

Support to an Enabling Business Environment for
MSMEs Development & Financial Inclusion



Financial Inclusion Policies and Innovative
MSME Financing in the South Med

Support for the Development of Self
Assessment Toolkit for Investment
Readiness

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Fintech Facts

- USD 50 bn – Annual investments in FinTech's.
- 2/3 of financial transactions are made online.
- 500+ new FinTechs are created every year.
- Banks could gain a 30% increase in operating profits.
- 2bn worldwide unbanked individuals could be served through mobile.
- Awareness of Fintech is substantially growing, 96% of consumers know at least one alternative Fintech service available



Key Challenges for FinTech Industry



**INEFFICIENT
INFRASTRUCTURE**



**ACCESS TO CAPITAL
AND FUND**



**DATA SECURITY
AND PRIVACY**



GAINING TRUST



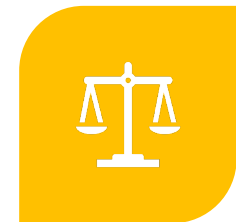
**LACK OF MOBILE
AND TECHNOLOGY
EXPERTISE**



USER EXPERIENCE



**FINANCIAL
INSTITUTIONS, BANKS,
AND FIS FIND ENHANCING
THEIR BUSINESS
PROCESSES AND
STRATEGIES.**



**COST OF
REGULATORY
COMPLIANCE**

Legislation and policy

Support the development and adoption of responsible, safe, and secure Fintech products

Efficient and effective regulatory supervision and reporting mechanisms

Appropriate balance between innovation, safety, and consumer protection.

Ensure consistent regulatory standards

Enhance cross-border cooperation with other regulators to promote best practices

Support industry-driven interoperability

Provide a clear framework and guidelines for cross-border data transmission

Ensure laws support technological developments

Promote cybersecurity



Financial Institutions, Banks and MFIs readiness

What is Needed?



Conduct market needs
assessment



A simplified Business model
infrastructure and
reengineering



Review procedures and
manuals to reflect new risk
management measures and
internal controls



