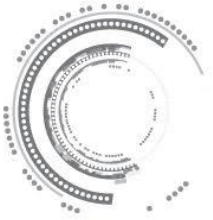


Egypt Feasibility Study





Outline

Country Data

Insurance Landscape

Financial Inclusion

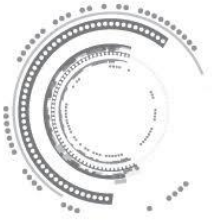
MFI Landscape

MNO Landscape

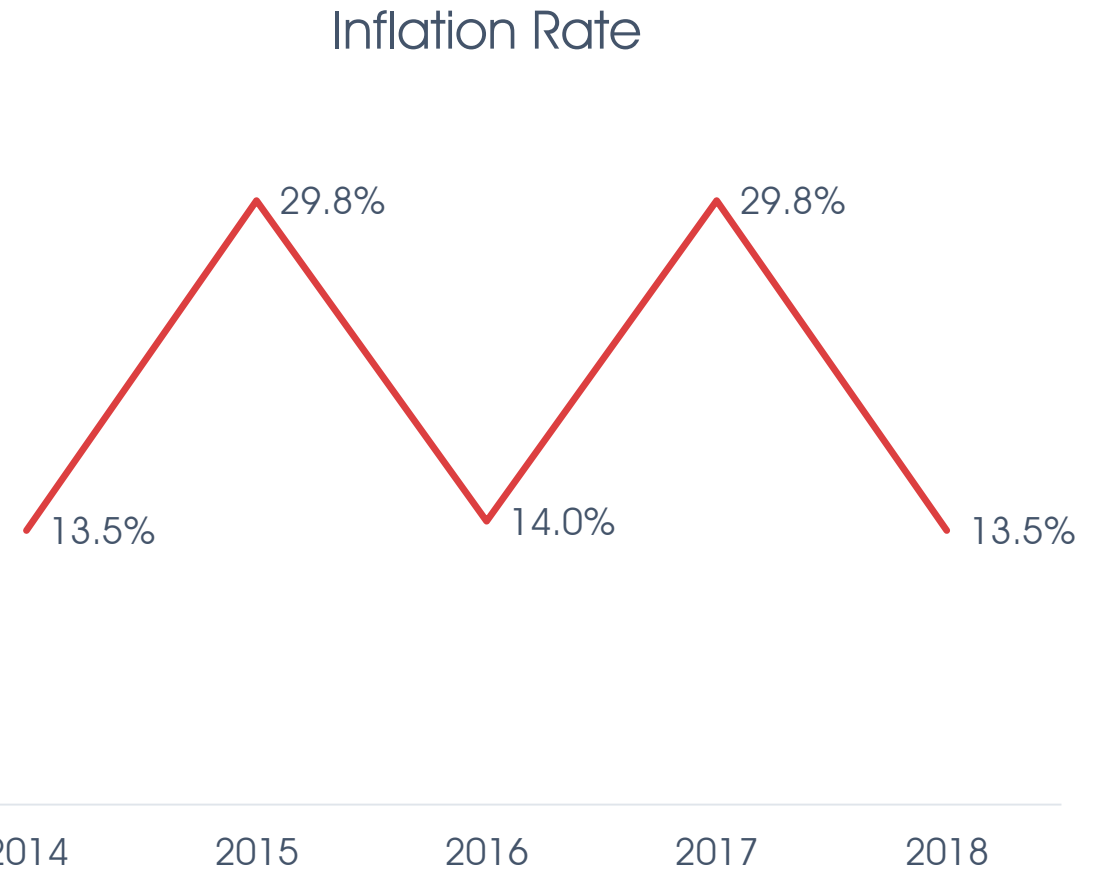
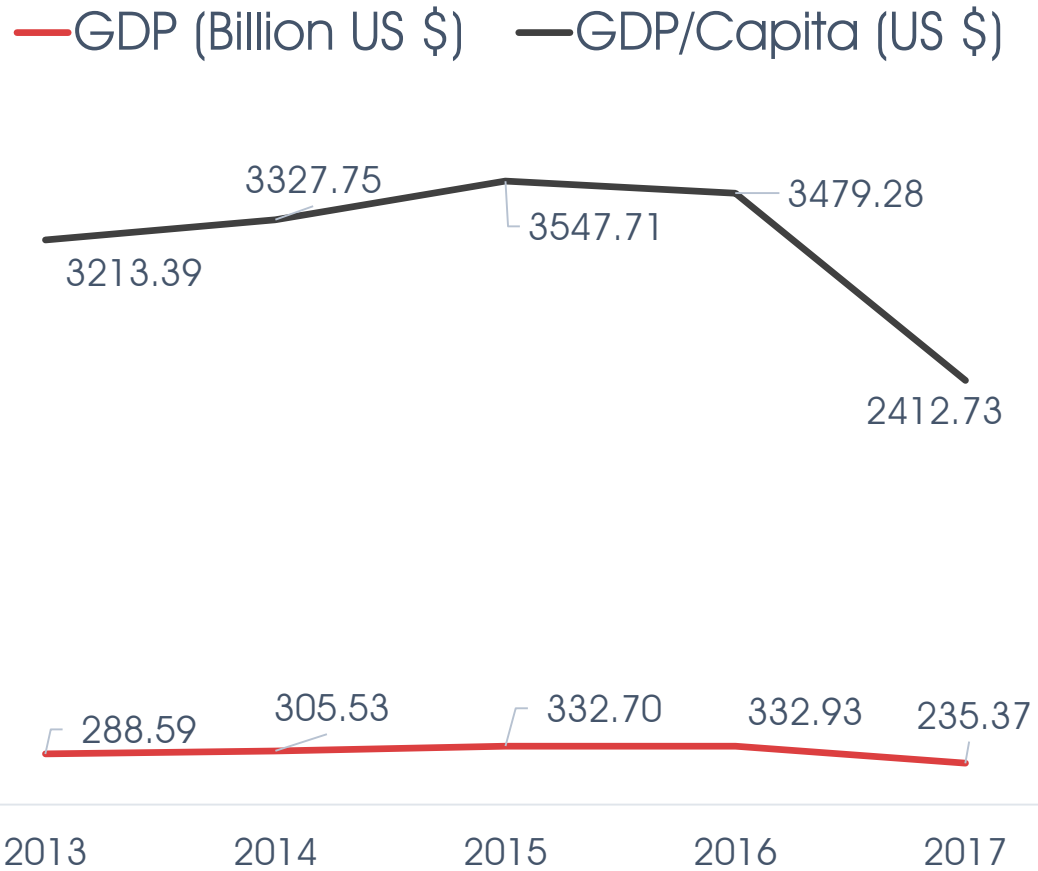
Distribution Landscape



