

## Financial Inclusion Policies & Innovative MSME Financing in the South Med - Hybrid Regional Dialogue Event December 1 and 2, 2022 – Brussels – Takeaways



### REGIONAL DIALOGUE CONTEXT

The two-day event held in Brussels gathered **72 participants of which 39 attended online**, including representatives of the EU, ministries, regulators, financial institutions, alternative finance promoters, as well as the civil society, notably women in business associations.

These two days provided the opportunity to listen and discuss with the Programme's experts working on **innovative policies, regulations and instruments to foster MSME alternative finance** in the South Med region. Participants also exchanged practices and experiences, prior to identifying some regional initiatives that were considered as priority to further foster financial inclusion.

Financial inclusion is recognized a driver of economic growth and sustainability. Objectives, roadmaps, and programmes to foster inclusion are spelled out in **national financial inclusion strategies** whose implementation was discussed with regulators and implementers on the first day, giving the opportunity to exchange practices.

Participants also acknowledged that MSME finance remains severely constrained. **Financial innovation** can help bridge the underserved gap (youth and women) by being complementary to traditional channels. High hopes are also placed in innovative financial solutions to address the challenges of the dual transition (green and digitalization). This was the subject of the dialogue on the second day.

The **findings and calls for action** at the regional level were the following (by theme):



## ➤ Policies, Strategies and Instruments

1. Building a regional common database dedicated to financial inclusion (regional census)
2. Supporting the peer learning process by developing and sharing case studies
3. Fostering regional integration of the financial sector by enhancing consumer protection, harmonising the data protection regulations, supporting the adoption of recognized digital identifies, E-KYC (digital onboarding), as well as open finance
4. Assistance in the revision of the Financial Inclusion Strategies, the elaboration of harmonised (electronic-) payment systems strategies to promote the digital economy
5. Institutionalisation of financial education so that it becomes a public policy conducted by a dedicated institution with a governance system guaranteeing sustainability
6. Join forces with other international organisations such as the AMF to enable a regional sandbox on specific pilot projects
7. Establishing a counter-guarantee fund that will exert a leverage at national level on the financing of MSMEs and underserved target groups

## ➤ Digitalization

1. Accelerating the process of digitalization of the public service payments (BDT) to exert a trickle-down effect on consumers and MSMEs
2. Supporting the development of innovative financing tools/Instruments for SMEs Financing, notably using big data
3. Developing generic tools and guidelines to implement behavioural scoring models
4. Dissemination of inspiring practices in the field of digital supply chain finance in view of reducing inter-company's debts
5. Enabling existing MED national apps to become Regional Fintech drivers to all participating countries (shared technical resources).
6. Enforcing the interoperability of national Fintech solutions in view of streamlining cross-country payments through existing international ePayment solutions.

## ➤ Microfinance

1. Development of a generic Microfinance Curriculum and accredited Certification to harmonize skills and uplift the sector
2. On top of the managerial and operational aspects, the governance capacities of the Category B and C MFIs need to be developed, notably by the application of IFRS 9 simplified model
3. All MFIs should report to the national credit bureaus, which would facilitate accessing financings on better terms
4. The use of electronic payment tools should be encouraged in parallel with the roll-out of financial literacy programmes

5. Support to the adoption of the behavioural scoring models for MFIs digitalizing.

### ➤ **Green transition**

1. Supporting the launch of a voluntary platform for trading carbon documents and facilitating the credit origination and trading activity
2. Studying the launch of an index to measure companies' rates of reducing carbon emissions (under discussion between Egypt, South Africa, Malaysia, Korea)
3. Technical assistance/ capacity building to explore new opportunities and face the current challenges, notably climate change for which a regional centre of excellence could be created
4. Improving the financial inclusion governance mechanisms by specifying the roles of all parties, developing a public-private partnership involving the financial ecosystem as a whole and restoring the trust of the consumers.

### ➤ **Gender**

1. Supporting the creation of a Euro-Med Network for Women in Fintech inspired by EU practices; this network will support women in FinTech in the region through advocacy and exchange of practices
2. Working on capacity building for policymakers to foster inclusive governance, notably by supporting universities and researchers contributing to knowledge and data production
3. Fostering capacity building in FinTech by elaborating a Certification module for "Gender-Inclusive Fintech Professionals" that will be handed over to regulators for accreditation.
4. Supporting further peer-to-peer dialogue serving those priorities to contribute to the materialisation of the required "culture change".

### ➤ **Next steps**

These recommendations will be shared with the ecosystem of financial inclusion development in the South Med countries, both at regional and at national (bilateral) levels.