Staff Training and building
capacity



Data security and
cybersecurity



Improve and enhance its
Technological infrastructure



Funds availability

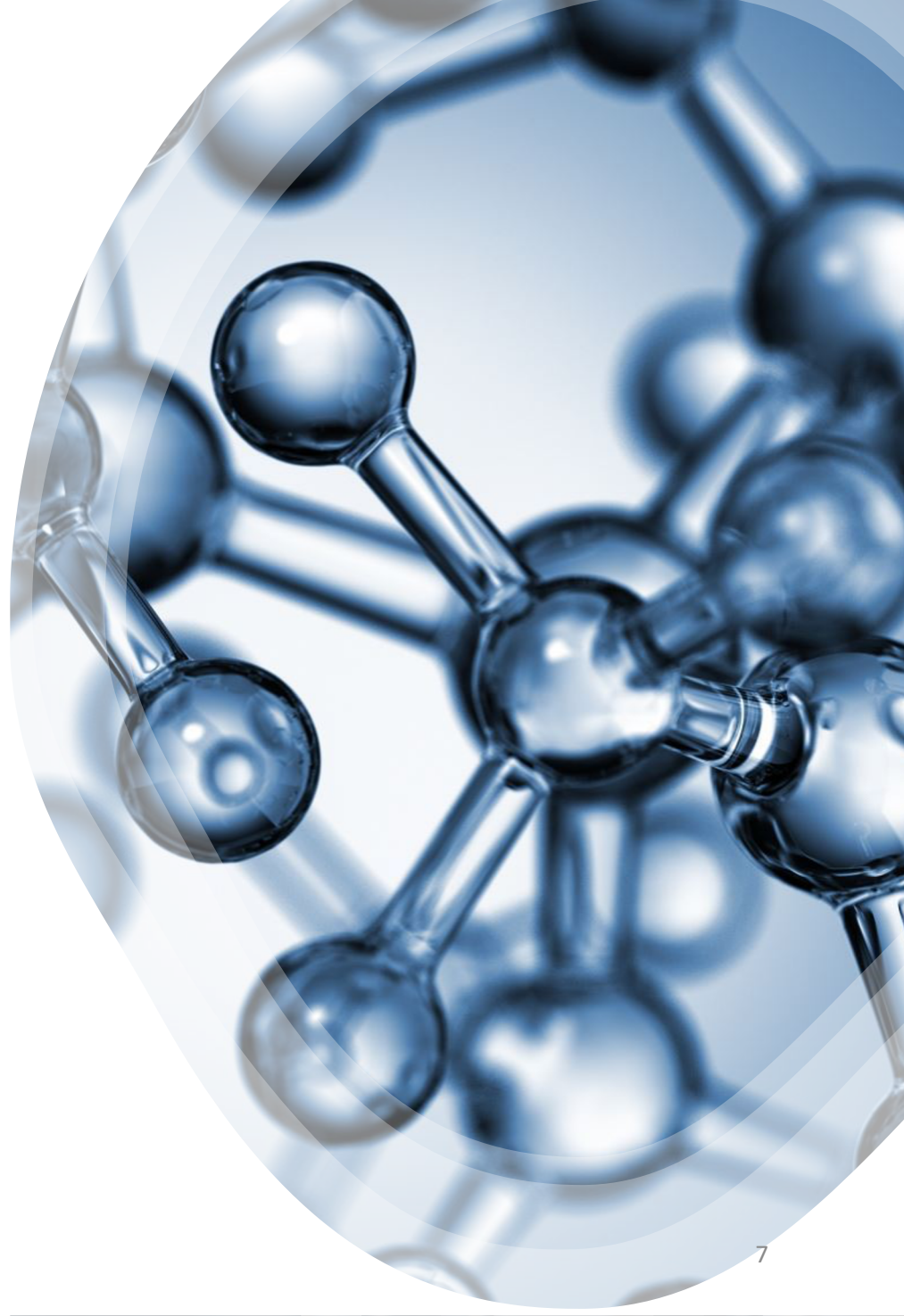


Financial Institutions and service providers should consider the following;

Market research to assess people's needs and the country's resources.

Fintech companies should take feedback from consumers in rural areas to make their applications more user-friendly

Financial service providers play a role in ensuring Financial education and financial literacy ecosystem



Security and Trust

Increasing fintech adoption will depend on how well brands can bridge this trust gap

MSMEs clients want reassurance that their personal information is secure.

A robust fraud detection and prevention program.

Communicating these efforts and data-use transparency

The Way Forward

Financial Institutions and Regulators

Increase digital and financial literacy

Fintech companies should take feedback from consumers in rural areas to make their applications more user-friendly

Obtaining feedback from the ground end users is also relevant for policymakers and regulators

To decrease data protection and privacy risks within fintech applications, transparency must be ensured.

Government must develop and endorse a FinTech Financial inclusion strategy

Guidelines for Mainstreaming Gender Dimension into MFI Lending activities

- Women generate less than one-fifth of the region's GDP, which is less than half of the average that women generate in the rest of the world. The result is that MENA is losing out nearly \$575 billion per year
- Development, Women in business are among the key target groups regarding access to finance(SDG 2030).
- Even those women-owned SMEs operating in the formal sector face a significant credit gap, which the IFC estimate is approximately \$2872 billion, making up 30 percent of the total credit gap for SMEs
- Three out of four working-age women do not participate in the economic active labor force and constitute 80 to 90 percent of MENA's inactive population



Key Challenges

- Limited access to finance due to the lack of collateral and complex application process.
- Limited capacity and exposure to business development and business start-ups.
- Lack of access to vital information (e.g., finance, registration, legal requirements, business development, and market trends) and technology.
- Informal (cultural) and formal (legal) discrimination, requiring the husband's permission to borrow money, and legal discrimination in inheritance and ownership of properties.
- Lack of devoted time to enterprise development and the need for family support due to women's dual roles
- Lack of networking and organizing results in difficulties in voicing their needs to policymakers and business associations.

Legislation and Policy

Gender Policy Advocacy

- Need to curb the lack of visibility of gender issues in micro, small, and medium-sized enterprise (MSME) policies and laws

Macroeconomic and Sector Policies

- Launch incentives, subsidized interest rates, and collateral alleviation
- Facilitate the link between women entrepreneurs and investors
- Establish and regulate credit bureaus for micro-loans



Legislation and Policy

MSME Sector Policy and Regulatory

- Enable the access to micro-credit loans throughout all commercial banks
- Develop a special financial package for unbanked women
- Ability to obtain loans without husband's (or other male family member's) consent
- Offer new financing tools such as mezzanine financing and cash-flow-based financing
- Introduce new schemes by central banks to encourage the financing of startups
- Ease conditions to attract angel investors

MSME Finance and Property Laws

- Promote new regulations for joint property registration between husband and wife
- Issue new regulations for addressing the inheritance process



Financial and Service providers



conduct information gathering at the venues where potential women clients to properly assess needs and develop financial products and services that meet the aspirations of women's MSMEs



it is important to tackle the following areas:

- Financial literacy
- Capacity building
- Digital literacy (leveraging e-commerce)



Financial Institutions and Service Providers' Guidelines

Adopt	Adopt flexible loan conditions and fast decision-making procedures.
Consider	Consider earmarking funds or setting a target for women's MSMEs
Review	Review current loan application handling procedures
Conduct	Conduct information campaigns and outreach to women's MSM
Consider	Consider granting microcredit cleanly
Raise	Raise gender awareness of FI staf
Adopt	Adopt measures to ensure that transaction details are not shared with anyone
Use	Use gender-disaggregated data analytics
Bridge	Bridge between MFIs and formal FIs
Provide	Provide business development services, financial literacy

The way forward

Establish minimum institutional competencies and baselines

To ensure general awareness and commitment to supporting the project's gender integration strategy

Promote gender parity in hiring

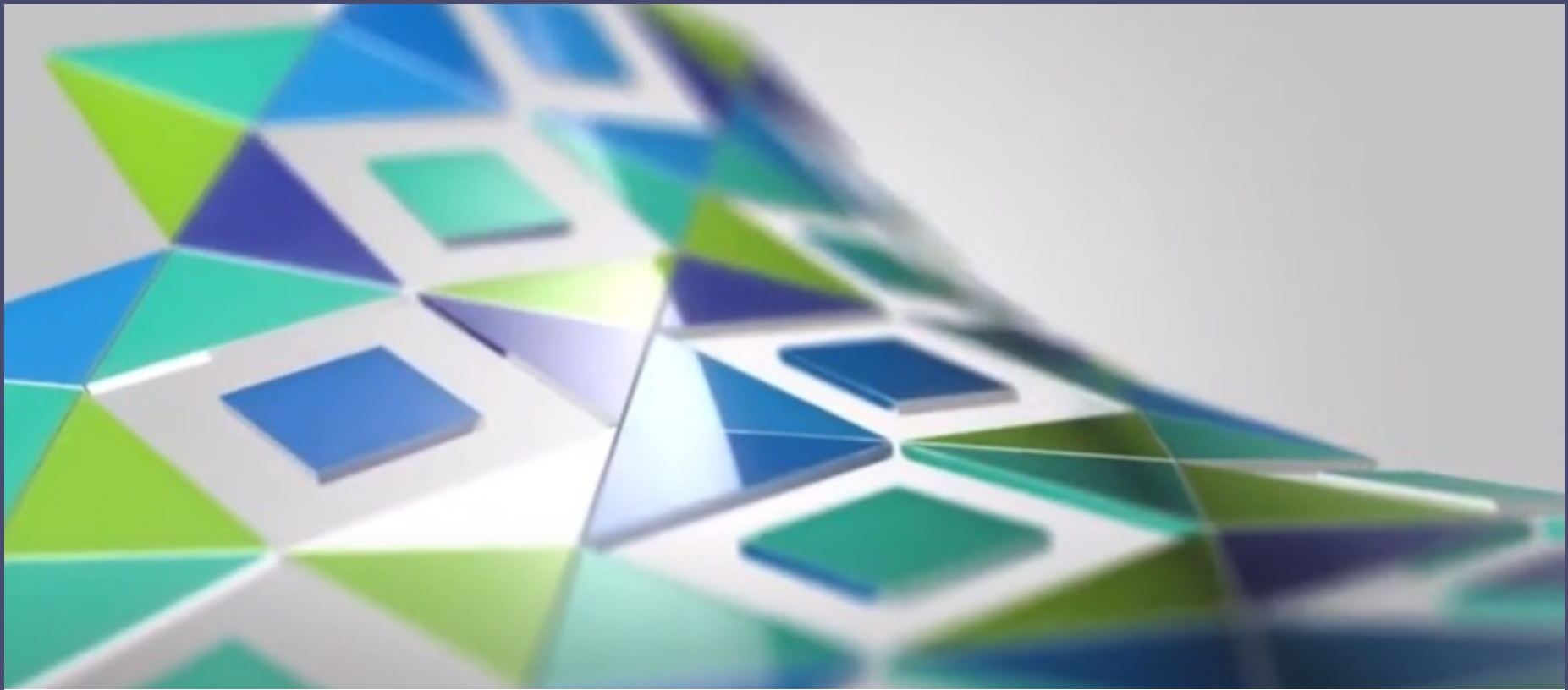
Examine specific cultural, policy, economic, and other enabling factors and barriers

Review and ensure budget allocations for gender analysis

Determine capacity baselines and targets for gender integration

specify targets by both numbers of loans and the number of funds loaned to women





THANK YOU