Country Data



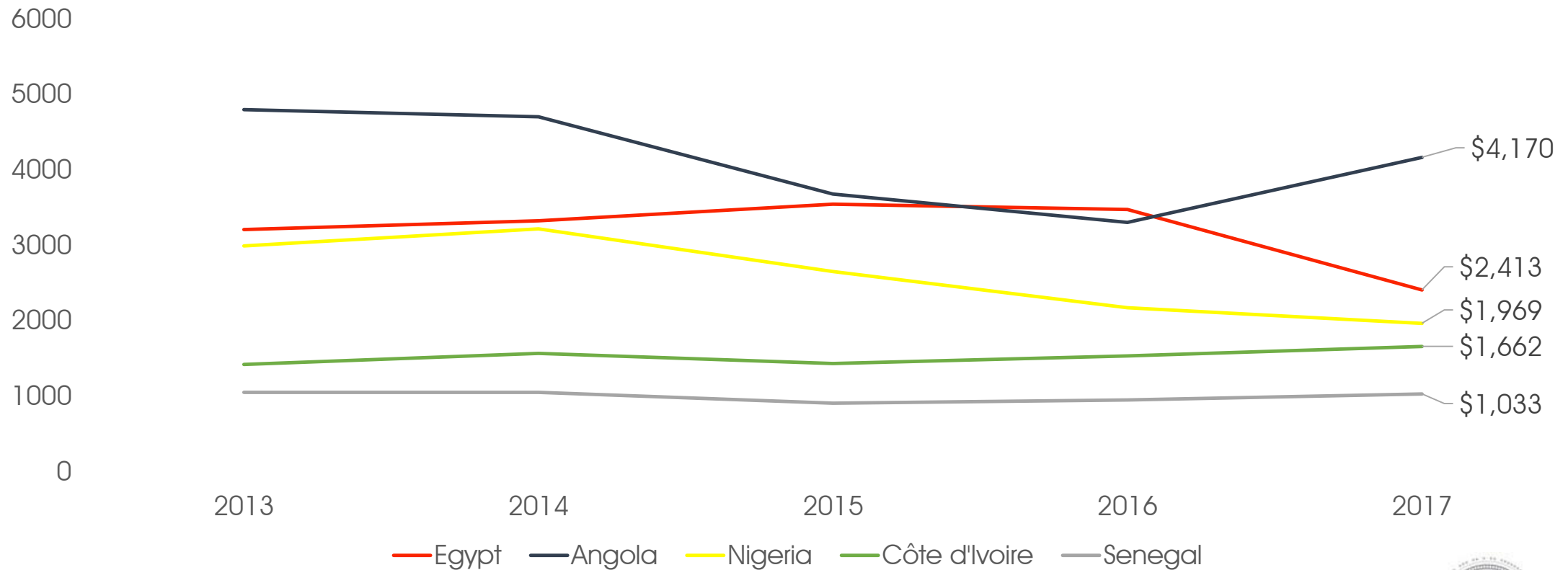
Key Economic Indicators

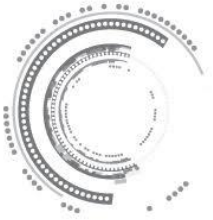




Key Economic Indicators- Benchmark

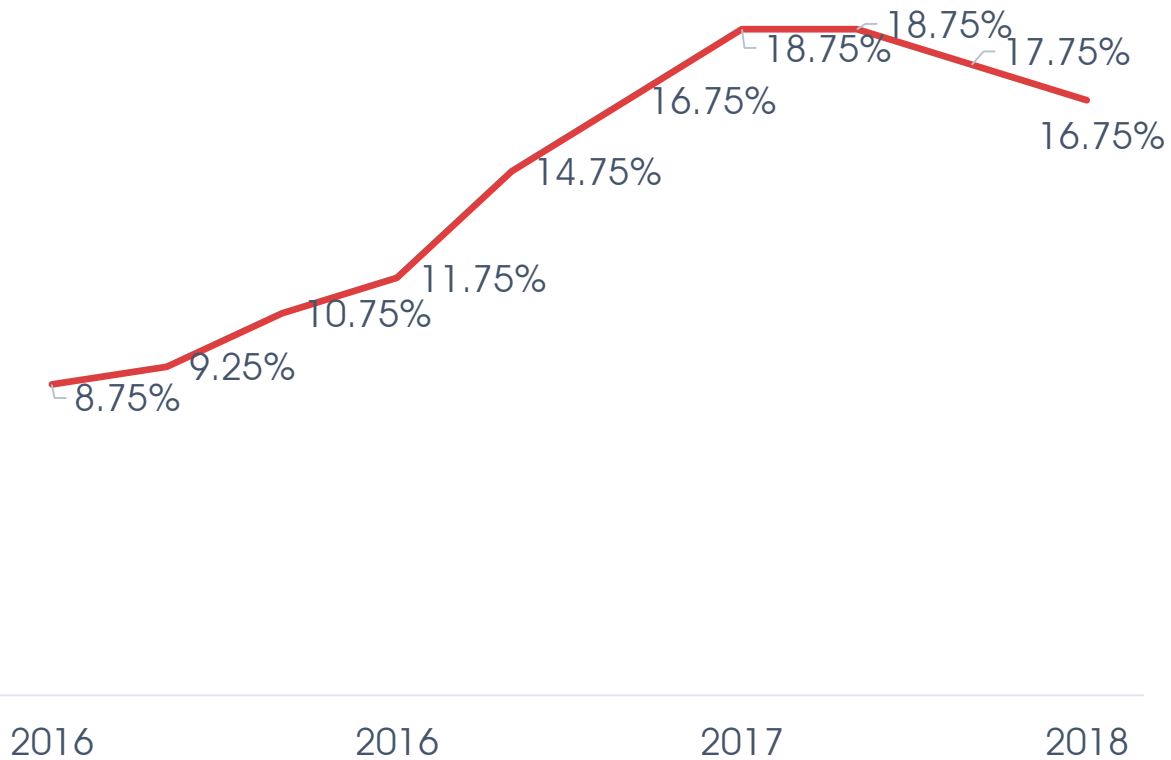
GDP/ Capita for 5 emerging African Countries



