

## **Financial Inclusion Policies and Innovative MSME Financing in the South Med – Hybrid Regional Dialogue Event**

**December 1 and 2, 2022 – NH Collection Brussels Centre, Belgium  
CONCEPT NOTE AND AGENDA**

### **MSME financing: stocktaking**

The MED MSMEs Programme is a regional programme funded by the European Union operating in the South Med region<sup>1</sup>. The MED MSMEs Programme looks at leveraging expertise, knowledge, and experiences at regional level and at fostering the regional sharing of expertise and experiences as well as peer learning (North-South) in the fields of SME Internationalization and MSME access to finance. The Programme applies a **regional lens and focuses on the identification and dissemination of tools** that can enhance MSME-driven sustainable growth at national level.

As regards access to finance, the Programme elaborated a series of knowledge products contributing to an informed **peer-to-peer regional dialogue on policies and regulations** supporting the development of innovative and alternative finance for MSMEs, a theme cutting across all national financial inclusion strategies implemented in the South Med countries. The Programme, notably, elaborated national roadmaps for developing innovative and alternative finance that were consolidated into one regional paper discussed with national working group members coordinated by the national Small Business Act Coordinators (SBACs).

The Programme also developed tools to **assist non-banking financial institutions (NBFIs)** 1) in mainstreaming the gender dimension in their operations, 2) in adopting digital solutions increasing outreach, facilitating risk management and generating cost efficiencies, and 3) in mobilizing concessional resources from development finance institutions, three tools that are drivers of financial inclusion.

On another stance, the Programme contributed to knowledge and experience sharing as regards innovative policies, regulations and technologies that foster the global transformation of the financial sector, notably as regards the **EU Payment Service Directive 2, the regulatory sandbox** and the mainstreaming of **gender in the fintech sector**.

Owing to the mass of knowledge produced and discussed thanks to the active participations of the Programme's partners, it was decided to organize a regional event over two days to allow policy makers, public and private practitioners and the Programme's experts to enter into a constructive and result-oriented dialogue.

**This dialogue will be held in Brussels, Belgium, on December 1 and 2, 2022.**

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<sup>1</sup> <https://www.medmsmes.eu/home-page>

## Policies and innovation

Despite efforts deployed on the demand- and supply-sides to bridge the access to finance gap - notably for MSMEs, the gap remains estimated in the South Med region at a staggering USD 97 billion, i.e. 17,42% of the countries GDPs on average (see table below).

In response, South Med countries have developed National Financial Inclusion Strategies that are implemented by a vast number of stakeholders under the coordination of regulators. Although the ultimate objectives of these strategies are the same, their implementation takes various forms depending on the specific context of a country, but also evolves in time in response to new challenges calling for greater resilience (e.g. climate change, Covid, inflation, political instability).

The event's **DAY 1 will give the opportunity to take stock of various policy-, regulatory- and instrument-responses** that have been adopted in the South Med countries. Those will be discussed with practitioners actively participating to the operationalization of the national strategies in view of identifying regional initiatives that could enhance impact at national level.

Key figures	ALG	EGY	ISL	JOR	LEB	MOR	PAL	TUN
SME Finance Gap (MLN USD)	No Data	46,722	No Data	6,582	5,676	31,479	No Data	6,874
Formal MSME Finance Gap as % of GDP	No Data	14%	No Data	18%	12%	31%	12%	16%
Informal MSME Demand for Finance as % of GDP	No Data	7%	No Data	5%	14%	22%	No Data	16%
Number of Formal MSMEs	No Data	2,454	No Data	156	171	1,410	171	601
Credit constrained MSMEs, % of total	No Data	33%	No Data	41%	36%	17%	41%	27%

Source: Study team based on data of IFC MSME Finance Gap (last updated in October 2018) – See Annex 2 (separately in excel sheet)– A2F in the South Neighbourhood.

The last decade has also been characterized by the fact that **innovation is profoundly reshaping the traditional financial landscape**. The data-sharing regulations (e.g. the EU PSD2, on the principles of which the Programme issued a guide and supported dialogue) pave the way to Open Banking and create big data fostering new business models based on Application Programming Interfaces. The convergence of the telecom and financial sectors, the emergence of banks as business innovators (Banking 4.0), artificial intelligence and the tokenisation of assets - to name a few - are opening new horizons and raising high hopes as regards ease of access to finance, related cost reduction and improved risk management.

