

مبادرة الشمول المالي  
للمنطقة العربية  
**FIARI** | Financial Inclusion for  
the Arab Region Initiative

2021

# ANNUAL REPORT

2021

Financial Inclusion for the Arab Region Initiative

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# PREFACE

The publication of this report highlights the Financial Inclusion for the Arab Region Initiative (FIARI) for 2021 according to the strategy priorities and financial inclusion programs in the Arab region. The initiative has proven its effectiveness and its close connection with policymakers and supervisory authorities in the Arab countries, to establish and build synergies and partnership with the public and private sectors, thereby enhancing financial inclusion in the region's sustainable economic development.

The Arab region is well positioned to take solid steps in terms of financial inclusion. Policymakers and regulatory authorities have embarked on a campaign of qualitative and important reforms to support financial inclusion, particularly access to and use of formal finance for 63% of citizens over the age of 15, as well as the micro, small and medium-sized enterprises (MSMEs).

The initiative has fostered dialogue, coordination, and regional cooperation among the parties through the organization of forums where knowledge, learning programs, peer-to-peer experiences, capacity-building, and study methodologies are shared.

The involvement of Partners of the Financial Inclusion for the Arab Region Initiative and their participation in strategic areas, including data dissemination systems, financing micro, small and medium-sized enterprises, modern financial technologies, and other areas, has helped to promote financial inclusion on a national and regional scale in line with the objectives of innovation, integrity, stability, and protection policies. Moreover, the Initiative has intensified its efforts to support Arab central banks and monetary authorities in fulfilling the requirements for COVID19- post-crisis recovery. In this regard, the Arab Monetary Fund (AMF), in cooperation with its partners in the Financial Inclusion for the Arab Region Initiative (FIARI), organized a series of virtual meetings for the directors of financial inclusion, payment systems, financial infrastructure and financial consumer protection departments of Arab central banks and monetary authorities, to exchange experiences and opinions on the requirements for COVID19- post-crisis recovery. The discussions touched on the appropriate policies and procedures, the role of regulatory and supervisory authorities in achieving recovery, and the necessity of enhancing and accelerating the digital financial transformation process, in addition to creating an ecosystem that supports the availability of liquidity for financial institutions to continue financing all society segments.



The Arab Region is embracing initiatives that support financial inclusion, including the Arab Regional Fintech Working Group, Women's Financial Inclusion Initiative, and Responsible Financing Initiative for Customer Protection. These initiatives provide the work program and the necessary requirements to ensure the consistency and complementarity of ongoing efforts. The Arab Central Banks and Monetary Authorities are making significant efforts to reach young people, women and low-income groups who do not have access to official financial services in the Arab region.

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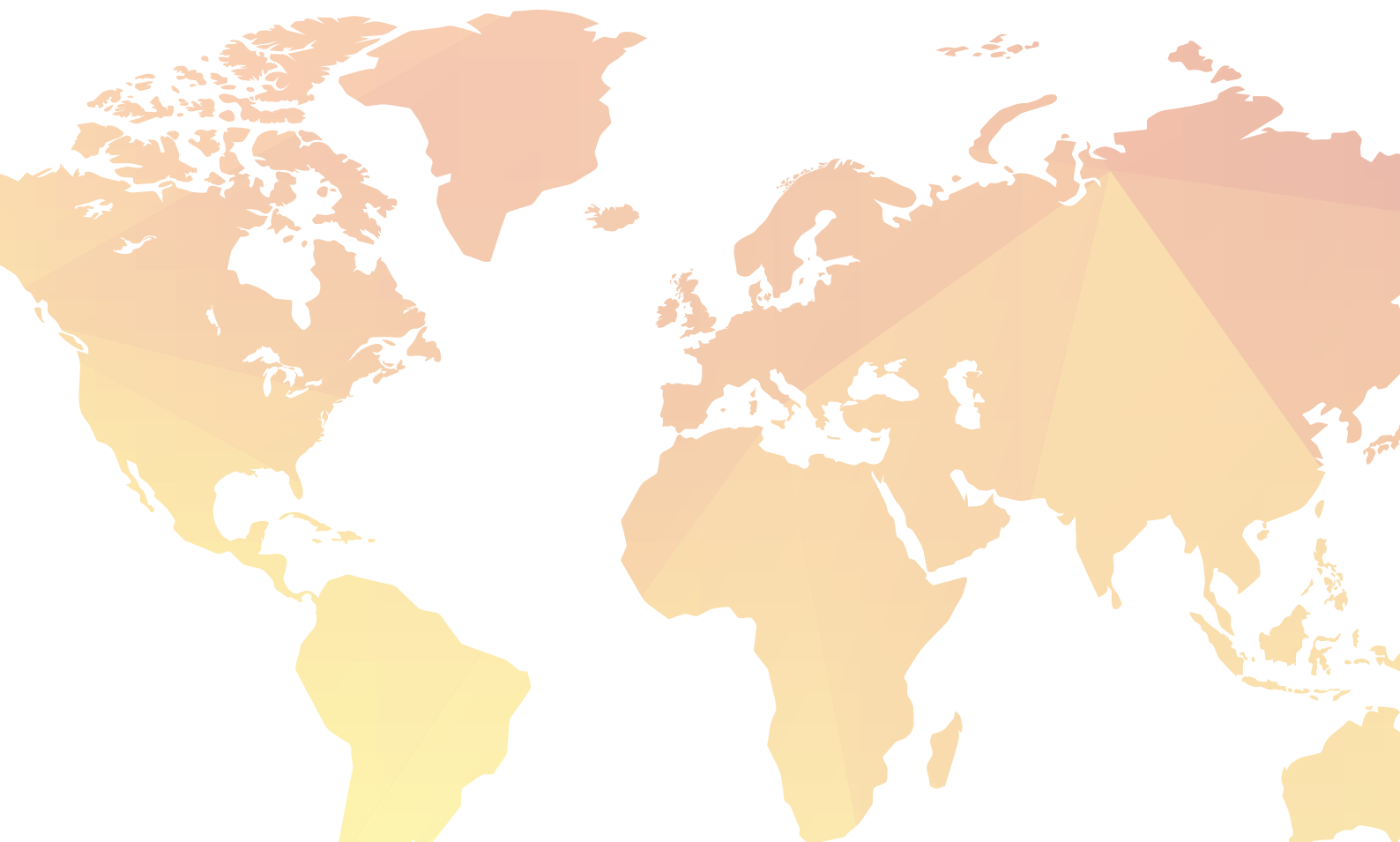
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# 1.

## Financial Inclusion for the Arab Region Initiative



## 1. Financial Inclusion for the Arab Region Initiative

Arab countries have recognized Financial Inclusion as a key policy objective to stimulate socio-economic wellbeing, equality, and shared prosperity as well as to strengthen financial stability. Accessible, appropriate, and affordable financial services can enable the unbanked 63 percent of citizens over the age of 15 of the region's population to enter the formal economy and contribute to and benefit from sustainable development in accordance with the UN Sustainable Development Goals (SDGs).

Multiple efforts have been undertaken by Arab financial regulators and the Arab Monetary Fund (AMF) to spearhead Financial Inclusion in the Arab region. The Council of Arab Central Banks and Monetary Authorities' Governors initiated the establishment of the regional Financial Inclusion Task Force (FITF) in 2012 as the main mechanism to support policymakers and regulators in addressing financial inclusion issues and in 2016 it endorsed the Arab Financial Inclusion Day taking place annually on April 27.

The Arab Monetary Fund (AMF), the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) on behalf of the German Ministry for Economic Cooperation and Development (BMZ), and the Alliance for Financial Inclusion (AFI) established under the auspice of the Council of Arab Central Banks and Monetary Authorities' Governors the Financial Inclusion for the Arab Region Initiative (FIARI). The World Bank joined as partner. The Initiative was launched on September 2017, during the AFI Global Policy Forum held in Sharm El Sheikh, Egypt in the presence of Arab Central Bank Governors.

FIARI supports financial inclusion policies for expanding the access to appropriate financial services for the underserved and excluded citizens and businesses. The Initiative covers:

- Financial inclusion strategies and data
- Women's financial inclusion
- Financing of micro, small, and medium enterprises (MSMEs)
- Start-up financing
- Financial Technology and Digital finance
- Agricultural Finance
- Responsible finance
- Financial market infrastructure
- consumer protection, and financial education.



“FIARI is a key driver in promoting financial inclusion, translating the willingness of the Arab Monetary Fund to strengthen technical assistance and capacity development in support of member countries and their efforts in making financial services available to all Arab societies.”

**His Excellency Dr. Abdulrahman A. Al Hamidy**  
**Director General Chairman of the Board of Arab Monetary Fund**

“As we show the will to join forces under FIARI and foster knowledge, we reinforce our commitment to financial inclusion and thus to addressing some of the region's most urgent challenges such as youth unemployment and women's economic exclusion.”

**Ms. Ute Klamert, GIZ's Head of Europe, Mediterranean and Central Asia**

“FIARI will enable us to engage in the region, to learn from one another on important issues such as financial inclusion for forcibly displaced persons, women's financial inclusion but also SMEs finance. These are important issues and regulators can make a difference.”

**Dr. Alfred Hannig, AFI Executive Director**



## 1. Financial Inclusion for the Arab Region Initiative

At the regional level, the Initiative bolsters peer-to-peer learning, training, and knowledge exchange among policymakers, regulators, and other sector stakeholders. At the national level, the Initiative supports country-specific programs, coordination, and technical assistance or advisory services.

The Initiative's long-term goal is that policies for sustainable financial inclusion of Arab societies are developed and implemented in view of contributing to inclusive, long-term growth and shared prosperity in the countries of the region in alignment with the SDGs. It aims at improved knowledge and capability of financial inclusion policymakers and

### Financial policymakers and regulators in the Initiative:

- Share lessons from financial inclusion policy and regulatory reforms with peers from the region and beyond.
- Enhance implementation of national financial inclusion policies.
- Partake in high-level dialogue for guidance and coordinate development of financial inclusion policies for addressing regional challenges.

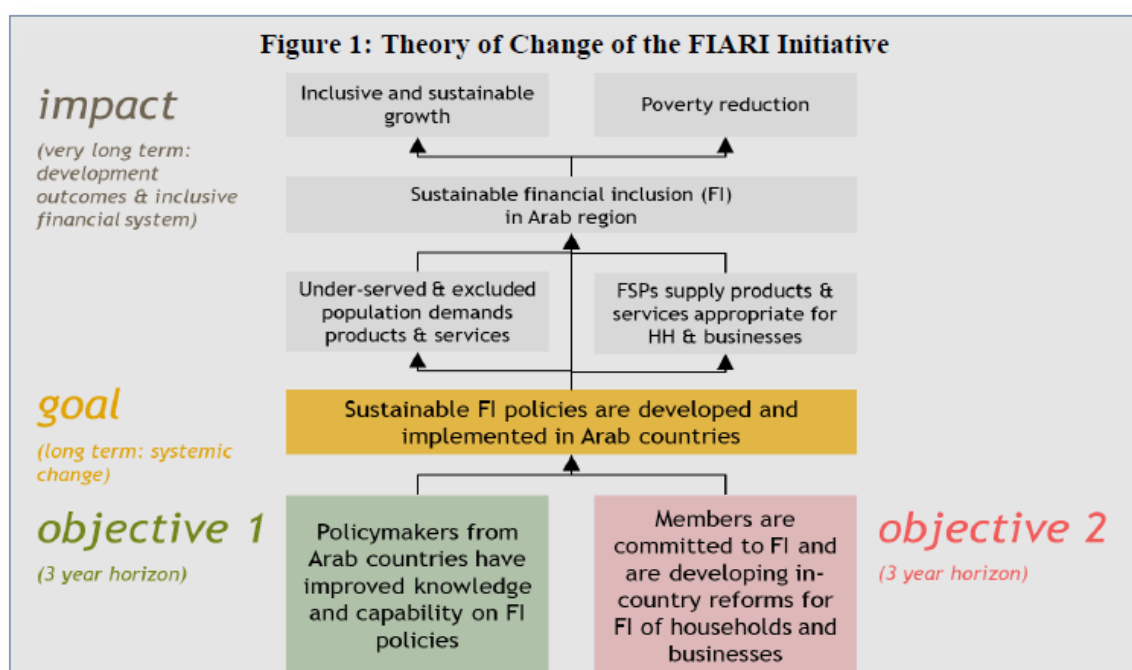
The Initiative has so far yielded a series of capacity building programmes, high-level policy conferences, peer-learning fora, the development of methods and tools, and knowledge products. The organizations behind FIARI are coordinating through an Executive Committee that sets the annual workplan in cooperation with the FITF and the Technical Secretariat hosted at the AMF.