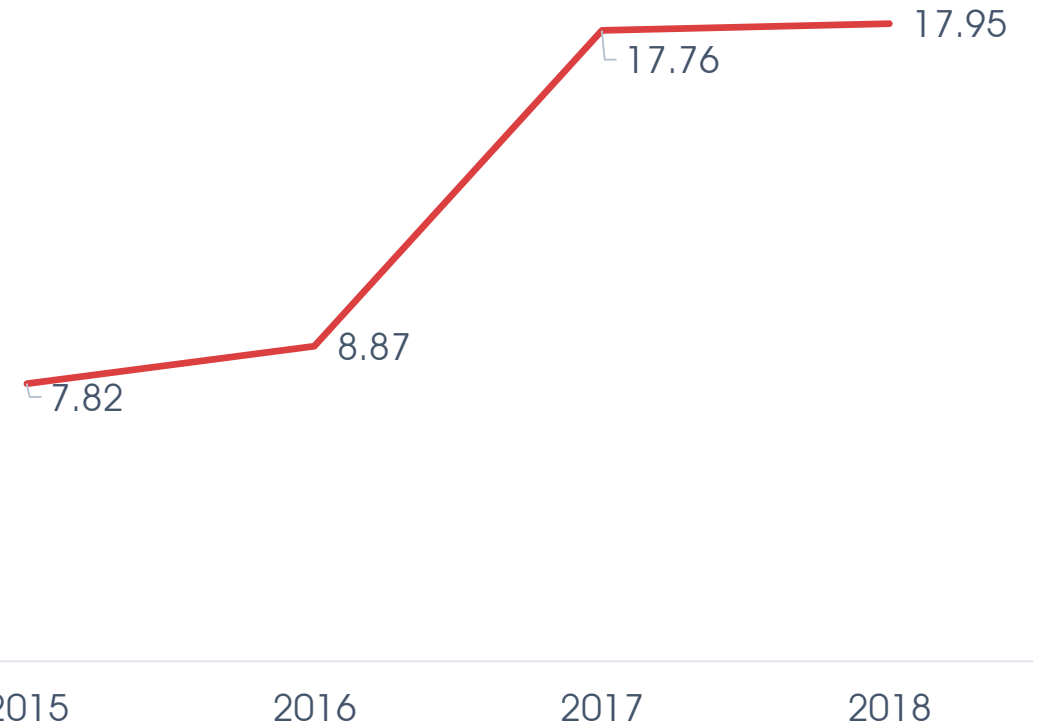


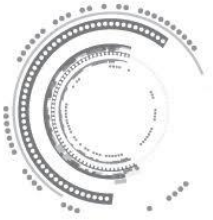
Key Economic Indicators

Intrest Rate



US dollar Exchange Rate





Key Economic Indicators

Gender Equality

Global Gender Gap index

Egypt scored 134 over 144 countries (average of four sub-indexes):

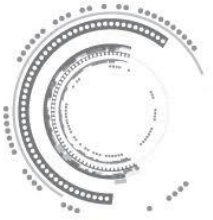
Economic Participation & opportunity

Educational Attainment

Health & Survival

Political Empowerment

	Average score		Economic participation & opportunity		Educational attainment		Health & survival		Political empowerment	
1 st place	1	0.878	1	0.911	1	1	1	0.98	1	0.75
Egypt	134	0.608	135	0.413	104	0.96	99	0.971	119	0.087
2 nd place	144	0.516	144	0.274	144	0.572	144	0.918	144	0.104



