

# THE ROLE REGULATORS PLAY IN CLOSING THE FINANCIAL INCLUSION GENDER GAP: A CASE STUDY OF EGYPT



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## ABOUT THE AFI GENDER INCLUSIVE FINANCE (GIF) MAPPING PROJECT

# 54%

Around the world, about **740 million women still do not have bank accounts** – representing 54 percent of all unbanked adults, as of 2021.<sup>1</sup>

# 9-6%

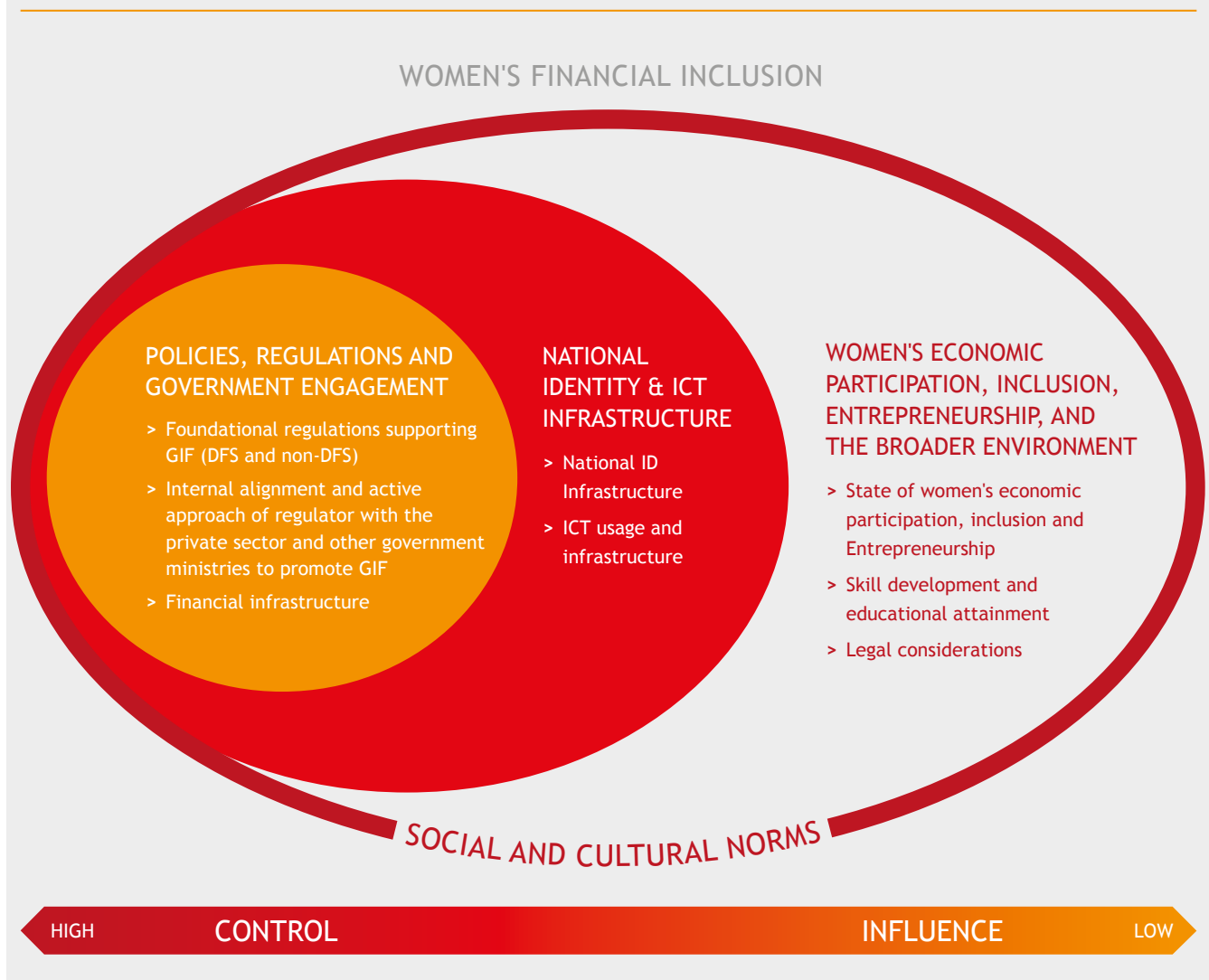
The efforts to narrow the finance-gender gap have been paying off since 2017, with a **gap reduction of nine percent to six percent in developing and emerging countries.**<sup>2</sup>

It is clear that more must be done to address this persistent financial inclusion gender gap which is more than simply the right thing to do: It also makes good business sense, with estimates suggesting that advancing women's equality could add \$12 trillion to global gross domestic product by 2025. Women-led small and medium enterprises (WSMEs) already make significant contributions to the economies in which they operate, accounting for a third of all SMEs, and a much higher percentage in many countries, and being a segment that has long been recognized as an important engine of growth and job creation but one that suffered from high levels of informality and significant gender gap in access to credit.

1 World Bank. 2021. Global Findex Database 2021: Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19. Available at: <https://www.worldbank.org/en/publication/globalfindex>

2 Ibid.

**FIGURE 1: GENDER INCLUSIVE FINANCE ANALYTICAL FRAMEWORK: INFLUENCERS OF INCLUSION WHERE REGULATORS CAN HAVE IMPACT ON WOMEN'S FINANCIAL INCLUSION**





There is no single reason why women cannot access or use financial services. Rather, it is a complex blend of regulatory factors, suitable products and services, access to education and ID documents, suitable infrastructure available in places where women can use it and products and services that meet their needs, lastly social and cultural barriers play a significant part.

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**The Alliance for Financial Inclusion (AFI) Gender Inclusive Finance Mapping project is designed to increase understanding about the barriers and enablers of women’s financial inclusion, with the goal of helping financial sector regulators and policy makers identify highly specific and concrete actions that will drive greater inclusion in their countries.**

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The holistic research breaks new ground by identifying specific factors and areas over which financial regulators have direct influence: policies, regulations, and government engagement to advance GIF. But instead of looking at the financial regulators’ landscape in isolation, the research also explores other spheres of influence within the broader context of women’s economic participation and inclusion, providing nuanced insight into women’s place in society and the economic fabric of their countries. Figure 1 illustrates this interplay, delineating the various factors that can contribute to increased GIF. It highlights the specific role financial regulators can play in advancing progress, as well as the degree to which they can influence other critical factors. The graphic also portrays the overarching impact that social and cultural norms have on the entire GIF ecosystem—and women’s equality in general.

Figure 1 shows that many factors fall outside of the financial regulators’ direct remit, but they, too, are essential to creating an enabling GIF environment—and advancing the regulatory GIF agenda. For instance, just because there is a regulatory policy to encourage increased lending to women entrepreneurs, it does not mean there will be a significant uptick in a bank’s women SME loan portfolio—unless other changes in financial infrastructure and bank approaches have occurred. The research findings are clear: without aligned and coordinated action across all the spheres of control and influence, progress toward gender parity in financial inclusion will only go so far.

In essence, the project is a call to action for financial regulators on two fronts: are they doing everything within their mandate and sphere of influence to advance progress on gender inclusive finance?

And, after addressing all the factors in their sphere of influence, what else can they do outside their direct remit to support the broader gender inclusive finance ecosystem?

By providing financial sector policymakers and regulators with a deeper knowledge base about specific regulatory solutions that are having an impact—as well as pathways that will advance other drivers of inclusion—these critical stakeholders can enhance the effectiveness of their interventions and maximize their role in narrowing the financial inclusion gender gap in their countries. In turn, these efforts will contribute to the achievement of the United Nations Sustainable Development Goals (SDGs), specifically SDG 1 (No poverty), SDG 5 (Gender equality), and SDG 8 (Decent work and economic growth).

This case study offers an overview of the current state of women’s financial inclusion in Egypt. It takes stock of the Central Bank of Egypt’s (CBE) progress in advancing women’s financial inclusion. It delves into the specifics of the national financial regulatory environment, highlighting key strategies and initiatives that have contributed to closing Egypt’s gender gap in access to finance. And it also provides detail on factors influencing women’s financial inclusion outside of the regulator’s remit.

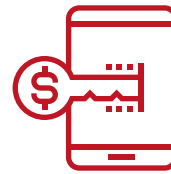
Although the case studies are designed to be stand-alone documents, readers may also be interested in reviewing the Project’s Landscape Study, which provides a full picture of women’s financial inclusion and gender inclusive finance across the AFI network, as well as the summary report, which synthesizes key findings from the research.

## EXECUTIVE SUMMARY

The Central Bank of Egypt (CBE) led several initiatives that contributed to advance women's financial inclusion, as women's transaction account ownership surged from 19.1 percent (2016) to 57.6 percent as of December 2022, reflecting a growth of 210 percent.<sup>3</sup>

Compared to peer countries, Egypt is leading in Mobile subscription at 99.38%, Mobile Penetration at 94.16% and Mobile Internet Subscriptions at 69.08% and has invested in the agent banking and POS infrastructure for digital financial services (DFS) to take off, which can foster increased women's financial inclusion.<sup>4</sup>

The Egyptian government has centralized women's economic and financial empowerment in its Sustainable Development Strategy released in 2016 and referred to as Egypt Vision 2030, and is the first country to launch a National Strategy for the Empowerment of Egyptian Women. Throughout the past decades, Egypt's financial service regulators, most notably the Central Bank of Egypt (CBE), have implemented a wide range of regulatory reforms that have enabled women's financial inclusion through digital and non-digital channels.