“FIARI is important for accelerating knowledge about what works in financial inclusion and bringing together key partners in financial inclusion policymaking based on Arab countries’ needs. Financial inclusion is a catalyst for achieving the World Bank’s goals of ending extreme poverty and boosting shared prosperity. Universal financial access requires access to accounts for all adults by 2020.”

**Mr. Jean Pesme, Practice Manager, Finance Competitiveness and Innovation, World Bank.**

The plan is to outline courses of action for the representatives of Arab central banks and monetary authorities to support the initiative through the Arab Task Force, thereby promoting financial inclusion in the region, and utilizing the Task Force as a regional platform for learning and exchanging experiences on issues such as:

- Policies, regulations, and market behaviour.
- Training, capacity building, and technical assistance.
- Knowledge promotion and dissemination.





# 2.

## Financial Inclusion Strategies in the Arab Countries

## 2. Financial Inclusion for the Arab Region Initiative

### A . Workshop on “Building and Implementing National Financial Inclusion Strategies in Iraq”

On April 5 and 2021 ,6, the Arab Monetary Fund, in cooperation with the Central Bank of Iraq, organized a "remote" workshop on "Building and Implementing National Financial Inclusion Strategies in Iraq." Professionals from various departments of the Central Bank of Iraq, representatives from the ministries of Finance, Culture, Education, Higher Education, Trade, Communications, Planning, Labor and Social Affairs in Iraq, as well as representatives of all Iraqi banks, financial institutions and payment service providers in Iraq participated in the workshop. In addition to the members of the Supreme National Committee for Financial Inclusion, members of the following financial inclusion sub-committees attended the workshop: The Financial Education Committee, the Surveys and Data Committee, the MSMEs Committee, the Infrastructure Committee, the Digital Financial Services Committee, and the Financial Consumer Protection Committee. Senior technicians of financial inclusion in Arab central banks, monetary institutions, and other relevant national bodies also participated in the workshop, in addition to several international institutions, notably the World Bank, the German Agency for International Cooperation, and the Alliance for Financial Inclusion, thereby exchanging experiences and expertise and transferring knowledge between Arab countries in terms of preparing and implementing national strategies

The organization of this workshop came within the framework of the Technical Assistance Program and the work plan presented by the Arab Monetary Fund in cooperation with partner institutions in the Financial Inclusion for the Arab Region Initiative, aiming to support the Central Bank of Iraq in preparing and implementing a national strategy for financial inclusion in Iraq. The workshop intended to assist the capacity building of the Central Bank of Iraq cadres in preparation to implement the strategy, with the participation of all relevant parties and authorities in Iraq.

The workshop focused on the reality of financial inclusion, the steps and stages of preparing the national financial inclusion strategy, aspects of coordination and follow-up, in addition to implementation and evaluation mechanisms. In this context, the workshop touched on how to integrate policies and programs to enhance the access of various segments of society to financial services (women, youth, start-up entrepreneurs, rural and agricultural projects, responsible finance, entrepreneurs, etc) within the framework of a unified vision, and digital services utilization methods. The appropriate mechanisms and procedures for coordination with various relevant parties to activate their participation in formulating financial inclusion strategies were also addressed.

The workshop also covered the main considerations for designing a monitoring and evaluation system for national financial inclusion strategies, monitoring and evaluation tools for implementing these strategies, and how to follow up and evaluate the results. Several Arab experiences on coordination with local authorities and institutions related to building and implementing a financial inclusion strategy were presented.





## 2. Financial Inclusion for the Arab Region Initiative

### B . Technical Assistance to Prepare and Implement the National Financial Inclusion Strategy in Iraq

The roadmap for building the National Financial Inclusion Strategy, prepared with the Central Bank of Iraq technicians and peers in the Financial Inclusion for the Arab region Initiative partners, includes the following steps:



Requesting technical assistance from the Arab Monetary Fund and FIARI partners, to support the efforts of the Central Bank of Iraq in preparing the strategy, to complement the advice provided in the first phase of the field study and the recommendations of the joint report.



Conducting a workshop at the Iraqi Financial Inclusion Committee level, with the participation of the Arab Monetary Fund and FIARI partners, to explain the work plan and roadmap, and launch the stage of preparing the national strategy for financial inclusion.



Submission of work progress quarterly reports by the Central Bank of Iraq with the participation of FIARI partners.



# 3.

## Awareness and Knowledge of Financial Inclusion

### 3. Awareness and Knowledge of Financial Inclusion

#### A . Arab Day for Financial Inclusion

The issue of promoting access to financing and financial services in the Arab countries is receiving great attention from the Council of Arab Central Banks and Monetary Authorities' Governors, in recognition of the potential and great opportunities that can be achieved through enhancing financial inclusion to support inclusive and sustainable economic development, address unemployment challenges, and achieve social justice. There is no doubt that the current developments and the negative repercussions of the COVID19- pandemic have clearly highlighted the great importance of deploying Fintech for the purposes of financial inclusion, and the need to enhance digital financial services and familiarize users with them. The pandemic has increased the demand for digital financial services and made the need to accelerated digital transformation and improved digital financial services a critical issue in economic policies in the Arab region.

In this context, the Council of Arab Central Banks, and Monetary Authorities' Governors, considering the growing need to intensify awareness of the importance of financial inclusion among all community categories in the Arab countries, endorsed in 2016 the 27th of April as the "Arab Day for Financial Inclusion", celebrated this year under the theme of **"Role of Digital Transformation in Increasing Financial Inclusion"**. It is important on this occasion to emphasize support for the efforts of the international community in enhancing financial inclusion, which was adopted by the G20 as one of the main aspects to support the sustainable development goals and enhance financial stability. The G20 pays special attention to supporting the access by young people, women and micro, small, and medium-sized enterprises (MSMEs) to digital financial services using Fintech, in addition to paying attention to digital community awareness and education, which increases the chances of success of efforts and policies in this regard.



The Council is keen to give a great importance to the issues of financial inclusion in the Arab countries, as it welcomed the launch of the "Financial Inclusion for the Arab Region Initiative" (FIARI) by the Arab Monetary Fund in cooperation with several regional and international organisations, to empower capabilities that aim to overcome the challenges of enhancing the financial inclusion indicators in the Arab countries. It is worth noting to value the FIARI activities that focus on digital financial transformation and pay more attention to supporting the use of Fintech in enhancing the access of young people, women, and MSMEs to financial services. In this context, it is important to welcome the "Digital Financial Transformation Framework" in the Arab region issued in the framework of FIARI initiative in September 2020, as a roadmap to help develop domestic policies and action plans to create inclusive and secure Fintech ecosystem. The framework is based on a few primary goals to enhance access and expand usage and quality, and discusses Fintech sandboxes, consumer protection and financial literacy, financial and technical infrastructure, competition, data, and cybersecurity, monitoring and cooperation. In this regard, it is important to mention measures and actions taken by the Arab countries to enhance digital financial literacy. Arab countries can also work on developing country action plans that contribute to digitally transforming financial systems and supporting economic development to achieve sustainable growth and poverty alleviation.

It is also appropriate to emphasize the need to integrate all community categories into the formal financial system, especially young people, women, entrepreneurs and MSMEs, to benefit from Fintech and follow-up efforts to raise the awareness of all these categories, protect their financial rights, and improve their knowledge of digital financial issues, so that they can make sound investment decisions. In this context, the ministries of education, culture, and higher education in the Arab region can contribute to strengthening efforts to spread and deepen education and digital financial literacy.

### 3. Awareness and Knowledge of Financial Inclusion

In the context of the increasing importance of using Fintech in the financial and banking sector and the great and rapid growth witnessed by Fintech and related services, it is appropriate to commend the role of the “Arab Regional Fintech Working Group” launched by the Arab Monetary Fund in sharing expertise and knowledge about Fintech issues and crystallising different visions on the best way to regulate and put technologies into effect in the Arab countries. In this context, it is worth noting that the Fund issued in 2020 guiding principles to enhance the requirements of digital transformation, specifically the frameworks on digital identity and “e-KYC”, principles for building national strategies for Fintech, and Open banking operations. Arab countries can adopt these guiding principles within the framework of needs and procedures of each country.

On the other hand, it is appropriate to value the increasing interest in Fintech issues in the activities of the “Arab Financial Inclusion Task Force”, and its role through developing policies and procedures related to enhancing financial inclusion, ways to improve financial inclusion indicators, working to help Arab countries implement relevant international standards and principles, and strengthening cooperation between various national institutions concerned with financial inclusion issues and between them and the relevant international organisations. Furthermore, Arab countries look forward to pursuing the improvement of financial inclusion indicators, as recent statistics reflect the efforts made by these countries to enhance access to financial services. These statistics reveal that the percentage of the adult population in the Arab countries who have access to formal financing and financial services has risen, on average, to 37 percent, 26 percent for women, and 28 percent for low-income groups. Although these statistics conceal disparities in this regard among Arab countries, they still highlight the great potential opportunities – especially for private financial and banking institutions – that can be exploited to enhance access to financial services in the Arab communities. In this context, it is worth noting the efforts of the Arab countries that have implemented the statistical surveys, and to emphasize the importance of following up its implementation by the rest of the countries, to help improve the quality of financial inclusion indicators according to the circumstances of each country.

The Council praised the “Buna” Arab payments platform, which was launched in February 2020 by the Arab Monetary Fund, and its role in providing innovative services in accordance with international standards and the best practices and technologies. The Council is looking forward to the platform's role in encouraging the development of digital financial services in the Arab region and linking Arab countries with their main global trading partners.

Within the framework of the efforts made by the Arab central banks and monetary authorities, the commercial banks, and the official financial institutions in the past years to celebrate the “Arab Day for Financial Inclusion” and the related activities and events that contributed to spreading financial literacy among people, the Council called on all member countries to celebrate the “Arab Day for Financial Inclusion” and encourage large community participation through the implementation of activities and events that enhance knowledge of financial inclusion, wishing all the success for events and activities of the “Arab Day for Financial Inclusion” and to realize all its desired objectives.

It is worth noting that FIARI partners presented the statement issued by the Secretariat of the Council of Arab Central Banks and Monetary Authorities’ Governors on their websites. The partners also agreed to host the activities of the Arab Day for Financial Inclusion, as the Arab Monetary Fund organized a media conference on this occasion. FIARI partners also supported the efforts of Arab central banks and monetary authorities in organizing events and activities during the week of the Arab Day for Financial Inclusion for 2021.

### 3. Awareness and Knowledge of Financial Inclusion

#### B . Requirements of COVID19- Pandemic Recovery Phase

In recognition of the importance of dialogue and consultation on the requirements of COVID19- pandemic recovery phase, the Arab Monetary Fund, on March ,16 2021, organized an exceptional “virtual” meeting for the directors of financial inclusion departments, payment systems, and financial infrastructure in Arab central banks and monetary authorities on “Promoting the flexibility of Arab financial inclusion in response the requirements of COVID19- pandemic recovery phase” with the participation of a number of regional and international financial institutions, led by the International Monetary Fund, the World Bank, the European Central Bank, GIZ, the Alliance for Financial Inclusion, the International Finance Corporation, the Islamic Development Bank, the European Investment Bank, the European Bank for Reconstruction and Development, the Agence Française de développement, the Consultative Group to Assist the Poor, and the United Nations Capital Development Fund.

The meeting discussed the requirements for facing the repercussions of climate change on the financial and banking sector, and the importance of developing proactive strategies and plans in this regard. Whereas the challenges posed by the repercussions of climate change on the financial and banking sector, the corresponding potential opportunities for Arab financial and banking institutions, and the role that could Supervisory authorities and banking financial institutions play to take advantage of these opportunities were reviewed. The meeting also touched on the lessons learned from the pandemic, regarding the role of microcredit guarantee programs to mitigate the repercussions of the crisis, as the discussion shed light on the anticipated role of these programs in the current stage and in the medium term to help economies recover in the post-pandemic stage. This included discussing the plans and strategies of credit guarantee institutions as well as the global experiences in this regard. The discussion also dealt with the appropriate mechanisms and tools to mitigate risks in guaranteeing loans for MSMEs, where the experience of the European Union in terms of providing guarantees from a third party was reviewed, and opportunities to implement similar mechanisms in the Arab region considering the requirements to support recovery were discussed.

The meeting provided an opportunity to promote dialogue and peer-learning on developing policies and tools related to improving financial inclusion in Arab countries to reduce the effects of the COVID19- pandemic on financial services, and to discuss opportunities and challenges to enhance access to financial and banking services for all segments of society, especially MSMEs.