The answer to the question whether these technological **advances will translate into greater financial inclusion** remains a subject of study and dialogue. A consensus, however, exists as regards the need for regulators to preempt and accompany transitions. This calls for innovative policy, regulatory and support instrument responses, in the wake of the growing use of regulatory sandboxes in some of the South Med countries (on which the Programme produced detailed guidelines and supported dialogue).

This is in particular the case in the field of fintech, a sector that is developing fast, but that may inherit from the financial sector existing gender bias. Following a webinar organized in Jordan in 2020, the Programme developed a discussion paper that summarizes the findings of experts as regards the *“Fintech in gender lens”* assignment, that aims at informing upcoming policies and regulations by validating and promoting an action plan strengthening the advocacy capacities of women in FinTech.

**The ongoing transformation of the access to finance scenery under the drive of technologies, will be the subject of the DAY 2 dialogue.**

### **Objectives of the workshop**

The objectives of the workshop are:

- 1- Peer-to-peer policy dialogue allows taking stock of the National Financial Inclusion Strategies and specific responses
- 2- New policies and regulations are inspired by the sharing of recent experiences
- 3- Awareness is raised on the tools developed by the MED MSMEs Programme
- 4- Awareness is raised on the latest developments as regards transformation driven by PSD2-like laws
- 5- Regulatory innovation (e.g., cross border sandbox) is discussed and inspires policy makers
- 6- Action plan for mainstreaming gender dimension in fintech polices is validated.

### **Participants**

The event will gather up to 40 participants sponsored by the Programme; they will include representatives of Central banks, NBFIs and nonbanking financial associations, practitioners as well as women business associations and start-ups.

The event will be hybrid so as to allow a larger number of stakeholders to actively participate in the event, and notably working group members, EU Delegations and other EU-regional programmes in synergy with the MED MSMEs Programme activities.

The event will host panellists from different countries in the South MED region and Europe who will enrich the dialogue with their experiences.

### **Organisation of the seminar**

The event will be held in Brussels, in a hybrid format over two days. The regional workshop will be organized at the NH Collection Hotel - Brussels Centre. The working language will be in English and French with simultaneous translation facilities.

The regional event will be articulated around two topics that will be tackled over the two days namely "*Policies and tools for financial inclusion*" and "*Innovation for financial inclusion*".

Link to e-session on December 1, 2022: [DAY ONE CONNECTION](#)

Link to e-session on December 2, 2022: [DAY TWO CONNECTION](#)

## Day 1 - December 1, 2022 – POLICIES AND TOOLS FOR FINANCIAL INCLUSION

Session Time	Topics	Speakers / Panellists
09:00 - 09:30	Registration of participants	-
09:30 - 10:00	Opening statements	Ms Liisa TANTTARI - DG NEAR, International Aid / Cooperation Officer  Mr Davide LORIGGIOLA - DG NEAR, Programme Investment Officer, Unit responsible for relations with IFIs and Investments: Blended Finance and Guarantees
10:00 – 10:15	An overview of financial inclusion in the South Med region	Mr Christophe MALHERBE – MED MSMEs Programme Team Leader
10:15 – 11:30	Implementation of the national financial inclusion strategies in the South Med: state of the art and prospects	Central Bank of Egypt – Ms Rasha YOUSRY Central Bank of Jordan – Mr Aktham ABUASSI Banque du Liban – Mr Khaled BOHSALI Bank Al Maghreb – Ms Ibtissam EL ANZAOU Banque Centrale de Tunisie – Mr Jamel BEN YAGOUB - Director General of the Observatory of Financial Inclusion Financial Regulatory Authority (FRA, Egypt) – Mr Ahmed ABDELGAWAD
11:30 – 11:45	Convenience Break	
11:45 – 13:00	Q&A: Other testimonials / Dialogue on regional initiatives that can develop financial inclusion	Moderated by Mazen KHALIFE – MED MSMEs Access to Finance Expert
13:00 – 14:00	Lunch	
14:00 – 14:15	The case of the microfinance sector: findings and recommendations	Mr Federico BILDER – MED MSMEs Senior NKE
14:15 – 15:45	Operationalizing Policies: Practitioners Perspective	<b>Microfinance sector</b> – Call for regional action - Ms Sahar TIEBY, SANABEL Board Advisor <b>Financial inclusion towards territories</b> – H.E. Mr. Abedfattah AL-KAYED, JEDCO CEO <b>Gender response</b> for financial inclusion: the way forward - Ms Geilan MALET – BATES, W Start-up Community Manager <b>How can the regional lens boost sustainable and green finance</b> – Ms Noha SHAKER, Egyptian Fintech Association, Founder <b>Leveraging the impact of NBFIs</b> - Ms Burcu KARPUZ, Finance in Motion, Head of Turkey and MENA Investments