In 2023, the MED MSMEs Programme will contribute its share by providing technical assistance in the field of increasing the impact of MFIs and mainstreaming the gender dimension in the fintech policies and regulations that are under development in the partner countries.

The Programme will also organise "Tabadool" dialogues on some of the above topics, striving to play the role of catalyst of energies, talents and resources willing to contribute to the ambitious agenda of financial inclusion.

The interventions of the various panellists, as well as the roundtable discussions, are briefly summarised below:

## Day 1 – December 1, 2022 – Policies and Tools for Financial inclusion

**Ms Liisa TANTTARI**, DG NEAR Programme Officer, in charge of the MED MSMEs Programme, reminded the key themes of the Joint Communication [“New Agenda for the Mediterranean”](#) and its accompanying Economic Investment Plan, i.e. Human development, good governance, rule of law; Peace and Security; Strengthening resilience, building prosperity and seizing the digital transition; Green transition: climate resilience, energy, and environment as well as Migration and mobility. The second theme provides a programmatic framework for the MED MSMEs Programme activities. It aims at restoring trust in the business climate, encouraging economic diversification, and improving interconnectivity by supporting the leap to the digital transition and access to finance for Small and Medium Enterprises, which is the subject of the seminar.



Taking into account the key priorities of greening, Gender Equality and focus on vulnerable groups including women, the Annual Action Programme 2022 focuses on Green Economy (support to Enabling policy/regulatory framework, Business support organisations, Small and medium-sized enterprises transition towards a green and circular economy) and Women economic empowerment (esp. access to finance).

In conclusion, Ms Tanttari shed a light on future regional cooperation avenues in the field of access to finance that would serve the overall objective of an “Economy that works for the people”. Notably more targeted tools focusing on vulnerable groups (e.g., microfinance, women's access to finance) and deepening the exploration of tools for alternative finance e.g., sustainable finance and impact investment, two areas in which policy dialogue is actively supported by the MED MSMEs Programme.

**Mr Davide LORIGGIOLA**, DG NEAR, Investment Officer, reminded that the European Commission started in 2014 to deploy guarantees as a means to better serve private sector and SMEs by generating benefits for all parties involved (capital relief, credit enhancement, impact, risk management).

The European Fund for Sustainable Development (EFSD 2017/[EFSD+ 2021](#)) - included in the Neighbourhood, Development and International Cooperation Instrument (NDICI) – Global Europe, is the main instrument in DG NEAR to align national and regional priorities with EU policies, boost MSME finance, support emerging partners (Non-Banking Financial Institutions), enhance inclusive finance (gender) and foster innovative solutions (fintech).



Banks in the region represent about 70% of SME finance. But there is a need to go further to generate impact and inclusion. Therefore, the priority for South Neighbourhood is to support projects addressing the root causes of lack of access to finance. These projects can be implemented by Tier 2 and 3 banks, microfinance institutions, venture capital funds or other





types of alternative finance instruments. The instrument also focuses on youth and women entrepreneurs who have less access to the collaterals required by traditional finance institutions.

Guarantees also means using resources in more strategic way, as larger capital flow is triggered through budget allocations of which a portion only is provisioned. The leverage effect allows generating greater impact with less resources. This is notably illustrated by the programmes recently funded by the EU and implemented by FMO (NASIRA), EIB (SME Access to Finance) and EBRD (Financial Inclusion). The opportunity represented by these

programmes deserve to be disseminated towards the relevant stakeholders, reason why such conference is important.

In conclusion, the “MSME risk” must be demystified, as it is demonstrated that, on a portfolio basis, this asset class is not riskier than corporates. Guarantees - by making them eligible - can unlock impact notably in rural areas and urban outskirts.

**Mr Christophe MALHERBE, Team Leader and Key Expert 1 of the MED MSMEs programme** opened the technical session with a brief presentation of the financial inclusion landscape in the South Med region. He highlighted that the salient feature of MSMEs is their disconnection from the traditional banking system, as a consequence of which the divide between companies having access - and those not having access to formal financing, increased by 14% between 2013 and 2021 ([MENA enterprise survey 2022](#) - EIB/EBRD/WB).

The study also stresses the dis-inclusive impact of the informal sector (that is often neglected as difficult to grasp): the unfair competition pressure it exerts biases the market, blurs cash-flow forecasts, thus undermining the capacity to borrow. It remains that, over the last decade, the region has realised the dent of financial exclusion on economic growth and social stability, and the drive that financial inclusion could have on sustainable growth.



As a result, ambitious financial inclusion strategies have been developed and are actively implemented; they gave rise to a series of innovative policies, regulations and instruments that deserve to be shared at regional level, which is the purpose of the MED MSMEs seminar.