#### C . Workshop on "e-KYC Rules and Remote Client Enrolment"

On March 24 and 2021 ,25, the Arab Monetary Fund organized a “virtual” workshop on “e-KYC Rules and Remote Client Enrolment” in the context of promoting its various activities to support digital financial transformation, financial inclusion, Fintech industry in the Arab countries, in addition to supporting Arab countries due diligence procedures awareness and “KYC” rules, given the increase in exposure to money laundering and terrorist financing risks imposed by modern technologies and digital business models, in addition to how to enrol clients remotely, and how to utilize modern regulatory and supervisory solutions. The relevant parties to digital due diligence procedures attended the workshop, particularly, Arab central banks and monetary authorities, financial intelligence units, capital market authorities, Arab stock exchanges, commercial banks, and Arab bank unions. Experts from international institutions and standard-setters concerned with digital identity, KYC rules, and risk-based customer due diligence procedures, including the Financial Action Task Force, the World Bank, and the Bank for International Settlements also participated.



### 3. Awareness and Knowledge of Financial Inclusion

The workshop aimed to deepen concepts and peer-learning on due diligence procedures, considering the increasing use of modern fintech solutions, digital financial services, and digital business models in the financial sector. The workshop focused on discussing the compliance issues of client due diligence rules based on the risk degree, in addition to reviewing digital identity requirements and systems, utilizing digital identity in remotely enrolling clients of financial institutions, and how to use digital identity systems in compliance with customer due diligence requirements so that the regulatory and supervisory authorities in Arab countries can combat money laundering and terrorist financing.

The workshop also touched on various practical models for Arab countries, including central banks that have adopted linking the digital identity of individuals and businesses with the data required to comply with client due diligence procedures and "e-KYC" rules, and platforms used for decentralized records and blockchain technologies, or financial markets that facilitate electronic client enrolment, by providing an "e-KYC" platform.

The workshop also shed light on the uses of Fintech through modern control and supervision tools, with the aim of enhancing compliance from the financial institutions themselves, as well as supporting the functions of the regulatory authorities in supervising the extent of compliance with the requirements of due diligence and "KYC" rules. Finally, the workshop presented a roadmap for implementing and managing the full life cycle of the compliance system with anti-money laundering and terrorist financing requirements using modern financial technologies and digital business models, starting with the digital identity, activating the client due diligence framework, and the ensuing development in the legislative or regulatory frameworks.

#### **D . Workshop on "Digital Payments: A Supportive Tool for Job Creation and Public Service Delivery in the Arab Region"**

In recognition of the necessity to raise awareness about supporting digital payments to create job opportunities, improve service delivery and promote the integration of youth and women into the formal financial sector, the Arab Monetary Fund, in cooperation with the World Bank, organized on May 2021 ,6, a "virtual" workshop on "digital payments: A Supportive Tool for Job Creation and Public Service Delivery in the Arab Region." Policymakers, regulatory and supervisory authorities, representatives of regional and international financial institutions and providers of Fintech, as well as private sector companies and civil society stakeholders, participated in the workshop.

The COVID19- pandemic has been a test to digital solutions effectiveness of in the Arab region, as the availability of cashless payment methods on a large scale with universal access to affordable services is a major factor in facilitating digital transformation and a key driver of economic recovery.

The workshop presented the institutions' strategies that successfully promoted both, digital government, and business facilities, and presented their visions and ideas on future steps to accelerate the adoption of digital payment methods in the Arab region as a fundamental pillar of the digital transformation map in the region. The workshop also touched on the necessity to raise awareness of digital payment methods and how they can support efforts to create jobs, enhance service delivery, and integrate youth and women into the formal financial sector.

#### **E . Workshop on "Developing the Microfinance Sector in the Arab Countries"**

On May 2021 ,20, the Arab Monetary Fund organized a "virtual" workshop on "Developing the Microfinance Sector in the Arab Countries", in recognition of the strategic importance of developing the microfinance sector in enhancing financial inclusion and contributing to creating job and employment opportunities and facing unemployment challenges to contribute to achieving sustainable economic and social development. Officials and technicians concerned with microfinance issues in Arab countries participated in the workshop, including ministries of finance, central banks and monetary authorities, microfinance sector supervisory institutions, banks, bank unions, and networks of microfinance companies in Arab countries. Several international institutions, including the World Bank, the GIZ, the Alliance for Financial Inclusion, and CGAP also participated in the workshop.

The workshop discussed the reality of microfinance in the Arab region before, during, and after the pandemic, and several issues on methods to develop the microfinance sector in the Arab region, including aspects of reforms to advance the microfinance sector, in addition to policy options and legislative and regulatory requirements to enhance microfinance opportunities in the short and medium-term.

### 3. Awareness and Knowledge of Financial Inclusion

The workshop also touched on the future vision of the microfinance sector within the framework of the digital financial services system and recent trends in the microfinance industry, reviewing in this context the experiences of some Arab and non-Arab countries, and shedding light on the current challenges and methods to address them to advance the microfinance sector in the Arab region.

It is noteworthy that the Arab Monetary Fund surveyed the Arab countries on the priorities for developing their microfinance sector. The results of which showed that enhancing liquidity and guarantees are the main priorities in the work axes to develop this sector, in addition to digitizing services and facilitating their access to consumers of microfinance services by utilizing Fintech. The survey also highlighted the significance of developing legislation that governs the work of microfinance institutions, to enhance growth opportunities and competitiveness among these institutions.

#### F . Workshop on "Open Banking Operations and the Associated Regulatory Framework"

On May 2021 ,27, the Arab Monetary Fund organized a "virtual" workshop on "Open Banking Operations and the Associated Regulatory Framework". Open financing and open banking operations related parties, including ministries of finance, Arab central banks and monetary authorities, capital market authorities, stock exchanges, financial and banking institutions, bank unions, and Fintech companies in Arab countries participated in the workshop. Several international institutions, including the World Bank, the CGAP, the Australian Competition and Consumer Commission, the South African Financial Sector Conduct Authority, the Central Bank of Brazil, the Reserve Bank of India, MasterCard, and the United Kingdom Financial Conduct Authority.

The organization of the workshop came within the framework of promoting innovation in Fintech through open banking services and operations. In this context, the workshop discussed several topics, the most significant of which are the concepts and developments of open banking operations, open data to activate the open financing system, and cooperation methods between the various relevant parties, to reach a unified vision in this regard. In addition to methodologies for designing open banking operations to promote financial inclusion, the relevant international best practices were discussed, while identifying the experiences of many countries in activating open banking operations.

The workshop contributed to paving the way for further cooperation in terms of sharing customer data with Fintech companies and financial service providers, in a manner that will help launch new services and products, and the legislative and regulatory amendments required to create a stimulating ecosystem. In this context, the workshop addressed the role of supervisory authorities in continuing to explore opportunities in open financing field, considering appropriate measures to qualify the market and hedge related risks.

On another note, the workshop included an in-depth discussion of the main concepts of open banking operations, open financing, and data circulation in an organized and more open framework, due to their significance in enhancing access to formal financial services and increasing the rates of digital financial inclusion, as the workshop shed light on methodologies for designing an open banking system to enhance digital financial inclusion, as well as on some of leading countries' models in regulating open finance.



### 3. Awareness and Knowledge of Financial Inclusion

#### G . Conference on "Advancing Youth Financial Inclusion to Boost Job Creation and Growth in the Arab Region"

In the framework of dialogue and consultation on the challenges faced by youth in obtaining financing, and priority actions and policies that can lead to the promotion of financial inclusion in the Arab region, the Arab Monetary Fund, in cooperation with the European Institute for the Mediterranean, organized on June 2021 ,10, a "virtual" conference on "Advancing Youth Financial Inclusion to Boost Job Creation and Growth in the Arab Region" with the participation of a number of regional and international institutions, notably the European Commission, the Union of Arab Banks, the Euro-Mediterranean Economists Association (EMEA), and the Moroccan Foundation of Financial Education (FMEF).

The conference addressed the considerable efforts made by the authorities in the Arab region to address the issues of financial inclusion and target all segments of society to enhance access to financial services to achieve comprehensive and sustainable development. Nevertheless, the Arab region still faces many challenges compared to other regions, which calls for more coordinated action in the coming years. The COVID19-pandemic made the matter more important, as unemployment increased among young people in the Arab region.

The conference emphasized that youth are an essential element for achieving sustainable development in Arab countries, as they represent a high percentage of the population. Correspondingly, focusing financial inclusion strategies on this segment of society is of paramount importance since financial inclusion already gives them the means to play their full role as a driver of inclusive and sustainable economic development. The necessity to

strengthen efforts while learning from other experiences to achieve better rates of financial inclusion in the Arab region was addressed, which is necessary to enhance the resilience of the youth group negatively affected by the COVID19-pandemic.

#### H . Workshop on "Arab Central Bankers Promote Responsible Digital Financial Inclusion"

The FIARI workshop on Responsible Digital Financial Inclusion brought together Arab central banks and monetary authorities to examine good practice in financial education and consumer protection in the digital age. Around 80 participants from a total of 17 countries attended the workshop to jointly explore responsible ways in which the digitalisation of finance can best contribute to the economic recovery and resilience of local communities without posing security risks to users.

Technology and finance are perceived as both growth enablers and growth sectors for Arab economies. In the Arab region, access to financial services means a market potential of %63 of unbanked adults and an important part of MSME that face a combined funding gap of USD +200 billion (World Bank and IFC, 2018). This translates into an estimated seven billion dollars of additional potential revenue for the private sector, let alone employment effects from financial inclusion (CGAP, 2019).

The primary obstacle limiting uptake of services is a stubbornly sticky preference for cash across the Maghreb, Levant and the Gulf (Wamda, 2016), owing reportedly to limited financial awareness, trust, and financial literacy among populations.

At the same time, clients, including first-time adopters of formal financial services with little experience or low literacy levels and hence vulnerable users are exposed to new risks in the digital age in mature and emerging markets and developing economies alike. These risks, ranging from unfair treatment and data privacy breaches to cyber incidents, pose serious threats to the financial well-being of populations and the stability of financial systems with potentially long-lasting adverse effects on equality and growth.

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**Understanding and mitigating operational risk, consumer-related risk and financial crime risk are key to achieving the potential game-changing benefits of digital financial inclusion.**



### 3. Awareness and Knowledge of Financial Inclusion

These challenges and risks are exacerbated by the 2020 pandemic. Digital finance offers ways in mitigating the impacts of Covid19-, stimulating the economy and maintaining social cohesion. However, bold policies are needed to (i) strengthen ecosystems for safe digital finance, (ii) enable financial service providers withstand operational, liquidity, solvency shocks, and (iii) empower populations in securing livelihoods and businesses in leading decent employment and growth.

The digital transformation in financial products and services in payments, lending, savings and investments, and more comes with the consequent need to enhance literacy levels and consumer protection frameworks in countries.

The FIARI workshop titled “Responsible Digital Financial Inclusion: Financial Education and Consumer Protection in the Digital Age” was organized by the AMF and GIZ on behalf of the BMZ together with the World Bank and AFI. Arab policymakers and regulators immersed themselves in important reforms for digital finance. The objectives of this workshop were:



The workshop covered elements of peer-to-peer learning and country case studies, empowering the attending staff from monetary and regulatory authorities in addressing financial literacy and consumer protection in the digital era. In the workshop experts from Arab Central Banks presented country cases and other experts delivered insights from global good practise:

<b>Country Case Palestine</b>	Experience with Consumer relation halls and how the Palestine Monetary Authority is regulating consumer protection in the digital space.
<b>Country Case Egypt</b>	Experience with public awareness and education campaign for the Meeza national payment scheme and insights into Central Bank of Egypt’s organizational development and market consultations for safe fintech developments.
<b>Country Case Saudi Arabia</b>	Rational, experience and outcomes from the G20 Techsprint for supervisory technology applications by regulatory authorities.
<b>Country Case Morocco</b>	Bank Al-Maghreb experience in enabling safe digital financial services under the national financial inclusion strategy and Morocco’s lessons with financial education and consumer protection.