		Addressing the needs of the <b>bottom of the pyramid</b> - Ms Justine PALERMO, Inpulse CoopMed, Investment Manager
15:45 – 16:00	Q&A: Improving policies and regulations; the demand side's advocacy	Moderated by Mr Mazen KHALIFE – MED MSMEs Programme Access to Finance Expert
16:00 – 16:15	<b>Tool:</b> NBFIs* investment readiness self-assessment toolkit  <b>Tool:</b> guidelines for mainstreaming gender into NBFIs operations and to enhance digitalization	Mr Ziad EL RIFAI – MED MSMEs Regional Expert
16:15 – 17:00	Round table MED MSMEs Programme and SBACs	SBACs and MED MSMEs Programme Key Experts

## Day 2 - December 2, 2022 – INNOVATION FOR FINANCIAL INCLUSION

Time	Topic	Speakers / Panelists
08:30 – 09:05	PSD2 in motion towards Open Banking and beyond	Mr Jose Manuel AGUIRRE - Institutional Relations Director - Artificial Intelligence Systems – AIS
09:05 – 10:05	Crowdfunding beyond borders and other regulatory innovations	Central Bank of Tunisia - Mr Mehdi BOUKARI, Director for Financial Stability and Risk Prevention Ministry of Economy and Finance (Morocco)- Mr Zakaria NACHID, Chef de Division de l'Accompagnement de la Relance Economique Central Bank of Jordan – Mr Aktham ABUASSI, Fintech and Innovation Senior Specialist Central Bank of Egypt – Mr Ahmed MOUNIR, Head of the Regulatory Sandbox, General Manager Fintech and Innovation
10:05 – 10:45	Fintech in gender lens at regional level	EU Support to Women Economic Empowerment in the MENA region - Ms Anne-France WITTMANN, DG NEAR, Programme Officer Mainstreaming the gender dimension in the South-Med fintech industry - Dr Amira KADDOUR, African Women in Fintech and Payment, Member of Executive Board The European experience Mrs Rebecca GIBERGUES, Head of Partnerships and Ms Agata MARTY - SFTA Vice President Swiss Finance and Technology Association (SFTA)
10:45 – 11:00	Convenience break	



# MED MSMEs

Policies for inclusive growth

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Parallel Roundtables		
11:00 – 12:15	<p><b>Making the policy and regulatory environment more conducive to innovative finance solutions in the South Med</b></p> <p><i>Mr Jose Manuel AGUIRRE will animate the dialogue to set actions for the utilization of fintech solutions from a regional and national perspectives (re. open banking, Cross Border Regulatory sandbox, and cross border crowdfunding)</i></p>	<p><b>Mainstreaming the gender dimension into the fintech sector in the South Med: the advocacy role of women in business</b></p> <p><i>Dr Amira KADDOUR will animate the roundtable aimed at identifying concrete regional initiatives likely to drive women inclusion into fintech in the South Med region, based on the action plan presented and the shared experiences of associations and participants</i></p>
12:15 -12:45	Restitutions of the roundtables	Jose Manuel AGUIRRE / Amira KADDOUR
12:45 – 13:00	Concluding remarks and way forward	Mr Christophe MALHERBE, MED MSMEs Programme Team Leader Ms Liisa TANTTARI, DG NEAR, International Aid / Cooperation Officer
13:00 – 14:00	Lunch	
14:00 – 15:00	Bilateral meetings (social media, Tabadool light, SC)	