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MASHREQ SUSTAINABILITY CASE STUDY

Supporting Social Impact Through Financial Inclusion in Egypt

Snapshot

- Financial inclusion is the effort to make financial products and services available and affordable to all individuals and businesses.
- It is a major step towards inclusive growth and supports the overall economic development of the underprivileged population.
- It gains more significance among developing countries as it helps to solve several societal issues, such as economic growth, employment, poverty, and income equality.
- Mashreq Egypt actively contributes and participates in the efforts being taken by the Central Bank of Egypt's (CBE) financial inclusion programs.



The CBE Financial Inclusion Strategy Vision (2022-2025)

- Consumer Empowerment
- Customer Centric Diversified Products & Services (Banking & Non-Banking)
- Ecosystem for MSMEs & Startups
- Digital Financial Services

CBE Banking Law No.194, Definition of Financial Inclusion:

"Availing of various financial products for use by all segments of the society through the formal channels, with adequate quality and cost while protecting the rights of the consumers of these services, which enables them to manage their finances effectively."

Executive Summary

In Egypt, financial inclusion as a policy has been driven by the Central bank of Egypt (CBE) extensively for more than a decade. CBE is a member of the "Alliance for financial inclusion" which is a global policy and leadership alliance that accelerates nations to achieve financial inclusion. In 2022, CBE announced its latest financial inclusion strategy (2022-2025), which aims to enhance the financial inclusion of society and achieve economic growth. Mashreq being a leading bank in Egypt, actively participates in various initiatives to support the financial inclusion targets set by CBE. Access to a transaction account is a first step towards broader financial inclusion. A transaction account serves as a gateway to other financial services and ensures that people gain easy access to opening transaction accounts. Some of the beneficiaries of these initiatives include:

- Women
- Youth
- Informal workers
- Farmers
- Micro, Small, & Medium Enterprises (MSMEs)
- People with Disabilities (PwD)

Context

Financial access facilitates day-to-day living, and helps families and businesses plan for everything from long-term goals to unexpected emergencies. As bank account holders, people are more likely to use other financial services, such as credit and insurance, to start and expand businesses, invest in education or health, manage risk, and weather financial shocks, which can improve the overall quality of their lives.

FINANCIAL INCLUSION IN-NUMBERS

The CBE Financial Inclusion Strategy (2022-2025)

is the first report that outlines a scientific methodology followed to measure the level of financial inclusion in Egypt, in terms of access, usage and quality of financial services.

7 Sustainable Development Goals (SDGs)

out of 17 United Nation SDGs, have been identified where financial inclusion is an enabler and essential to ensure targets are met.

Close to 1.4bn Adults

remain unbanked. This includes the individuals that are hardest to reach – and more commonly women, poorer, less educated, and living in rural areas.

64.8%

of Egypt's 65.4mn eligible adult population achieved total ownership of transactional accounts at the end of 2022.

28,790 account openings targeted for financial inclusion have been facilitated by Mashreq Egypt since 2020, which includes women, elderly, SMEs, and youth among others.

MASHREQ EGYPT

Mashreq Egypt actively contributes financial inclusion efforts being taken by CBE:

- Financial Inclusion programs targeting specific customer categories like:
 - Youth between the age of 16 to 21 years.
 - Women
 - Self-employed or informal workers who don't have Commercial Register or tax card
- Ease of account opening by simplifying the KYC process using only the National ID as proof of identity
- Active participation in financial inclusion events to generate awareness and promote financial education

As the result of the joint efforts by CBE and private sector financial institutions like Mashreq Egypt, financial inclusion rates in Egypt have increased from 20.5% in 2017 to 60.6% by end of June 2022.

Outlook

Since inception in 1967, Mashreq has adopted the principles of social responsibility, integrity, and transparency into every aspect of its business. Mashreq has now joined the United Nations Global Compact initiative, which will further support the Bank's efforts to embed strong ESG practices across the organization. Mashreq has financed and facilitated deals worth USD 15.5 billion in sustainable financing as of end 2022. Supporting achievement of the UN Sustainable Development Goals through sustainable loans, sustainable bonds, and other financing facilities will continue to remain a key priority for Mashreq.

The Role of Technology in Financial Inclusion

The technology revolution, and the accelerated adoption of digital solutions triggered by the COVID-19 Pandemic, are transforming access to finance:

71%

OF ADULTS IN DEVELOPING ECONOMIES NOW HAVE A FORMAL FINANCIAL ACCOUNT, COMPARED TO 42% IN 2011.

Most adults now have an account at a bank or regulated institution such as a credit union, microfinance institution, or a mobile money service provider. Mobile money accounts also make it possible, even for the poor, to save and cope with adverse situations. Individual accounts give women more say on their household finances. Importantly, the digital revolution is a powerful tool to improve governance. Social programs can now channel transfers directly to their beneficiaries' mobile phones, reducing leakage and delays.

Impact

Mashreq Egypt regularly tracks and reports the progress on its financial inclusion targets and KPIs by publishing quarterly reports. Since 2020, the Bank has facilitated account opening for 28,790 customers, which included women, elderly, SMEs, and youth among others. The Bank has seen 42% increase in accounts being opened as a result of participation in various theme days.

42% INCREASE

IN ACCOUNTS BEING OPENED BY MASHREQ EGYPT AS A RESULT OF PARTICIPATION IN VARIOUS THEME DAYS.

Financial inclusion has a multi-fold ripple effect as it contributes directly to various UN SDGs like SDG 1 (no poverty), SDG 5 (gender equality), SDG 8 (decent work and economic growth).

"The important element in building on positive momentum is emphasising that financial inclusion is one of the elements of building stronger, more robust economies and can become a centrepiece to ensuring sustainable growth."

Fernando Morillo
Group Head of Retail Banking
Mashreq Bank

Sources:

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