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Council of Arab Central Banks and Monetary Authorities' Governors

Arab Financial Inclusion Day - April 27, 2020

Under the theme of "Towards Building Financial Literacy that promotes Financial Inclusion"

The Council stresses that the implications of the emerging corona virus highlight the importance of accelerating the transition to digital financial services and enhancing awareness about it

The Council calls in this context for the following:

Alignment with the priorities of the Group of Twenty (G20)

Promoting digital financial inclusion for young people, women and MSMEs

Encouraging the use of the latest technologies to boost financial inclusion

Spread the digital financial literacy to all segments of community

The Council of Arab Central Banks and Monetary Authorities Governors attaches extreme importance to enhancing access to finance and other financial services in the Arab countries. This focus comes from recognition by the Council of the potential and great opportunities that can be achieved by enhancing financial inclusion to bolster comprehensive and sustainable economic development, assist in addressing unemployment and underemployment challenges and achieving social justice. There is no doubt that the current developments and the repercussions of the spread of the "Corona emerging" virus, clearly highlighted the great importance of financial inclusion and the need to promote applications of digital financial services, and to educate and educate users of these services.

In this context, the Council of Arab Central Banks and Monetary Authorities' Governors, in light of the growing need to sensitise all Arab actors to the importance of financial inclusion, endorsed in 2016 the 27th of April as the Arab Day for Financial Inclusion, celebrated this

year under the theme of "Towards Building Financial Literacy that promotes Financial Inclusion." On this occasion, the Council affirms its support for the international community in enhancing financial inclusion, especially the efforts made by the G20 under the presidency of the Kingdom of Saudi Arabia (KSA). The financial inclusion topic was adopted by the G20 as one of the main aspects of the economic and financial development program, especially as it is closely related to achieving the objectives of sustainable development. The Council also reaffirms its support for the efforts and priorities of KSA in enhancing digital financial inclusion during its presidency of the G20. The Group pays special attention to supporting the access by young people, women and micro, small and medium enterprises (MSMEs) to financial services by tapping into the latest technologies, as well as awareness-raising and community education efforts which increase the chances of success of Arab countries' efforts and policies in this regard.

The Council also attaches importance to financial inclusion issues in the Arab world through its approach to launch a number of different activities and initiatives in cooperation with regional and international organisations. The Council 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. FIARI aims to empower and enhance capacities and capabilities to overcome the obstacles hindering the advancement of financial inclusion indicators in the Arab countries. In this regard, the Council values the comprehensive model of demand side surveys which detect the trends of demand on financial services in the Arab countries for both households and MSMEs. In view of that, the Council invites all Arab counties to put this model into force to help improve financial inclusion indicators and adopt appropriate policies and strategies in this respect. The Council also calls on FIARI's partners' organisations to further support the utilisation of new technologies in providing individuals, and MSMEs with access to financial services.

The Council further values the actions taken by the Arab countries to promote financial literacy, especially the digital financial literacy. It reaffirms the need to integrate all segments of society into the formal financial system, especially young people, women, entrepreneurs and the MSMEs sector. To this end, it is necessary to raise the awareness of those segments, protect their rights and improve their knowledge of financial issues so that they can make sound investment decisions. The Council also calls on all ministries of education, culture and

higher education in the Arab countries to double their efforts in order to expand and increase financial education and awareness.

The Council highlights the increasing importance of using new financial technologies in financial and banking sectors, and the significant accelerated growth witnessed by the financial services sector of such technologies and their related services world-wide. In addition, the great potentials offered by these technologies and services in terms of enhancing the efficiency of financial and banking operations, particularly in supporting the opportunities to access finance and financial services and encouraging entrepreneurship. In this connection, the Council calls for raising the awareness of all segments of society about the topics of modern financial technologies and taking the necessary measures to achieve this in coordination with the relevant official authorities. It also stresses the importance of the Regional Taskforce on Modern Financial Technologies launched by Arab Monetary Fund in sharing expertise and knowledge about modern financial technologies and crystallising different visions on the best way to regulate and put such technologies into effect in the Arab countries.

On the other hand, the Council values the role played by the Financial Inclusion Taskforce in enhancing financial inclusion in the Arab countries. This role is clear in developing policies and procedures related to financial inclusion in the Arab countries and considering studying ways to improve financial inclusion indicators in the Arab countries and help them implement the relevant international standards and principles. The role of the taskforce is also to strengthen cooperation between the various national institutions and entities concerned with financial inclusion issues in the Arab countries and the relevant international organisations.

Furthermore, the Council looks forward to pursuing the improvement in financial inclusion indicators in the Arab countries, especially as the latest statistics reflect the efforts made by the Arab countries in enhancing access to financial services. Figures indicate that the percentage of the adult population in the Arab countries who have access to formal finance and financial services has risen, on average, to 37%, and soared to 265 for women, and to 28% among low-income segments. Although these figures draw a veil over the disparities in this regard among the Arab countries, they still indicate the great potential opportunities – especially for private financial and banking institutions – that can be tapped into to enhance access to financial services in the Arab communities.

Likewise, the Council values the efforts exerted by Arab central banks and monetary authorities, and commercial banks and official financial institutions in the past years in marking the Arab Day for Financial Inclusion and their related activities and events on this day. These efforts have contributed to spreading awareness and financial education among all members of the community. Accordingly, the Council calls on all member states to celebrate the Arab Day of Financial Inclusion and encourage community participation (virtually) in marking the day through the implementation of awareness-raising activities and events to promote the importance of financial inclusion and its objectives. The Council hopes that the planned events of the Arab Day of Financial Inclusion will be successful, and their desired objectives are achieved.

On this occasion, the Director General Chairman of the Board of the Arab Monetary Fund, H.E. Dr. Abdulrahman Al-Hamidy, stressed the importance and the vital role of financial inclusion in addressing the economic challenges affecting growth. He added that this goal would be attainable by mobilising resources to maximise investment rates and create new job opportunities. Dr. Al-Hamidy also praised the growing interest of policymakers in Arab countries on financial inclusion related issues, and this would assist in addressing the challenges of poverty, unemployment and social development. He then referred to the continued efforts made by Arab central banks and monetary authorities and the great interest in the issues of improving financial inclusion and access to quality financial services at reasonable costs. Dr. Al-Hamidy also lauded them for giving appropriate importance and priority to such matters as part of their economic policies and spreading the literacy of responsible financing in the banking sector. Moreover, he referred to their utilisation of financial technologies in providing financial services, developing legislation, rules and regulatory frameworks that help improving the spread of financial and banking services and encouraging innovation in the industry. They also aim to follow up the endeavours made to develop a sound financial and banking system infrastructure and encourage the development and expansion of non-banking financial services, as well as policies and programs that enhance transparency in the financial and banking sector.