Becoming a less-cash economy is a main objective for the Egyptian Government and CBE is managing the country's digital transformation through 2016 and 2021 regulations allowing for interoperability between mobile money and banks and advanced digital lending schemes.

The Less-Cash payment law, implemented in 2019, was also instrumental in promoting digital payments through electronic channels for government-to-person (G2P) and person-to-government (P2G) payments. The CBE targeted 300,000 POS and 200,000 QR codes in the E-Payment Acceptance initiative; in addition to this initiative along with the CBE efforts in this regard, the POS has exceeded 900,000 by the end of 2022 and the QR Codes have reached around 700,000.

<sup>3</sup> CBE Financial Inclusion Datahub, supply-sides

<sup>4</sup> Egypt. Ministry of communication and information technology for December 2022. Available at: [https://micit.gov.eg/Upcont/Documents/Publications\\_2642023000\\_ICT\\_Indicators\\_in\\_Brief\\_February\\_2023.pdf](https://micit.gov.eg/Upcont/Documents/Publications_2642023000_ICT_Indicators_in_Brief_February_2023.pdf)



Baking traditional Al-Shamsi bread, Cairo, Egypt. (Emily Marie Wilson/Shutterstock)

Moreover, in 2020, Egypt implemented self-registration to allow easier onboarding of mobile payments products and has since been working on an instant payment network to enable full interoperability which has been launched in March 2022 along with its first PSP third party application, InstaPay.

On the non-digital side, the Egyptian government has implemented gender inclusive consumer protection regulation (2019), an electronic movable collateral registry (2015), and a central credit bureau (2006), each aimed at overcoming specific barriers women face to accessing and using financial services.

Beyond regulations, Egypt's policymakers leverage their position to promote a vibrant ecosystem that supports GIF. Financial literacy is a key barrier to women's financial inclusion and is being addressed through initiatives and programs that are centralized under CBE's Financial Literacy Strategy. CBE uses its regulatory power to mandate the reporting of sex-disaggregated financial services data. CBE also recognizes the potential of innovation and technology to advance financial inclusion and has made impressive strides to grow Egypt's FinTech industry, including the regulatory sandbox and several competitions and challenges. Funding is one of the significant pillars of CBE's strategy for FinTech and innovation. In this context, Nclude, a FinTech-focused fund was established in March 2022 following the endorsement of CBE and led by limited partners of the three commercial banks, namely; Banque Misr, National Bank of Egypt, and Banque du Caire along with Egyptian Banks Company (EBC), E-finance Investment Group, and Mastercard with total raised capital of \$105M.

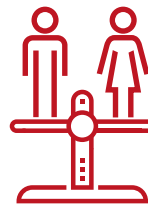
This fund aims to be one of the largest FinTech-focused funds across the Middle East and Africa region with target capital of USD 150 million, with the objective of accelerating Egypt's transformation into a digital and financially inclusive economy.

Despite this conducive regulatory environment, Egyptian women aspire for more empowerment in their role in the economy and society, by modifications and reforms that the government is implementing for better social norms and laws. This directly affects their autonomy over finances and ability to interact with formal financial service providers. Indeed, women's ability to travel outside their villages or home country is different from men due to social constraints, which affect their ability to obtain formal work.<sup>5</sup> Despite being highly educated (67 percent obtain secondary education), women's labor force participation is low at

20 percent and their work is mostly confined to informal and unpaid care.<sup>6</sup> Women's entrepreneurship lags as well, with women owning only six percent of formal SMEs and 16 percent of FinTech startups.<sup>7</sup>

Egypt's financial regulators can further expand digital financial services to benefit GIF and improve sector-wide coordination. Continuing to expand the agent banking network will enable greater reach to rural Egyptians and DFS providers should be encouraged to be intentional about how their services are overcoming barriers women face in access and usage.

Along with the implementation of the new Financial Inclusion Strategy (FIS), there should be clearly defined governance structures and roles related to gender and GIF. In addition, there needs to be more regular coordination and communication between financial regulators and other stakeholders, including the private sector, on GIF.



Lastly, financial services regulators will need to use their positioning to promote improved education and economic opportunities for women and advocate for legal reform to level the playing field for women.

5 World Bank. 2021. "Women, Business and the Law 2021. Egypt Arab Rep". Available at: <https://wbl.worldbank.org/content/dam/documents/wbl/2021/snapshots/Egypt-arab-rep.pdf>

6 World Bank (secondary education attainment), UNESCO (literacy), WEF Global Gender Gap Report 2021: <https://www.weforum.org/reports/global-gender-gap-report-2021>

7 Alliance for Financial Inclusion (AFI). 2022. Egypt 2021 FinTech Landscape Report. Available at: <https://www.afi-global.org/publications/egypt-fintech-landscape-report/>



## STATE OF WOMEN'S FINANCIAL INCLUSION IN EGYPT

Being the third largest population in Africa after Nigeria and Ethiopia, Egypt has made significant progress in financial inclusion of both men and women in the past decade. Indeed, in 2017, 33 percent of adults owned a bank account (compared to 10 percent in 2011).<sup>8</sup> Moreover, the latest CBE's financial inclusion data show that 64.8 percent of adults were financial consumers by December 2022.<sup>9</sup>

# 57.6%

Notably, women's account ownership more than tripled to 57.6% in December 2022 from 19.1% in 2016.<sup>11</sup>

From Demand side perspective, Account activity has been a problem when accounting for financial inclusion for women in Egypt: only 20 percent of women were active account users in 2017, compared to the 34 percent average amongst all AFI lower-middle income countries.<sup>12</sup> Nevertheless this has been solved after the establishment of the financial inclusion data hub, as account ownership figures exclude dormant accounts which increases the accuracy, especially when accounting for the rate of women's financial inclusion.

8 World Bank. 2021. "Global Findex Database 2021: Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19". Available at: <https://www.worldbank.org/en/publication/globalfindex>

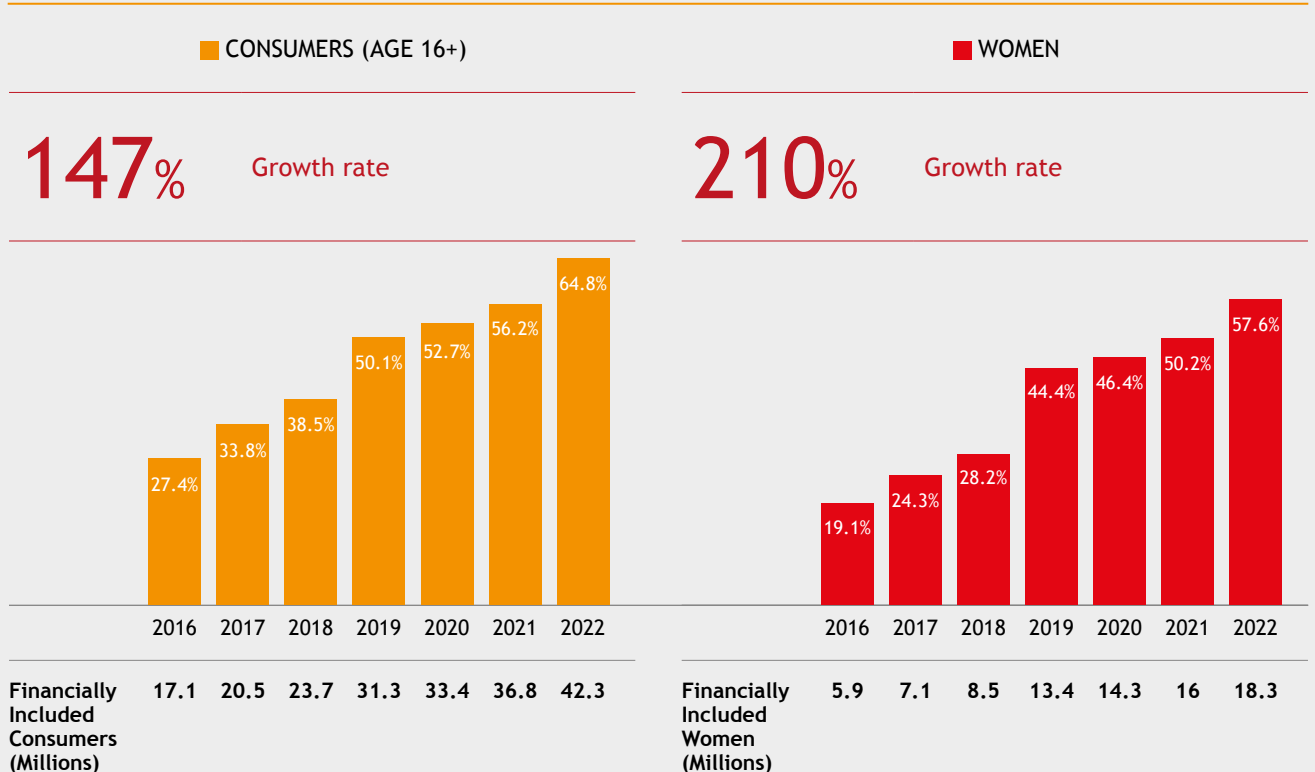
9 Central Bank of Egypt. December 2022. Financial Inclusion Indicators Infographic. Available at: [www.cbe.org.eg](http://www.cbe.org.eg)

