



Advancing financial access for the world's poor

Financial Access in MENA

20-21 October Beirut

**6th Meeting of the International Network on
Financial Education**

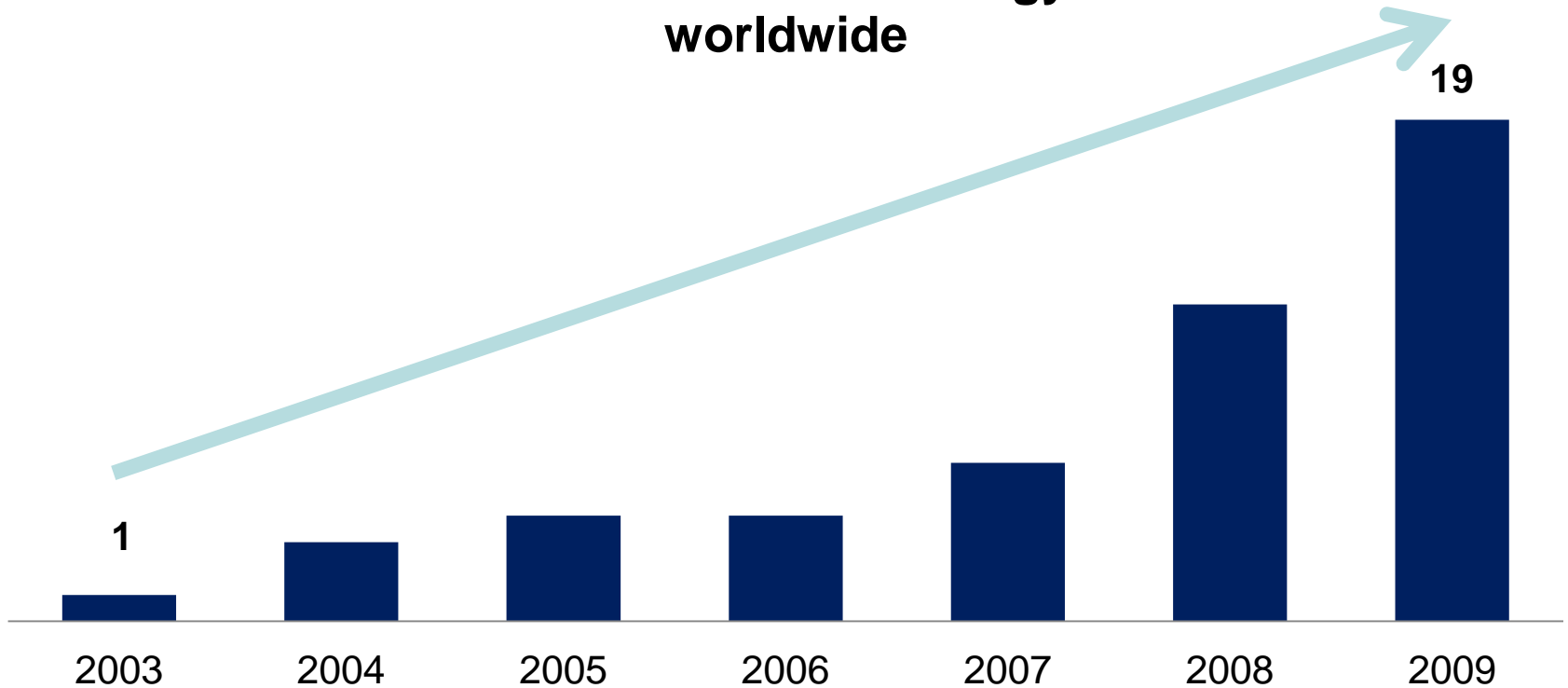
Mohammed Khaled

Content

- Access to Finance in MENA
- Who are the providers of Access to Finance in MENA?
- The Microfinance Sector in MENA
- Recommendations

