



## Financial Inclusion MENA Newsletter

GIZ programme "Promotion of the Microfinance Sector in the MENA Region"

Issue No. 4  
Q2 2016

*If this email is not shown correctly, click here*



Dear readers,

Financial inclusion has taken center stage in the Arab region, having now five countries namely, Palestine, Jordan, Morocco, Sudan and Qatar that are embarking national financial inclusion strategies. There are also promising developments in Egypt and Tunisia where policymakers and financial sector regulators have started to organize for financial inclusion.

In most of aforementioned countries access to financial services for SMEs is a key driver for national financial inclusion strategies. This is not a surprise given the importance of SMEs for economic growth and employment creation. In the Arab world only 20% of SMEs have access to formal financial services; naturally, expectations are high that banks will bridge the enormous finance gap of SMEs. However, beside banks, there is a growing segment of non-bank financial services providers (aka non-banks) such as leasing, factoring, insurance and private equity finance companies that serve the different financial needs of SMEs including startups. The growing recognition of non-bank financing is also manifested in the G20/OECD High Level Principles on SME Financing. These principles encourage policymakers and financial sector regulators to strengthen non-bank financing by the creation of a level playing field for both banks and non-banks.

As GIZ we are pleased to facilitate the development of non-bank financial services for SMEs in Egypt by a new project – Promoting Access to Financial Services for SMEs – that has started early this year. Non-bank financial services are picking up in Egypt and this new project will hopefully have a positive impact on the growth of these financial services.

It is encouraging to see that Arab countries exhibit noteworthy progress in setting up a supportive financial infrastructure for SME finance. In Cairo, I have recently visited a refreshing regional conference on credit guarantee schemes where international best practices were presented: for example, there are altogether seven countries in the Arab region that already have independent credit reporting systems, whereas the one in Saudi Arabia is perceived as cutting edge. Moreover, Egypt is the first country in the Arab world that has issued a modern secured transaction law that allows financial institutions to accept moveable assets, and Palestine has just established a modern electronic collateral registry.

We hope to see more encouraging developments in 2016!

Sincerely yours,  
Hayder Al-Bagdadi

### Subscription

[Subscribe to this Newsletter](#)  
(Project Newsletters)

### Upcoming events

18 July – 5 August 2015  
**Boulder Microfinance Training (MFT) Programme**  
Turin, Italy  
[More...](#)

25 – 29 July 2016  
**Financial Analysis for Microfinance Practitioners**  
Training in Arabic - Amman, Jordan  
[More...](#)

22 June – 24 June, 2016  
**19th Annual Microfinance Centre Conference**  
Under the title 'Microfinance in the Cloud',  
Registration until June 21.  
[More...](#)

22 November – 23 November 2016  
**Conference on Financial Inclusion**  
Amman, Jordan  
More info coming soon...

### Memorable quote

*"A major part of any development strategy is choice: what we choose to do and what we choose not to do. Making these choices is critical to any successful strategy... Peer learning may provide an opportunity to hear alternative perspectives and minimize the biases we bring to decision"*

## Programme News

### Financial Inclusion

#### Digi#ances Partnership Initiative launched in Amman

The Central Bank of Jordan (CBJ) and GIZ aim to give the relatively young digital financial services market in Jordan a boost. The recent launch of the Digi#ances Partnership Initiative brought together a diverse set of market players. Expressions of interest can be submitted by end of July.

[Read more...](#)

#### Meanwhile in Palestine - NFIS Working Groups Kick-Off

PMA and PCMA have launched five working groups which will contribute to the development of the National Financial Inclusion Strategy in the Palestinian Territories.

[Read more...](#)

#### Talking About the NFIS – Meeting the Governor of the PMA

The National Strategy for Financial Inclusion is without a doubt a milestone in Palestine for the coming year. The Governor gives us insight into his perception of the strategy and the targeted effects.

[Read more...](#)

#### Mind the Gap



Addressing the region's most severe financial access gaps will impact the occupational and economic perspectives of women, the youth and low-income people.

[Read more...](#)

### Microfinance

#### The Supervisor's Neural System

Having studied the Moroccan microfinance crisis and Germany's consumer protection and supervision framework, the CBJ is now setting up the cornerstones for supervising Microfinance.