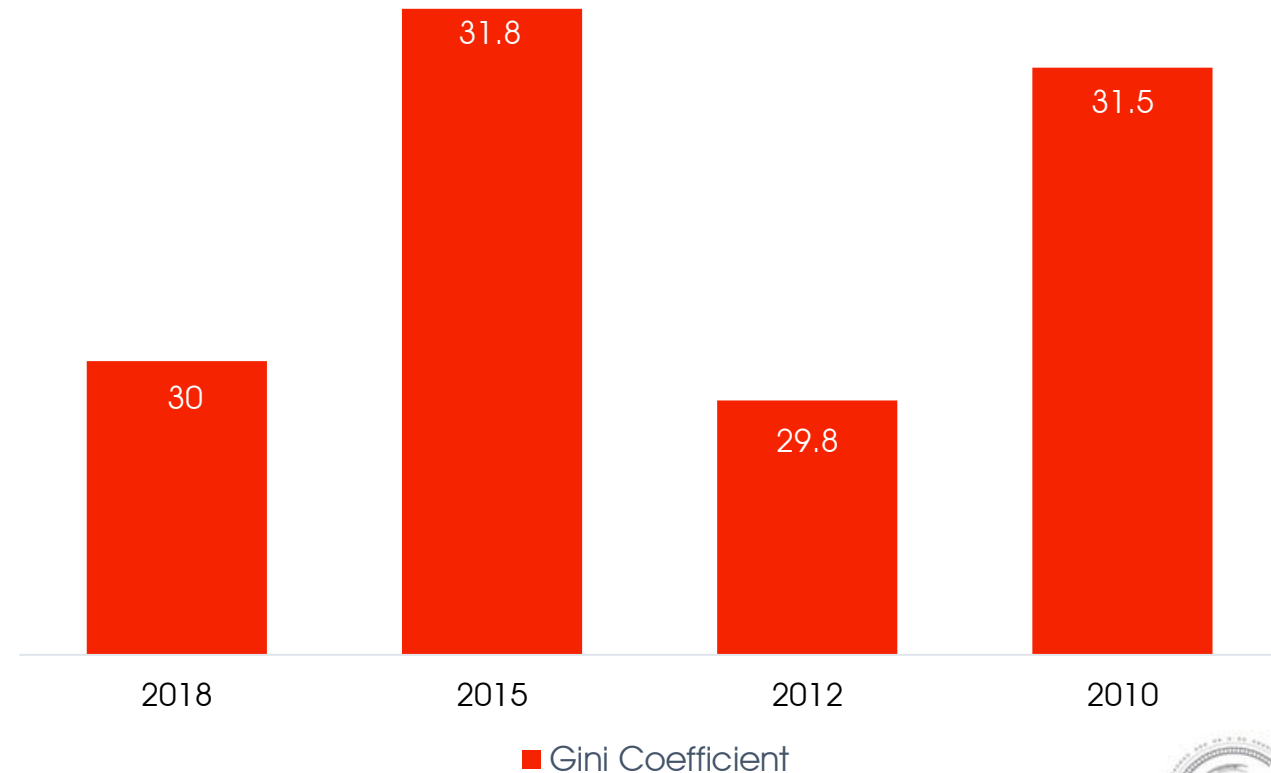
Key Economic Indicators

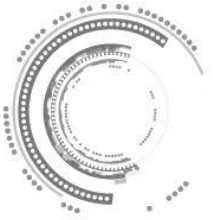
World Bank Figures (2015)

	Gini Coefficient	
Lowest	Slovenia	25.4
	Egypt	31.8
Highest	Namibia	59.1

Year	Gini Coefficient
2018	30.0 (world Bank)
2015	31.8
2012	29.8
2010	31.5

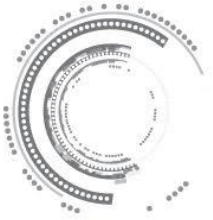
Gini Coefficient





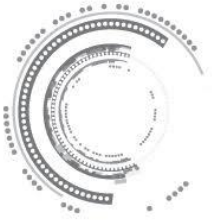
Men vs. Women

- Women and men enjoy the same rights when it comes to ownership of land or property.
- MFIs have special quotas for women to make sure they get equal chance at getting micro loans.
- The inheritance law differentiates between women and men, a man is entitled to double the inheritance of that of a woman according to Shar'aa law.
- It happens often in poorer areas that women are denied their inheritance.



Insurance Perceived

- Insurance is still perceived as a luxurious unnecessary product by the masses in Egypt.
- It is still believed that God is in control of the future and whatever happens God will provide for it which goes against the concept of insurance.
- The concept of having a safety net is foreign, families members, neighbors, colleagues, and affiliates support each other in times of crises. People fund raise informally for each other in cases of sickness, death, even in marriage and trauma.
- It is also common to hear that insurance is haram (against the religion), but even Shari'aa compliant insurance products are not popular.
- The government is launching a campaign in the media promoting the concept of insurance for the 1st time calling it "better insured than sorry". The campaign promotes the concept of insurance and specific life insurance products offered by the government.