Financial inclusion is gaining ground in the policy arena

Number of countries with a strategy document - worldwide

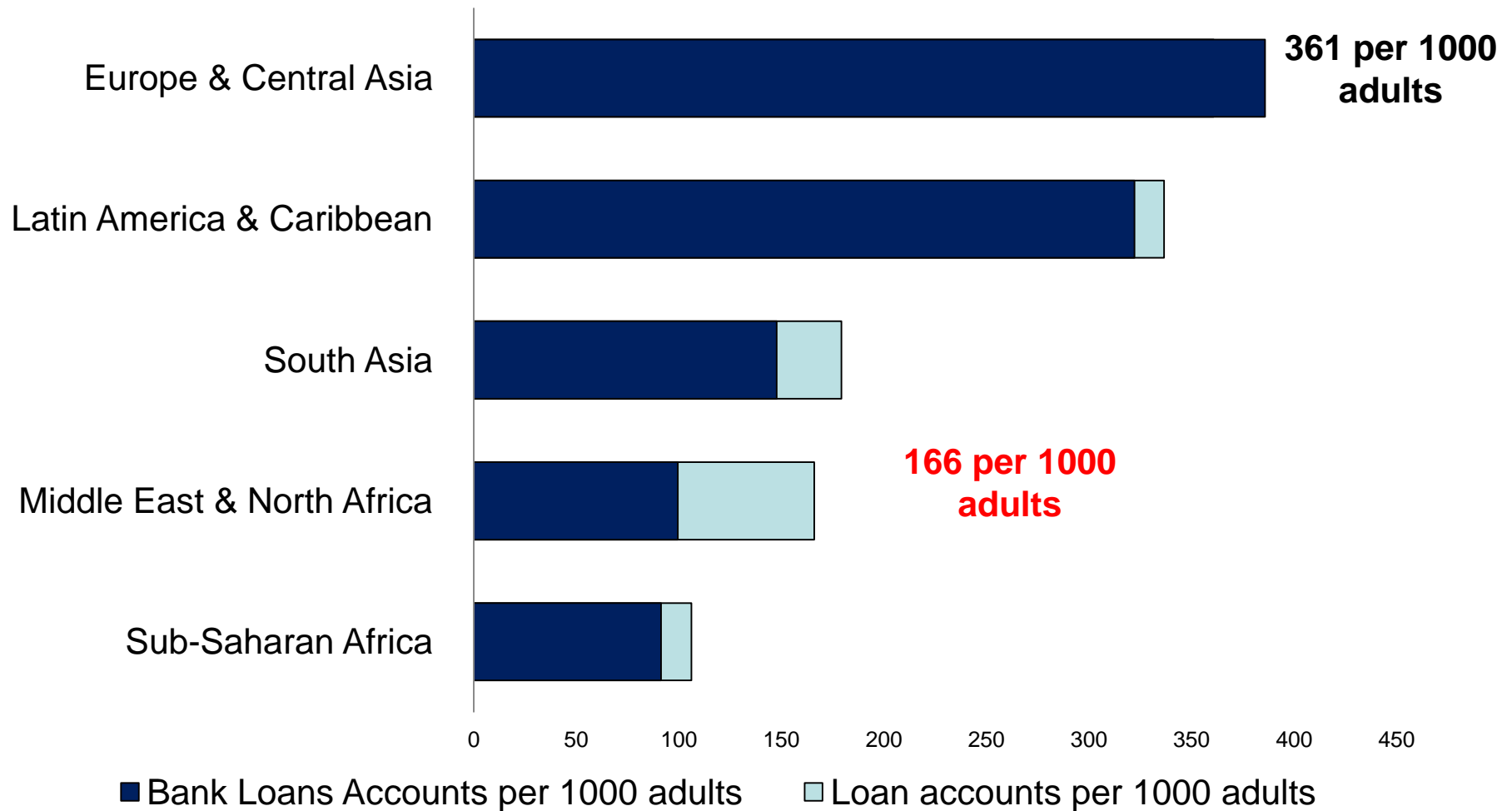


Source: Financial Access 2010

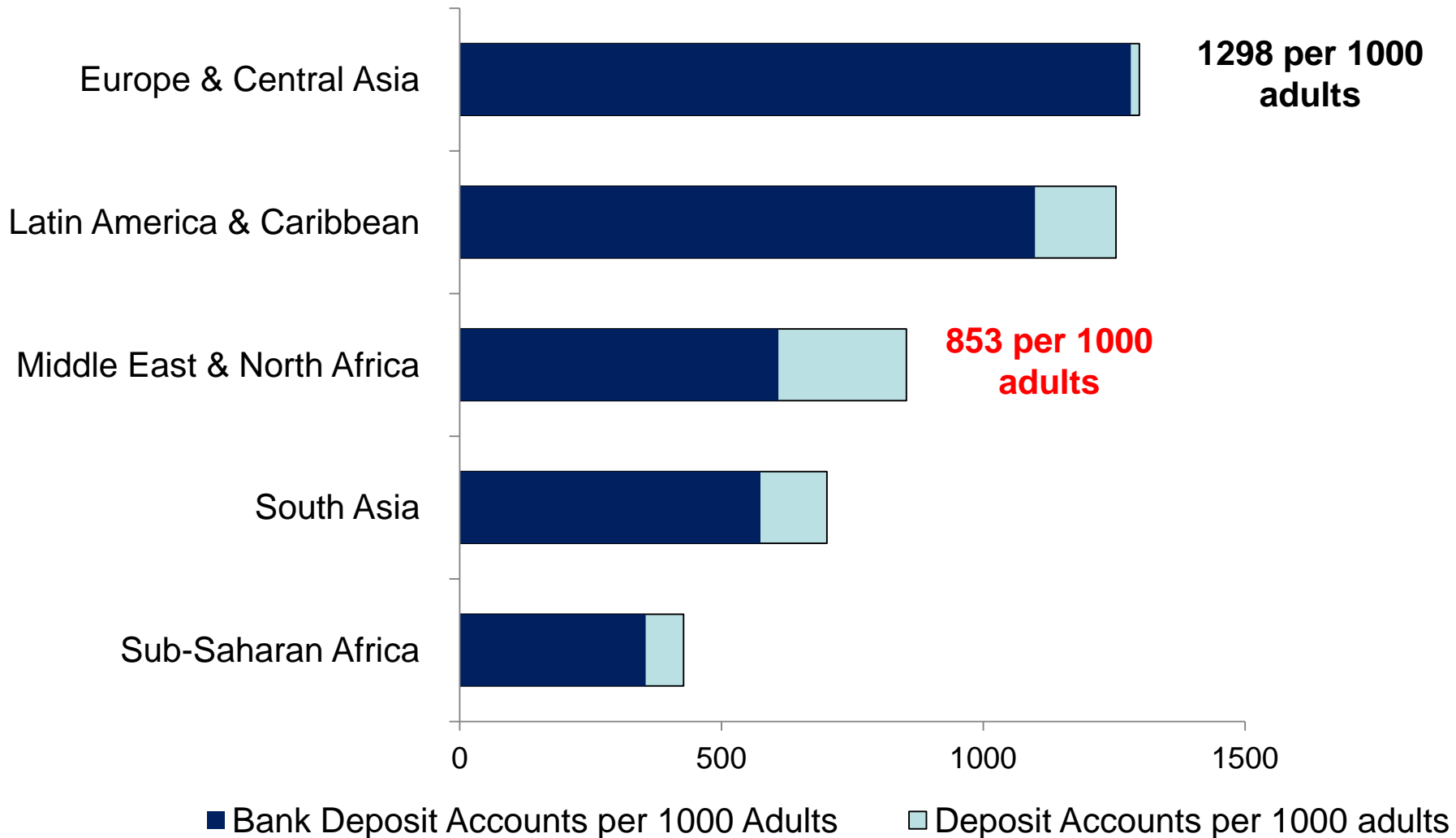
Why does Access to Finance Matter?

Financial Inclusion is critical for the **competitiveness** of the Middle East and North Africa (MENA) region, for **employment creation**, and for **raising incomes and reducing poverty**.

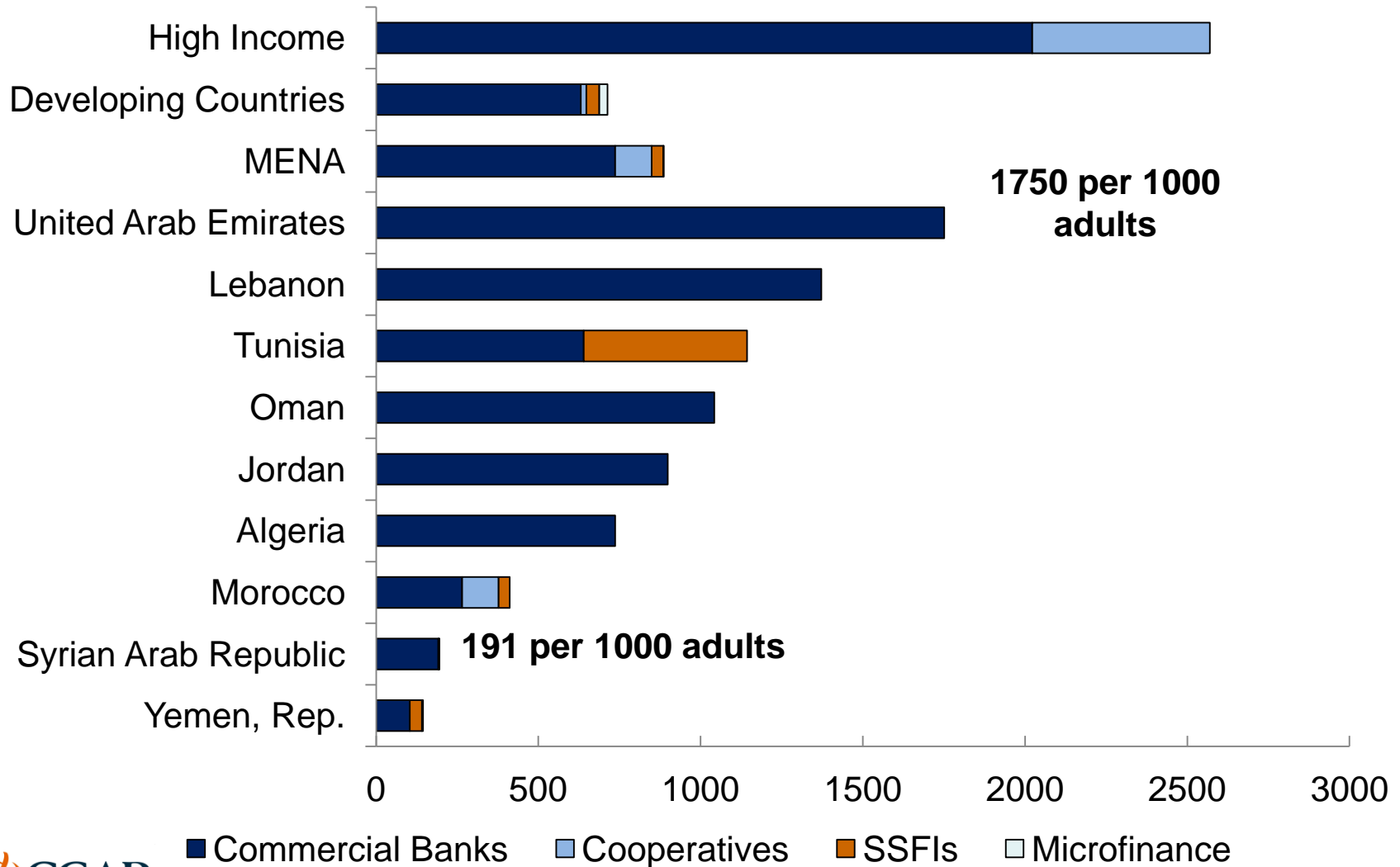
Access to loan accounts in MENA still low...