### 3. Awareness and Knowledge of Financial Inclusion

#### Global insights provided by international experts:



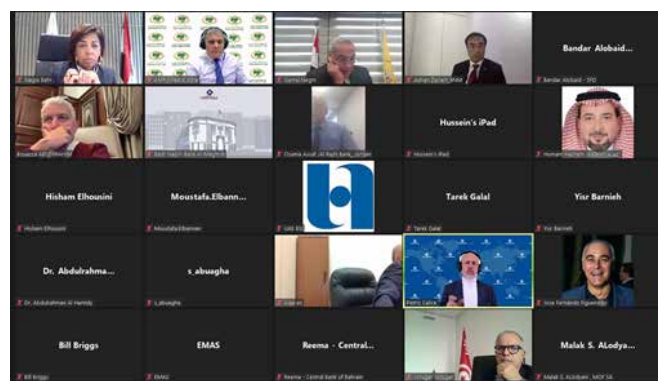
By focusing on how to promote digital financial inclusion while establishing effective consumer protection and strengthening financial literacy, the workshop on Responsible Digital Financial Inclusion was fully aligned with the G20 High-Level Policy Guidelines on Digital Financial Inclusion for Youth, Women and SMEs.

The digital financial transformation approach for the Arab region, endorsed by the governors of Arab central banks and monetary authorities and presented at the FIARI workshop, equally highlights the role of consumer protection and financial literacy in a digital financial ecosystem. This framework provides important guidance for progressive policies in countries to proactively and sustainably shape the digital transformation of financial systems.

As the evaluation at the end of the workshop showed, it was a complete success. 9 out of 10 participants found the workshop very relevant to their work and 9 out of 10 also found the exchange with their colleagues very useful for the implementation of the wide range of actions on digital financial inclusion in their organisation.

#### I. Workshop on "The Role of Credit Guarantee Funds and Mechanisms for Small and Medium Enterprises in Supporting Post-COVID19- Recovery in

In recognition of the role that loan guarantee funds and programs can perform, the appropriate framework for such funds, and the appropriate tools to provide support to MSMEs, the Arab Monetary Fund organized on November 2021 ,29, a "virtual" workshop on "The Role of Loan Guarantee Funds and Mechanisms for Small and Medium Enterprises in Supporting Post-COVID19- Recovery in Arab Countries. Heads of funds, programs and loan guarantee companies in Arab countries, senior officials of ministries of finance, central banks, unions, and associations of banks in Arab countries, in addition to a number of regional and international institutions and frameworks such as the World Bank, the European Investment Bank, and the International Finance Corporation, GIZ, the Central Bank of Malaysia, the European Association of Guarantee Institutions (AECM), the US Office of Capital Access, and FIARI partners attended the workshop, all to promote financial inclusion in the Arab countries.





### 3. Awareness and Knowledge of Financial Inclusion

The workshop discussed the policies and procedures followed by governments and central banks in providing support to MSMEs during the COVID19- crisis, the repercussions of the crisis that must be dealt with to support opportunities to achieve sustainable development, and the role that loan guarantee funds and programs can perform, as well as the appropriate tools and framework for action for these funds and programs at this stage and for future opportunities.

The workshop highlighted the interest of Arab authorities over the past years in MSMEs in seeking to overcome the challenges of financing, as it implemented multiple measures focused on addressing the lack of credit information and reducing credit risks for borrowers from small and medium enterprises, through the development of risk factors and establishing credit bureaus, guarantee mechanisms and programs, and records of movable assets. The stimulating effect of credit bureau services in providing credit information and reports, which would support the access of MSMEs to finance, will probably continue with the expansion of coverage rates and scope over time to include all projects.

The workshop also commended the contribution of the decisions of the Basel Committee on Banking Supervision in increasing the effectiveness of the guarantee programs and companies' role, as one of the risk mitigation mechanisms, programs and guarantee companies were singled out with the advantage of reducing the burdens of capital adequacy requirements and providing allocations and reserves in exchange for the guaranteed part of these programs, which contributes to reducing the cost of banks to finance MSMEs, and therefore positively reflected in the increase in the effectiveness of the guarantee programs and their ability to adopt different guarantee mechanisms commensurate with the nature of the target groups. the individual guarantee in which a guarantee program or company examines cases individually, and the portfolio guarantee mechanism in which loan guarantee funds and programs deal with banks by defining a portfolio with pre-agreed parameters, which enables banks to create this portfolio without referring to these funds and programs in every condition.

The role of Fintech, which enabled loan guarantee programs and companies to provide support to an increasing number of MSMEs during the Corona pandemic, was also discussed, as it accelerates procedures and developing services. Great efforts were exerted by some Arab programs and companies, ranging from facilitating electronic communication with banks and borrowers to providing technical advice to MSMEs to support their digital transformation, which resulted in the growth of loan guarantee funds' portfolios at rates exceeding 150-120 percent over the previous year.

# 4.

## Training and Capacity Building



## 4. Training and Capacity Building

### A . Training Course on "Islamic Microfinance"

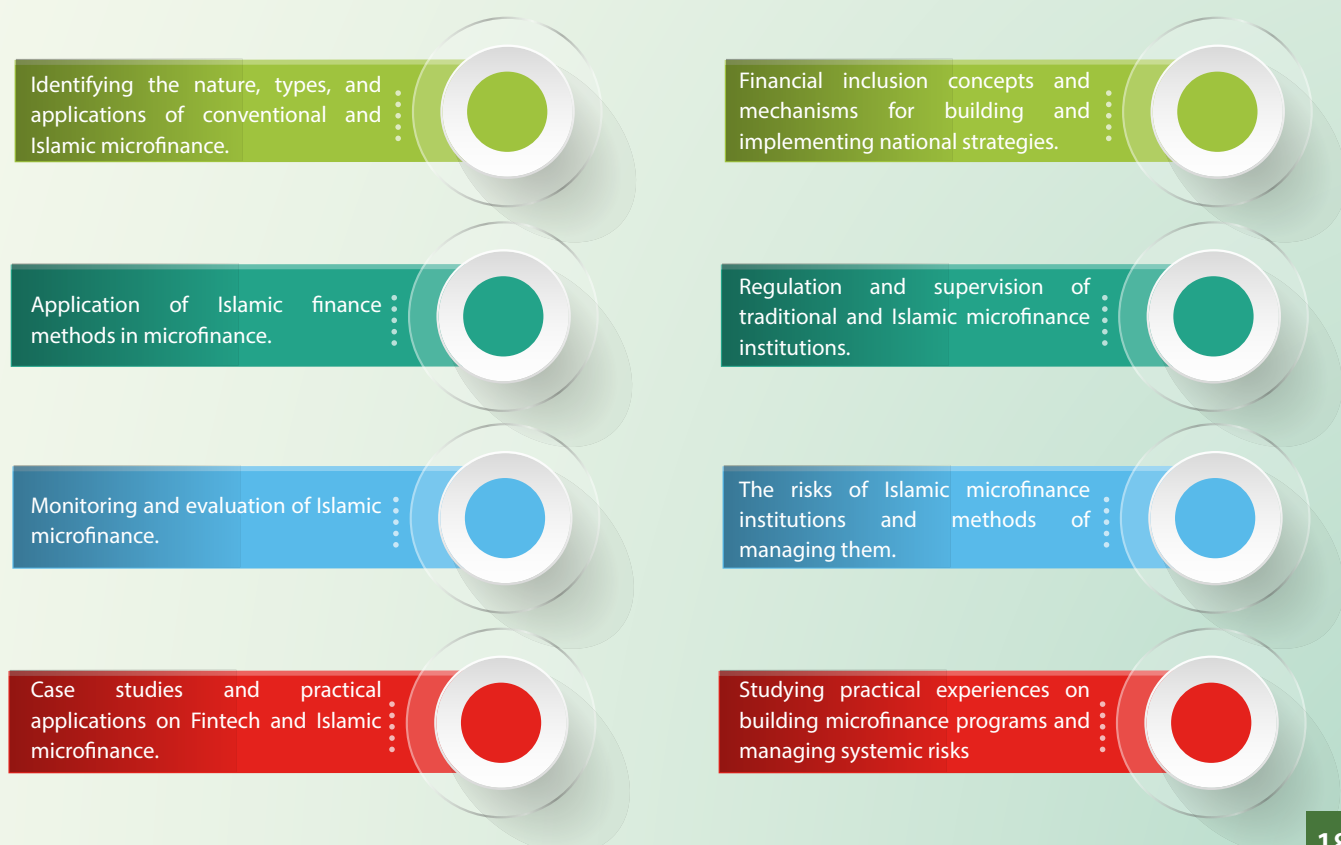
During the period from 7 to 11 February 2021, the Arab Monetary Fund organized a "virtual" training course on "Islamic Microfinance." The course was organized within the framework of assisting Arab countries to enrich the information of their cadres at the theoretical and practical levels in the microfinance field in general, and Islamic microfinance in particular.

Despite the giant leap achieved by the global economy in recent decades in financial inclusion and poverty reduction, these two issues are still among the priorities and concerns of policymakers and decision-makers, as statistics indicate that what has been achieved within the sustainable development goals in the path of financial inclusion and poverty reduction, is yet in need to mobilize more resources and allocate more efforts at the local and international levels.

In the last four decades, the microfinance sector has achieved remarkable success in several developing countries and emerging economies. It has also become an important part of the economic policies of our Arab countries that have adopted microfinance and provided it with the appropriate regulatory environment, which helped provide diverse and innovative products that contribute to achieving financial inclusion and reducing the poverty gap. Microfinance began by focusing on microcredit, but later expanded to include a wide variety of financial services such as micro saving, micro-insurance, remittances, retail payments, and other financial services. Nonetheless, there are many challenges that still impede the expansion of the microfinance sector to include different wider categories and more geographical areas, including the high degree of risks involved in the sector, regulatory risks, operational risks, and other risks, which require overcoming by developing comprehensive national strategies related to microfinance that take into account the specificities of our Arab countries, including specialized institutions in Shari'ah compliant microfinance.

Microfinance institutions have continued to grow and prosper and serve hundreds of millions of people around the world using traditional methods of work, but the COVID19- pandemic and the signs of the Fourth Industrial Revolution (technological revolution) necessitated change, and it became necessary for the microfinance sector to correspond to these changes and utilize Fintech and developments in the financial sector control and supervision to ensure rapid response in cases of pandemics or crises.

The course aimed to familiarize participants with the key tools necessary to assess the performance of microfinance institutions and to identify the risks to which they are exposed and strategies to deal with them, and focused on the following main themes:



## 4. Training and Capacity Building

### B. Training course on "The Application of the Demand Side Statistical Survey Model on Financial Services"

During the period from 27 - 24 May 2021, the Arab Monetary Fund, in cooperation with the GIZ, organized a "virtual" training course on "The Application of the Demand Side Statistical Survey Model on Financial Services". The organization of this course came in an effort to contribute to assisting central banks and monetary authorities, statistical agencies, and other concerned parties in the Arab countries in building comprehensive statistics and databases on financial inclusion, through the assistance provided to design and implement the demand side statistical survey model on financial services to collect reliable data and statistics that are consistent with the reality of the financial sector and the ecosystem of its societies, in accordance with the best international standards and practices that support building financial inclusion strategies.

The course focused on the demand-side statistics of the MSMEs sector, to understand the requirements for collecting data and statistics related to the access of these projects to financing and financial services, to help design appropriate policies, programs, and strategies that serve the development and growth of these projects.

The course provided the participants from the supervisory authorities and technicians concerned with financial inclusion statistics and strategies with an integrated framework for the statistical survey of the demand side on financial services that is consistent with sound practices, allowing them to identify the needs of financial inclusion data for MSMEs, and how to collect and analyse them to draft policies to promote financial inclusion based on these data and indicators. The course covered many topics, the most important of which are:

Outlining the goals and objectives of data-related efforts concerned with financial inclusion priorities and national strategies to support MSMEs.

Designing a data collection system for MSMEs' financial inclusion.

Analysis of the scope and content of the MSMEs demand-side survey tools.

Outlining future steps for building a sustainable financial inclusion data system.

Discussion of various measures and indicators related to financial inclusion and their significance for monitoring, analysis, and policy formulation.

The course provided an opportunity for participants to present their countries' experiences in the context of financial inclusion data collection, thereby enhancing opportunities for peer-learning and knowledge transfer between Arab countries. It also contributed to broadening the knowledge of the requirements of applying statistical surveys and increasing the number of Arab countries that implement them, which will provide an opportunity for comparative analysis to eventually determine regional indicators.