[Read more...](#)

#### Interview with Chuck Waterfield

The founder of MicroFinance Transparency on the need for price transparency in the Palestinian financial sector in an exclusive interview with our team.

[Read more...](#)

#### Finance for Jobs



The Development and Employment Fund contributed to more than 4,000 new jobs in Jordan through its funding programs during the first third of 2016, says the director.

[Read more...](#)

There Is No Time Like the Present – Why the PMA Introduces

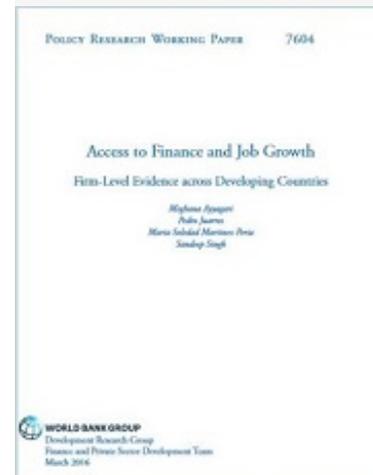
## Publications



#### Understanding Demand for Sharia-Compliant Loans: Result of a Randomized Experiment in Jordan

Consultative Group to Assist the Poor (CGAP)

[Read more...](#)



#### Access to Finance and Job Growth - Firm-Level Evidence Across Developing Countries

World Bank Group

[Read more...](#)



## APR Now

Working for comprehensive consumer protection, the PMA is about to pass a new regulation on transparent pricing, which will furthermore enhance market efficiency.

[Read more...](#)

## CBJ Meets German Counterparts: Regulation and Supervision of Financial Institutions Relevant to Financial Inclusion



Financial Inclusion and Microfinance are typically associated with developing countries. Yet, Germany has went through a distinctive history of financial inclusion. In an effort to

learn from its peers, the CBJ in cooperation with the MFMR advisors went on a knowledge exchange trip to Germany.

[Read more...](#)

## King Honors Excellence of Our Jordanian Partners: MoPIC, CBJ and DEF

During a national ceremony in April, H.E. King Abdullah has awarded the partnering institutions of the joint GIZ/EU- project with excellency awards for their outstanding achievements in Jordan.

[Read more...](#)

## Gender Finance

### MFMR Ranks Among the Best 20 Entries in the GIZ Gender Competition 2016!

The GIZ Gender Competition highlights the company's commitment within this field. Among this year's 87 submissions MFMR stands out together with its partner 'Making Finance Work for Africa' (MFW4A).

[Read more...](#)

## Microinsurance

### Microinsurance Learning Sessions Pave the Way Toward Financial Inclusion



More than 150 representatives from the microinsurance sector, insurance companies, banks, microfinance institutions and development organizations came together in Cairo in May to jointly discuss the potential in the region.

[Read more...](#)

[Detailed sessions and presentations](#)

## Training Programme in Inclusive Insurances Launched

Hosted by the Egyptian Financial Supervisory Authority (EFSA), the first training programme of its kind in the region has taken place in Cairo in April: 28 supervisors convened to learn more about innovative, inclusive insurance products.

[Read more...](#)

## SME Finance

### Conference on Non Banking Financial Tools for Public and Private Sectors

Latest legislative and regulatory developments were highlighted to point out the impact on the SME sector. [Read more...](#)

## MENA Delegates Set Up Regional Exchange Group on SME



## A Financial Inclusion Index to Measure the Progress of Financial Inclusion

Alliance for Financial Inclusion (AFI)

[Read more...](#)

## Leveraging Equity Investments to Build Inclusive Financial Markets

**FOCUS NOTE**

Equity as a funding instrument is particularly important to the responsible development of financial markets. Through providing direct financial services providers (FSPs) and other types of institutions, development finance institutions (DFIs) and social investors have three distinct opportunities to shape market players and to exert influence over markets leading to potentially strong competition, growing innovation, improving risk-management, creating demonstration to attract in others and ultimately increasing investment flows.

Competition, however, might require not only a substantially wider choice of investors in the starting phase, or being inclusive rather than only the top 10 percent. From funding and the vibrant and less determined actors with the business, their resources portfolio is limited to companies with more regular cash flow, in contrast, equity that is provided that only those with solid business plan that with strong credible personal loans. The higher returns generally available to equity investors can lead to take more risks and a focus on the investment plan, or that financials, be offer to the poor or another so long as there is a viable business plan.