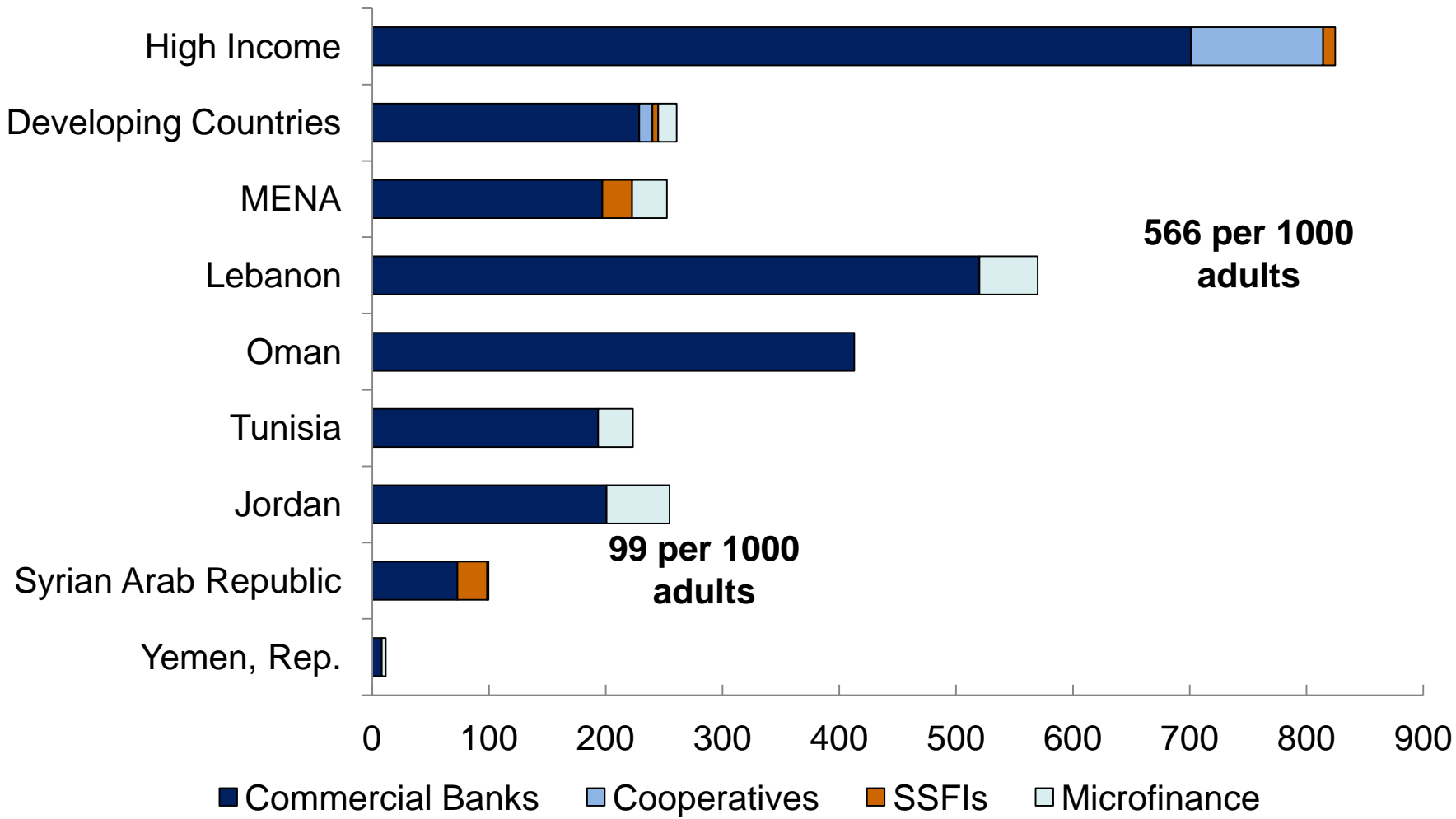
...access to deposit accounts more positive outlook