## 4. Training and Capacity Building

### C.Training Course on "Digital Financial Services for Women"

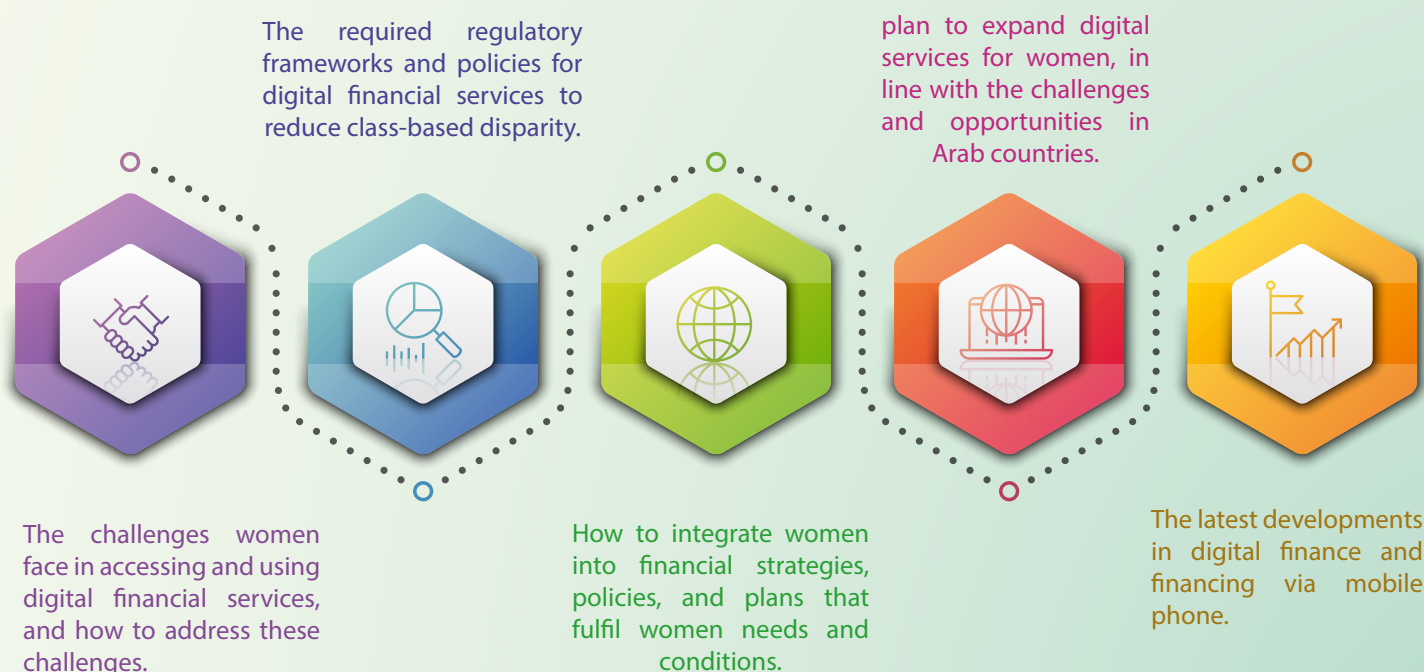
During the period 14-10 October 2021, the Arab Monetary Fund, in cooperation with the United Nations Capital Development Fund, organized a "virtual" training course on "Digital Financial Services for Women" to enrich the information of fintech and financial inclusion technicians in Arab central banks and monetary authorities at the theoretical and practical levels, in employing modern fintech to support women's access to finance and financial services.

Despite the clear development in the financial inclusion levels for women and men in the past few years, access to the use of financial services and products by women is still weak compared to men, as the rates of financial inclusion in the developing world indicate a gap based on the user gender, in favour of men in terms of access to banking services and products. According to available data and surveys, approximately 65 percent of women own a bank account, compared to approximately 72 percent for men at the global level, and for the Arab region, the percentage reached 26 percent for women, compared to 48 percent for men.

he gap between women and men in accessing financial services is also evident among women entrepreneurs, in terms of their inability to access sources of funding and formal financial services from service providers, and their full or partial dependence on sources of funding from the informal financial system. Improving levels of financial inclusion for women is receiving great attention at the regional and international levels, especially by many regional and international financial institutions, as financial inclusion for women is one of the sustainable development goals approved by the United Nations General Assembly in 2015.



The course aimed to discuss recent developments in the Fintech industry, the challenges facing women in using digital services, and how to address them. It also touched on the responsibility of supervisory authorities and policymakers in promoting digital services for women and addressed the role of digital services in promoting financial inclusion for women. The course focused on several themes, the most important of which are:





## 4. Training and Capacity Building

### D. Training Course on "Inclusive Growth"

The Arab Monetary Fund, in cooperation with the IMF Middle East Center for Economics and Finance, organized a "remote" training Course on "Inclusive Growth" from 6 to 16 December 2021, to enrich the information of participants from Arab countries at the theoretical and practical levels of comprehensive growth. The recent developments related to the COVID19- pandemic have imposed a new economic reality on the Arab countries, necessitating the intervention of decision-makers with a package of macroeconomic policies aimed at stimulating domestic demand levels and increasing the levels of flexibility of these economies in the face of these developments. It has also pushed for the implementation of several fundamental structural reforms to achieve inclusive and sustainable growth to realize the aspirations and ambitions of the peoples of the region.

Amid unfavourable global developments, the Arab economies in their march to achieve economic stability and support inclusive and sustainable growth face several challenges, the most important of which is unemployment, especially among young people, university graduates and women as well as the challenges of raising the population's standard of living and the economic and social well-being. These are undoubtedly major issues that require redoubling efforts by governments, private sector, and all institutions of society in a joint movement, along with promoting the search for solutions through the encouragement of creativity and innovation.

Designing policies and strategies for inclusive growth of the Arab countries is a great opportunity not only to overcome the current circumstances of the pandemic, but to achieve a long-term economic growth path, which requires careful analysis of the situation of each country before reaching the optimal strategy. In addition to balancing short-term goals to meet pressing needs, and long-term sustainable growth goals.

To achieve inclusive and sustainable growth, strategies must be developed that consider institutional capacities, transparency, and accountability. It is also necessary to encourage efficient and sustainable decision-making by policy makers, consumers, and the private sector, with greater importance given to both natural capital and human and material capital, to ensure effective economic management. Meeting capital needs is also crucial, as public finances remain limited, requiring the activation of the role of the private sector in investment, the promotion of public-private partnerships and the creation of innovative financing mechanisms and instruments.

The Course aimed to increase participants' awareness of the concepts of inclusive growth, and to introduce them to analytical and operational tools for assessing, measuring, and following up on how macroeconomic policies affect economic growth, poverty, inequality, and job creation, with particular emphasis on long-term sustainability issues, as well as understanding the design of inclusive growth strategies based on country case studies. The Course therefore focused on the following main axes:



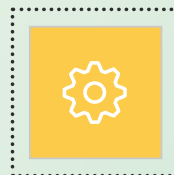
Indicators for measuring inclusive growth.



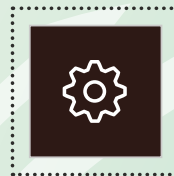
Fiscal policy and inclusive growth.



Designing inclusive growth strategies.



Financial inclusion.



Governance and inclusive growth.

## 4. Training and Capacity Building

### E. Exchange of Expertise among Arab Financial Inclusion Task Force Members to

The main objective of the Task Force is to contribute to the ongoing efforts to promote financial inclusion in the Arab countries, by assisting national authorities in strengthening their regulations and instruments to expand financial services coverage, enhance financial awareness in the Arab region, and support cooperation between supervisory authorities and relevant international institutions. The Task Force also serves as a platform for exchange of experiences between Arab Central Banks and encourages cooperation in areas related to financial inclusion, leading to the harmonization of Arab countries' views on financial inclusion issues that are being addressed globally.

The Arab Monetary Fund is the technical secretariat of the Arab Financial Inclusion Task Force, as it organizes the meetings. In addition, the Arab Monetary Fund contributes to the preparation of working papers, research, and studies in cooperation with the Task Force for submission to the Council of Arab Central Banks and Monetary Authorities' Governors at their annual meetings.

The Task Force is working to enhance collaboration opportunities with the World Bank, the German Agency for International Cooperation (GIZ), Consultative Group to Assist the Poor (CGAP), the Alliance for Financial Inclusion and the Islamic Development Bank. Representatives of these international institutions and bodies attend the Task Force meetings, along with representatives of the Union of Arab Banks, Union of Arab Securities Authorities, the Secretariat General of the Gulf Cooperation Council, and the Middle East and North Africa Financial Action Task Force (MENAFATF). In addition, other international organizations such as the Bill & Melinda Gates Foundation (BMGF), the International Finance Corporation (IFC), the International Monetary Fund (IMF), the United Nations Capital Development Fund (UNCDF), and the Microfinance Network for Arab Countries (Sanabel) attend the Task Force meetings.

**During its meetings in 2021, the Task Force discussed many topics, the most important of which are:**

#### Microfinance and the role of non-bank financial institutions in promoting financial inclusion:

The Arab Financial Inclusion Task Force indicated that the number of electronic bank accounts has increased significantly and touched on the issue of microfinance in some Arab countries through reviewing some indicators, in addition to the basic issues of microfinance in the Arab region in terms of liquidity and financing, solvency, capital adequacy, portfolio quality, product types and quality. The Task Force also touched on priority elements to address microfinance issues, the most important of which are liquidity or guarantees facilities, access to deposits, loan restructuring, contingency plans, competition, and digitization. The Task Force also pointed out the significance of cooperating with Fintech companies to support microfinance institutions and assist them to transform into digital institutions, provided that consumer protection standards are strengthened and fulfilled. The role of microfinance institutions in providing financing to MSMEs, and their ability to assess the creditworthiness of this sector, was also discussed. Whereas the role of the state in supporting microfinance institutions to include in their services the largest possible number of individuals and emerging projects in order to promote financial inclusion was also noted.

#### Innovative approaches to promoting responsible financial inclusion:

The Arab Financial Inclusion Task Force highlighted the need for banks, financial institutions, and Fintech companies to be able to bring the majority of the excluded individuals into the formal financial sector, and to expand network infrastructure in areas where most marginalized and low-income users live to complete their financial operations. The team emphasized that completing the financial inclusion plan requires compliance with global legal regulations for identity requirements and "KYC" laws. The Task Force also alluded to the important role played by supervisory and regulatory authorities, through the issuance of laws and circulars allowing the adoption of digital finance and new digital payment systems. In this context, the need to issue a unified digital identity and the

## 4. Training and Capacity Building

laws that allow electronic signature, electronic cash, and electronic checks, reduce procedures and documents imposed in accordance with compliance requirements, facilitate innovation in fintech through the establishment of a regulatory sandbox, enhance the digitization of all processes and applications, and establish and organize the operation of mobile wallet and the functions thereof, electronic and mobile payments and transfers, promotion of financial and digital awareness, and personal data protection by obtaining the customer's prior consent before using the customer's data were addressed.

### The importance of digital financial services in times of crisis and its role in enhancing the resilience of MSMEs:

The Arab Financial Inclusion Task Force addressed the need for innovative channels and digital products that enable the financially excluded to access financial services, as many individuals and MSMEs are excluded from the banking system. In this context, digital transformation helps institutions that provide financial services to marginalized and low-income groups to have accurate data about these groups to provide financial products tailored to them. The Task Force also referred to the available opportunities in the Arab countries that are mainly related to the huge untapped market, with regard to benefiting from digital financial services. The Task Force also expects these services to develop in the future, in terms of increasing the number of beneficiaries, whether individuals or MSMEs. In this context, the team stressed the necessity to innovate digital solutions and financial services according to the different needs of the beneficiaries, considering the regulatory and legislative regulations and the specifications of the local market in the Arab region.

### The role of government-to-people remittances digital payment systems in promoting financial inclusion:

The Arab Financial Inclusion Task Force touched upon the law regulating the use of non-cash payment methods, whereby state authorities and agencies, legal persons and establishments that provide public services to the public or manage public facilities are obligated to provide means of acceptance of non-cash payment for their clients. The team also indicated that the role of central banks is to develop the work plan, facilitate the approval of products, coordinate with various agencies, and facilitate implementation steps

for government-to-people remittances. The Task Force also indicated that promoting financial inclusion presupposes the development of digital payments operations and broadening the use of electronic wallets, mobile payments, and the electronic network. It also alluded to the need to devise digital solutions and alternative sources of financing for groups that do not deal with the banking system, in a manner that contributes to enhancing financial inclusion.

### Responsible financing: Discussion of the activities proposed by the Task Force regarding promoting responsible financing and the role of central banks:

The Arab Financial Inclusion Task Force touched on the relationship between responsible financing or lending to enhancing financial inclusion levels by adhering to the principles of responsible financing that are based on transparency in disclosure, fairness in dealing, rationality of terms and prices, and appropriateness of financial products, which contributes to creating a suitable financing ecosystem for the targeted groups to seek banking products and services that meet all their needs. The Task Force also touched on the reality of responsible finance in the Arab region, pointing to the low indicators of adult individuals borrowing from formal financial institutions, compared to high rates of borrowing from informal institutions in some Arab countries. In this context, the Task Force expressed the need to search for the reasons behind weak formal borrowing and the challenges it faces from both, the demand and supply sides, and for the supervisory and regulatory authorities to take appropriate measures to enhance supervised formal lending and reduce the risks of informal lending.