Equity investors also contribute to their interests by being actively involved in the development and governance of the business. In contrast, lenders mostly are influenced in financial through their contracts that prevent companies in through providing loans from choosing others, such as small business lending, smaller influence, however, in applying their own conditions and requirements during the life of the loan unless the borrower fails to perform. Through guarantee, using resources

has the opportunity to build the capacity of the market and contribute to creating the best generation of business in the market.

The investor's main business model is a change of ownership that can provide a change of business strategy and free market players. A new owner, for example, might have different growth and profitability goals or a different risk tolerance to coincide with the values of owning the business of the external partners (family, venture capitalists or private equity firms) or the internal partners (founders and employees) and the type of market it could attract. Last but not least, the investor, when not active, the business's ownership at most it values are assets (income and or interest). Strong considerations are also more difficult to liquidate and equity investors might require more time that are not willing to sell unless they have achieved their objectives.

If equity investment is to maximize their impact, they also should consider how they can engage with their investors in an open and transparent manner and use their own strategic partnerships, governance, and self-awareness effectively. The work to the investor market has also not made their equity investors need to complete an other investment goal. Rather, they also pursue their interests in ways that do benefit the market as a whole. For instance, they could maintain ownership that might be a start stand request that is provided by others in being the role. By involving their own management team and helping it succeed in going about market the

## Leveraging Equity Investments to Build Inclusive Financial Market

Consultative Group to Assist the Poor (CGAP)

[Read more...](#)

## Previous Issues

### Browse previous issues of the Financial Inclusion

(Financial Inclusion MENA Newsletter No. 3)

[More...](#)

## Finance



A delegation of GIZ partners from Egypt, Morocco, the Palestinian Authorities and Tunisia followed the invitation by the German Federal Ministry for Economic Cooperation and Development (BMZ) to participate in a study tour on SME Finance in Germany.

[Read more...](#)

---

## Regional News

### Financial Inclusion

#### **Council of Arab CBs Governors Adopts Arab Day of Financial Inclusion**



Reducing inequalities, creating employment opportunities, fostering sustainable growth and maintaining financial stability, these are just some of the positive outcomes that have been associated with inclusive financial sector. The Arab Day of Financial Inclusion is aiming at raising

awareness and advance knowledge exchange to make use of regional experiences.

[Read more...](#)

#### **Between De-Risking and Financial Inclusion**

Internationally, banks are continuously trying to reduce accounts of client considered high-risk. This systematic de-risking needs to be dealt with cautiously, as vulnerable communities may be further excluded from the banking sector.

[Read more...](#)

### Gender Finance

#### **Women Owned SMEs in the MENA Region – How to Reach the Idle Potential**

Various sectors in the MENA region rely heavily on participative female entrepreneurs, yet only 14% of all SMEs in the region are owned by women. The Jordan Loan Guarantee Facility has derived some approaches as how to bring a change towards more supportive structures to female business owners.

[Read more...](#)

### Digital Financial Services

#### **Re-Thinking Financial Services in the MENA**

Entrepreneurs in the MENA are using insights into user behavior to innovate and rethink products and services.

[Read more...](#)

#### **The Post and Financial Inclusion Through Mobile Telephony in Tunisia**

The Tunisian post was at the forefront of innovations in mobile telephony. In forming partnerships with telephone companies, the Tunisian Post was able to increase the number of consumers of its financial services and, in turn, its revenue.

[Read more...](#)

#### Islamic Finance

### Understanding Demand for Sharia-Compliant Loans

The effects of religious motivation on financial inclusion are diversely discussed. CGAP teamed up with Yale University to address a potential survey question bias and to gain more insight into the real nature of demand for sharia-compliant financial services in Jordan.

[Read more...](#)

---

## International News

#### Consumer Protection

### Consumer Centricity

CGAP CEO Greta Bull sums up the meaning and the importance of consumer centricity and why it is an advantage for the whole financial sector if the needs of the consumer are really cared about.

[Watch the video...](#)

[top](#)

### Bringing Client Perspectives into the Consumer Protection Discussion

Over two years MFI clients in Benin, Pakistan, Peru and Georgia were interviewed about their experiences with MFIs. The authors found many surprises during transactions that harm client trust.

