Talent Management
(Leadership Capacity Building Program)

The Case of the Financial Regulatory Authority

Gamal Khalifa
Head of the Microfinance Unit
Financial Regulatory Authority



The Case of the Ministry of Communications and Information Technology

Amro Moussa

MCIT Minister Advisor for

Digital Economy, Financial Inclusion, Payment Systems, Digital
Signature, Information Security & Cyber Security



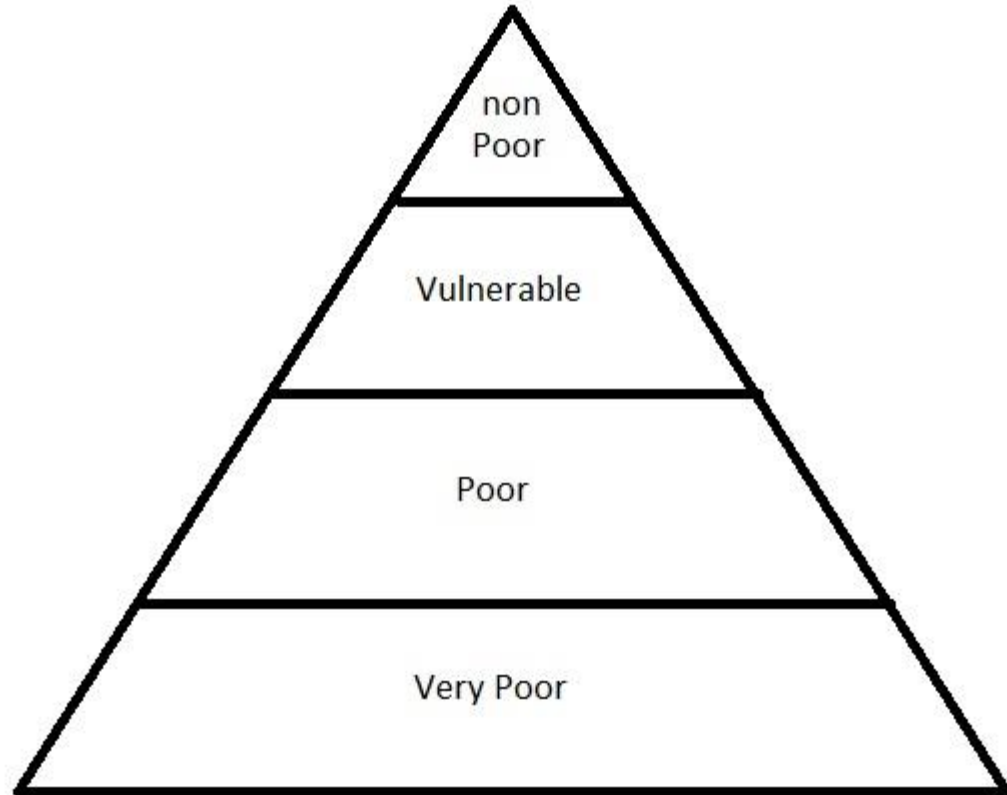
Financial Inclusion ... Our vision to bridge the gap

How to smoothly lure financially excluded citizens into the financial system through a “National Financial Inclusion strategy”?

- **Societal tactics**
(distrusting the financial system, societal heritage & habits, awareness)
- **Monetary tactics**
(Properly regulated payment ecosystem, market setup, transaction fees)
- **Financial tactics (incentives)**
(e Wallet-based properly directed governmental financial subvention & financial subsidization)
- **Technology tactics (setting the secure robust digital platform)**
(National Citizen Database, Trusted Infrastructure, digitizing government services & financial subsidies (Citizen Card))

Technology tactics National Citizen Database

- Citizen data warehouse (family classification)





Technology tactics National Citizen Database

- MDM & Data Analytics (Service file for each citizen & family)
 - Citizen wealth profile
 - Eligibility for government subsidy
 - Eligibility for which class of government services
 - Providing input for a national MicroFinance Credit Score framework



Technology tactics

Trusted Infrastructure – Setting the Digital Platform

- WSIS Action line C5
(Building Confidence, Trust and Security in the use of ICT – National GRC framework)
- National Digital Identity Federation
(Combining National ID number & Digital Certificates for digital signing)
- Cyber Crime Combating ecosystem
(Cyber Crime law & tamper-proof digital evidence collection framework)
- Combating Fraud & Non Repudiation
- Cyber Resilience
(Insuring Service Delivery & Business Continuity)



Technology tactics

Digitizing Government Services & Financial Subsidization (The Citizen Card)

- EMV compliant Smart Card linked to a Low Cost Transaction account (Contact & Contactless)
- Dynamic Cardholder risk profile based on the updated MDM citizen profile and eligibility status
- eWallet linked to each Service on the card (multiple eWallets)
- Chip & Biometric Authentication (illiterate citizens, fraud preventive control)



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Panel Discussion



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Questions?