### Financial soundness or health for developing an inclusive, resilient, and stable financial sector: Concepts and prospects in the Arab region:

The Arab Financial Inclusion Task Force emphasized the importance of adopting policies, strategies, and regulations to enhance the financial safety or health of individuals, adopting financial solutions and business strategies to improve the financial safety or health of customers and employees, and creating digital tools that enable individuals and families to measure, track and support their financial health. It also touched on the determinants of financial safety or health, including individual factors such



## 4. Training and Capacity Building

as financial behaviour, income, and financial culture; and external factors such as financial services, social security networks, and economic status. The results of financial soundness or health were also mentioned, including the ability to meet continuing financial obligations, the ability to deal with financial shocks, and the ability to meet long-term financial objectives and desires, consequently, contributing to the growth and stability of the financial sector. On another note, the team pointed out the need to evaluate the results of financial culture and financial inclusion programs and policies, understand the impact of financial products and services on the financial results of clients, evaluate the impact of financial programs and policy results on the main sustainable development goals, and develop a comprehensive and actionable vision of the financial situation of consumers.

### The role of loan guarantee agencies in promoting financial inclusion:

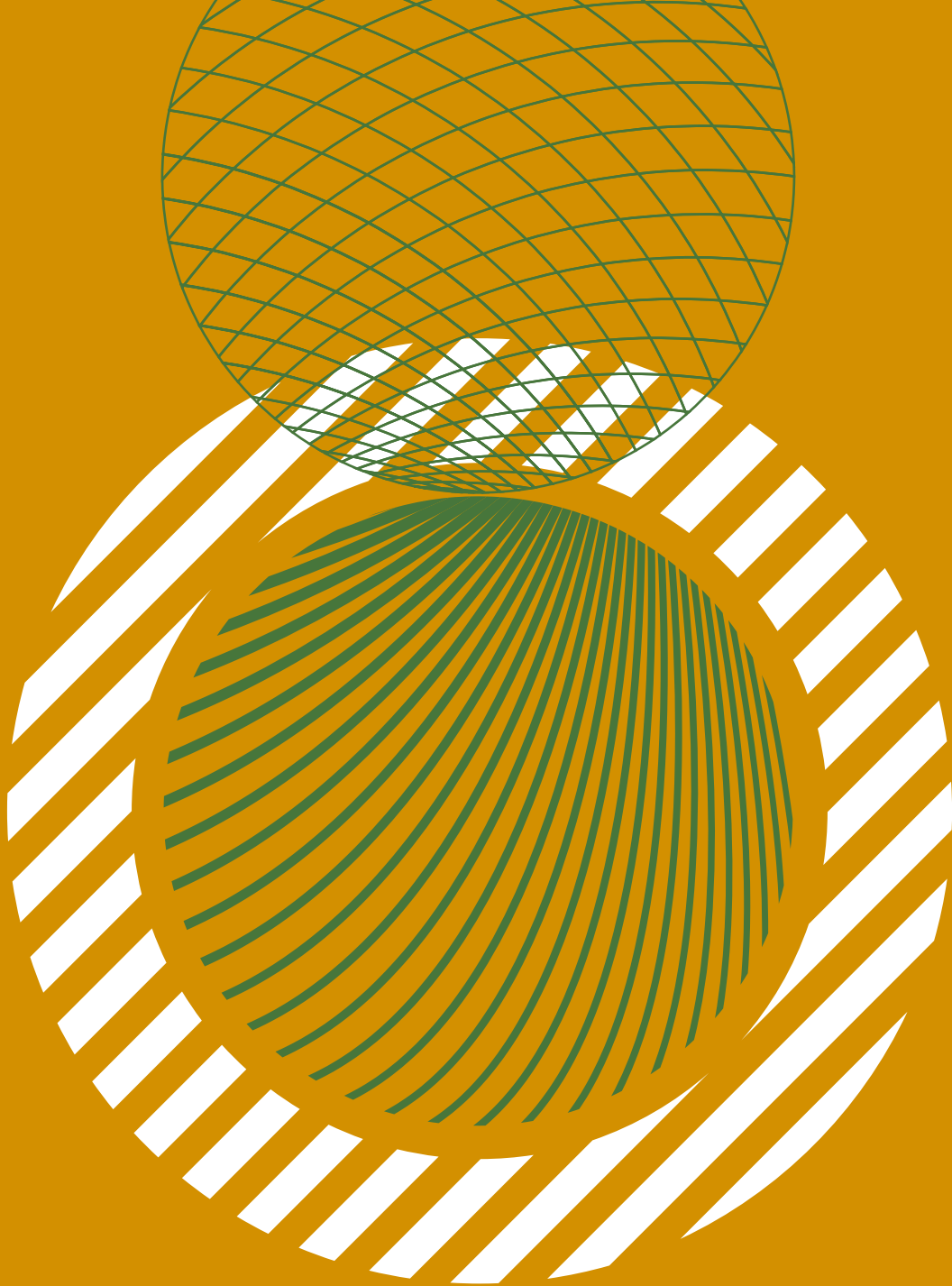
The Arab Financial Inclusion Task Force valued the role played by loan guarantee agencies in enhancing access to finance and financial services and stressed the importance of strengthening and rationalizing the involvement of these agencies to ensure the sustainability of the services they provide, especially for the most marginalized social groups and for MSMEs. In this regard, the task force referred to the need to support the partnership between the public and private sectors to strengthen the work of loan guarantee agencies and enhance their role. The most important challenges related to the evolution of the guaranteed model were also discussed, which are represented in the financial needs and sustainability of the guaranteed system, risk management and financial safety, governance, and institutional framework. The reforms carried out by loan guarantee agencies in some Arab countries, which enabled a sustainable improvement in their activity through an increase in the proceeds of guarantees for the benefit of projects in recent years was also noted.

### Access to microinsurance services for MSMEs: Opportunities and Challenges:

in countries. In this regard, the Task Force also praised the efforts of Arab countries to create the necessary regulatory and legal ecosystem and infrastructure for micro-insurance, and to encourage the use of fintech in developing micro-insurance products with the aim of increasing effectiveness and efficiency, reducing operational costs, and building the capacities of insurance service providers in developing microinsurance products, creating a controlled ecosystem that encourages technology-based financial innovations and innovative insurance products, stimulating the demand side of micro-insurance, studying the possibility of imposing some microinsurance products through specialized lending institutions, and awareness programs for target groups about the importance of micro-insurance. The Task Force also highlighted the importance of microinsurance in promoting financial inclusion, and addressed the challenges facing the development of microinsurance, including the absence or weakness of microinsurance regulatory frameworks, the high operational costs of microinsurance products, and the weak technical capabilities in developing microinsurance products by insurance service providers, low insurance awareness on the demand side, and insufficient demand side from the economic and insurance point of view.

### "e-KYC" model and digital client enrolment to promote financial inclusion:

The Arab Financial Inclusion Task Force referred to the role of supervisory and regulatory authorities in issuing laws and circulars that allow the adoption of new digital finance and digital payment systems, by providing an easy, practical solution to expand access to and use of financial services, improve their quality, suitability and impact, and create suitable conditions for financial service providers while ensuring risk mitigation and consumer protection, utilizing electronic data in innovative methods to promote digital financial inclusion, and exploiting the spread of mobile technologies, mobile network coverage, and financial services in developing countries to support financial inclusion. It also stressed the need to provide an appropriate infrastructure such as digital identity, electronic signature, simplified electronic compliance requirements, electronic wallet, electronic cash, electronic checks, and digitization of all banking operations, along with the establishment of a sandbox, and allowing the work of banking agents, in addition to financial and digital education and protecting personal data privacy.



# 5.

## Knowledge Generation and Dissemination



## 5. Knowledge Generation and Dissemination

### A. Guiding principles on “Strengthening the Supervisory Role of Central Banks in Dealing with the Risks of Non-banking Financial Institutions in the Arab Countries”

In sought of the Arab Monetary Fund to keep its member states abreast with economic, financial and monetary reforms aimed at enhancing financial stability in the Arab region, in conjunction with enhancing interest in non-banking financial sector in Arab countries, and its role in financial inclusion and economic development, and to protect the sector from the risks it may be exposed to, the guiding principles on strengthening the supervisory role of Central Banks over the non-banking financial sector in the Arab countries were issued. The application of these principles is subject to the situation of each central bank separately and its objectives contained in regulatory framework thereof, considering the legislative and legal system in each country, and coordination with other supervisory authorities.

The guiding principles included a set of recommendations related to the Central Bank policy and the enhancement of its role in assessing the risks of the non-bank financial institutions it supervises, with an in-depth study of the sector reality in the country, to determine its size and nature and the challenges it faces.

In this context, the principles emphasized the need to define supervisory requirements for the non-bank financial sector, including, at a minimum, licensing and branching requirements, governance, capital and liquidity adequacy requirements, compliance and combating money laundering and terrorist financing, succession and replacement plans, disclosure, and periodic statements and reports, preparing and adopting plans approved by the Central Bank's senior management on how to implement the tasks of field inspection and office supervision of non-bank financial institutions, and its performance indicators.

The principles also highlighted the importance of the financial stability departments in central banks to continuously assess the systemic risks arising from the non-bank financial sector, and to consider setting appropriate frameworks to expand the database of credit information companies to include the operations of non-banking financial sector institutions and companies.

The guiding principles indicated the importance of the Central Bank expanding the comprehensiveness of the scope of financial consumer protection in Central Banks to cover all non-banking financial sector clients, obligating non-banking financial sector institutions to establish complaints units, and implement the instructions thereof.

On another note, the principles touched on many aspects of concern to the issues of the non-bank financial sector, the most important of which are the regulatory and prudential requirements, the risk management system, macro and micro stress tests, business continuity plans, recovery plans, Fintech, digital financial inclusion, and other aspects that enhance financial stability.

### B. Guidelines on “Best Practices and Recent Developments for Digital Wallet Providers”

Considering the increasing importance of enhancing the use of digital payments in the economy and the transition to digital financial services, the importance of the role played by digital wallet service providers has emerged to facilitate the adoption of innovative solutions for digital payments, thus promoting financial inclusion and competition by providing new business models and uses for digital financial services. In recognition of such importance, the Arab Monetary Fund has issued guidelines on "Best Practices and Recent Developments for Digital Wallet Providers". The publication of the guidelines came within the framework of AMF efforts to support digital financial transformation in the Arab countries, due to its importance in promoting financial inclusion and developing innovative financial services.

The guidelines aim to shed light on the best regulatory practices in digital wallets, to be used by the supervisory authorities in the Arab countries when starting to prepare the regulatory framework for organizing and developing the services of digital wallet providers, including licensing issues and requirements, aspects of capital and governance, the scope of available services, and supervision and control requirements.

## 5. Knowledge Generation and Dissemination

The guidelines included a set of guiding principles, which dealt with the importance of enabling competition and increasing the number of digital wallet service providers, capital requirements for digital wallet providers, and the importance of clearly defining the scope of payment services provided. The principles also included allowing the use of agent models and considering the provision of appropriate flexibility in setting limits and balances for payments in digital wallets by providers, in addition to considering allowing digital wallet service providers to achieve a return on money-keeping services. The principles also covered issues of sound governance and opportunities for digital wallet service providers to develop into digital financial institutions. Finally, the principles reviewed risk management issues and compliance requirements, including anti-money laundering and terrorist financing, data protection and electronic safety, in addition to customer protection requirements and governance aspects. The guide presented models and legislative and regulatory cases based on pioneering Arab and international experiences in explaining the principles.

On another note, the principles emphasized the importance of having a direct licensing of digital wallet providers and fintech companies in general within the framework of clear and simplified controls that encourage the expansion of the number of providers and the development of their services. It also emphasized the flexibility in licensing without requiring a partnership with commercial banks, allowing independent digital wallet providers to enter the market, considering the proportionality in capital requirements and the gradation in the volume of business.