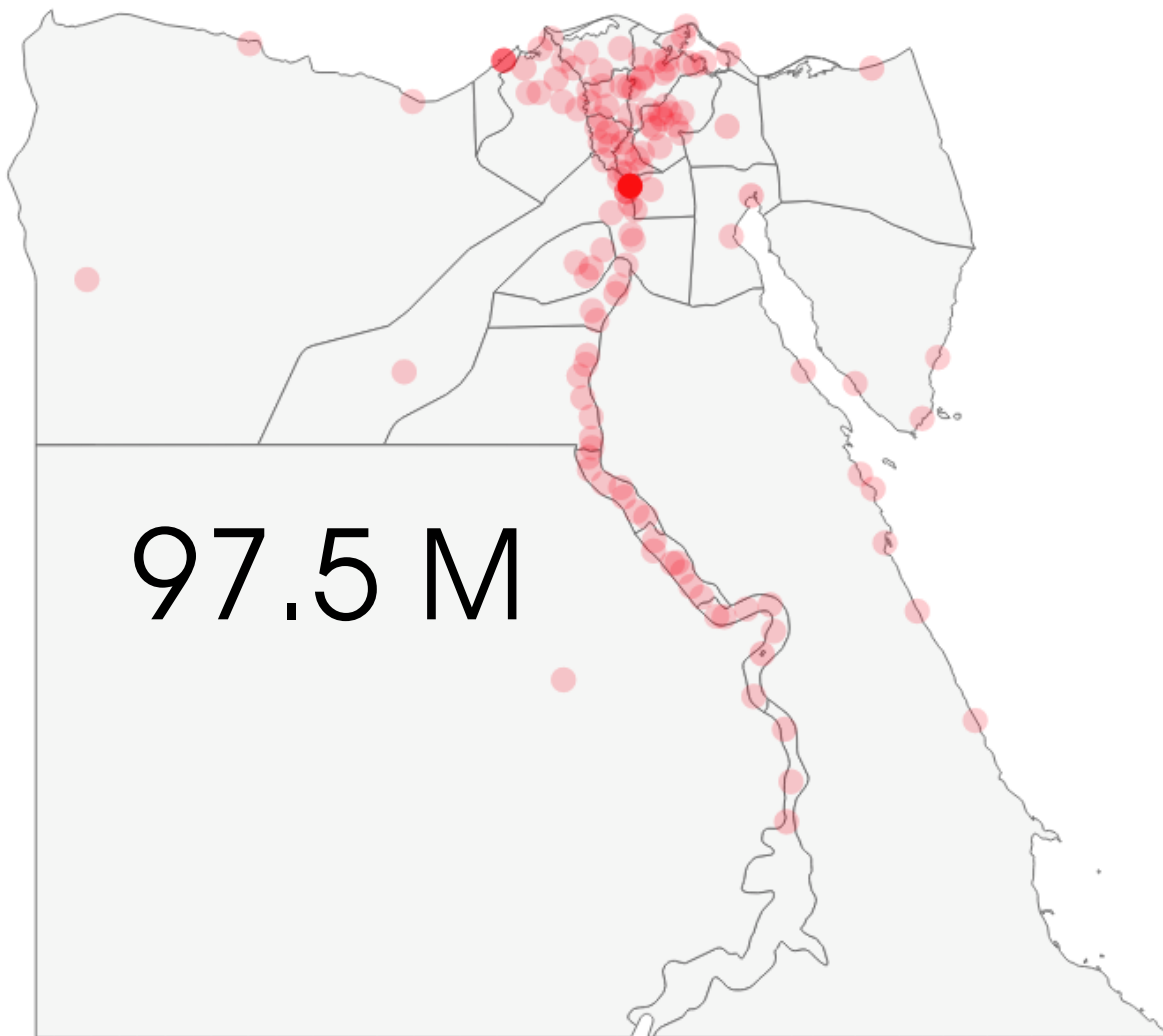


Political Climate

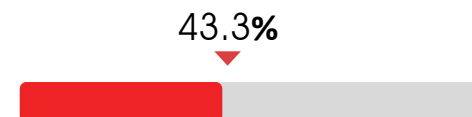
- Egypt has gone through a political transition phase that started with an uprising in 2011 that toppled a 30 years old regime.
- The military took charge of the country until the presidential elections in 2012 that were won by the Muslim Brotherhood party representative.
- In 2013 the military toppled the Islamic regime, an election followed, the head of the military became president.
- A crack down on the members of the Muslim Brotherhood took place, some of their businesses and NGOs were confiscated, money transfers into Egypt from international associations was limited and restricted to avoid any pouring of money to finance the Brotherhood's activities.
- Regime is tight with regards to the political sphere, no official opposition exists, no real parties, talk shows that discuss politics have been mostly stopped.
- No representation of opposition or political parties in the parliament.



Egypt Demographics



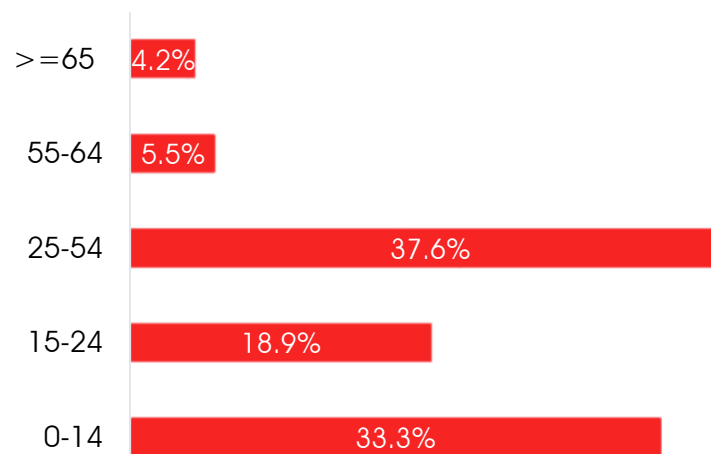
Unemployment Rate



Urban Population



Average Family Annual Income



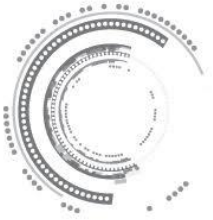
Age Structure

1. *Journal of Management Studies*, 1996, 33, 1, 1-14.



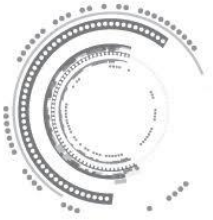
Very high poverty rate
Upper Nile river region

