



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

Operationalizing Policies: Practitioners Perspective – The Case of Egypt

Brussels, December 1 - 2, 2022





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DRAG & DRO
IMAGE HER



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الهيئة العامة للرقابة المالية

نبني الجسور لا الحواجز



Financial Regulatory Authority – FRA , 2009

Regulator for Non Banking Sector in Egypt



- Regulate Capital Market / Insurance Market / Non-banking Finance Markets.
- Non-banking Finance Markets** (Leasing, Factoring, Microfinance, SME Finance, Mortgage , Consumer Finance).
- FRA Very Active member of IOSCO , FRA chairman is the Vice-Chairman of IOSCO.
- FRA member in IOPS .



Overview of the MSMEs Financing Sector in Egypt – Non Banking Sector

- Microfinance Law no 141/2014.
- FRA Regulations / Consumer Protection Principles 
- MSMEs Financing Law no 201/2020.
- MFIs Licensed (19) / NGOs Licensed (1021)..... > **3600 Outlets.**
- **MF Portfolio Size** EGP 37 Billion (USD1.55 B)/3.9 Million beneficiary (60% Women).
- Individual Lending 87% & Group Lending 13%.
- **Nano- loans portfolio size EGP 17 Million** (USD 750 K) / 31 K beneficiary.
- **SMEs Financing Companies** Licensed (2) / NGOs Licensed (1)..... > **360 Outlets.**
- **SMEs Portfolio Size** EGP1.5 Billion (USD 62 Million) /1570 beneficiary.
- Digital Transformation (Total Disbursement and Collection) > **EGP 10 Billion / Q.**





Reforms Needed for the Development of MSMEs Financing Sector in Egypt – Non Banking Sector

- Issuing the regulation for implementing E-KYC / E-Contract/ E-Signature ..etc.
- Gender Gap for SMEs Financing.



Support needed at National Level

- More cooperation for enhancement DFS Ecosystem.**
- More cooperation for improvement consumer protection practices.**



Support needed at Regional level through Exchange of Practice

- Innovative financing tools/Instruments for SMEs Financing .
- IFRS 9 Practices for Microfinance.
- Dealing with Gender Gap for SMEs.
- Green Approach for Microfinance & SMEs.





The Egyptian case, which supports the ISSB and prepares the market for smooth adoption to the new standard

- ❑ FRA took an unprecedented and proactive step towards sustainability and climate-related disclosures by making those regulations compulsory, given specific criteria.
- ❑ FRA Decrees adopt the TCFD regulations, which is the baseline of the ISSB Climate Disclosures.
- ❑ The ESG Regulation was based on WEF matrix, among other international frameworks.
- ❑ Using international frameworks in designing FRA's sustainability-related ease the transition of the Egyptian non-banking to adopt the ISSB disclosures.





Long-term objectives: interlinkages between voluntary and compliance markets?

- Voluntary carbon markets** open the door to many that could not trade in the compliance systems across different regions, which presents an excellent opportunity for future interlinkages.
- As the challenge to reduce carbon dioxide emissions grows, both mandatory and voluntary compliance markets **will evolve**.
- What is necessary** is a reliable **platform** that all market participants, whether compulsory or voluntary, must use to manage credit origination and trading activity.
- In this regard, the **EGX** is mandated **to create** this platform to create a trusted and comprehensive market that bolsters **VCMs** in the regions.





THANK YOU
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