...but there are wide regional differences in deposit accounts per 1000 adults

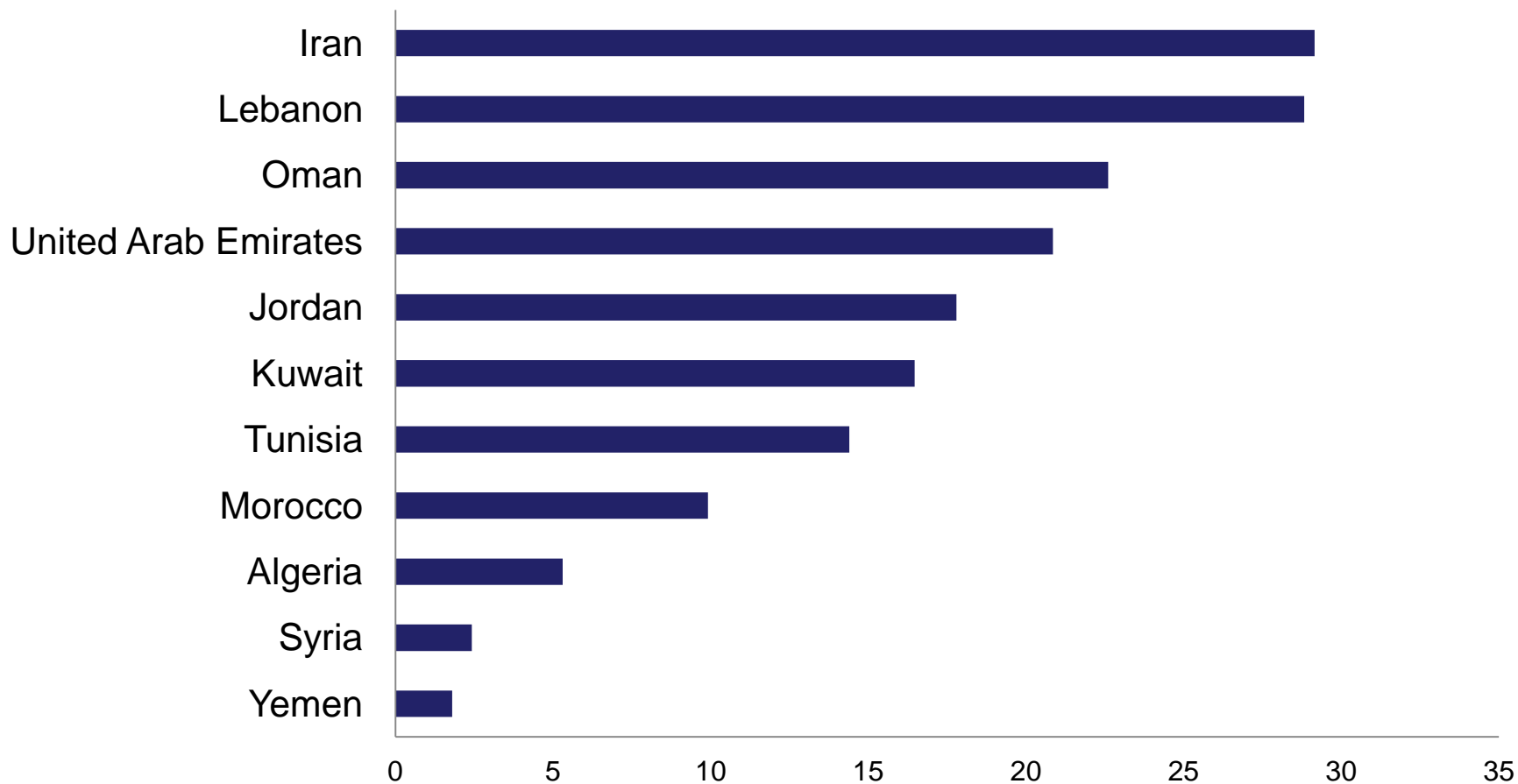


Similar intra-regional variation for loan accounts per 1000 adults



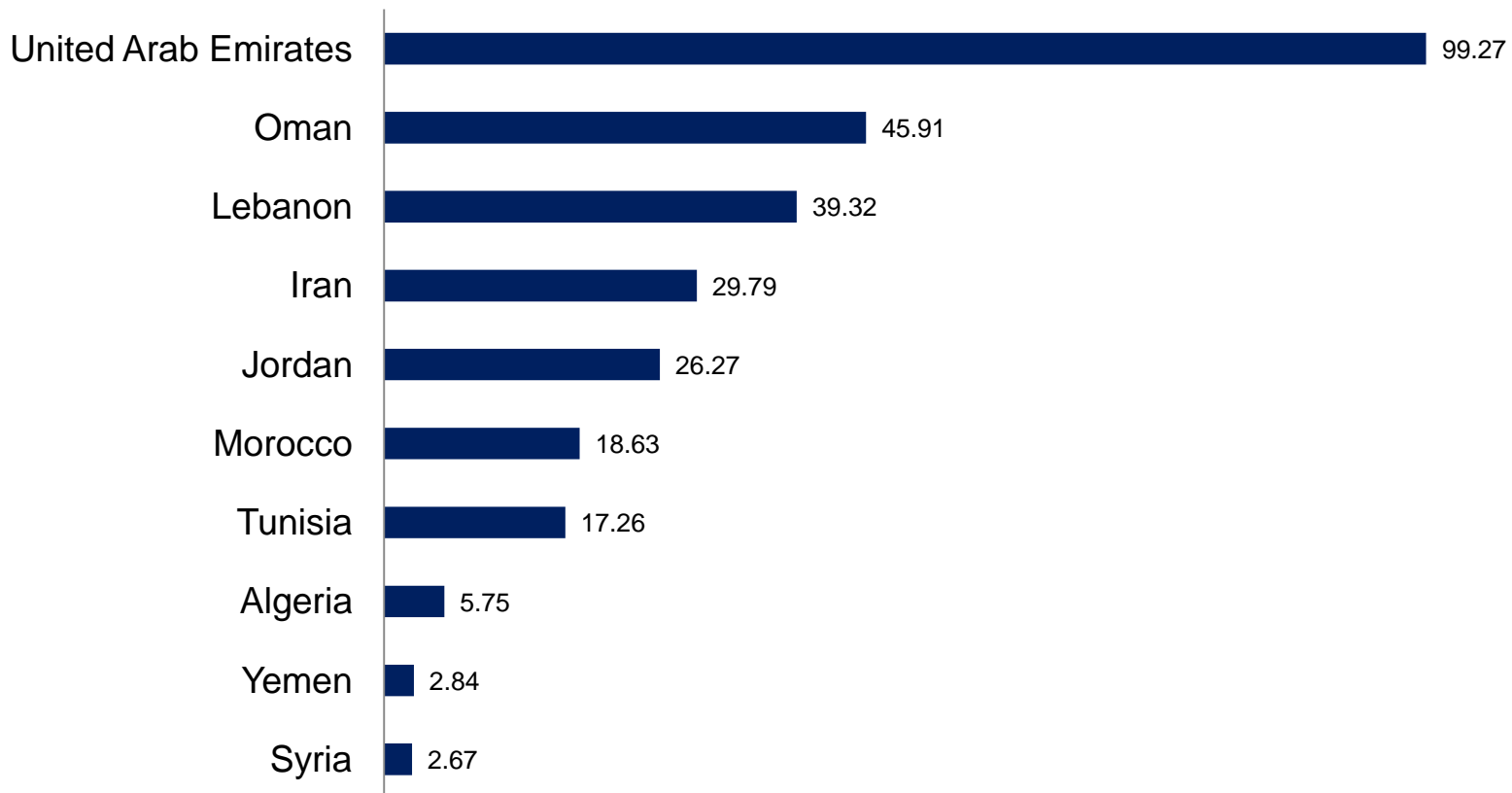