These efforts have been rewarded by the Alliance for [Financial Inclusion’s 2022 Innovation and Global Youth awards](#), respectively won by the Central Bank of Egypt and the Palestinian Monetary Authority, among 75 countries worldwide.

**Ms Rasha YOUSRY**, Head of Micro and Small Business Department at the [Central Bank of Egypt](#) (CBE) shared with the audience the CBE strategic objectives notably as regards job creation and GDP growth. According to CBE, the main pillars of a successful financial inclusion strategy are an increased access to finance, the improvement of the enabling environment and the business development.



Several factors played a role in improving the MSME A2F in Egypt like the adoption of a Unified Definition for MSMEs, the SME law, the obligation made to banks to have 25% of their loan portfolios extended to MSMEs, low interest rates, non-financial services and the role of the Micro-Finance sector.

The outcomes of the CBE support to the microfinance sector, notably, has resulted in growth from EGP6.4 bln with 2M beneficiaries in 2016 to EGP64.6EGP bln with 4.5M beneficiaries in 2022.

The MF sector requires further support in Egypt especially those institutions categorised as tier B and the demand side whose financial literacy should be uplifted. The sector would benefit from further development through exchange of experience with other countries that may result in improved lending scoring model, utilization of digitalized services that can also help tackling the financial literacy issue.

**Mr Khaled BOHSALI**, , Head of Foreign Affairs Department at the Central Bank of Lebanon ([Banque Du Liban](#)) and member of the A2F working group presented the objectives of the national financial inclusion strategy in Lebanon, i.e. to improve access to finance for MSMEs, raising awareness on the available financial products and safeguarding consumers in the ECOFIN system.



A recent study by the Central Bank of Lebanon showed that adults with bank accounts reached 58.9% in 2018, surpassing peer countries, but leaving 41% of adults financially excluded. Rural financial inclusion in particular faces many challenging obstacles mostly due to the lack of basic infrastructure and high cost of financing. Digital Banking is still relatively low in Lebanon for several reasons, the major being communication cost and the lack of trust in the security of online and mobile transactions.

MSMEs in Lebanon form 95% of enterprises and drove job creation, gross domestic product growth. From a bank perspective, they allowed increasing the portfolio and the lending penetration rate.

Lebanon seeks regional collaboration in terms of but not limited to establishing a guarantee fund for the participating MSMEs, interconnecting existing MED national apps to form a Regional Fintech hub benefitting all participating countries, establishing a team of experts aiming to build the capacity of the participant MSMEs as well as to engage in quality control missions.

**Ms Ibtissam EL ANZAOU**, Head of Financial Inclusion at [Bank Al-Maghrib](#) (Central Bank of Morocco) shared the objectives of the 2019-2030 Moroccan national financial inclusion strategy, objectives meant to achieve, then exceed the "relevant" penetration level for Morocco, reduce the most significant inclusion gaps and leverage financial inclusion for economic and social inclusion.

Bank Al Maghrib is playing a key role in implementing the NFIS, but acknowledge that the sector is still facing some challenges notably economic uncertainty, efforts to be deployed to keep the stakeholders committed during the process, and implementation of a comprehensive database and result-based management framework allowing to assess the the impact of the strategy under implementation.

According to BAM, a regional mutual collaboration and support can result in improved peer learning such as case studies, building a regional database dedicated to financial inclusion and MSMEs, e.g., regional methodology for data collection, regional survey.



**Ms Batool SHA'BAN**, National Payment system Department at the [Central Bank of Jordan](#) - CBJ shared the CBJ latest figures for implementing the NFIS by increasing the share of adults with an account from 33.1% in 2017 to 41.5% by 2020 and to decrease the gender gap in account ownership from 53% to 35%.

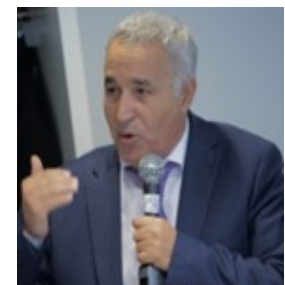
The NFIS in Jordan focused on gender inclusion by incorporating several goals in different pillars, such as in the financial capabilities through Preparing and launching training workshops and programs on financial literacy for women financial consumers., consumer protection, and microfinance to develop

financial services targeting women, youth and low-income clients. Jordan has been focusing on the utilization of fintech solutions in cooperation with GIZ through the MM4M Programme.

A room for development exists by Implementing a digital data collection platform for data collection and undertaking studies about financial inclusion, issuing instructions dealing with consumer protection, EKYC (digital onboarding ) and drafting the new National Electronic payment systems strategy for 2023-2025. Jordan is currently facing challenges in the financial literacy rate. FinTech companies and start-ups need simpler registration procedures. The society also remain cash-based, suggesting a slow transition to DFS and Lowest financial inclusion levels of small and medium-sized enterprises (SMEs) low. As a result, the CBJ launched the formulation of the 2023 - 2027 financial inclusion strategy to improve the financial sector in the kingdom.