- Assiut
- Sohag

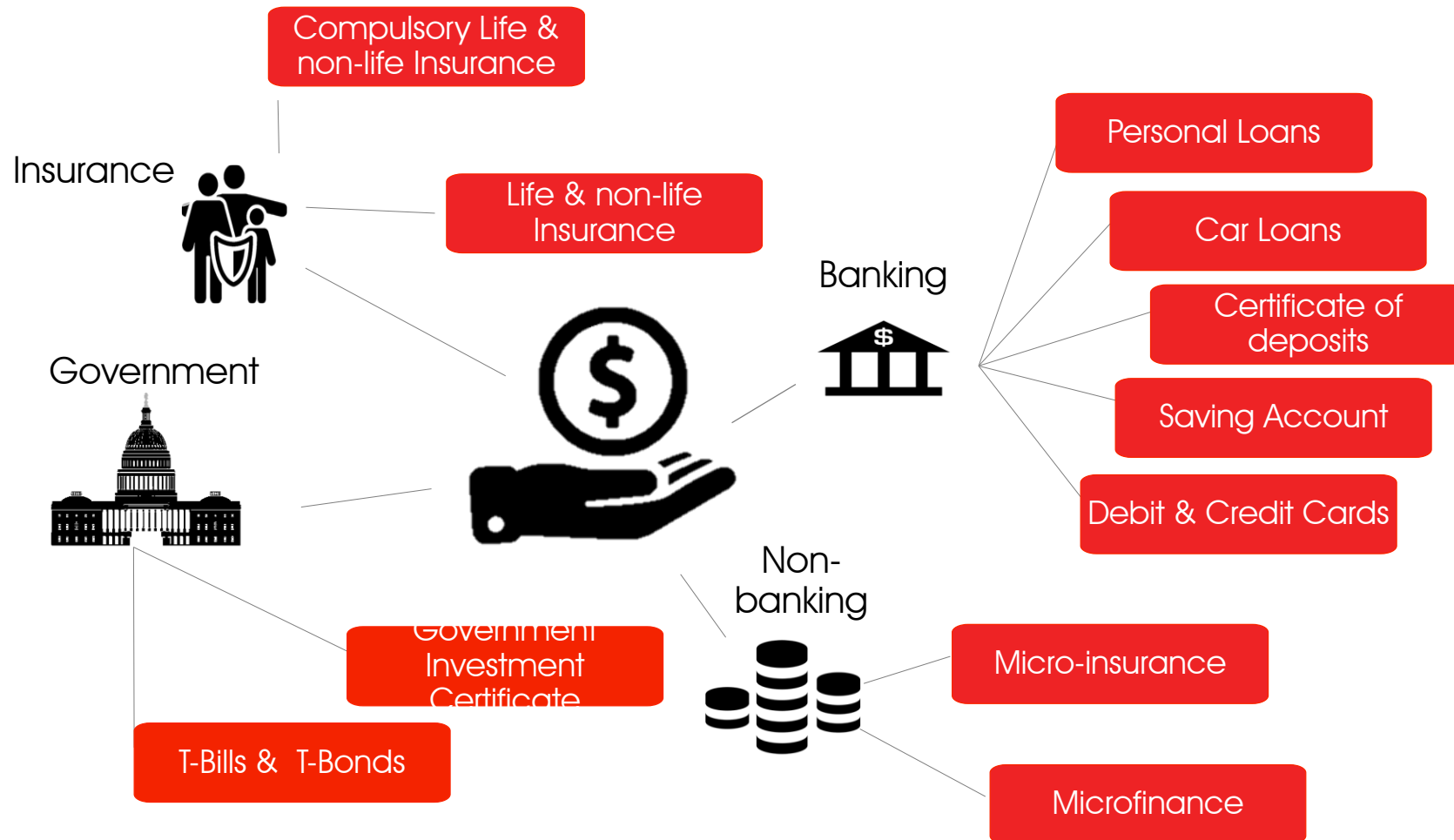


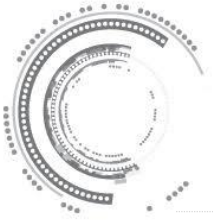
Family culture with regards to money

- People do not move out of their parents' homes in Egypt until they get married, until marriage, people do not pay for rent, utilities, nor food.
- It's the responsibility of a man's parents to buy him a property to live in when he gets married. Renting properties is not common.
- Rotating saving groups are the most common saving tools used among Egyptians due to the very high bank interest rate and the fact that a very minor portion of the population is bankable.
- Parents pay for the children's education, education loans do not exist in Egypt, and education funds are not common.
- It requires a lot of credentials to be able open a saving account at a bank, so people use the post office to deposit their savings of use



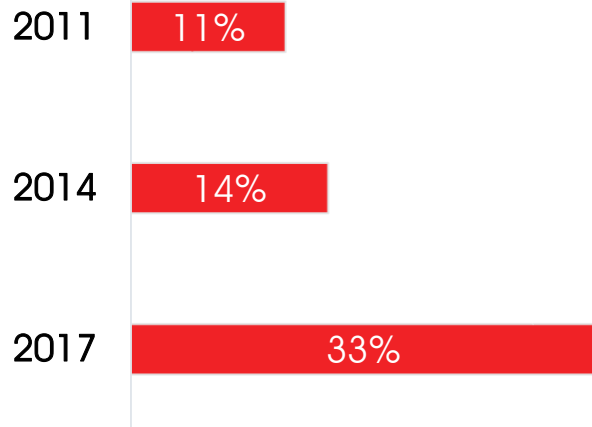
Financial Products





Bank & Insurance market penetration

Bank Penetration

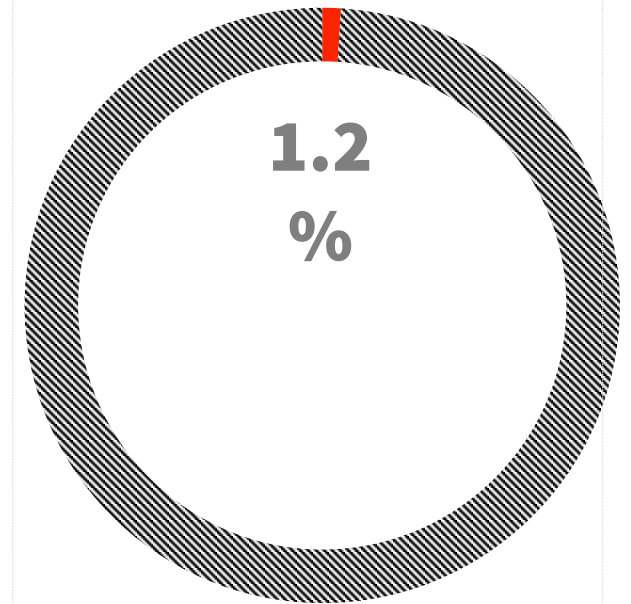


36
Banks

4K
Branches

7.9M
Mobile
services
subscriber
s

Insurance Penetration

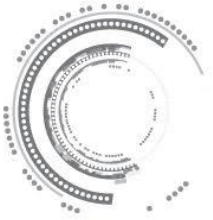


27%
Female
Account
Penetration
(Age +15)

38.7%
Male
Account
Penetration
(Age +15)

The background is a solid red color. Overlaid on this are several concentric circular patterns. The innermost pattern consists of small, dark red dots arranged in a circle. The next pattern out is a ring of slightly larger, dark red dots. The outermost pattern is a ring of even larger, dark red dots. The text "Insurance Landscape" is centered horizontally and vertically in a white, sans-serif font.