Branches per 100,000 adults

Commercial Bank branches per 100,000 adults



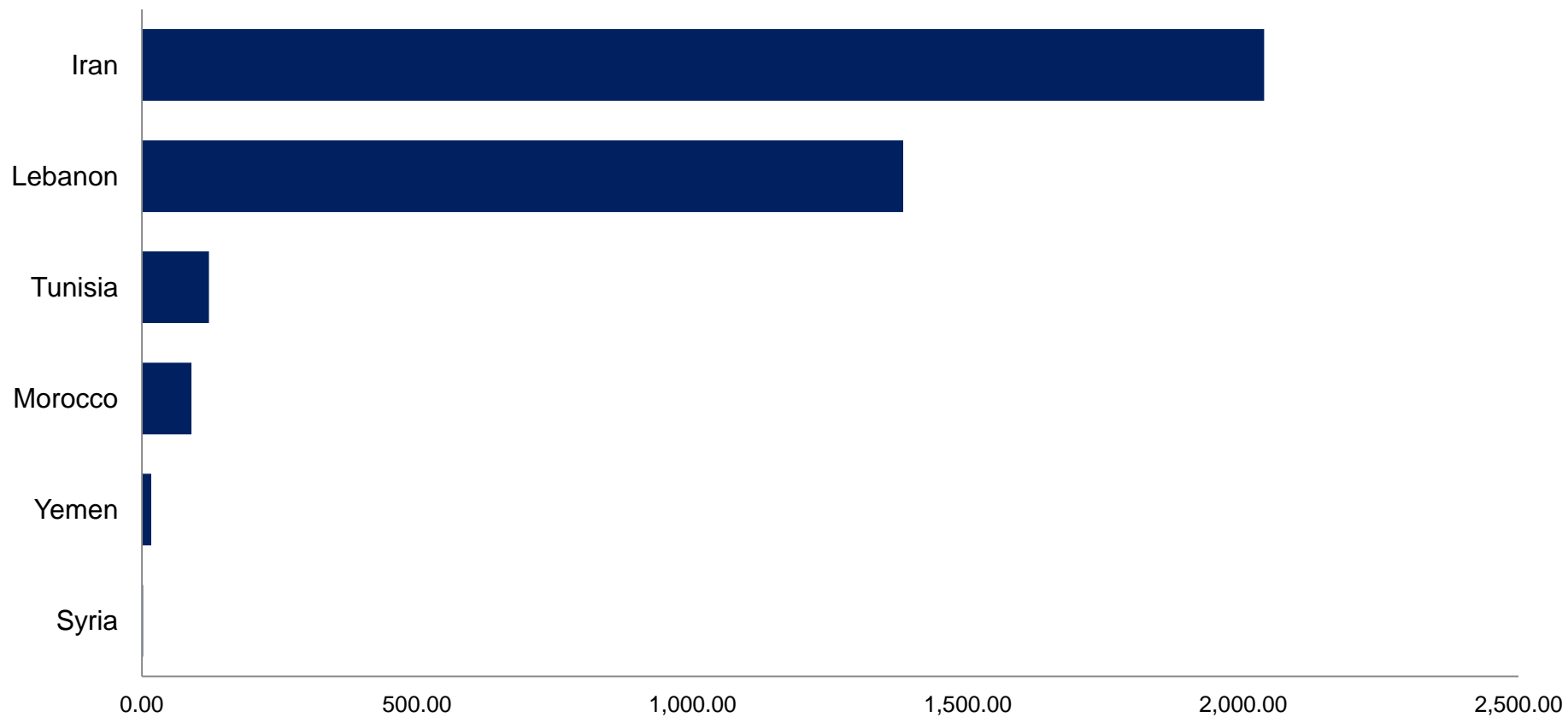
ATMs per 100,000 adults

ATMs per 100.000 adults

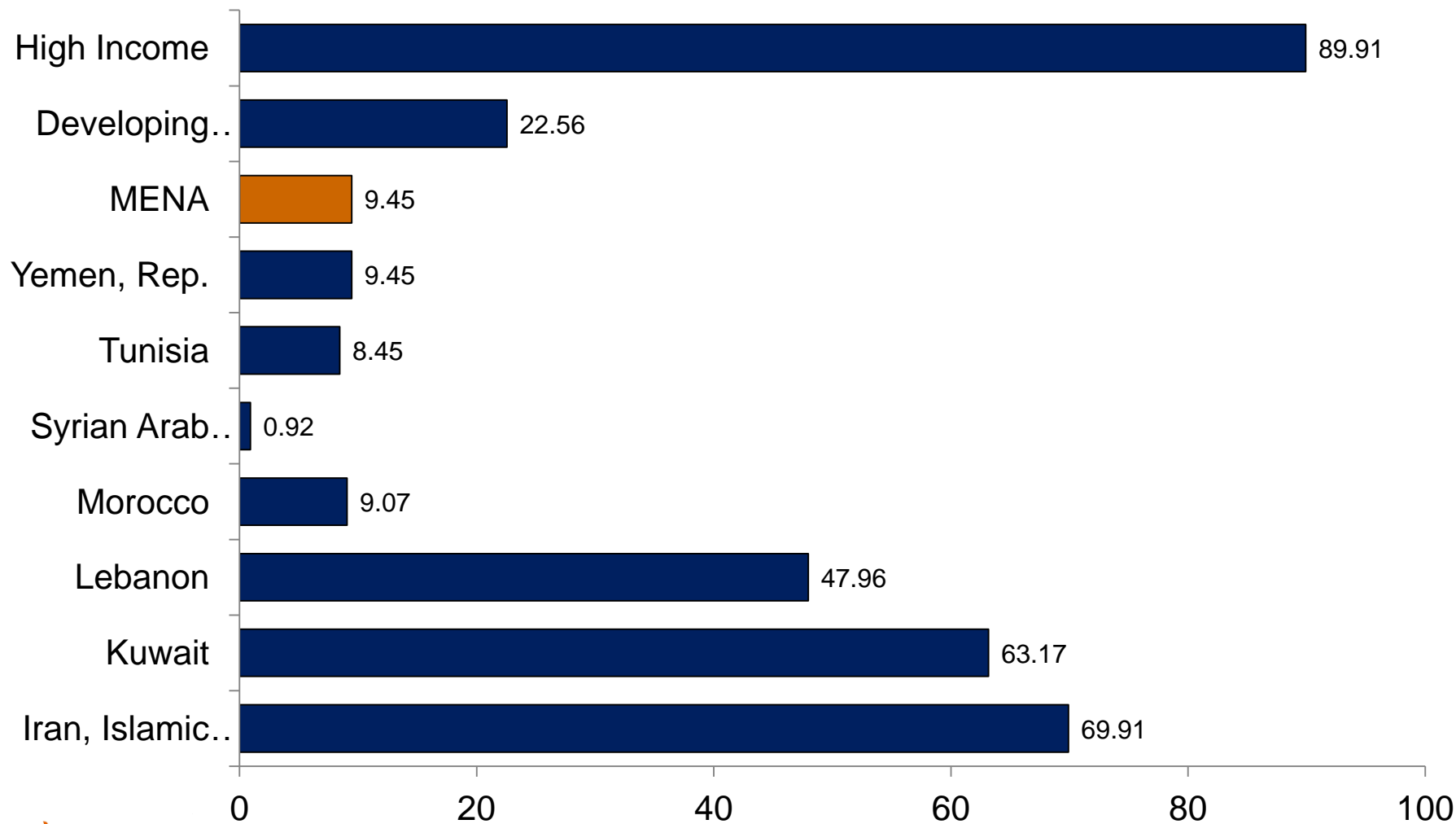


POSS per 100,000 adults