10 Central Bank of Egypt. Progress of Financial Inclusion numbers (supply side data) 2016 - December 2022. Available at: <https://www.cbe.org.eg/-/media/project/cbe/page-content/rich-text/financial-inclusion/financial-inclusion-indicators-2022.pdf>

11 Central Bank of Egypt. Financial Inclusion Datahub Available at: [www.cbe.org.eg](http://www.cbe.org.eg)

12 Ibid

FIGURE 2: FINANCIAL INCLUSION PROGRESSION (2016 - 2022)<sup>10</sup>



Source: CBE FI datahub, December 2022

Women in Egypt rely on informal financial services, as distrust and lack of financial understanding are widespread barriers to women's access and use of banks. Few women borrow from formal financial institutions (only 4.6 percent according to Findex 2021) compared to peer countries as 2.30% in Algeria, 3.73% in Morocco and 2.28% in Iraq. The International Finance Corporation (IFC) estimates that formal women-owned SMEs in Egypt have a credit demand of USD238 million and USD246 million of potential deposits.<sup>13</sup> Instead of banks, women more often use microfinance institutions. As such, the microfinance industry has experienced an unprecedented boom. As of 2022, there were 3.9 million microfinance customers compared to just two million in 2016, more than 60 percent of which are women. (FRA report Dec.2022).<sup>14</sup>

The mobile money industry in Egypt has experienced notable growth in the last years, partly due to the COVID-19 Pandemic. CBE reported 99 percent growth in e-transactions conducted through mobile wallets from 2021 to 2022 exceeding 513 million transactions with total value of EGP 612.5 billion.

# 30%

Of the total 30.4 Million wallet, 9.2 Million or 30 percent are owned by women.<sup>15</sup>

13 International Finance Corporation (IFC). 2016. Banking on women in Egypt. "Innovation in the banking industry". Workshop Report. Available at: <https://documents1.worldbank.org/curated/en/126111477992413065/pdf/109539-WP-Banking-on-Women-in-Egypt-FINAL-PUBLIC.pdf>

14 Financial Regulatory Authority. 2022. Annual report on microfinance activities. Available at: <https://fra.gov.eg/wp-content/uploads/2023/03/%D8%A7%D9%84%D8%B1%D8%A8%D8%B9-%D8%A7%D9%84%D8%B1%D8%A7%D8%A8%D8%B9-2022.pdf>

15 Central Bank of Egypt Payments Data. December 2022.



SME hand weaving traditional fabric, Kairo, Egypt (Addictive Creative/Shutterstock)



## FINANCIAL, INFORMATION COMMUNICATION TECHNOLOGY (ICT), AND ID INFRASTRUCTURE

With an increasingly tech-savvy population, the future is ripe for DFS to provide an avenue for women's financial inclusion in Egypt. Egypt boasts an advanced ICT infrastructure compared to peer lower-middle income countries: Egypt ranks 4.63 on the ICT Development Index (a composite index used to monitor ICT developments), higher than the 3.18 average of AFI lower-middle income countries.<sup>16</sup>

# 99.8%

Mobile subscriber penetration sits at 99.8 percent and 57.3 percent of the population are mobile internet users.<sup>17</sup>

This widespread access to mobile internet is explained by the affordability of mobile data and devices in the region: the cost of 500 MB of broadband data as a share of gross national income (GNI) per capita in Egypt is only 0.23 percent compared to an average of 2.82 percent in AFI lower-middle income countries.<sup>18</sup>

CBE has invested heavily in the country's agent banking network, which has enabled women's use of digital financial services. Under a one billion Egyptian pounds (EGP) initiative, CBE deployed 300,000 POS systems and more than 400,000 QR Codes free of charge starting in June 2020.<sup>19</sup>

Moreover, CBE took the lead to increase the number of automatic teller machines (ATMs) across the country through an initiative distributing 6,500 ATMs to all banks to enhance the banking experience especially for women who have limited access to branches. CBE succeeded by end of 2021 to avail 1,063 financial access points per 100,000 people including agents, POS, and ATMs.

# 89.1%

Globally, a lack of ID documents is often a barrier to women's access to financial services. However, this is not the case in Egypt where 89.1 percent of women and 95.3 percent of men are registered.<sup>20</sup>

The CBE is working on a Digital financial identity solution (eKYC) to enroll citizens to the financial sector using the national ID, a program that expected to be rolled out in 2024, in collaboration with the Ministry of Interior, to facilitate unbanked users onboarding in Egypt.

16 World Bank. 2018. "Identification for Development (ID4D) 2018 Annual Report". Available at: [https://id4d.worldbank.org/sites/id4d.worldbank.org/files/2018\\_ID4D\\_Annual\\_Report.pdf](https://id4d.worldbank.org/sites/id4d.worldbank.org/files/2018_ID4D_Annual_Report.pdf)

17 Egypt. Ministry of Communications and Information Technology. Yearbook 2021. Available at: [https://www.mcit.gov.eg/Upcont/Documents/swf/MCIT%20Yearbook%202021\\_29052022/122-123/index.html](https://www.mcit.gov.eg/Upcont/Documents/swf/MCIT%20Yearbook%202021_29052022/122-123/index.html)

18 Alliance for Affordable Internet (A4AI). 2021. The Affordability Report 2020. Web Foundation. Available at: <https://a4ai.org/research/affordability-report-2020/>

19 Daily News Egypt. 2020. Central Bank of Egypt allocates EGP 1bn to deploy 300k POS nationwide. Available at: <https://dailynewsegypt.com/2020/12/07/central-bank-of-egypt-allocates-egp-1bn-to-deploy-300k-pos-nationwide/>

20 World Bank. 2020. "Identification for Development (ID4D) 2020 Annual Report". Available at: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/625371611951876490/identification-for-development-id4d-2020-annual-report>

# ROLE OF THE GOVERNMENT AND FINANCIAL REGULATORS IN DRIVING GENDER INCLUSIVE FINANCE

Women's economic and financial empowerment has become a priority for the Egyptian government in the past decade. The government's Sustainable Development Strategy, **Egypt Vision 2030**, was unveiled in February 2016 and positions women as a critical pillar to sustainable growth.

The Strategy details economic, social, and political goals to empower women and sets the priorities for the country's governmental and non-governmental entities to advance the country's agenda.



In 2017, Egypt became the first country to launch a **National Strategy of Egyptian Women Empowerment 2030**, which is directly aligned with the SDGs and **Egypt Vision 2030**.

The Strategy has 34 SDG indicators and comprises four main pillars: political empowerment and leadership, economic empowerment, social empowerment, and protection. The Strategy is implemented by the National Council for Women, Egypt's only national independent women machinery. To achieve women's economic empowerment, the NCW collaborates with financial sector regulators and stakeholders.

In 2017, the CBE has signed a Memorandum of Understanding (MoU) with NCW, aiming to coordinate efforts to increase women's financial inclusion and economic empowerment. Additionally, in 2021, NCW and CBE signed an agreement to work on increasing savings and loans in villages through "Village Savings and Loan Associations" (VSLAs). The two parties set up a high-level steering committee to oversee areas of cooperation including promoting savings and women entrepreneurship, setting clear targets for GIF, increasing women's access to DFS, and boosting women in leadership. VSLAs are a well-known and used concept in many developing countries targeting women in rural

areas aiming at economically empowering through creating saving and lending groups, the collaboration between CBE and NCW aimed to digitize the saving and lending groups through a mobile application "Ta7wisha" (saving in Arabic) to formally include women in the financial system and provide them with further financial products.

To further enhance gender inclusive finance, CBE has collaborated with the World Food Program (WFP) and in partnership with the National Bank of Egypt and Banque Misr, launching the "Supporting smallholder farmers" project to foster and improve their standard of living through maximizing outputs from their land and water resources as well as empowering and educating women financially in 50 villages in Upper Egypt.

The project support will not be limited to smallholders' farmers, where the majority of beneficiaries are men, but several steps have been taken to enhance the role of women economically and socially by organizing awareness and educational sessions to facilitate their access to finance in the areas of livestock farming and agri-industrial activities, which helps in granting them a sense of independency while enhancing their role in the household decision making. CBE is aiming to capitalize on WFP's efforts by engaging female beneficiaries in the digital saving groups project, which aims to encourage savings and raise financial literacy, using financial technologies.