Insurance Landscape



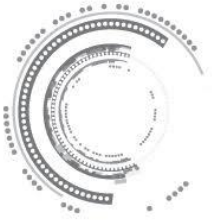
License Categories

Life Insurance

- Personal Accident
- Long term health insurance
- Capital Redemption covers
- Partial and Full Impairment

Non-life Insurance

- Fire
- Health insurance
- Marine, air & inland transit
- Marine hull
- Aviation hull
- Motor
- Engineering
- Oil
- Miscellaneous Accidents



License Fees

Minimum Capital of 60M EGP

Minimum 30M EGP Paid in

Capital

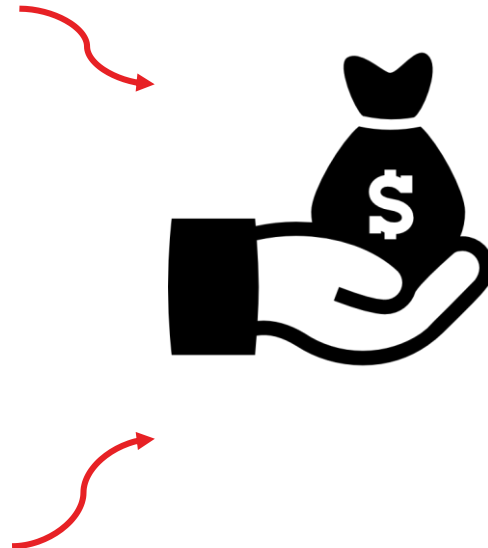
& the rest paid on 5 years period

A company must pay:

-500k EGP / each category
branch

-Max 3M EGP

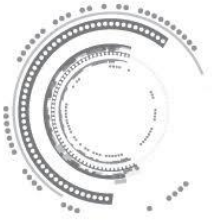
This amount is paid as a deposit to
the Central Bank of Egypt



البنك المركزي المصري
Central Bank of Egypt

A company must operate in only
one insurance category either
life or non-life.

2K EGP is also paid as
registration fees for each
category branch



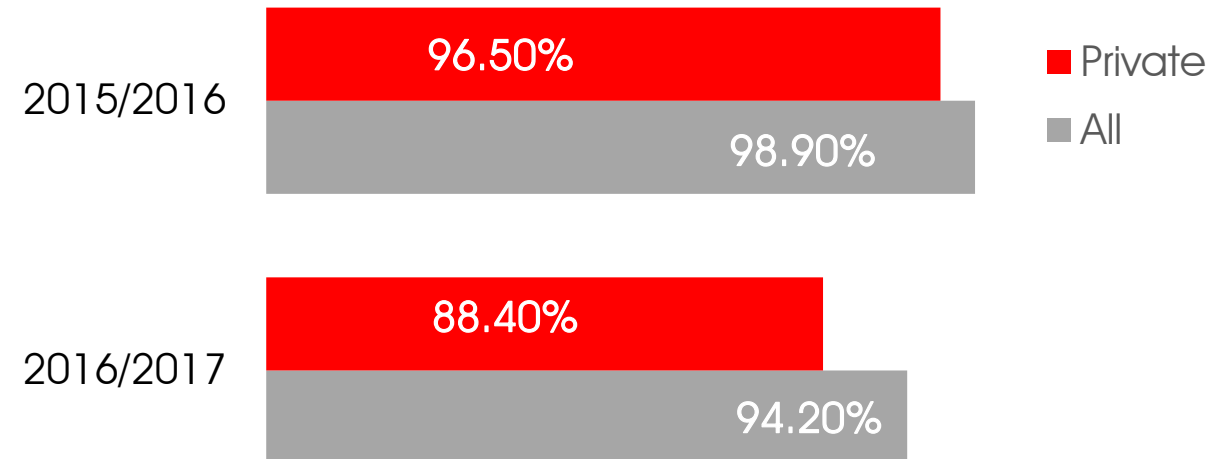
Medical Cost Ratio (MCR)

Earnings V.s Cost values for the Medical Insurance

Medical Cost Ratio (MCR) Percentages

<u>In Million US \$</u>		2015/2016	2016/2017
Earnings	Private Sector	\$32.32	\$51.96
	All	\$55.04	\$79.39
Cost	Private Sector	\$31.19	\$45.93
	All	\$54.46	\$74.80

MCR





Key Players

[Misr Insurance](#) (life & nonlife) (state owned)



[Arab Misr Insurance Group](#) (non-life)



[Suez Canal Insurance](#) (life & nonlife)



[AXA](#) (life & non-life)



[Bupa](#) (non-life)

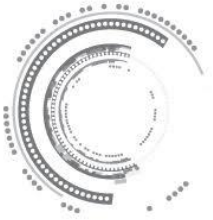


[Allianz](#) (life & nonlife)



[Metlife](#) (life)



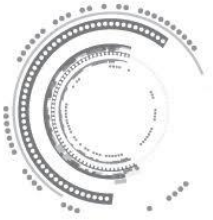


Key Players

Insurance Companies	Total assets in Billion EGP	Total assets in million USD
Misr Insurance (State Owned)	60.1	3,349
Allianz	8.6	477
AXA	4.9	274
Metlife	4.7	261
Bupa	2.3	127
Suez Canal Insurance	2.3	126
Arab Misr Insurance Group	1.1	62

Insurance companies ranked according to their size & portfolio based on their total assets value