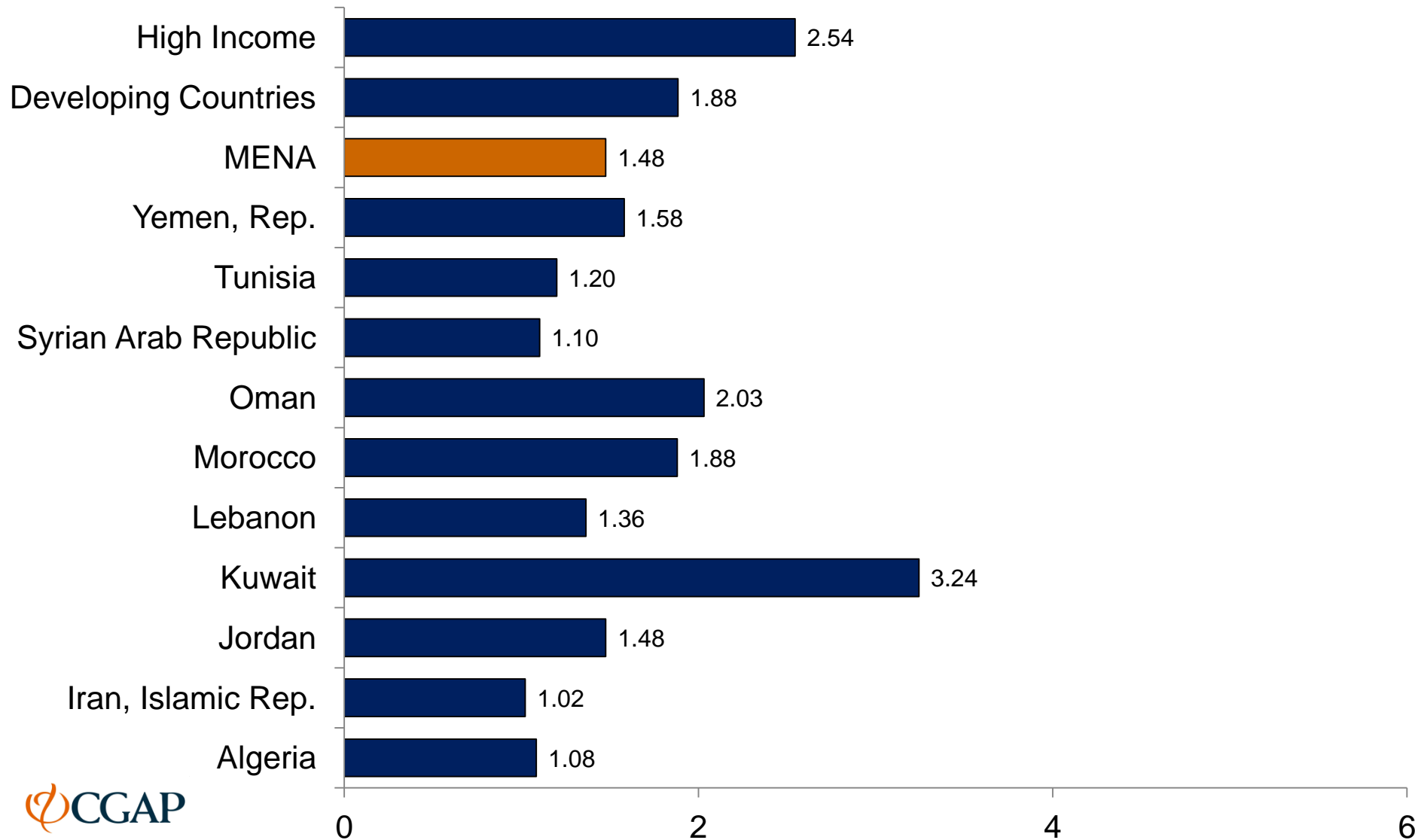
POS per 100,000 adults



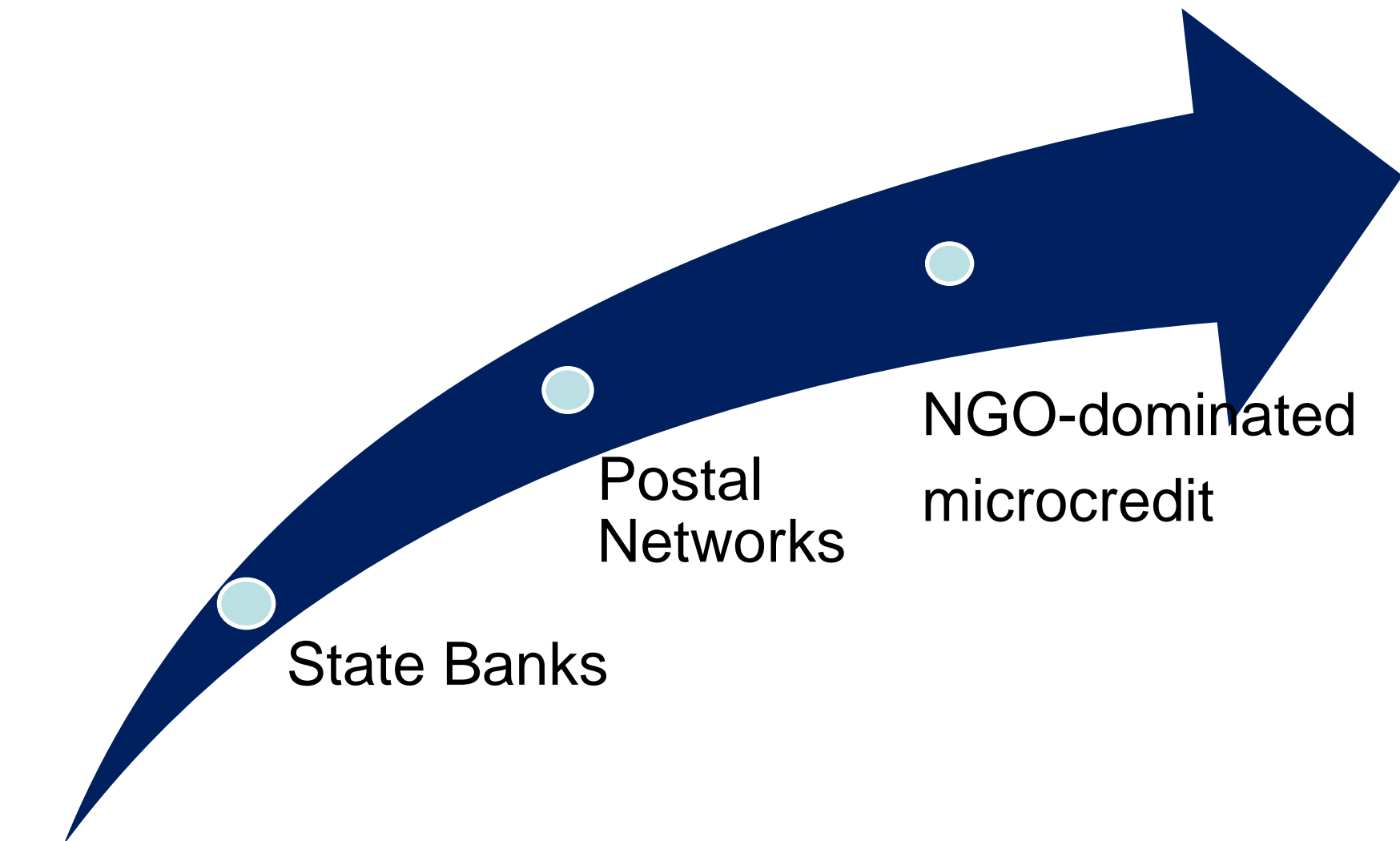
POS to branches ratio for commercial banks



ATM to Branches Ratio for commercial banks



Financial inclusion in the MENA region is characterized by...