Additionally, CBE has worked on improving regulations and overcoming challenges faced by women (guardian mothers) through issuing a circular that includes certain facilitations for the guardians, especially guardian mothers to perform banking transactions on their minor's accounts.

Financial Inclusion is a priority and core area of focus in the Egyptian Government's Sustainable Development Strategy (SDS): Egypt's Vision 2030 due to its potential impact on improving the opportunities for inclusive growth and sustaining financial and social stability. This is reflected under the SDS objective: "Competitive and Diversified Economy", where the country aims to increase the resilience and competitiveness of the economy, improve the business environment, promote entrepreneurship leading to achieving financial inclusion and digital transformation.

To complement the government's efforts and in line with the global trends and practices, the CBE has brought the promotion and coordination of a gender inclusive financial system that addresses the specific demand-

and supply side barriers faced by the population and MSMEs to the forefront of its development policy agenda. This is in recognition that enhancing financial inclusion and economic empowerment is critical at the macroeconomic level, as it drives formal economy growth. It also creates the conditions in which Egyptians, particularly those who are underserved by the financial system, can save safely and build up resilience against financial shocks, and MSMEs are able to access finance, invest, grow, and generate more employment opportunities. To this end, the New Banking Law No. 194 of 2020 defined financial inclusion as “availing of various financial products for use by all segments of the society through the formal channels, with adequate quality and cost while protecting the rights of the consumers of these services, which enables them to manage their finances effectively”.<sup>21</sup>

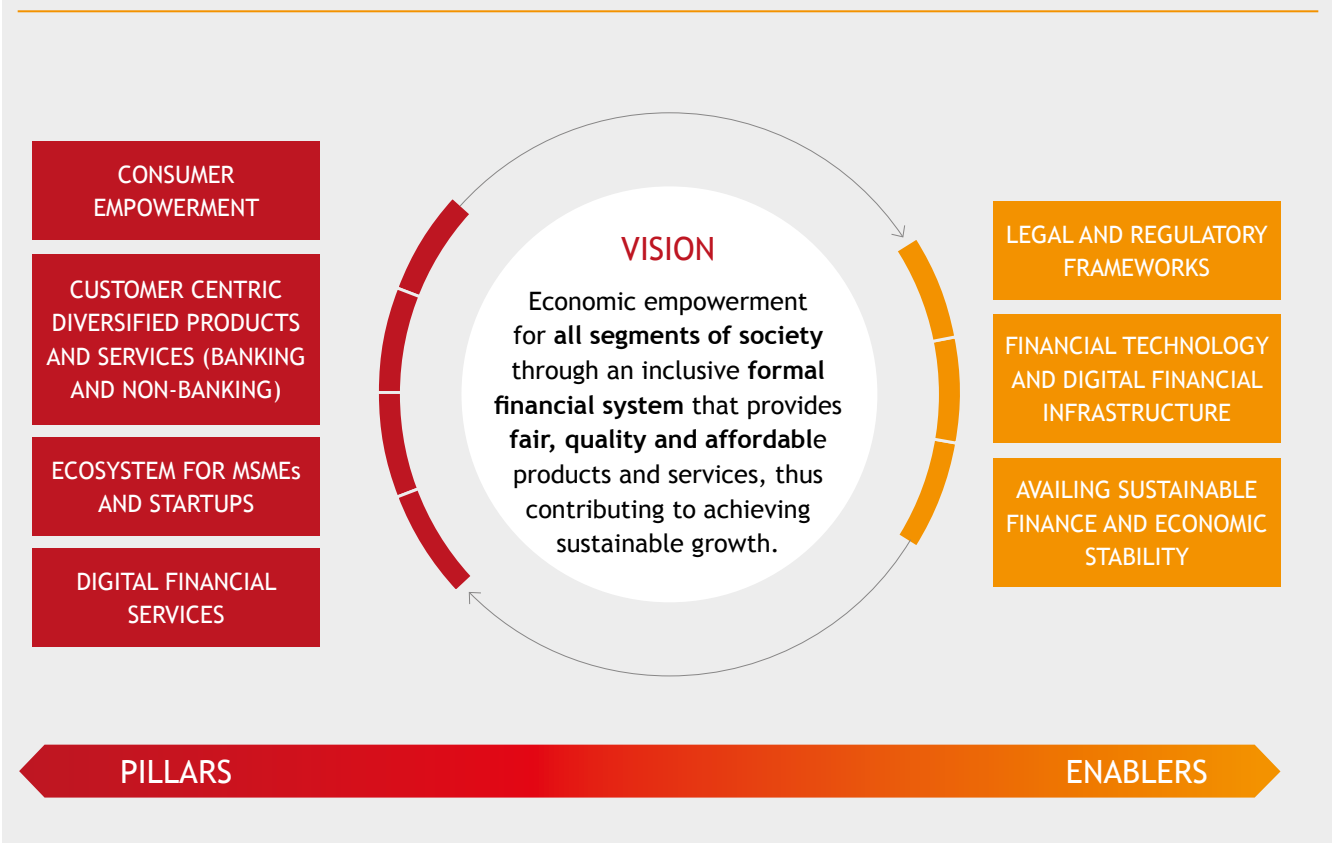
To lay a solid foundation for informing the development of evidence-based Financial Inclusion Strategy (FIS), CBE led a participatory process to establish a nationally representative dataset for financial inclusion of consumers and MSMEs, using existing diagnostic tools on the market to bring analytical rigor and evidence to the financial inclusion strategy development.

The comprehensive financial services mapping exercise on the supply and demand for consumers and MSMEs (formal and informal sector), designed and conducted in collaboration with the External Data Committee<sup>22</sup> established by CBE in 2019, took a holistic look at the financial sector, by identifying market opportunities, policy imperatives as well as potential market and regulatory barriers to exploit these opportunities. The evidence-base contributes to stakeholder engagement and inform initiatives in the area of new product development and innovative delivery channels. It will also support ongoing regulatory reforms to address broader access issues such as savings mobilization, mobile money, and better usage of the banking and non-banking financial institutions’ network.

21 Central Bank of Egypt. Financial Stability Report 2020. Available at: <https://cbe.org.eg/-/media/project/cbe/page-content/rich-text/financial-stability/english/fsr-2020-english-version.pdf>

22 External Data Committee established and chaired by CBE in February 2019 comprises representatives of the Financial Regulatory Authority, Ministry of Finance, Ministry of Communication and IT, Ministry of Trade and Industry, Ministry of Social Solidarity, Egypt Post, Micro and Small and Medium Enterprises Development Agency (MSMEDA), Central Agency for Public Mobilization and Statistics (CAPMAS), Nasser Social Bank and Credit bureau (I-Score).

FIGURE 3: OVERVIEW OF THE FINANCIAL INCLUSION STRATEGY





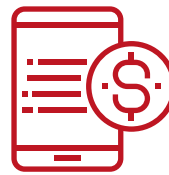
Moreover, the Law has dedicated chapters to regulate payment system providers (PSPs) and payment system operators (PSOs) and introduce the usage of technology and innovative tools in the financial system in order to enhance financial inclusion.

To this end, the Financial Inclusion Strategy framework (vision, pillars, and enablers) was crafted in consultation with a wide range of national stakeholders<sup>23</sup>, which ensured its alignment to the national priorities as set in Egypt Vision 2030.

**The Egyptian Banking Institute (EBI)**, the training arm of CBE, also implements GIF initiatives by working directly with banks and lead the country's financial literacy strategy implementation.

**The Financial Regulatory Authority (FRA)** is the regulatory authority over the non-banking financial institutions (NBFIs). The FRA is responsible for supervising and regulating non-banking financial markets and instruments, including capital markets, futures exchanges, insurance activities, mortgage finance, financial leasing, factoring and securitization. While CBE regulates all formal banks, the FRA oversees the microfinance sector and consumer finance.

As part of its Vision 2030, becoming a cashless economy is a must for the Egyptian government, and CBE is managing the country's digital transformation. The government recognizes that opening a branch is not the approach needed to achieve greater financial inclusion. Digital financial services and agents enable broader access and usage, especially in harder to reach rural areas. CBE has taken the first steps to modernize the financial sector and transform Egypt into a digital economy. This fits directly under its strategic goals of financial inclusion and stimulating the use of electronic means and channels of payment.



**FinTech and innovation are key enablers to a cashless economy and CBE recognizes the potential of innovation and technology to advancing financial inclusion.**

<sup>23</sup> Ministries of Planning and Economic Development, Finance, Trade and Industry, Social Solidarity, Financial Regulatory Authority, Egypt Post, MSME Development Agency, Financial Inclusion Focal points at banks, I-Score, Microfinance Federation, banks, MFIs and FinTechs, private sector representatives and development partner agencies.



CBE developed the national FinTech and Innovation strategy in March 2019 with the vision to become a globally recognized Fintech Hub in the Arab world and Africa, home to the next generation of financial services, talent, and innovative development. As a result, the industry has seen significant changes: new FinTech companies are on the rise and the sector is a magnet for investment.<sup>24</sup> FinTech growth can lead to increased GIF with intentional targeting of women; CBE should encourage FinTech companies to analyze sex-disaggregated data and design solutions that solve barriers women face to digital access and usage.

