



Financial Inclusion MENA Newsletter

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

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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

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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)

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

World Bank Group

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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)

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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 support private equity (PE) and other types of institutional investment. These institutions can and should receive more than other types of investors to shape market players and to have influence over markets leading to generally strong competition, growing innovation, improving risk management, creating demonstration to attract in others and already experienced investors (Figure 1).

Competition, however, might require not have a substantially wider choice of investment in the starting point of being. Because market can only only the top of the market has leading role and the market and has determined which will be the winners. Their resources portfolio is limited to companies with more regular cash flow, in contrast, equity that has provided that role, this will require the resources that will with strong capital personal care. The higher returns generally available to equity investors can lead to take more risk and a focus on the investment goal, in that financial, to be offer to the job or another to bring in there is a feasible investment portfolio.

Equity investors also contribute to their interests by being actively involved in the development and governance of the investee. In contrast, lenders mostly are influence in financial through their ownership that prevent companies in through providing loans from sharing critical, 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 investee and contribute to creating the best generation of investment in the market.

The investor's main business model is a change of ownership that can provide change a business strategy and free market demand. A key reason, for example, might have different growth and profitability goals or a different risk tolerance to coincide with the idea of changing the behavior of the external segment (implying more aggressive corporate strategy) or providing a different model and the type of thought could attract (and support), for example, those that affect the business's profitability at most it values are assets (increased and or reduced). Strong considerations are also more difficult to apply and equity investors might have more power than debt investors. Depending on their funding source and market position, and based on the market and to be to sell their shares when they have achieved their objectives.

If equity investment is to maximize their impact, they also should consider how they can engage with their investee in an effort that aligns the investor's and use their own strategic portfolio, governance, and will ensure effectively. The work to the investor market has also not made this equity investors need to collaborate in other investment goals. Whether they are part of their interests in ways that also benefit the market as a whole, for instance, they could consider creating that that market to create a stand requirement that is provided by offering to bring this 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)

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Previous Issues

Browse previous issues of the Financial Inclusion

(Financial Inclusion MENA Newsletter No. 3)

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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.

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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.

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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.

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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.

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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.

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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.

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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.

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