### C. A chapter on “Digital Financial Inclusion in the Arab Countries” in the Financial Stability Report

A chapter on “Digital Financial Inclusion in the Arab Countries” was included in the 2021 Financial Stability Report for the Arab Countries. The chapter reviewed the efforts of Arab countries in promoting digital financial inclusion, while addressing the promotion of electronic security and the reduction of cyber threats and their effects on financial stability. Arab countries have taken important steps in promoting digital financial inclusion, as several of them have launched national strategies to promote financial inclusion in a thoughtful and prudent manner, as On another note, the principles emphasized the importance of having a direct licensing of digital wallet providers and fintech companies in general within the framework of clear

and simplified controls that encourage the expansion of the number of providers and the development of their services. It also emphasized the flexibility in licensing without requiring a partnership with commercial banks, allowing independent digital wallet providers to enter the market, considering the proportionality in capital requirements and the gradation in the volume of business.

well as providing the necessary infrastructure thereto, to support inclusive and sustainable growth. Strategies and plans were based on several axes, notably, the development of national financial inclusion programs and strategies, utilizing Fintech, strengthening the protection of financial services consumers, paying attention to financial education and awareness issues, women, and youth access to formal financial services and MSMEs support and access to financial services. In the same context, the rapid development of cyber threats has led many central banks and supervisory authorities to take regulatory and supervisory steps to avoid the impact of cyber risks on the banking and financial sector and motivate financial institutions to enhance their capabilities to confront those risks. Arab central banks and monetary authorities have also escalated measures to protect the information security of the banking sector in light of the rapid technological progress and the continuous quest to utilize modern technologies in the banking and financial sector. Thus, many central banks are developing a framework for dealing with cyber risks.

It is worth noting that most Arab central banks and monetary authorities issued regulatory and supervisory legislation related to managing the risks of cyber threats as a part of monitoring licensed financial banking institutions, which indicates the importance of the legislation in enhancing the ability of banking agencies to bear these risks and hedge them by taking steps to avoid the impact of cyber risks on the banking and financial sector. The chapter also highlighted growing interest from Arab central banks and monetary authorities in encouraging the establishment of Fintech companies, while working on developing control procedures and regulations to reduce the risks that may arise from that. The chapter also touched on FinxAr which measures the development of the Fintech industry in the Arab countries, aiming to identify the efforts of Arab countries to support the development of the Fintech industry. It also contributes to setting a vision for the Fintech industry in the Arab countries and how to support the incubating ecosystem for it, by shedding light on the challenges facing the development of the Fintech industry in the Arab countries, in a manner that assists the formulation of national policies to boost the industry in the Arab countries in the future and seizing the opportunities and possibilities available to Arab countries.

## 5. Knowledge Generation and Dissemination

### D. Study on "The Impact of Islamic Finance on Financial Inclusion in the Arab Region"

The Arab Monetary Fund published a study on "The Impact of Islamic Finance on Financial Inclusion in the Arab Region", which aimed to measure the effects of Islamic finance on financial inclusion in sixteen Arab countries during the period (2011:2019), in addition to considering the impact of two other variables, namely: domestic credit to the private sector and per capita GDP. The study also provides an analytical framework for policymakers in the Arab region, which contributes to enhancing the comprehension of the relationship between Islamic finance and financial inclusion, thus developing suitable policies.

Studies on the relationship between Islamic finance and financial inclusion in developed and developing economies have received increasing attention in recent years. Most of them have found a difference in the relationship nature between Islamic finance and financial inclusion because of the heterogeneity between economies and the difference in the level of Islamic financial development. On another note, many Arab countries have paid increasing attention to developing the Islamic financial sector by issuing several regulatory and supervisory legislations to activate its role in national economies.

The findings indicated that financial inclusion responds to changes in the Islamic Finance Development Indicator (IFDI), domestic credit to the private sector, and per capita GDP in Arab countries. In light of these findings, a number of recommendations can be drawn, including the need to support the role of Islamic finance within the financial sector to improve levels of financial inclusion. In this context, Islamic banking institutions can play a greater role in promoting financial inclusion in the Arab countries, by providing Shari'ah compliant products at reasonable costs that meet the needs of individuals, in addition to the conformity of the requirements, the situation of each country, and providing sufficient information to customers. The study also recommends supporting the supervisory authorities' work on the financial sector to intensify Shari'ah compliant banking services, to assist in promoting financial inclusion in the Arab countries.

### E. A Study on "The Effects of Cross-Border Remittances on Financial Inclusion in Arab"

The Arab Monetary Fund has published a study on "The Effects of Cross-Border Remittances on Financial Inclusion in Arab Countries". The study aims to analyse the relationship between financial inclusion indicators and cross-border remittances in ten Arab countries during the period (2013:2019) and provides an analytical framework for policymakers in the Arab region, to contribute to promoting financial inclusion through supporting cross-border remittances.

Several studies in the economic literature have paid more attention to the relationship between financial inclusion and cross-border remittances in developed and developing economies to understand the evolution of this relationship over time. The study findings are consistent with expectations, as they show that cross-border remittances have a significant positive impact on financial inclusion during the study period.

Accordingly, decision-makers in the Arab region can work on developing suitable policies to promote financial inclusion through increasing remittances by implementing suitable policies in the financial market to be more competitive against informal remittance channels. In this framework, governments can put in place appropriate measures to reduce informal remittances and increase formal ones, through the availability of reliable, fast, safe, and cost-effective formal remittance mechanisms. Governments can also create favourable conditions for channelling cross-border remittances into productive investment projects, thus creating job opportunities that enable individuals (particularly women and youth) to open new bank accounts, thereby promoting their integration into the formal financial system. To this extent, governments can develop infrastructure in promising areas and provide tax breaks for start-up projects. It can also support innovative models for providing remittance services and creating incentives for migrant workers, e.g., fostering partnerships between different types of institutions and encouraging financial institutions to provide alternatives to remittances, in addition to increasing the number of branches to facilitate the remittance process.

## 5. Knowledge Generation and Dissemination

### F. A Study on “Shari’ah compliant Microfinance Drivers in the Arab

The Arab Monetary Fund has published a study on "Shari’ah compliant Microfinance Drivers in the Arab Countries" to identify the elements which the foundations of Shari’ah compliant financing have in common with microfinance, and how these foundations can be used to serve and activate the microfinance sector in the Arab countries.

According to the study, there is a need to open up Shari’ah compliant financing more broadly to the microfinance sector, as some pioneering experiences indicate that activating the role of the microfinance sector can be an important pillar within strategies to reduce poverty and unemployment and improve financial inclusion rates, all of which are core goals, objectives, and principles of Shari’ah compliant financing that is based on justice in accessing resources, balancing the society components and achieving economic and social stability. With the momentum gained by the Shari’ah compliant financial industry during the last two decades, especially during and after the global financial crisis, and its spread in many countries of the world, and the expansion of its applications (banks, insurance, and monetary markets), and its acquisition of flexibility and strength, it considered ready to meet the needs of microfinance, achieving financial inclusion objectives, and reducing the cycle of poverty through reaching low-income people and MSMEs owners.

The study reviewed some of the leading experiences in Shari’ah compliant microfinance, outlined the factors of its success and its significant achievements, as recognizing the world's leading experiences helps provide insights to policymakers and decision-makers in Arab countries. Shari’ah compliant microfinance is widespread in many countries, however, it is noticeable that Southeast Asian countries have made great strides in activating this sector and making it part of their development policies and an important resource for financing small projects for the poor and low-income classes.

The findings indicated that in recent years, Shari’ah compliant microfinance has gained the increasing interest of supervisory authorities in Arab countries, in the context of policies to promote financial inclusion, as these services represent an important window through which access to finance can be expanded. To support the role of microfinance institutions in general, and Shari’ah compliant microfinance institutions, in achieving the objectives of financial inclusion, attention must be paid to developing legislative and supervisory frameworks in a manner that enhances financial stability by attracting large segments of society to deal with the formal financial sector.

The study recommended continuing to conduct surveys that are based on the latest statistics available in the Arab countries, to realize the opportunities offered by Shari’ah compliant microfinance operations in enhancing the access of families, entrepreneurs, and MSMEs to the formal financial system. It also recommended the importance of accelerating the pace of development of the infrastructure, legislation, and supervision for all forms of Shari’ah compliant microfinance institutions, to enable them to play their role to the fullest, in a manner that enhances financial inclusion and financial stability.

### G. A Study on “Money Laundering and Terrorist Financing Risks on the Banking

The Arab Monetary Fund published a study on “Money Laundering and Terrorist Financing Risks on the Banking Sector in the Arab Countries During the COVID19- Pandemic,” to identify the potential financial challenges and risks related to combating money laundering and terrorist financing that faced the financial and banking sector in Arab countries during the COVID19- pandemic and to highlight the most important measures taken to meet these challenges.

The preparation of the study came in the framework of the health repercussions of the COVID19- pandemic, as the authorities in the Arab countries took a set of precautionary and preventive measures, including suspending work, closing institutions, adopting the “remote” work model, imposing social distancing, in addition to placing restrictions on citizens' movement, a situation that may facilitate the commission of financial crimes and obtaining illegal revenues, especially in light of the increasing dependence of banks and financial institutions on Fintech in the provision of financial services.

The study showed the early awareness of the supervisory and regulatory authorities of the banking sector in the Arab countries of the potential risks that the pandemic may pose, as they conducted a comprehensive assessment of the anti-money laundering and terrorist financing system to identify and reduce those risks. In the same context, banks and financial institutions in the Arab region have updated the system of risk analysis frameworks and mechanisms to keep abreast of Fintech products and services development, and to monitor the risks of transactions made via digital means or the international information network (the Internet) or mobile phone.



## 5. Knowledge Generation and Dissemination

The study showed an increase in the number of suspected cases of money laundering and terrorist financing during the pandemic period, which indicates that the perpetrators of financial crimes exploited the conditions imposed by the pandemic to carry out their crimes. In the same context, there has been a change in the patterns and forms of money laundering and terrorist financing operations during the pandemic period, such as the use of social media to trap individuals by deluding them of the possibility of obtaining facilities and loans for simple fees or interests, in addition to monitoring an increase in cyber financial fraud through hacking personal data via mobile phone, access to unknown online shopping platforms, and electronic hacking of credit cards.

On another note, the study showed that some banks and financial institutions in the Arab countries covered by the study faced challenges in the insufficiency of technical capabilities and equipment to effectively provide “remote” services because these banks and financial institutions were not technically ready to effectively provide its “remote” services to its customers during the pandemic, especially with regard to the lack of readiness of some electronic systems for “electronic customer recognition” applications, in addition to the insufficient qualified human cadres to deal with modern financial technologies.

Finally, the study indicated that the measures taken by the regulatory and supervisory authorities before the pandemic outbreak to support the risk management system and improve its effectiveness in banks and financial institutions, had a significant impact on improving the effectiveness and efficiency of the risk management system in banks and financial institutions.

### H. Policy Paper on "Open Finance: A Framework for the Arab Region to

The Arab Monetary Fund published a policy paper on "Open Finance: A Framework for the Arab Region to Develop the Scope of Financial Services" as part of its efforts to promote awareness of the requirements for developing digital financial and banking services and support digital financial transformation efforts in Arab countries.

The paper presents a road map for formulating the transition from open banking services to open financing, starting with services related to accounts and payments, then moving to include all financial services and products, which requires considering additional considerations to accommodate the multiple functions and characteristics of open finance and the interconnection across different financial services. The paper touched on how to improve the efficiency of the financial system environment as a whole to respond to the requirements of the successful implementation of open financing, and not only open banking services, with the aim of promoting digital financial inclusion in the Arab region.

The paper specifically addressed the opportunities offered by open finance in addressing the challenges of data fragmentation by providing secure and efficient means for customers, allowing companies to share and use customer data through a common framework. It also touched on developments in the region and the main use cases of open finance, such as financial management, pension planning, credit provision, and “KYC” verification.

On the other hand, the paper presented a set of guidelines in this context, covering the areas and depth of the necessary regulatory and legislative amendments, details of the required technical standards, and operational standards that cover the financial system's response to the needs of open financing. The guidelines also included aspects of promoting awareness and education about open finance, aiming to ensure the wide participation of relevant parties, especially data providers and customers.

### I. Policy Brief on “The Role of Financial Inclusion in Empowering Women”

The Arab Monetary Fund published a policy brief on “The Role of Financial Inclusion in Empowering Women: Lessons learned from the most prominent regional and international experiences.” The brief indicates that financial inclusion and women's economic empowerment are among the most important goals that the Sustainable Development Goals seek to achieve in 2030. In this context, estimates in the World Bank's financial inclusion database indicate that 1.1 billion females do not have access to financial services, out of a total of 2 billion financially excluded people worldwide. Females in particular face several challenges that prevent them from accessing financial services. These include the nature of regulatory



## 5. Knowledge Generation and Dissemination

frameworks and unfeasible policies, challenges related to social systems and prevailing norms, in addition to the lack of identification papers for a number of them, lack of guarantees, and low levels of financial knowledge, in addition to legal frameworks that may limit female ownership of assets in some countries, and another set of challenges facing opportunities for financial inclusion for women on both the supply and demand sides of financial services.