Characteristics of the microfinance sector

- ✓ **Young** institutions (10 yrs, on average)
- ✓ Preponderance of **NGO & government** programs
- ✓ **Few** MFIs (MIX:56, total < 100 + 400 very small in Egypt)
- ✓ Most are **credit-only** & product diversification is very recent
- ✓ High **concentration**: most clients served by few MFIs and in Morocco and Egypt
- ✓ **Low market penetration** (15-20%) and countries where MF is non-existent

There are few MFIs compared to other regions

Region	# of MFIs reporting to MBB	
	2007	2008
Africa	159	195
Asia	244	283
ECA	158	217
LAC	283	333
MENA	46	56

Source: MixMarket MicroBulleting

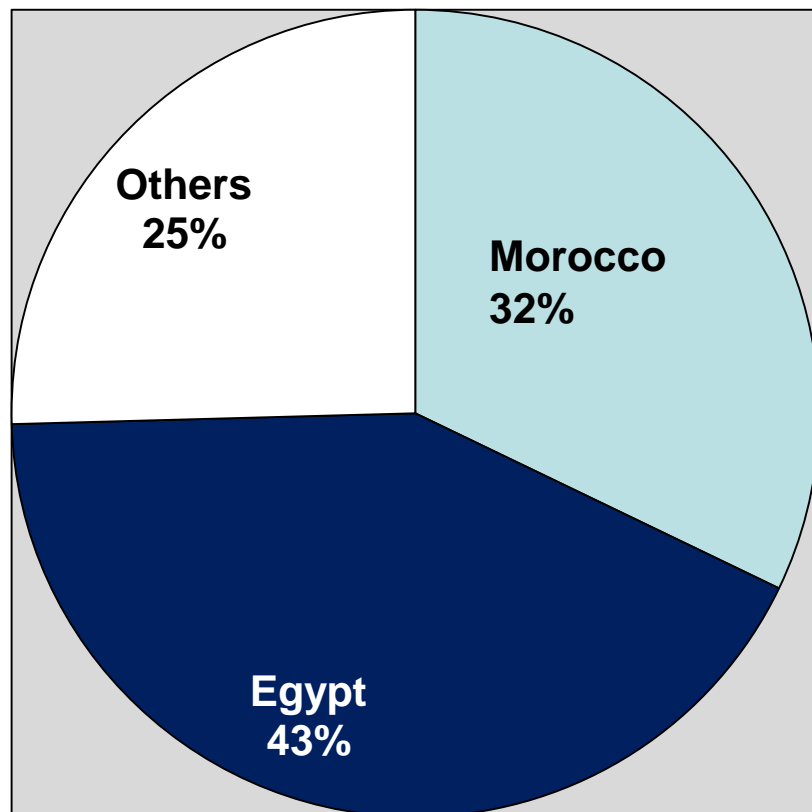
...and outreach is concentrated in few MFIs

Largest MFIs (2009)	% Active Borrowers	%GLP
Al Amana	14%	22%
5 MFIs	38%	41%
10 MFIs	57%	53%
15 MFIs	69%	60%
20 MFIs	75%	65%

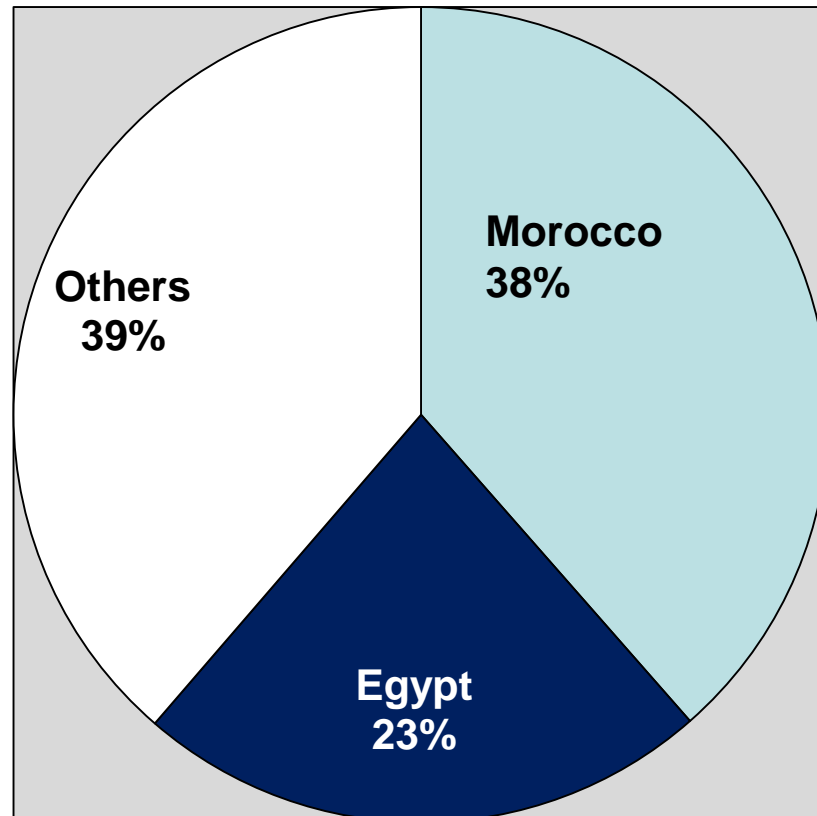
Source: Based on SANABEL 2009 data: 502 MFPs (411 from Egypt, 394 from SFD)

