



# MED MSMEs

Policies for inclusive growth

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



Financial Inclusion Policies and Innovative MSME Financing in the South Med

Crowdfunding beyond borders and other regulatory innovations

The Case of Egypt

Brussels December 1 – 2 2022



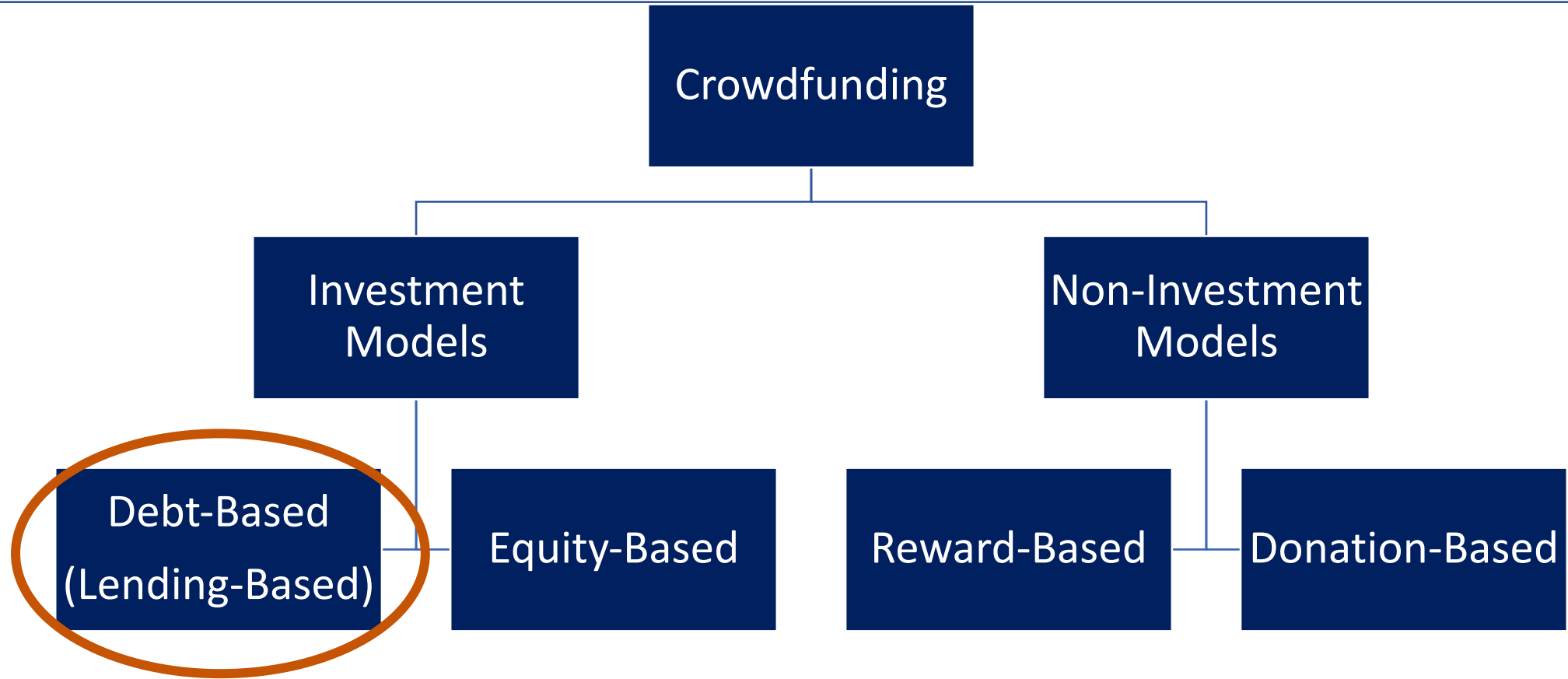


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**Alternative (innovative) Finance  
Egyptian regulatory situation**



## Alternative Lending

Lending-Based  
Crowdfunding

ROSCA

On Balance Sheet  
Lending



## Alternative Lending

Equity-Based  
Crowdfunding



## Bank Related FinTech

Digital Saving  
Platforms

Banking Services  
Match-making  
Platforms



## Opportunities

- A viable alternative MSMEs which find difficulty in securing funds from conventional institutions
- Real chance for venture lenders
- Faster process for borrowers
- Simplified, more lenient application forms
- Flexible use of funds.
- Providing investments opportunities for specific sectors like green finance.



# Key Challenges

## From Operational Perspective

- Higher interest rates.
- Higher risk of defaulting borrowers.
- No government protection for lenders' funds.
- Fraudulent fundraising activities.
- Cybersecurity risks.

## From Regulatory Perspective

- Lack of regulatory and supervisory framework.
- Governments are taking different approaches in regulating alternative finance platforms.



## Regulatory Insights

- Licensing process
- Guarantor Fund / Insurance mechanisms
- Interest rates
- Governance
- Pricing
- Digital authentication
- Default arrangements
- Consumers protection / awareness



## Egyptian Way Forward



### Alternative Finance and Banking-Related Activities Law

The CBE, in cooperation with the FRA, is currently preparing to issue a new law to regulate alternative finance activities including P2P lending, crowdfunding, ROSCA and other newly developed digital financing activities.





THANK YOU  
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