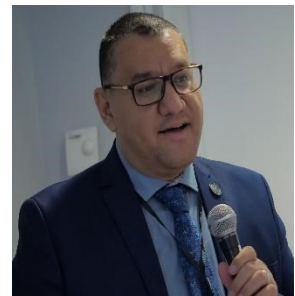
**Mr Jamel Ben YAGOUB**, Director General of the Observatory for Financial Inclusion at the Banque Centrale de Tunisie (BCT) <https://www.bct.gov.tn> reminded that financial inclusion could be expected to boost the GDP by 1 or 2% in Tunisia. Since the creation of the Observatory in 2016, several projects were completed, e.g., the Financial Inclusion Strategy (2018), the crowdfunding and social economy laws (2020) and the National Programme for Financial Literacy (2022). He reminded that the MicroFinance Supervisory Authority had been created in 2011 opening the door to the accreditation of new entrants (2021). The Observatory of Financial Inclusion is responsible for the gathering and analysis of financial, non-financial as well as service-satisfaction data, that – notably – inform the Government policies and programmes.



Its activities are structured around three pillars (Financial literacy and consumers protection, data bank, and research like the survey of 5,000 individuals and 800 micro enterprises to appraise the “Usage”, “Access” and “Quality” based on 20 indicators).

The Financial Inclusion Strategy includes 6 chapters, digital finance, micro-insurance and refinancing of IMFs. Recent realisations include the emergence of new payment service providers, the development of payment infrastructure facilitating the interoperability, microinsurance products, the crowdfunding law and the National Programme for Financial literacy. Several other projects are underway, including a new governance mechanism (PPP), the unification of the various authorities and the optimisation of the public financial instruments.

**Mr Ahmed ABD ELJAWAD**, Executive Director, MSMEs Financing Regulatory Unit at the [Financial Regulatory Authority](#) (FRA) in Egypt. Mr Abd El Jawad highlighted that Egypt has 19 licensed MFIs, 1021 NGOs with 3600 Outlets. The MF portfolio Size is EGP 37 Billion (USD1.55 bln ) with 3.9 million beneficiaries out of which, 60% are women.



The MF sector provides nano- loans portfolio size EGP 17 million (USD 750K) with 31K beneficiaries. The SMEs Portfolio Size is EGP 1.5 bln (USD 62 Million) with 1570 beneficiaries.

The MF sector in Egypt is facing some difficulties related to inappropriate outreach and lack of digitalized lending. Also, the current regulations can be improved for better responsible finance and enhancing SMEs financing.

To tackle those issues, reforms are considered, notably for issuing the regulation for implementing E-KYC / E-Contract/ E-Signature, and bridging the gender gap that still prevails in the field of SMEs financing.

According to Mr Abd El Jawad, support is needed at regional level to exchange experiences as regards innovative financing tools/Instruments that could target SMEs financing, implementing the IFRS 9 Practices for Microfinance, reducing the gender gap lending for SMEs and considering the integration of the green dimension in microfinance & SMEs operations.

#### **The case of the microfinance sector: findings and recommendations :**

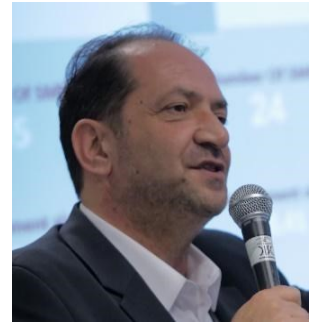
**Mr Federico BILDER**, MED MSMEs Programme Senior Access to Finance Expert mentioned that the South Med region has crucial impediments when it comes to access to finance for MSMEs through non-banking financial institutions and the digitalization of those Institutions. Nevertheless, the non-bank financing institutions play an important role in serving MSMEs, especially at the base of the pyramid. But tier 2 and 3 NBFIs have difficulties accessing financing from international/EU donors due to their size, structure and risks associated if they receive a credit line from EU DFIs.



The EFSD+ and blended instrument could (indirectly) contribute to increasing NBFIs access to finance by de-risking operations, creating markets, and reducing transaction costs. The “self-assessment” toolkit for MFIs has been developed, which has the potential to reduce transaction costs. At the regulatory level, substantial efforts need to be fulfilled to ensure revamping the non-banking sector starting at the policy level.