The brief focused on the role of financial inclusion in the economic empowerment of women by examining the current status of indicators of economic empowerment and levels of female access to financial services in the Arab countries, as well as benefiting from distinguished regional and international experiences in making recommendations to support financial inclusion for women, in order to promote economic empowerment for women. It also indicated that financial inclusion for females helps them manage money better, make more prudent decisions regarding saving and investment, and establish new entrepreneurship projects, in addition to its positive role in increasing the levels of their access and that of their families to economic opportunities represented in access to education and health services and engagement in the labour market. All of these factors would enhance women's financial independence at the individual level and enhance women's economic empowerment levels at the macro level, which in turn would increase national income levels, reduce poverty, reduce economic inequalities, and social inclusion.

The brief adopted a standard methodology to assess the relationship between women's participation in the labour market (as an indicator of women's economic empowerment) and the most prominent indicators of financial inclusion for females, represented by the percentage of females who have accounts in financial institutions, the percentage of women who hold bank cards, and the percentage of females who have accounts to borrow from financial institutions, from a sample that included 100 developing countries and emerging economies for which sufficient data are available from the databases of the World Bank. The results of the model indicated that there is a positive relationship between females financial inclusion indicators represented in the percentage of females who have accounts in financial institutions, the percentage of females who have borrowing accounts, and women's empowerment levels as measured by their contribution to the labour market, while no relationship has been proven between the percentage of women who hold credit cards and women's economic

empowerment, which may be attributed to females owning more credit cards mostly for their involvement in purchasing and shopping processes. The brief also clarified that the gender gap in financial inclusion (which is understood as unequal access to the financial system) negatively affects the rate of women's participation in the labour force.

On another note, the brief indicated that the Arab region is unique in terms of recording the largest gender gap, whether at the level of participation in the labour force, or levels of financial inclusion for females, according to data from the World Bank. At the level of individual Arab countries, the levels of female participation in the labour force and the percentage of female financial inclusion are highest in three Arab countries, namely the UAE, Kuwait, and Bahrain. A correlation is noted between the high levels of financial inclusion and the economic empowerment of women in the Arab countries, as measured by the percentage of women's contribution to the labour market. Whereas the highest rates of economic empowerment for women are present in countries that also record the highest level of financial inclusion, the majority of which are from the GCC counties, while Arab countries with diversified economies recorded lower levels of financial inclusion and economic empowerment. As per the foregoing, the brief focused on the most prominent lessons learned from the reality of regional and international experiences, with regard to increasing levels of financial inclusion for females in a manner that supports economic empowerment, the most important of which is the adoption of national strategies for financial inclusion that focus on overcoming obstacles facing female inclusion and amending legislative and regulatory frameworks in a way that allows more financial inclusion for women, the expansion of financial services designed to meet the financial needs of females, the adoption of programs targeting the financial inclusion of low-income females, shifting towards electronic social remittances systems, adoption of digital identity systems, focusing on the inclusiveness of the network of agents of financial service providers for both genders, focusing on financial education for women, and providing statistics on financial inclusion for women.

## 5. Knowledge Generation and Dissemination

### J. An Introductory Booklet Series Addressed to the Young Age Group in the Arab Region

Considering its strategy for the period (2020:2025), the Arab Monetary Fund seeks to establish cooperation and communication with all concerned parties and groups in member states to achieve the objectives for which the Fund was established, including the dissemination of expertise and economic and financial knowledge. In this context, the Fund decided to issue an introductory booklet series aimed primarily at increasing the youth's economic and financial awareness and enabling them to understand the basics of several priority economic and financial issues for Arab member states.

The booklet series targets young age groups to help them familiarize themselves with the basics and various aspects related to some important issues such as financial inclusion, the basics of finance, Fintech, artificial intelligence, digital currencies, and other priority economic and financial issues. Through these booklets, the Fund hopes to contribute to strengthening the role of Arab youth in dealing with economic and financial issues and developments around them with full knowledge and awareness.

In this context, the Arab Monetary Fund issued the seventh issue of a series of "introductory booklets" on "digital wallets" in the framework of the Fund's promotion of the culture of dealing with Fintech and issues of financial inclusion, and its development to keep abreast with the digital transformation witnessed by the contemporary world in information and communication technologies and radical transformation in the creative culture in the business environment. The booklet highlights the digital wallet technology, which is one of the most important channels of innovative technologies in obtaining services and completing transactions through computer screens or smartphones, at a lower cost, with higher quality, and in a much shorter time compared to traditional means. The booklet also provides an explanation of the nature and components of digital wallets and the challenges associated therewith.

The Arab Monetary Fund has issued the ninth issue of a series of "introductory booklets" on "money laundering risks" aimed to enhance knowledge of money laundering and the associated risks. The booklet sheds light on the concept of money laundering in a simplified way, its stages, and the reasons for its spread, and outlines the economic, financial, political, and social risks. It also recognizes the efforts of Arab countries in combating this crime, and the social responsibility in this regard.

The Arab Monetary Fund issued the tenth issue of a series of "introductory booklets" on the "reality of digital currencies" in the context of the Fund's promotion of the culture of dealing with Fintech, and its development to keep pace with the digital transformation witnessed by the contemporary world in information and communication technologies. The booklet highlights digital currencies, which are the main umbrella that covers many forms of currency, including electronic currencies, Stablecoin, and Cryptocurrencies available in digital form. It is worth noting that the surge in the technologies of the digital age led to the spread of these currencies and made them transcend the spatial boundaries in payments and instant transfers, as relying on them became a mean of exchanging services and goods and completing transactions, thanks to the ease of their circulation and transfer of ownership without being restricted to a place.

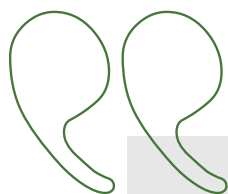
The Arab Monetary Fund issued the sixteenth issue of a series of "introductory booklets" on "big data technology", in recognition of the importance of spreading educational awareness of big data technology. The booklet sheds light on data, its sources, and types, introduces big data technology, clarifies its importance and areas of use in many sectors, and highlights the most important opportunities and challenges of this technology.

The Arab Monetary Fund has issued the twenty-third issue of a series of "introductory booklets" on "digital currency technologies" in recognition of the importance of spreading educational awareness of basic concepts and some emerging technologies in our contemporary world. The booklet sheds light on the concept of digital currencies and the technologies on which this type of currency is based, and utilization areas of these technologies.

The background of the page is a complex, abstract geometric pattern. It consists of various shapes including circles, squares, triangles, and diamonds, arranged in a grid-like fashion. The colors used are shades of green (light, medium, and dark) and blue (teal and dark blue). The pattern is symmetrical and repeats across the page, with some areas being solid colors and others containing smaller geometric shapes.

# 6.

## FIARI Partners



## 6. FIARI Partners

### ARAB MONETARY FUND



The AMF is a regional Arab financial institution, which was founded in 1976, and started operations in 1977, with the mission to lay the monetary foundation of Arab economic integration and to accelerate the process of economic development of its member countries, through training and capacity building on topics of interest, as well as financial and technical assistance to member countries to correct balance of payments disequilibria and implement structural reforms towards the modernization of their financial systems, and offering technical assistance to banking and monetary institutions in Arab countries with the objective of developing and strengthening their financial markets.

### Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ)



The Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) is a globally acting federal organization that supports the German Government in achieving its objectives in international cooperation for sustainable development and international education. GIZ is commissioned by the German Federal Ministry for Economic Cooperation and Development. GIZ also operates on behalf of other German ministries, as well as public and private sector customers in Germany and abroad. GIZ operates in more than 130 countries worldwide. It offers demand-sustainable development and takes account of political, economic, and supports partners at the local, regional, national, and meeting their policy goals.

### Alliance for Financial Inclusion

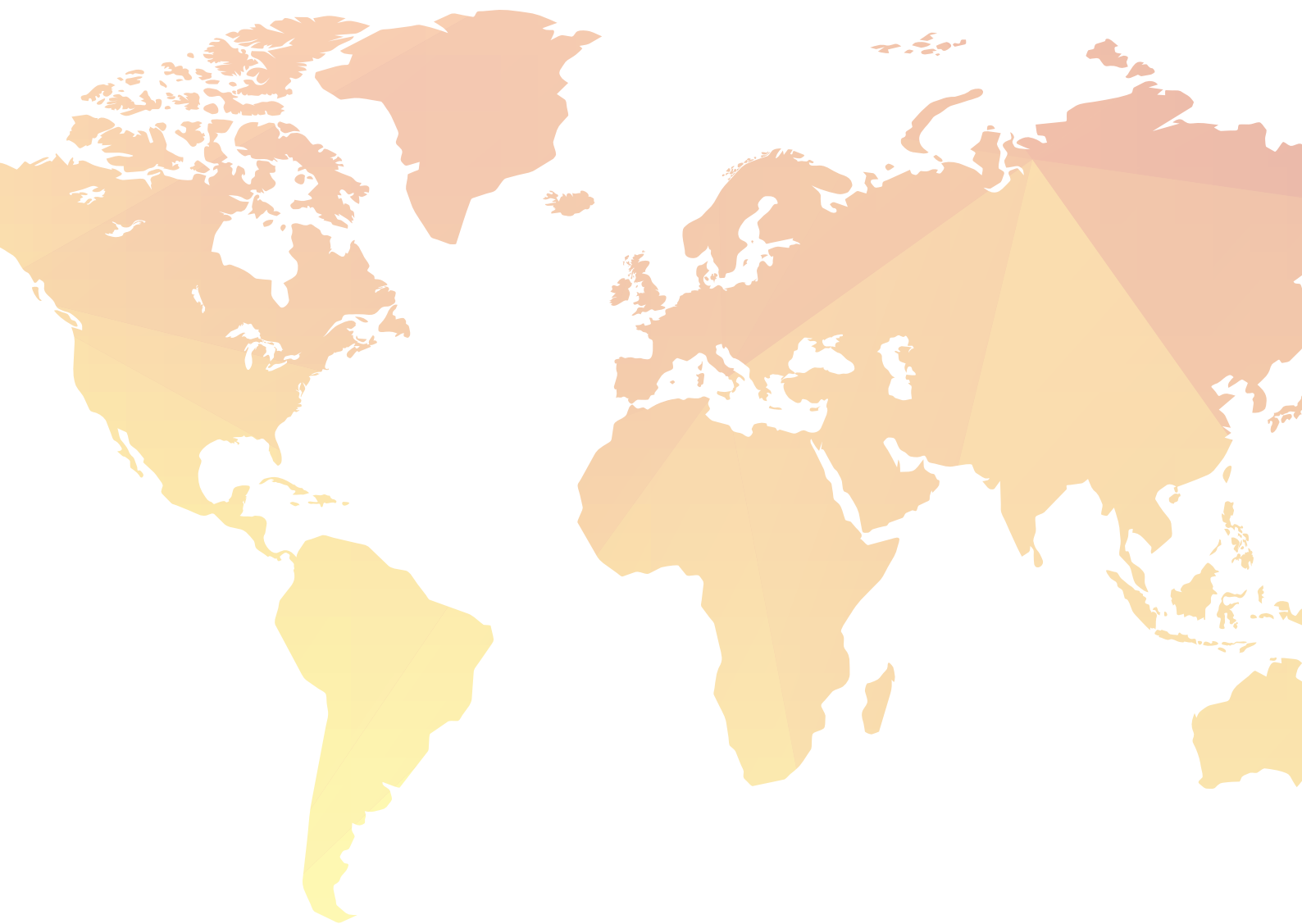


Member-owner and member based, AFI is an international and policy makers from 90 emerging and developing economies established under the International Organizations (Privileges and Immunities) Act of Chapter 485 of the Laws of Malaysia. AFI provides a platform for knowledge development and implement evidence based, cutting goal of improving the access, usage, and quality of financial services to the unbanked and underbanked.

### World Bank Group



The World Bank Group's mission focuses on the ambitious goals of ending extreme poverty and promoting shared prosperity and demonstrated the importance of access to financial services for their achievement. The central role of financial inclusion in development and new opportunities presented by technology for reaping and remote customers means that increasingly WBG operations in a variety of sectors, including education, health, public administration, infrastructure, agriculture, environmental and natural resource management, on access to formal digital financial services. Through the provision of financial products and services to governments, loans, and innovative knowledge brings a comprehensive set of tools to advance toward financial inclusion and meet the ambitious Universal Financial Access 2020 goal.



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## Initiative Partners