...and in two countries

Active Borrowers



Gross Loan Portfolio US\$

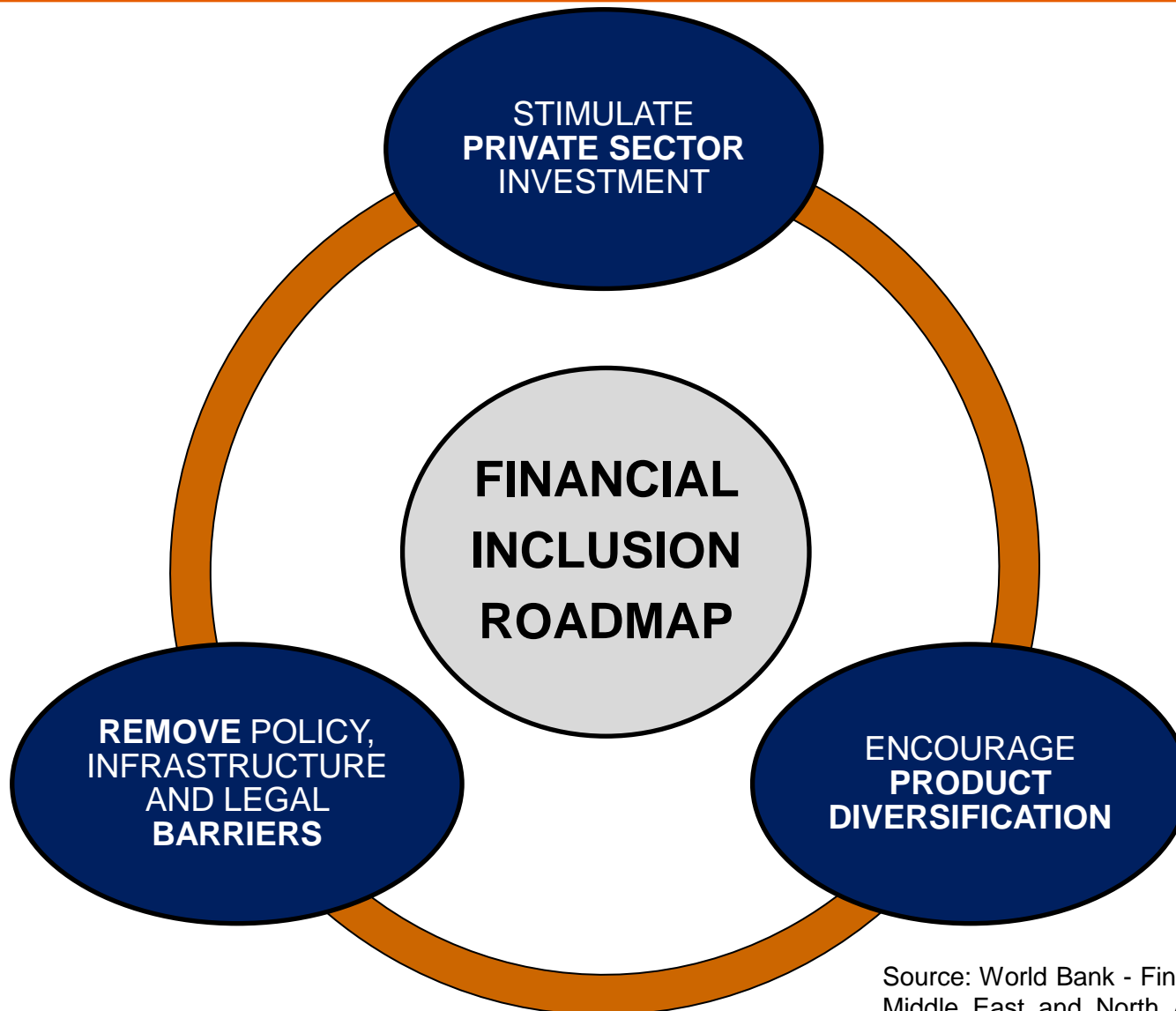


Source: MixMarket. 2009 Data

Sector Trends

- **Growth is slowing down**
- Focus on the **poor**
- Low **Portfolio at Risk** compared to other regions (exception Morocco)
- **Interest rates** have been declining
- **Few equity investors** in the sector

Recommendations: Financial inclusion is an increasing priority



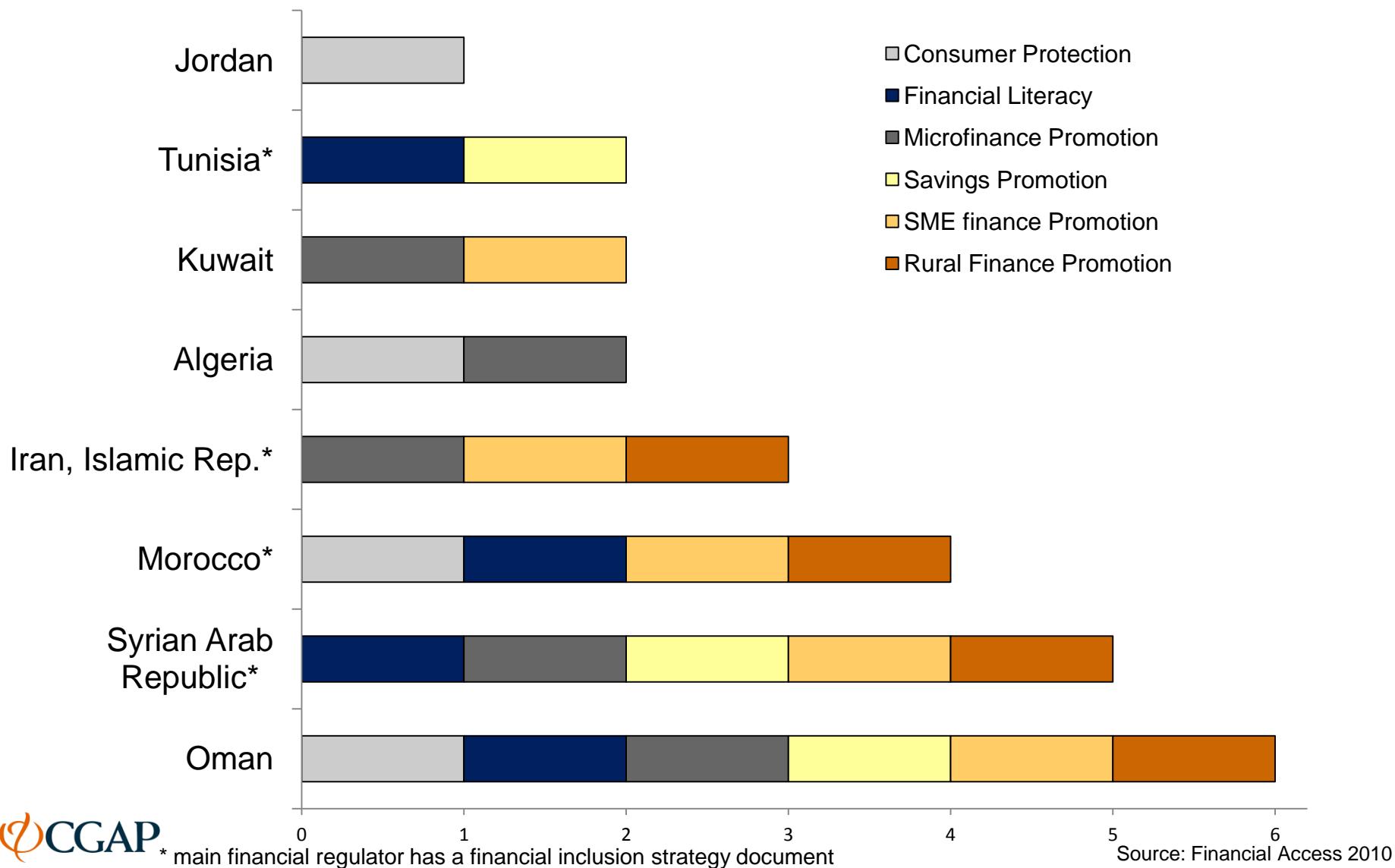
Specific Policy Recommendations for MENA governments

1. Set out a **Financial Inclusion Strategy** backed by resources and commitment
2. Agree **Charters and Targets** with the Private Sector
3. Provide a **Regulatory and Supervisory Framework** that allows microfinance institutions to grow prudently
4. Extend access to a broader range of financial services **through existing branch networks**
5. Enable **Branchless Banking Innovations** and the **Use of Agents**
6. Use **Government Payments** as a Stimulus for Financial Inclusion
7. Strengthen **Financial Infrastructure** for Financial Inclusion
8. Strengthen **Consumer Protection and Financial Capability**
9. Ensure a level playing field for **Islamic Microfinance**

Governments taking action in financial capability

Country	Financial Capability	
	Agency is responsible	Dedicated team or unit
Algeria	X	X
Jordan	X	X
Lebanon	X	X
Mauritania	√	√
Morocco	√	√
Sudan	X	X
Syria	√	√
Tunisia	√	√
Yemen	X	X

Financial regulators responsible for financial inclusion topics



Other resources



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ABOUT US

OUR



About Microfinance

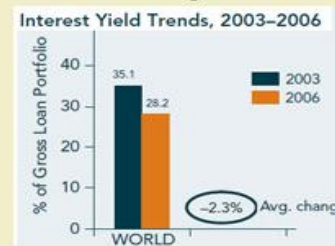
Microfinance offers poor people access to basic financial services as loans, savings, money transfer services and micro insurance. People living in poverty, like everyone else, need a diverse range of services to run their businesses, build assets, smooth consumption and manage risks. [More](#)

Do you have additional microfinance industry questions? Learn more: [Skills for MF Managers](#) [Courses](#)

Financial Crisis Resources



Market Intelligence



Financial Access 2010

The State of Financial Inclusion Through the Crisis

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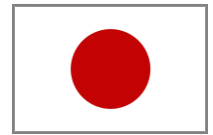
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Advancing financial access for the world's poor

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