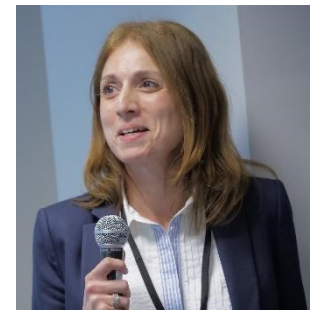


**Mr Abed Fattah Al-KAYED**, Chief Executive Officer at the [Jordan Enterprise Development Corporation](#) (JEDCO). On the occasion of celebrating JEDCO's 50 years of serving the Jordanian SMEs, JEDCO's CEO shared the success stories of the Governorate Development Fund and its objectives to continue investing in SMES and large companies that are commercially viable but that also generate a clear impact and bring high added value at the level of governorates and local communities. Impact is notably measured by the ability of projects to generate employment for nationals in position to replace expatriate workers. So far, the fund invested in 96 SMEs a total of JOD49m generating a total of about JOD100m. The fund is allowed to achieve a low return on investment, the main objective being impact and sustainability of portfolio companies.



JEDCO contributed also to the creation of non-traditional financing to bridge the financing gap, contributed to the creation of partnerships with financing institutions from the private sector, and provided development financing tools that contributed to increasing investment opportunities. For 2022 – 2025, JEDCO plans to increase its technical and financial support to SMEs. Through its relentless support to the SME sector, JEDCO aims to improve economic recovery in Jordan, support smart and green enterprises, digital transformation and enhancing rural development.

**Ms Geilan MALET-BATES**, Chair P27 Green FinTech Forum & Sustainable Finance Lead at [WStart-up community](#) . Ms Malet-Bates presented the WStart-up Community and [Swissfintechladies](#) achievements to raise awareness for the audience on the latest women empowerment initiatives.



A comparison between male and female access to fintech solutions showed that the Middle East region scored the lowest compared to other regions in the world. She insisted on the need to work on the deeply rooted habits that translate into discrimination of women.

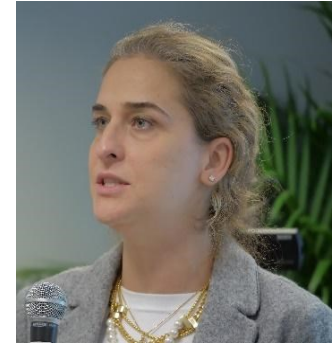
Ms Malet-Bates presented the vision for supporting women through several interlinked initiatives articulated around policy, collaboration, financial inclusion, thinking global and approach and sustainability, re-defining “success” and integrating better the circular economy.

**Ms Noha SHAKER**, Founder of the [Egyptian Fintech Association](#) shared the latest discussion that took place in the COP 27 in Egypt notably the green finance initiatives. The objective of green finance is to improve the supply of inclusive, affordable and scalable, green services targeted to vulnerable groups such as women & MSME's. It also aims to streamline green tech and non-tech solutions focusing on financial services as a catalyst, build capacity of the private sector to create sustainable products and services and facilitate the transition to a low carbon economy including the financial sector, build a pipeline of bankable projects and create PPPs. Climate related data should also be improved, to build long term resilience against disasters, health and life related risks. This will help protecting economies



and livelihoods of low-income households. To reduce exposure to climate risk, transition through green financial transaction is needed. Blended finance can also help address gender imbalance by de-risking investments, collateral being less accessible for women. A regional credit guarantee mechanism dedicated for women owned businesses to access formal credits, that would entice national guarantee companies in this regard could be valuable.

**Ms Burcu KARPUZ**, Head of Turkey and MENA Investments at [Finance in Motion](#) (FIM), shared with audience FIM latest figures for investment in the South Med. The Fund has signed 51 loan facilities with 18 MFIs in 7 MENA countries for a total amount of USD 213.5 million, almost all facilities extended in local currency. Through these long-standing MFI partner institutions, SANAD has very strong outreach to micro and very small clients in the MENA region. Total number and volume of sub-loans provided by partner MFIs totalled 254,525, i.e. USD 425 mn.



MFIs represented 93.7% of the total number of sub-loans with average loan size of USD 1,670. Loan portfolios of local MFIs financed by SANAD reflect the Fund's focus on the underserved groups: 1) Share of female clients in SANAD portfolio is 46%, 2) share of young clients in SANAD PIs portfolio is 41% and share of rural clients in SANAD portfolio is 49%.

Ms Karpuz shared FIM challenges for expanding investment opportunities in the South Med region: limited access to medium/long term financing especially by small and recently established MFIs; high and increasing cost of funds; limited capacity to transfer these increases to end clients; macroeconomic and political risks; management practices; corporate governance. This highlights the need for digitalization and further efforts to reach excluded populations. Fresh capital is also essential to support growth and sustainable finance/green finance.