[Read more...](#)

#### Financial Inclusion

### Video: Village Banks – a Gateway to Finance in Laos



Watch how village banks established by GIZ in Laos affect the well-being of people.

[Watch the video...](#)

### Account Ownership in AFI Member Countries Reveal Surprises

Dr. Nimal Fernando points out the enormous differences amid AFI member countries when it comes to account ownership.

[Read more...](#)

### Financial Inclusion's Importance for the UN Agenda for Sustainable Development

Given the increasingly clear link between financial inclusion and development, governments should continue to push for greater access to and use of financial services.

[Read more...](#)

### AFI and the Bank Negara Malaysia Co-Host Financial Inclusion Strategy Training

Data management is one of the cornerstones of a strategically guided development. 44 workshop participants, among them CBJ staff, trained a five step approach to process data relevant for the NFIS formulation.

[Read more...](#)

### **Access to Finance and Job Growth**

The recent global financial crisis has highlighted the impact of credit markets on the real economy, in particular on employment. A new paper tries to bring light into the opaque causal relation between finance and labour markets.

[Read more...](#)

### **Measuring Financial Inclusion in One Number**

The AFI's data working group created a 'Financial Inclusion Index' to capture different aspects of Financial Inclusion and to break them down to one number. Most importantly, this index is not a ranking, but is aimed to serve as a diagnostic tool.

[Read more...](#)

#### **Gender Finance**

### **Tanzania Narrows the Financial Inclusion Gender Gap**

Bridging the gap – Having identified structural and regulatory barriers commitments and actions are set to expand for women's access to finance in East Africa and beyond.

[Read more...](#)

#### **Islamic Finance**

### **Bank of Uganda Paves Way for First Islamic Bank Product**

In Uganda, a new law was recently published which enhances the creation of key governance structures for the Islamic finance sector.

[Read more...](#)

## **Registration information**

Deutsche Gesellschaft für  
Internationale Zusammenarbeit (GIZ) GmbH

#### **Registered offices**

Bonn and Eschborn, Germany

Friedrich-Ebert-Allee 36 + 40  
53113 Bonn, Germany  
Phone: +49 228 44 60-0  
Fax: +49 228 44 60-17 66

Dag-Hammarskjöld-Weg 1-5  
65760 Eschborn, Germany  
Phone: +49 61 96 79-0  
Fax: +49 61 96 79-11 15

Email: [info@giz.de](mailto:info@giz.de)

Internet: [www.giz.de](http://www.giz.de)

#### **Registered at**

Local court (Amtsgericht) Bonn, Germany: HRB 18384

Local court (Amtsgericht) Frankfurt am Main, Germany: HRB 12394

VAT no. DE 113891176

Tax no. 040 250 56973

#### **Chairman of the Supervisory Board**

Dr Friedrich Kitschelt, State Secretary

#### **Management Board**

Tanja Gönner (Chair)

Dr Christoph Beier (Vice-Chair)

Dr Hans-Joachim Preuß

Cornelia Richter

If you no longer wish to receive this newsletter, please click [here](#).

**In charge of this newsletter:**

[Hayder Al-Bagdadi](#)

**Editor(s):**

[Thomas Oelker](#)

[Ala'a Al-Hyari](#)

[Mehrechane Nayel](#)

[Atilla Yuceel](#)

**Photo credits:**

Article "MENA Delegates Set Up Regional Exchange Group on SME Finance": © Academy of German Cooperatives (ADG)/ Isabelle Katthagen

Article "Finance for Jobs ": © GIZ/ Marc Wassim Lotfalla

Article "CBJ Meets German Counterparts: Regulation and Supervision of Financial Institutions Relevant to Financial Inclusion": © GIZ/Atilla Yuceel

Article "Microinsurance Learning Sessions Pave the way toward Financial Inclusion": © GIZ/Youssef Nasr Kamel

Article "Council of Arab CBs Governors Adopts Arab Day of Financial Inclusion ": © GIZ/Iyad Mustafa Ahma

**The programme is carried out with funding by the European Union and by the German Federal Ministry for Economic Cooperation and Development (BMZ).**

[Unsubscribe](#) | [Disclaimer](#) | [Contact](#) | [Recommend this newsletter](#) | [www.giz.de](http://www.giz.de)