



EGYPT

Financial Regulatory Authority (FRA)'s Microfinance Measures

FINANCIAL REGULATORY AUTHORITY (FRA)'S MICROFINANCE UNIT INITIATIVES TO MITIGATE COVID19 IMPACT

PURPOSE

Mitigate the economic impact of COVID19 pandemic on Microfinance clients by reducing cost of financing for 3.2 million projects through various measures.

PARTNERS



EXECUTING BODY

Licensed Microfinance Institutions (Regulated by FRA)

TARGET GROUP

Licensed Microfinance Institutions

CONTEXT AND ISSUES

The Financial Regulatory Authority (FRA) established in accordance with Law no. 10 of 2009 is responsible for supervising and regulating non-banking financial markets and instruments, including Capital Market, Futures Exchanges, Insurance Activities, Mortgage Finance, Financial Leasing, Factoring, and Securitization.

FRA plays a pivotal role in ensuring stability and soundness of these markets and boosting their competitiveness to attract further domestic and foreign investments.

In March 2020, the FRA formed an internal working group, Crisis Management group at the Microfinance Unit, to monitor 56 of the largest entities that engage in microfinance activity with a market share of 98%.

The working group consist of eleven employees, so that each member of the working group follows 5 entities' working group constantly follow up and combat the negative impacts of COVID19 on the microfinance industry.

Moreover, the group assesses the conditions of microfinance clients and set effective measures. The working group is authorized to take decisive and prompt actions against any entity showing uncooperative or inappropriate behaviour toward the clients.

SHORT DESCRIPTION

- MFIs to sign an agreement with insurance companies to pay – on behalf of their clients – the value of compulsory micro-insurance premium against risks of death and permanent total disability until the end of the current exceptional period.
- Providing fee-free financial services to MFIs clients; bearing the expenses of various electronic financial transactions held with electronic payment agencies other than banks and /or field collection expenses.
- Exempting clients from accelerated payment commissions of outstanding debt.





DURATION

6 months

CATEGORY

MSME Financing

KEY WORDS

Microfinance facility; Working capital / operations; MSME financing

- Cutting administrative expenses to renew existing financing.
- Reducing or deferring 50% of due instalments of microfinance beneficiaries.
- Monitoring the trickling of any benefits provided to the MFIs to their clients e.g. the CBE interest rate cut by 3% on March 16, 2020.
- Microfinance Companies to reschedule NPLs
- Forming a Specialized Committee(s) at Microfinance Entities.

KEY HIGHLIGHTS

- Having this working group, crisis management group, in place allowed the daily monitoring of the events and recommended prompt measure to mitigate COVID impact on the Egyptian microfinance industry.
- Furthermore, it resulted in issuing new measures based on the needs of both the MFIs and their clients to stabilise the industry.
- Having a specialised committee on the MFIs levels allows to put client protection principles into practice and provides suitable solutions for microfinance clients in line with the responsible finance principles, such as postponing instalments, debt rescheduling, granting grace periods, exempting from delay fines, and debt write-off.

TOOLS / SOURCE

[- Various Instructions](#)

[FRA's Initiatives and Precautionary Measures to Curb the Spread of the Coronavirus \(Covid-19\) Pandemic and Alleviate its Impacts on Stakeholders of Non-Banking Financial Services](#)