**Ms Justine PALERMO**, Investment Manager at [Inpulse CoopMed](#), CoopMed is currently operating in 5 countries in the South Med (Morocco, Palestine<sup>1</sup>, Tunisia, Jordan and Lebanon) with 9 clients (MFIs) and 115K micro-entrepreneurs who benefited from the investment. For gender equality, CoopMed evaluates the gender performance of its funds to rigorously assess the gender impact of the CoopMed fund and monitor the evolution of the EUcommune indicators over the medium/long term.



In addition to funding MFIs, CoopMed carried out 20 technical assistance (TA) actions in Lebanon, Morocco and Palestine for impact study, developing new financial products and developing new strategic plans.

CoopMed faces operational and regulatory challenges in the South Med region such as transaction cost, unreadiness of the market investment, regional instability and FX risk controlled currencies. CoopMed proposed solutions for enhancing investment in the region through "origination incentives", a compensation FX costs mechanism and Asset Liability Management (ALM) training.

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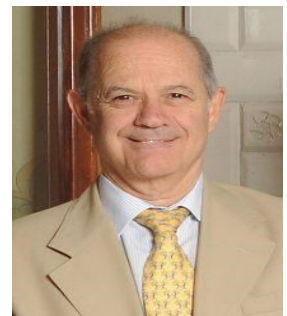
<sup>1</sup> This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue.

**Presentation of the two guidelines and investment readiness toolkit - Mr Ziad EL REFAI**, MED MSMEs Programme Regional Access to Finance Expert, presented to audience the two guidelines for 1) digitization of the non-banking financial services for enhancing access to finance for MSMEs and 2) increasing gender financing through non-traditional financial services. The expert presented the importance of implementing both schemes and the impact on the end beneficiaries. The session will be followed by detailed online regional training after the event.

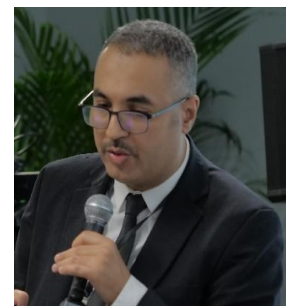


## Day 2 – December 2, 2022 – Innovation for Financial inclusion

**PSD2 in motion towards Open Banking and beyond: Mr Jose Mael AGUIRRE**, [Artificial intelligent Systems](#) (AIS), Institutional Relations Director, presented to participants the latest achievements and indicators on utilization of Open Banking in Europe and Latin America. Mr Aguirre emphasized on the importance of the Open Banking scheme and inevitability to using such a scheme thus, the South Med region must be prepared for the change in the banking non-banking services. Open Banking is a tool not dedicated to the banking sector only, however, it can be utilized in the NBFi sector which can serve the microfinance sector as well. The use of digital tools, artificial intelligence and big data doesn't prove only to be an efficient risk management tool, but also a driver of business development for financial institutions who are early adopters (several cases shared by Mr AGUIRRE in Peru, Columbia and Spain).



**Crowdfunding beyond borders and other regulatory innovations: Mr Mehdi Boukari**, Director for Financial Stability and Risk Prevention at the [Banque Centrale de Tunisie](#) (BCT). Tunisia drafted the crowdfunding law in collaboration with the authorities and the private sector with a leading role for the Agency for the Promotion of Industry and Innovation (APII) and support from the EU, EU4Innovation, Expertise France, GIZ, FSVC and Tunisia Jobs. The objective is to provide financing for MSMEs in order to promote investment, entrepreneurship, creativity and innovation. The crowdfunding law considers the cross-border dimension, notably to mobilise Tunisian diaspora resources, provide financing for projects located in Tunisia, and increase the flexibility of foreign transactions.



On other hand, Tunisia has been using the Regulatory Sandbox framework to regulate and test innovative fintech solutions. It selected four solutions to be tested further such as crowdfunding platform, distance on-boarding, retail CBDC and real time central banks clearing system on blockchain.

**Mr Zakaria NACHID**, Head of Economic Recovery Support Division at the [Ministry of Economy and Finance](#), Morocco, presented the status of the crowdfunding (called “collaborative finance”) in Morocco. The regulation published in March 2021 defines three types of crowdfunding activities (grants, loans, and investments) and is meant to ensure transparency, traceability of operations as well as the protection of the funders, investors and project carriers. The managers

of the e-platforms are accredited and operations are regulated by Bank Al Maghrib (loans/grants) and the Autorité Marocaine des Marchés de Capitaux (investment). Amounts are limited to a maximum of (eq. in MAD) €1m / year and €2m globally. The law also formalises the status of business angel associations that can declare themselves to the Ministry of Economy and Finance. The 23 executive bylaws have been transmitted to the Secrétariat Général du Gouvernement and will be soon issued. The sector is quite active with MAD3.7m mobilised over Jan. 2019 – June 2021, financing 171 projects from 6,100 contributors of an average of MAD714 (32% of the projects reached their fund-raising target). It is expected that the mobilisation of new financing will benefit MSMSEs and entrepreneurs; will mobilise the diaspora, will accompany the development of high-impact social development projects; increase the youth inclusion and strengthen the attractiveness of the country's financial sector.