Initiating digital transformation necessitated bringing together all critical stakeholders via a Council.



In February 2017, the President of Egypt, Abd El Fattah El Sisi, established the **National Payments Council (NPC)**

Headed by the President the council includes 16 members: the Prime Minister; the Governor of CBE; the Heads of the National Bank of Egypt, the Administrative Control Authority, and the FRA; and the Ministers of Defense, Planning, Interior, Telecommunications, Justice, and Finance. One of the main competencies of the Council is to work towards financial inclusion with the aim of integrating the largest number of citizens into the banking system, in part by integrating the informal sector into the formal economy. This will be instrumental to GIF, as women dominate the informal economy and they face significant obstacles such as lack of access to labor protection, low pay, etc.

The NPC members meet twice yearly to move its agenda forward. During the meetings, the NPC issues decrees and actions that significantly contribute to financial inclusion. In order to implement such decrees and actions, the NPC formed five committees, involving all concerned parties, with different areas of specialty, namely the Committee of Developing Non-Cash Financial Transactions, the Digital Transformation Committee for the Government's Payments and Receipts, the Committee of Developing the Electronic System of Disbursing the Subsidy, the Technical Security Committee for the Governmental Payments Systems, and the Legislative Amendments Committee.

The members of each committee collaborate to implement the decrees and actions relevant to the area of specialty, and sometimes more than one committee are concerned with implementing a decree or action

jointly. It is assumed that closing the financial inclusion gender gap could be considered as a cross-cutting theme during the NPC discussions and in the issuance of the decrees and actions.

CBE also cooperated with other authorities:

- > **The National Telecommunications Regulatory Authority (NTRA)** supports CBE's plan for reaching financial inclusion by coordinating with mobile network operators (MNOs) to create an enabling environment for e-payment and The CBE has issued the 3rd version of Mobile Wallet Regulations in April 2021 as it is a bank-led model. CBE has launched several initiatives to encourage using e-payment methods, including allowing money transfer from bank accounts to mobile wallets and facilitating paying for purchases from mobile wallets, CBE has also collaborated with NTRA to enable the disbursement of pensions through mobile wallets. CBE also closely measures the state of mobile wallet (both banks and MNOs wallets) usage and regularly issues reports to promote awareness of e-payment methods that includes the gender split of e-wallet ownership.<sup>25</sup>
- > **The Federation of Egyptian Banks** also promotes digital awareness and education as part of the national effort boost digital financial services. All Egyptian banks as well as branches of foreign banks operating in Egypt participate in the federation.

<sup>24</sup> Alliance for Financial Inclusion (AFI). 2022. Egypt 2021 FinTech Landscape Report. Available at: <https://www.afi-global.org/publications/egypt-fintech-landscape-report/>

<sup>25</sup> National Telecom Regulatory Authority. Usage indicators of mobile wallets provided by telecom operators. Semi-annual report 2021. Available at: [https://mci.gov.eg/Upcont/Documents/Reports%20and%20Documents\\_1882021000\\_Indicators\\_of\\_Mobile\\_Wallet\\_Usage\\_H1\\_2021\\_Report.pdf](https://mci.gov.eg/Upcont/Documents/Reports%20and%20Documents_1882021000_Indicators_of_Mobile_Wallet_Usage_H1_2021_Report.pdf)



## ENABLING REGULATIONS FOR GENDER INCLUSIVE FINANCE

Egypt's financial service regulators have implemented a range of regulatory reforms to enable women's financial inclusion through digital and non-digital channels.

### DIGITAL FINANCIAL SERVICES REGULATIONS

In 2016, CBE released new regulations governing mobile payment services that would enhance women financial inclusion with digital payments, especially in rural areas. These regulations paved the way for the growth of Egypt's mobile money industry. As part of this regulation, licensed banks can provide mobile wallets to their customers and employ agents to deliver services including the establishment and verification of customers' identity. Agent banks can also perform cash in and cash out services. Regulations also permits clients transfer funds between their mobile account

and bank account. And CBE collaborated with the FRA to enable MFIs to disburse loans and clients to make repayments through mobile wallets. Since 2016, the CBE regulated a mechanism to allow mobile money transfers from overseas without requiring users to open a traditional bank account in Egypt.

The Less-Cash law for using non-cash instruments was introduced in 2019 by the Cabinet in collaboration with CBE.<sup>26</sup> The law mandates public and private organizations to commit to using electronic payments for G2P and P2G payments. However, the limits and thresholds differ depending on the type of transaction. The use of electronic channels for disbursements and collections is more convenient for women and has helped expedite women's DFS uptake as well as the country's digital transformation during the COVID-19 pandemic.

<sup>26</sup> Central Bank of Egypt. Law No. 18 for 2019 relating to the Usage of Non-Cash Payments' Methods. Available at: <https://www.cbe.org.eg/-/media/project/cbe/page-content/rich-text/laws-and-regulations/laws/ar/new-law-no18-for-2019-relating-to--the-usage-of-noncash.pdf>



Egyptian business women having a meeting. (Ahmed Photox/Shutterstock)



In April 2021, CBE amended the mobile payment regulations to allow for digital lending using behavioral scoring and savings on mobile wallets. These services enable mobile money to be a platform for financial products that directly meet the needs of underserved women by overcoming barriers they face to accessing financial products, including lack of land ownership and assets that can serve as collateral. The regulation allows the use of alternative data – including telecom transactions data, mobile wallet usage and prior credit history – to drive credit decisions of small loans that are disbursed digitally. Digital savings schemes via mobile wallets are also permitted, which allow customers to build a financial history, earn interest, and overtime, provide a path to access financing.

CBE is currently drafting regulations for PSPs and PSOs licensing.<sup>27</sup> The regulations aim to ensure the soundness and efficiency of the payment systems and services, and the overall payment ecosystem by setting licensing requirements, ensure highly secure and adequate technical infrastructure of the PSPs and PSOs, protect consumers rights, setting standards and rules for the operations of payment systems and the provision of payment services as well as the promotion of innovation and competition. This will result in facilitating financial inclusion, and promotes the usage of e-payments, hence, moving to less-cash society.

**Egypt's Village Savings and Loan Associations (VSLAs)** project is female-dominated and has been a target for digitization and incorporation into the formal financial sector. CBE gave out a license to banks to permit the National Council for Women, Savings Group facilitators (most of which are women) to become agents, hence reducing time and cost for both women and banks. And CBE provided 30 million EGP in funding to VSLAs in Egypt to scale up and digitize operations, impacting 100,000 women beneficiaries in 2020. Mobile wallets were one of the main distributed channels used in the VSLA model.<sup>28</sup>

As part of its policy efforts to boost women's financial inclusion, CBE implemented a sustainable KYC regime, which enabled DFS to take-off during the pandemic, and is currently working on eKYC regulations to provide further support for financial inclusion through DFS. In the past, full KYC requirements required complex documents to verify a customer's identity before opening a bank account and thus have been a barrier to bringing more customers into the financial system. In response, CBE collaborated with the Egyptian Money Laundering Combating Unit in 2020 to develop new customer due diligence procedures dedicated for

mobile payment service customers. The self-registration process implemented in 2020 for six months allow for easier remote onboarding for mobile money products, as opening a mobile wallet account only requires the customer to upload a photo and input their 14-digits National ID.

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**30%** As a result, more **2.5 million** new wallets were opened, and **30** percent of e-wallets are women-owned.

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Specific measures should be implemented to provide online and offline registration service to remote areas and address women's limited device ownership and use as well as digital literacy.<sup>29</sup>

Egypt recently issued regulations around interoperability of agents, enabling women to cash-in and cash-out services via a variety of service providers across the country. CBE has been working on an instant payment network to enable Egyptians to transact instantly between bank accounts. Instant Payment Network (IPN) regulations were issued in 2021 with the aim to define bank compatibility with mobile phone applications for service providers in the IPN. The IPN system was launched in March 2022; as a result, customers can make instant transfers through e-payment tools, enabling the banking convenience that women seek.

In September 2022, the government passed a new law allowing CBE to give out banking licenses to payment companies. This regulation would provide the licensing and regulatory framework to guide tier two banks such as digital banks, payment banks, SME banks, the new generation of banks that may be able to better serve women if products and services are designed intentionally. This is enabled by the new CBE Law No. 194 for 2020, placing the FinTech and PSPs firms under CBE supervision but still CBE have not issued any license yet for these firms as the regulations are still under process. In another note, CBE is also working on the licensing and regulatory framework for the "Digital Banks".

