



Summary Notes of the Distinguished Lecture on
“The Key Role of Services in Achieving Financial Inclusion”

Tuesday, April 11, 2017, 05:00 PM - 07:00 PM. ECES Premises

Speaker:

Abdel Hamid Mamdouh, *Director of Trade in Services Division*, World Trade Organization (WTO)

Chair:

Hisham El Khazindar, *Board Member*, ECES

Moderator:

Abla Abdel Latif, *Executive Director and Director of Research*, Egyptian Center for Economic Studies (ECES)

Main messages and takeaways:

- The objective of liberalizing the financial services sector is to enhance competitiveness; not to cancel rules and regulations
- Two billion people across the globe do not have banking accounts
- Financial inclusion is the opposite of financial exclusion

- The importance of financial inclusion:
 - Increases individuals’ social and economic welfare. For example, it makes transactions more efficient and cash transfer easier.
 - Micro businesses benefit from safe and secure payments
 - Economy: better and efficient allocation of resources; increase national savings as well as promote economic growth and reduce inequalities

- There are three types of barriers for financial inclusion
 - Demand Side:
 - Lack of money -the primary barrier in the demand side
 - Mistrust in financial institutions
 - Lack of basic documentation
 - Supply Side:
 - Inadequate financial service products
 - Lack of knowledge about market segments
 - Inefficient industry coordination
 - Regulatory Barriers



- In Egypt,
 - Less than 15% of Egypt's population have banking accounts
 - Retired people use ATM cards to only withdraw pension amount. They just exchanged the medium of receiving cash

- Points specific to Egypt (From Discussion)
 - Culture
 - Egyptians have debit cards more than credit cards to avoid “usuary”
 - They use machines to withdraw cash and not to deposit
 - Egypt's economy is a cash economy. It's the state's problem and not the bank. An incentive is needed to encourage people to use cards
 - Informality, the informal sector in Egypt is the dominant one
 - Mobile services are used in Egypt more than other countries. This could be an advantage that help in the financial inclusion process. However, there is no incentive for users to pay by their mobiles
 - There is a problem in accessing remotes places
 - There is a problem in the demand side because of Egypt's high poverty rate
 - Electronic crime is unresolved; there are no clear guidelines for users on how to act in case of forgery

Despite all these difficulties, Egyptians can easily adapt as long as an incentive is provided.

- The chair mentioned two interesting cases, Kenya KCB and India demonetization, that Egypt may benefit from their experiences

- The lecture ended by recommending Egypt to start its financial inclusion process through its post offices, Agricultural Bank of Egypt and mobile services