Experience sharing would be valuable in the fields of 1) EU regulations, 2) new support mechanisms (e.g. incentives, feasibility studies for a guarantee mechanism) and 3) models on how to mobilise and align the ecosystem's stakeholders.

**Mr Ahmed Monir**, Head of the Regulatory Sandbox, General Manager of Fintech and Innovation at the [Central Bank of Egypt](#), Mr Monir shed the light on the Egyptian innovative fintech solutions whereby crowdfunding law has been approved. The crowdfunding mechanism is being implemented in collaboration with the Egyptian Financial Regulatory Authority (FRA) and from the private sector represented by banks through digital saving and matchmaking platforms.



The crowdfunding mechanism in Egypt is facing challenges from an operational perspective such as higher interest rates, higher risk of defaulting borrowers, absence of government protection for borrowers, fraudulent fundraising activities and cybersecurity risks. From a regulatory perspective, there is a lack of regulatory and supervisory framework and governments are taking different approaches in regulating alternative finance platforms.

**Ms Batool SHA'BAN**, National Payment system Department at the [Central Bank of Jordan](#) - CBJ. Ms Sha'ban shared the Jordanian vision for economic modernization to become a safe innovation and competition environment to provide innovative financial services and products to the local and regional market and to enhance financial inclusion and stability. The Central Bank of Jordan published "Open Finance Instructions" in Nov-2022 to instruct banks, payments service providers to provide the open finance services to their customers by allowing third party providers to access their customers data after taking their consent.



On the regulatory sandbox aspect, the CBJ is using a new branding strategy (JO REG BOX) to improve its role in regulating, experimenting, and graduating financial innovations. The CBJ aims



at enhancing financial inclusion and stability in Jordan and supports accessibility to formal financial services to MSMEs.

The CBJ published at the end of 2021 Finance Companies Bylaw, the provisions of that Bylaw applied to companies that engage in but not limited to crowdfunding. While Jordan is benefiting from fintech rapid growth in the last three years, few challenges are being flagged in the kingdom such as bureaucratic process of acquiring governmental approval, lack of crowdfunding awareness and Lack of high adoption of digital payment services

**Ms Anne-France WITTMANN**, DG NEAR – Programme Officer, Ms Wittmann shared insights on the new programmes that will be launched in 2023. Women economic empowerment and gender equality is a fundamental pillar and cross cutting priority that is reflected in the gender action plan, whereby 85% of actions must have a gender responsive approach.



The EU will support women empowerment and access to finance and women participation in the society and economy as reflected in the UfM declaration.

DG NEAR will launch in 2023 the first regional programme focusing on women empowerment in the South Med region. The programme will target several aspects including women's access to finance. The programme's first approach will focus on the demand side mainly on capacity building for women, the second approach is developing tools and services that will enhance women's access to finance in that perspective.

On the policy perspective, the programme will focus on engaging public and private sectors to reflect policy reforms to enhance women A2F in the region. Women in remote areas will be under the scope of the programme to enhance their access to finance. The new programme will build on lessons learned from other programmes such as the MED MSMEs Programme.

**Dr Amira KADDOUR**, Member of the Executive Board at the [Women in Fintech and Payment](#), presented an outline of the study on fintech and gender addressing the question: "How can we avoid that fintech replicates the gender bias existing as regards access to finance".



Dr Kaddour presented the results of an extensive literature review and inspiring practices (Bahrein, Portugal, Germany, Jordan) as well as the result of a peer review exercise that was conducted with European and South Med fintech and women business associations to assess the action plan proposed.

The results presented (importance of capacity building, empowering women in soft skills, STEM and financial knowledge, better advocacy through networking) were also shared with participants, prior to being discussed in a dedicated roundtable.

**Ms Rebecca GIBERGUES**, Head of Partnerships and **Ms Agata MARTY**, Vice President at the [Swiss Finance and Technology Association](#) (SFTA). SFTA is a Swiss based organisation that offers mentoring, access to the International FinTech network, promotion, students initiative and gaining a voice by joining the Advocacy Committee. According to SFTA, 91% of Swiss fintech companies are founded by men and 9% women.