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27 Alliance for Financial Inclusion (AFI). 2022. Egypt 2021 FinTech Landscape Report. Available at: <https://www.afi-global.org/publications/egypt-fintech-landscape-report/>

28 Alliance for Financial Inclusion (AFI). 2020. Gender Inclusive Finance: Impetus for Egypt's economic growth. Available at: <https://www.afi-global.org/newsroom/blogs/gender-inclusive-finance-impetus-for-egypts-economic-growth/>

29 National Telecom Regulatory Authority. Usage indicators of mobile wallets provided by telecom operators. Semi-annual report 2021. Available at: [https://mcit.gov.eg/Upcont/Documents/Reports%20and%20Documents\\_1882021000\\_Indicators\\_of\\_Mobile\\_Wallet\\_Usage\\_H1\\_2021\\_Report.pdf](https://mcit.gov.eg/Upcont/Documents/Reports%20and%20Documents_1882021000_Indicators_of_Mobile_Wallet_Usage_H1_2021_Report.pdf)

CBE collaborated with the FRA to prepare new laws to regulate alternative finance activities and banking-related Fintech activities, including P2P lending, crowdfunding, and other newly developed digital financing activities. The new law sets the legislative framework for regulating digital alternative finance platforms in the Egyptian market, which will hopefully lead to the creation of new financing services tailored to meet the needs of underserved customers. Worth noting that Rotating Savings and Credit Association (ROSCA) is still under testing phase operating at the regulatory sandbox, however it will fall under the supervision of CBE.

Amid the uptake of digital financial services, the government of Egypt is taking measures to ensure that customer's financial data is protected. Ensuring financial data protection is essential to GIF as women are especially vulnerable to data safety and privacy issues and more prone to cybercrime. In 2003, Egypt's government issued personal data protection laws to provide assurance and frameworks around data protection mechanisms that protect and respect the privacy rights of end users.

### TRADITIONAL BANKING REGULATIONS

Consumer protection is a key pillar of CBE's strategy to boost women's financial inclusion, as women are often not aware of or know how to utilize client protection mechanisms and recourse. CBE established a dedicated consumer protection department to manage the implementation of its regulations. Following consultation with international institutions, banks and stakeholders, women-centric consumer protection regulations were approved in February 2019. CBE has been actively building its capabilities to closely measure consumer complaints and supervise FSPs on their quality of customer engagement.

CBE launched the Accelerate'ha' initiative that focuses on local and international collaborations through hackathons and innovation challenges for youth, incubation programs and women in Science, Technology, Engineering, and Math (STEM).

Under the name of Accelerate'ha' Unleashing Female FinTech and Entrepreneurial Potential, the program's objectives are to endorse gender equality and women empowerment in Egypt, create a talent FinTech pipeline for female entrepreneurs, build a sustainable workforce, support career growth, and enhance employability. This initiative started with a roundtable to define the major market problems that faces female entrepreneurs.



Globally, women's lack of ownership of tangible assets is the main barrier to their access to bank credit.

Globally, women's lack of ownership of tangible assets is the main barrier to their access to bank credit. Thus, the use of alternative data for credit assessment is a valuable tool to include women, as mentioned above. Movable collateral registries are another powerful tool to allow financial lenders to better determine women's creditworthiness. In 2015, the FRA in Egypt implemented the first central movable collateral registry, allowing banks to use diversified movable assets to determine loan eligibility and thereby enabling women's access to finance.

Egypt also has a central credit bureau, I-Score, which was established in 2005 under the banking law. In January 2006, CBE approved rules governing the operations of credit bureaus and the exchange of information between CBE, banks, and other financial institutions. Both commercial banks and microfinance institutions report to I-Score. CBE undertakes a pivotal role to support availing access to finance to the underserved segments including women, where CBE enables DFS to use various data sources used in creating behavioral scoring models; as for example MNOs data, mobile wallets usage and other utilities data to assess and score new customers' creditworthiness. Digital lending holds the promise to bridge the finance gap between microfinance and personal loans offering instant small mobile loans with a click of a button.

## COVID-19 RESPONSE

In March 2020, as the COVID-19 pandemic spread rapidly across the world, the government of Egypt took several measures to support the banking sector and women, specifically to ensure their continued financial access and usage

Many efforts were implemented by the National Council for women, in combination with the CBE and other government players.

- > The government of Egypt implemented an initiative to support informal and irregular workers, some of the most vulnerable citizens and many of whom are women. The **social protection program** granted 500 EGP monthly to these workers, disbursed via prepaid cards or Mobile Wallets. The program reached an additional 1,432,091 beneficiaries.



The Social Protection program reached an additional 1,432,091 beneficiaries.

- > To overcome challenges bank customers' face to conduct their financial transactions, the CBE **expanded the number of ATMs and POSs machines across Egypt**. Through an initiative launched in June 2020, the CBE increased the number of ATMs by about 6,500, to reach a total of 21,000 as of December 2022 distributed across Egypt and number of POS machines by 300,000. CBE's previously mentioned initiative to increase the number of electronic payment channels was also part of its strategy.
- > To facilitate registration and utilization of **mobile wallets**, the CBE mandated issuance of free-of-charge mobile wallets and increased mobile wallet daily limits to 30,000 EGP for individuals and 40,000 EGP for merchants. Banks were also allowed to verify new-to-bank customers by any electronic means that the banks deem appropriate, including but not limited to, electronically obtaining national IDs and mobile phone numbers, and verifying customers' ownership of the mobile phone with the NTRA platform. Customers are then required to complete the necessary KYC process to comply with the due diligence procedures within three months from the date of opening the wallet. In addition,

CBE waived the fees for the major types of financial transactions, i.e. transfers and cash out for all customers during the pandemic to enhance the digital payments and reduce the use of cash.

- > To limit the spread of the virus, the CBE has taken measures to promote for the use of contactless prepaid cards. Prepaid cards are now issued free of charge; the limit for Tap & Go transactions that do not require a pin was increased to 600 EGP; and the maximum daily prepaid card transactions were increased to 30,000 EGP for individuals and 40,000 EGP for merchants.
- > Banks that have a license for **electronic acceptance services** must activate payment service through QR code and request to pay service for all merchants who have points of sale; complying with the simplified KYC procedures for merchants and microenterprises according to the clause 5.3.2 of the due diligence procedures for mobile payment customers issued in March 2020.
- > To limit customer visits to the bank premise during the pandemic for the purpose of applying for **internet banking services**, CBE applied two measures: banks may register existing customers through the verification of the customer's identity using the usual electronic verification methods commonly used for any of the bank's products; customers are required to comply with the bank's procedures to enroll in the internet banking services.
- > **CBE has set measures** to limit cash transactions and facilitate the usage of electronic payment methods though cancellation of **fees and commissions applied to certain services** at points of sale (POS), cash withdrawal from ATMs, etc.



## INTERNAL ALIGNMENT AND ACTIVE PROMOTION OF A VIBRANT GENDER INCLUSIVE FINANCE ECOSYSTEM

Beyond policy measures, regulators must leverage their positioning in the financial services ecosystem to promote changes that drive gender inclusive finance by:

- > aligning and coordinating GIF's efforts internally
- > implementing programs to boost women's financial literacy
- > mandating sex-disaggregated data collection from financial institutions and reporting on progress
- > incentivizing financial institutions to implement women-centric solutions
- > actively engaging the market around gender inclusive finance
- > encouraging FinTech and digital innovation

This requires close collaboration of Egypt's financial regulators with other ecosystem players, given the complexities of women's financial inclusion and the various mandates of these institutions.

Moving the needle on GIF requires internal alignment within the country's regulatory entities as well as regular coordination of the regulators with key market players, both private and public sector. Collaboration to implement the regulations, practices and initiatives outlined above is just as important as the design of the measures.

In December 2016, CBE established an internal Financial Inclusion Department to coordinate all efforts around financial inclusion. CBE regularly engages the market through a variety of GIF initiatives. CBE conducts roundtables focused on specific financial inclusion topics, half of which have had a gender angle. The goal of the roundtables is to gather key stakeholders and gain their opinion on specific policies and initiatives.

CBE conducts financial inclusion events in areas that are heavily populated with excluded individuals, in addition to a dedicated three-week event for women that takes place annually in March in conjunction

with the International Women's Day, where banks disseminate financial awareness to the public to promote products outside their branches with no opening fees or minimum balance requirements. This aims to encourage women financial inclusion and educate them on the importance and benefits of using formal financial services. Some banks conduct their inclusion events and campaigns, during which attendees receive financial literacy and awareness content and can open a bank account.

The availability of sex-disaggregated data is essential to understanding GIF nuances, implementing effective policies, and monitoring progress. As such, CBE has focused efforts on the regular collection and reporting of supply and demand side sex-disaggregated data covering both individual and MSMEs customers. CBE issued guidelines to support banks in collecting and reporting sex-disaggregated customers data and issued a unified definition of women-led or owned businesses to enable optimal data collection.

In 2019, CBE conducted a robust study to map demand- and supply-side data, measure financial inclusion rates and trends, and identify gender gaps. This study was key to inform the country's financial inclusion strategy. Together with the Central Agency for Public Mobilization and Statistics (CAPMAS), CBE ran two representative demand-side studies, on individuals and formal and informal MSMEs. On the supply-side, CBE in consultation with national stakeholders has agreed on a set of FI indicators, which are used for collecting data, through the Financial Inclusion Datahub, which collects gender-disaggregated data from FSPs and Egypt Post with the unique identifier of the National ID, thus ensuring no data duplication on accounts from various service providers.

Closing the gender gaps that sex-disaggregated data reveals and financially including more women requires financial institutions to strategically **target women's segments with products and services** that meet their specific needs. CBE has also conducted extensive research and focus groups with women across the country to identify the regions and economic sectors that are female-dominated (which resulted in a conclusion of female domination in the food and garments sectors), as well as defining their economic needs in terms of financial and banking products, and analyzing their saving and expenditure trends in order to design products and services that meet their needs.

Research identifies the lack of products and services that adequately match the financial needs of women

clients as a key supply-side constraint to GIF. This further perpetuates women's negative perceptions of banks and their low usage of formal financial services.

To combat this, CBE's training arm, the Egyptian Banking Institute (EBI), has been working to build the capacity of financial institutions to better serve women with dedicated financial products and services. CBE also funds an initiative specifically aimed at supporting startups and SMEs, called NilePreneuers, which was piloted at Nile University.<sup>30</sup> Since the start of the initiative, 152 women-owned startups graduated from the initiative's different programs. The initiative also offered non-financial services to more than 30,000 women entrepreneurs and business owners through its 67 business development services hubs located in the branches of 14 participating banks covering 22 Egyptian governorates. The initiative had also partnered with the Faculty of Economics and Political science (FEPS), a business incubator hosted by Cairo University, offering an incubation program dedicated to women entrepreneurs called "Her Cycle" which has ended during 2022. In light of the initiative's continued support to women entrepreneurs, it dedicated a pre-incubation cycle to women entrepreneurs who are willing to establish their technology startups, called "Women in Tech".

To set financial inclusion on the agenda of top management and ensure a mechanism for action, CBE mandated that all Egyptian commercial banks establish an internal financial inclusion (FI) department. Additionally, 19 of the 35 banks' FI departments are headed by women.

In recognition that MFIs are currently serving many Egyptian women, CBE also incentivized banks to lend to MFIs including for-profit companies and non-governmental organizations (NGOs) by including the funding to MFI to the 25 percent of banks' Gross Loan Portfolio (GLP) threshold to SMEs, to serve more than 3.9 million beneficiaries, out of which 60 percent are Women.<sup>31</sup>



**Women's lack of financial literacy is widely recognized as a barrier to formal financial inclusion in Egypt.**

In response, CBE supported its training arm, the Egyptian Banking Institute (EBI) to lead the drafting of the first National Financial Literacy Strategy in Egypt in 2013, in which women are a critical segment.

<sup>30</sup> Alliance for Financial Inclusion (AFI). 2019. Integrating gender and women's financial inclusion into the Central Bank of Egypt's (CBE) framework. Available at: [https://www.afi-global.org/wp-content/uploads/publications/2019-04/AFI\\_Egypt%20gender\\_AW\\_digital.pdf](https://www.afi-global.org/wp-content/uploads/publications/2019-04/AFI_Egypt%20gender_AW_digital.pdf)

<sup>31</sup> FRA report. December 2022.



Egyptian woman shows tourists how papyrus paper is made. (Claudio Caridi/Shutterstock)

Currently, CBE is leading the efforts of drafting banking sector financial literacy roadmap, with digital literacy as a critical component of the strategy: the widespread adoption of DFS is dependent on increasing Egyptians' knowledge and comfort with technology. Outcomes of the strategy include the implementation of national literacy campaigns that leverage media and television and reached seven million beneficiaries across 27 governorates.<sup>32</sup> The Federation of Egyptian Banks has also implemented several digital financial literacy campaigns. Furthermore, CBE's initiative to digitize VSLAs contains a financial literacy component to foster formal financial access amongst this population.

Moreover, CBE has worked on building partnerships with stakeholders (such as National Council for Women, Ministry of Social Solidarity, and Egyptian Microfinance Federation) and building their capacity on financial literacy (Training of Trainers) to capitalize on their massive outreach to women.

**Digitizing government payments** is a global best practice method to bring marginalized segments into the formal financial economy. The Egyptian government and the Ministry of Social Solidarity invested in digitizing their social solidarity programs, namely Takaful and Karama.

Takaful supports vulnerable families with children under 18 to ensure that children attend school and undergo health screenings and 89 percent of the recipients are women, while Karama supports elderly people living with special needs.<sup>33</sup> Payments are made via Meeza Prepaid card which are collected at Egyptian post offices or from National Social Insurance windows.

As part of its FinTech and innovation strategy, CBE has implemented competitions, challenges, and sprints to drive the FinTech sector forward and promote greater financial inclusion. In May 2019, CBE published the framework for the FinTech regulatory sandbox, a controlled testing environment through which startups live test innovative business models and delivery mechanisms with relaxed regulation requirements while managing the risks associated with disruptive technologies.<sup>34</sup>

The cohort-based program had counted so far two cohorts: the first focused on "self-registration" for mobile wallets to facilitate the digital onboarding of customers while the second was an open-themed cohort for different trends, including digitization of ROSCAs, which is heavily female-dominated. CBE is currently working with the first cohort to mainstream

their services and CBE is currently running the experimentation stage of the second cohort that is mainly focused on ROSCAs, while balancing the need to scale-up the program by launching subsequent cohorts. Other initiatives include the Egyptian-French start-up competition, the COVID-19 Innovation Spring, the RecovTech Project<sup>35</sup>, and hackathons including one in partnership with the University of Canada for graduates to strategize solutions for Egypt's national FinTech problems.

CBE is also addressing FinTech's financing need, with the goal of increasing financial inclusion, including that of women. Through its 2021 FinTech Landscape Report, CBE learned of the imperative to incentivize banks to work with FinTech startups.

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**48%** 48 percent of Egyptian FinTechs reported building partnerships with existing players was the biggest barrier to doing business.

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CBE, in cooperation with the FRA, are preparing to issue a new law to regulate alternative finance activities and banking-related Fintech activities (including P2P lending, crowdfunding, ROSCA, and other newly developed digital financing activities) since developing a conducive regulatory innovative framework can be a catalyst for change.

32 Alliance for Financial Inclusion (AFI). 2019. Integrating gender and women's financial inclusion into the Central Bank of Egypt's (CBE) framework. Available at: [https://www.afi-global.org/wp-content/uploads/publications/2019-04/AFI\\_Egypt%20gender\\_AW\\_digital.pdf](https://www.afi-global.org/wp-content/uploads/publications/2019-04/AFI_Egypt%20gender_AW_digital.pdf)

33 Ibid

34 Alliance for Financial Inclusion (AFI). 2022. Egypt 2021 FinTech Landscape Report. Available at: <https://www.afi-global.org/publications/egypt-fintech-landscape-report/>

35 An open data and finance prototype was developed with the aim to help SMEs secure access to finance and support inclusive recoveries post-COVID-19 pandemic.

36 Central Bank of Egypt. FinTech. Available at: <https://fintech.cbe.org.eg/home/fund?en>



## ADVANCING GENDER DIVERSITY, EQUITY, AND INCLUSION

Internal alignment around the imperative of women's financial inclusion is more easily attained if organizations themselves are diverse in gender. Furthermore, stakeholders that are more gender diverse and inclusive can better respond to market needs and implement measures that effectively move the needle on GIF.

CBE recognizes the need to level the playing field for women both internally and across the banking sector. In 2018, CBE conducted a survey within 37 banks (of 38 total) to assess women's representation at various levels of the banking sector. The survey found that women constitute only 13 percent of bank board directors and 21 percent of managerial positions.<sup>37</sup> Within the FinTech sector, CBE's 2021 FinTech Landscape Report revealed women constitute 30 percent of employees and only 13 percent of all FinTech enabled startups have half or more female representation of employees.<sup>38</sup>

In response, CBE developed targeted policies and programs to boost women's representation in upper

ranks of the banking sector. In 2018, CBE collaborated with NCW and the Top 50 Women Forum to launch a Women's Mentoring Program, aimed at creating a pool of qualified women for leadership across various sectors.

CBE also collaborates with the American University in Cairo to provide leadership training and coaching to mid-level women for bank board positions. In 2021, CBE mandated banks through a directive on the importance of gender diversity to have a minimum of two women on their boards.<sup>39</sup> CBE itself walks the talk and is proud to have female representation on its board as well as several women in notable roles of leadership.

37 Alliance for Financial Inclusion (AFI). 2019. Integrating gender and women's financial inclusion into the Central Bank of Egypt's (CBE) framework. Available at: [https://www.afi-global.org/wp-content/uploads/publications/2019-04/AFI\\_Egypt%20gender\\_AW\\_digital.pdf](https://www.afi-global.org/wp-content/uploads/publications/2019-04/AFI_Egypt%20gender_AW_digital.pdf)

38 Alliance for Financial Inclusion (AFI). 2022. Egypt 2021 FinTech Landscape Report. Available at: <https://fintech-egypt.com/PDF/Egypt-FinTech-Landscape-Report-2021.pdf>

39 Central Bank of Egypt. Circular dated 11 November 2021 regarding amending some governance articles concerning BOD composition. Available at: [https://www.cbe.org.eg/-/media/project/cbe/listing/circulars/nov/11-nov-2021\\_13\\_en.pdf](https://www.cbe.org.eg/-/media/project/cbe/listing/circulars/nov/11-nov-2021_13_en.pdf)



Girls sitting on the ground in the beduin village. (aleks333/Shutterstock)

## WOMEN'S ECONOMIC PARTICIPATION, INCLUSION, AND ENTREPRENEURSHIP

The level of women's education, economic participation, and entrepreneurship as well as the social norms and beliefs on women, directly impact women's access and use of financial services and will be essential to address in order to further close financial inclusion gender gaps.