**Rebecca Gibergues**

A study made in 2014 by Harvard Business Review investors often make funding decisions based on gender. The study revealed that, after listening to identical pitches given by men and women entrepreneurs, investors preferred pitches made by men. Based on such example, an approach by SFTA was justified by Women in Finance are the untapped market segment, companies that have a balanced and inclusive workforce were 33% more likely to have better than average profits, the EU requires listed companies to move toward 40% female representation in non-executive board positions by 2026.



**Agata Marty**

The focus areas for SFTA are 1) education, 2) networking, 3) raising awareness and 4) role models. SFTA seeks to co-create with Female FinTech Associations in Switzerland and Europe in Financial Literacy for females and create a Scientific Council in cooperation with SFTL and universities across Europe to close the research gap on female participation in finch. SFTA recommends investors to widen the investment lens, invest in female focused accelerators to help eliminate barriers, actively seek out female candidates for fintech roles, bolster gender diversity initiatives more activities focusing on promoting how the economy can actually benefit from gender equality, seek partnerships with female founded companies, cultivate networks associations, large financial institutions, global female network and new products ideas and services from a female perspective

## Day 2 – December 2, 2022 - Parallel innovation & gender roundtables

### **Making the policy and regulatory environment more conducive to innovative finance solutions in the South Med**

Crowdfunding is considered one of the easiest and fastest tools for enhancing and offering non-banking financial services to MSMEs according to the participants from the South Med region. However, such tools can only be implemented at national level and possibilities for having a cross-border online platform can be difficult to implement since each country has its own regulations.



The same prudent approach applies to a regional sandbox mechanism and implementing one regional sandbox could be difficult as well. However, support at national level for utilising sandboxes and launching online crowdfunding platforms is needed. Participants expressed

hesitancy when it comes to collaboration in the A2F theme at regional level due to different regulations implemented by each country. On the other hand, fintech solutions are one of the priorities that each country is developing and participants requested further support in that regard notably when it comes to the regulatory fintech sandbox.

The gender dimension was one of the hot topics and participants also requested support in this regard at national level and women empowerment and capacity building on available financial services can support in the development of the gender dimension. participants indicated that financial literacy for women owned businesses is one of the key elements for supporting them and developing their businesses.

A new financial tool has been raised based on the Egypt COP 27 conference and from the Egyptian participants which is the “green finance”. This financial mechanism can be a starting point for developing green businesses and clean energy providers for reducing emissions and facilitating A2F for the new clean energy sector which is growing in the region.

### **FinTech in gender lens roundtable**

Dr Amira KADDOUR, [African Women in Fintech and Payment](#) Executive Board member, presented a discussion paper and an action plan aiming to strengthen women's advocacy capacity, an action plan that had been peer-reviewed in November 2022 by relevant European and South Med stakeholders (e.g. business women associations, network of women in fintech). The action plan was discussed in a roundtable attended by eleven participants (7 women and 4 men) to define priorities and subsequent call for action.



Based on general existing gaps, participants stressed on the fact that women in the region need economic empowerment. Since access to financial services is at the core of improving women's socio-economic conditions, the FinTech industry needs to be inclusive and target women as effective actors, not just as users.

Given the weight of the technological divides that are being added in the FinTech field, Mrs Nesreen Deeb from the [Lebanese League for Women in Business](#) raised the crucial need for capacity building for women in the field of Science Technology Engineering and Mathematics (STEM) and that enabling an inclusive industry requires supporting an inclusive governance. Mrs Burcu Karpuz, Regional Director Turkey Middle East & North Africa Investment Management of [Finance in Motion](#), pointed out that the presence of women on boards is important and should be encouraged, while Ms Geilan MALET-BATES, Chair P27 Green FinTech Forum & Sustainable Finance Lead at the [WStart-up Community](#) highlighted the need to strengthen the presence of women in FinTech through a global and inclusive vision, where networking and experience sharing play an important role.

All the participants noted that considering the gender lens in the FinTech industry seeks common efforts and that three priorities emerged from the dialogue; first, **supporting the creation of a Euro-Med Network for Women in Fintech** inspired by EU practices; this network will support

women in FinTech in the region through advocacy and exchange of practices; second, working on **capacity building for policymakers** to foster inclusive governance; and third **supporting universities and researchers** to contribute better through knowledge and data production to the development of an inclusive industry.

In conclusion, participants agreed that **raising awareness of policy makers** through future workshops and peer-to-peer dialogue serving those priorities is important to contribute to the materialization of the required “culture change”.

Access all presentations [HERE](#), or by scanning the QR Code below:



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# MED MSMEs

Policies for inclusive growth

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