Compared to peer countries, Egypt boasts high educational attainment of women. Sixty-seven percent of adult women have completed secondary education, which is remarkably high compared to the 31 percent average of AFI lower-middle income countries.

# 34%

Nevertheless, literacy remains an issue, especially in rural areas: **34 percent women are illiterate**, ranking the country 125 of 156 in the WEF's Global Gender Gap Index.<sup>40</sup>

Recently, the Egyptian government has emphasized education of young women and girls and implemented several initiatives to boost educational attainment, which will translate to more economic opportunities for women.

However, currently, **Egyptian women's economic participation is mostly comprised of informal and unpaid care work.** Women's labor force participation rate is 20 percent, while the employment rate is 16 percent. These figures are remarkably low compared to the averages of AFI lower-middle income countries: 47 percent female labor force participation and 44 percent female employment rate in 2021.<sup>41</sup> According to the 2015 Time-Use Survey, around 91 percent of women spent time on unpaid domestic activities as opposed to only 26 percent of men and on average, while the World Bank reported that Egyptian women spent 22.4 percent of their day on unpaid domestic and care work in 2015.<sup>42</sup>

**Women in Egypt may run informal micro-enterprise operations (predominantly from their homes), but reported entrepreneurial activity is low: only four**

percent of women report receiving self-employment payments (Findex, 2017) and women own only six percent of formal SMEs.<sup>43</sup> The average number of women owning formal SMEs among AFI lower-middle income countries is more than triple that in Egypt, at 21 percent. Within the FinTech sector, more initiatives are needed to endorse women's entrepreneurship.

Unexpectedly, inequalities in women's economic participation translate to an income gap. According to the 2021 WEF's Global Gender Gap Report, the estimated earned income of women in Egypt is only 22 percent that of a man, which is less than half of the AFI country lower-middle income average of 59 percent.<sup>45</sup>

**Women's role in the economy and society is largely shaped by the Egyptian social norms and traditions,** which affects women's ability to obtain jobs and work outside of the home consequently affects their chances in obtaining more desirable job opportunities and earning higher income as men.<sup>46</sup>

The International Finance Corporation (IFC) and the NCW signed an agreement in 2021 to increase women's economic opportunities and support the Egyptian government to develop gender-neutral laws. The reforms will take place over the next two years and will complement the government's efforts to promote equal pay, increase access to finance (including for women entrepreneurs), and facilitate work outside the home.<sup>47,48</sup>

40 World Bank (secondary education attainment), UNESCO (literacy), WEF Global Gender Gap Report 2021: <https://www.weforum.org/reports/global-gender-gap-report-2021>

41 International Labour Organization (ILO). "ILO Modelled Estimates and Projections database (ILOEST)" ILOSTAT. Available at: <https://ilostat.ilo.org/data/>

42 World Bank. Gender Data Portal. Proportion of time spent on unpaid domestic and care work (% of 24 hour day). Available at: <https://genderdata.worldbank.org/indicators/sg-tim-uwrk/> and Women Economic Empowerment Study. Available at: <https://documents1.worldbank.org/curated/en/86149155113547855/pdf/134846-WP-PUBLIC-march-2-WB-Women-Study-EN.pdf>

43 Alliance for Financial Inclusion (AFI). 2022. Egypt 2021 FinTech Landscape Report. Available at: <https://www.afi-global.org/publications/egypt-fintech-landscape-report/>

44 Ibid

45 WEF Global Gender Gap Report 2021. Available at: <https://www.weforum.org/reports/global-gender-gap-report-2021>

46 World Bank. 2021. "Women, Business and the Law 2021. Egypt Arab Rep". Available at: <https://wbl.worldbank.org/content/dam/documents/wbl/2021/snapshots/Egypt-arab-rep.pdf>

47 International Finance Corporation (IFC). 2021. Egypt's National Council for Women Partner to Boost Economic Opportunities for Women. Available at: <https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=26668>

48 Alliance for Financial Inclusion (AFI). 2022. Egypt 2021 FinTech Landscape Report. Available at: <https://fintech-egypt.com/PDF/Egypt-FinTech-Landscape-Report-2021.pdf>



## FUTURE OUTLOOK

**Egypt's journey to increase women's financial inclusion has been marked by bright accomplishments, from the regulations implemented for digital and traditional financial services to the collaboration of the regulator with ecosystem players to promote a vibrant environment for women's economic growth.**

The country has learned that incumbent financial institutions can only go so far in driving GIF: women-centric DFS are necessary and conducive to reach the last mile, as are partnerships between formal and informal FSPs. Indeed, the future is ripe for DFS in Egypt: the infrastructure and regulatory environment are conducive for DFS to take off and the pandemic has helped spark uptake. The sector will need to continue to promote the expansion of the agent banking network and usage of DFS and to promote providers to be intentional about how DFS benefit women. CBE's role in collecting and aggregating robust sex-disaggregated data will continue to be essential, as it enables FSPs to make informed business decisions and policymakers to tailor policy solutions.

Egypt's recent Financial Inclusion Strategy will enable more systematic interventions and coordination, thus ensuring measurable progress. In addition, digital financial services (such as eKYC) and digital lending will support and contribute to overcome some of the main barriers for women's financial inclusion.

Technology and innovation can unlock further GIF and Egypt has learned of the value of regulatory sandbox, accelerators, hackathons, etc., to promote the growth of FinTech solutions. The regulators should continue to encourage the design of solutions (technology choice and product features) that fit with the realities of Egyptian women. In the immediate future, open banking, which the government is currently working on, will be crucial to ensure seamless connection between FinTech solutions and traditional banking services, ultimately reducing transaction costs and promoting DFS use.

The Egyptian government and CBE are taking steady steps towards more gender equity, economic empowerment, and financial inclusion by removing barriers and challenges faced by women, which have been witnessed through notable success and improvements over the past five years, and continuing with even stronger belief and policy direction towards a more inclusive society.



Young business women working at the office. (AhmedEmad/iStock)



## ACRONYMS

<b>AFI</b>	Alliance for Financial Inclusion	<b>ROSCA</b>	Rotating Savings and Credit Association
<b>ATM</b>	Automatic Teller Machine	<b>SDGs</b>	Sustainable Development Goals
<b>CAPMAS</b>	Central Agency for Public Mobilization and Statistics	<b>SDS</b>	Sustainable Development Strategy
<b>CBE</b>	Central Bank of Egypt	<b>SME</b>	Small and Medium Enterprise
<b>DFS</b>	Digital Financial Services	<b>UNESCO</b>	United Nations Educational, Scientific and Cultural Organization
<b>DVSLA</b>	Digital Village Savings and Loans Association	<b>VSLA</b>	Village Savings and Loans Association
<b>EBC</b>	Egyptian Banks Company	<b>WFP</b>	World Food Program
<b>EBI</b>	Egyptian Banking Institute	<b>WSME</b>	Women-owned Small and Medium Enterprise
<b>EGP</b>	Egyptian Pound		
<b>eKYC</b>	Electronic Know-Your-Customer		
<b>FEPS</b>	Faculty of Economics and Political Science (Cairo University)		
<b>FIS</b>	Financial Inclusion Strategy		
<b>FRA</b>	Financial Regulatory Authority		
<b>G2P</b>	Government-to-Person		
<b>GIF</b>	Gender Inclusive Finance		
<b>GLP</b>	Gross Loan Portfolio		
<b>GNI</b>	Gross National Income		
<b>ICT</b>	Information, Communication Technology		
<b>ID</b>	Identity Document		
<b>IFC</b>	International Financial Corporation		
<b>ILO</b>	International Labour Organization		
<b>IPN</b>	Instant Payment Network		
<b>KYC</b>	Know-Your-Customer		
<b>MNO</b>	Mobile Network Operator		
<b>MOU</b>	Memorandum of Understanding		
<b>MSME</b>	Micro, Small, and Medium Enterprises		
<b>MSMEDA</b>	Micro, Small, and Medium Enterprises Development Agency		
<b>NCW</b>	National Council of Women		
<b>NGO</b>	Non-governmental Organization National		
<b>NPC</b>	Payments Council		
<b>NTRA</b>	National Telecommunications Regulatory Authority		
<b>P2P</b>	Person-to-Person		
<b>POS</b>	Point of Sale		
<b>PSO</b>	Payment Systems Operator		
<b>PSP</b>	Payment Systems Provider		
<b>QR (codes)</b>	Quick Response (code)		

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