(2016/2017) Financial Regulatory Authority Data

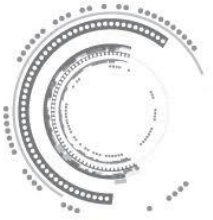


AXA – 'Hemayet Lead'

- Lead Foundation is a major MFI (NGO Class A) that is supported by Women World Bank that offers micro-insurance along with the compulsory credit insurance offered by MFIs (excluding NGO Class C MFIs)
- The Product is called **Hemayet Lead** and is offered in all of their 19 branches.
- Lead have designed the product and are currently using **AXA insurance** as the issuing company

"Product Details"

- Up to 300 EGP/ night hospital stay up to 40 days.
- Three times the loan value in case of death goes for the family and they pay from it the remaining installments

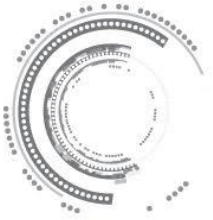


AXA – New Independent Product

- AXA has developed a new health insurance product, and they are looking for a partner to take over the operations.
- They want to target the poor in upper Egypt.
- They are hesitant to partner with NGOs due to their lack of professionalism and non standardized processes.
- They have not yet disclosed the details of the product but it is an inpatient based health insurance product.



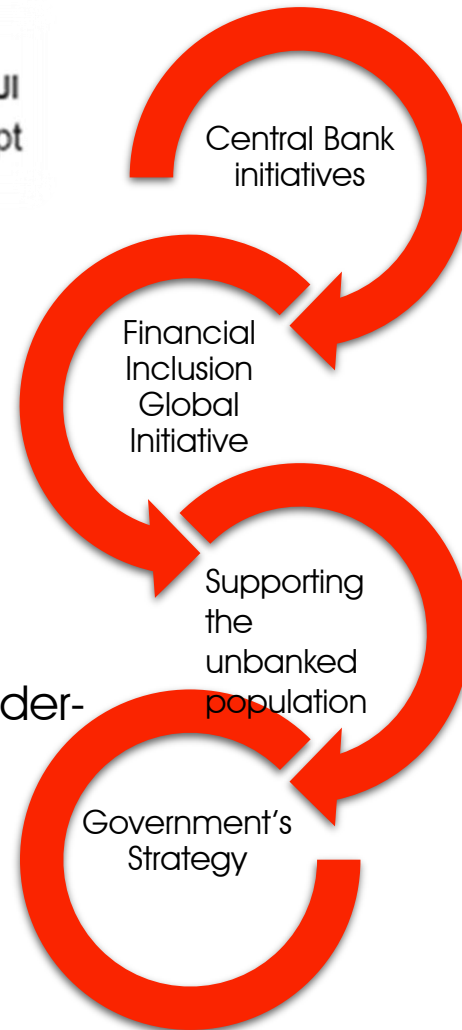
Financial Inclusion



Financial Inclusion



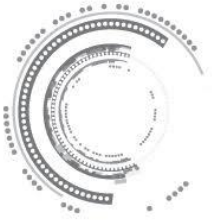
The three-year initiative aims at supporting access to financial services to the unbanked and under-banked



The CBE participated in several regional and global initiatives to improve financial inclusion. Egypt was chosen, along with China and Mexico, as a model country in FIGI initiatives launched by the World Bank



The Government issued a recent Decree (107 for year 2018) that promotes the distribution of **e-insurance policies** through licensed **MFI**. The government is working on a new insurance law that will promote microfinance.



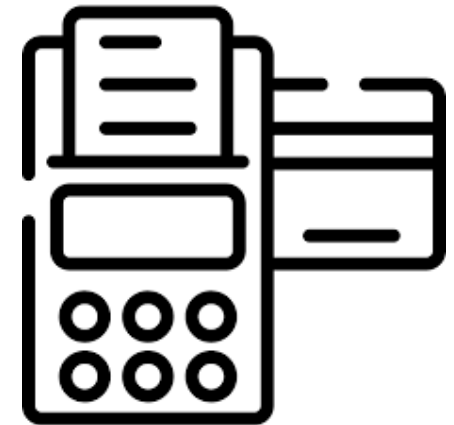
Financial Inclusion

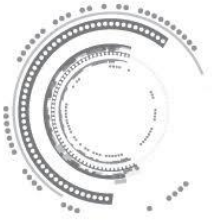
CBE is pushing the system away from cash transactions; it supports expansion a cashless direction by pushing banks to launch mini branches, promoting mobile payments, & supporting internet banking.



البنك المركزي المصري
Central Bank of Egypt

On the 2nd of October this year, the ministry cabinet signed off on a new e-payment act that entails a new national debit card and a new billing and payment system that will roll out POS terminals all across Egypt and will grant incentives to anyone using the new system.





Financial Inclusion

Micro-insurance

- The Central bank of Egypt rolled out a new awareness campaign titled “**Amen-abl-ma-tehsal**” as part of the Country’s financial inclusion agenda.
- The Campaign aims to increase insurance literacy among the unbanked by sharing TV ads across national and private TV channels
- The Campaign highlights the fact of insuring on one’s project assets or loans before anything harmful happens.
- The micro-insurance premiums start from 50 EGP/year (3 \$/year)

دلو قتي مع التأمين المتناهي الصغر
تقدر تأمين على مشروعك الصغير
بقسط يبدأ من **٥٠ جنيه** في السنة



Financial Inclusion

In 2017, the “National Council for Payments” was established by the Egyptian President aiming at reducing the use of banknotes outside the banking system, stimulating the use of electronic payments, and developing the national payment systems



Several banks in Egypt as well as fin-techs have attempted to implement a mobile wallets into their services but adopting remains low due to low acceptance of mobile wallets as a means of payment and the lack of knowledge on the subject, this is slowly changing thanks to services like **Fawry**.

It's an electronic payment network that offers reliable & convenient platform to pay for bills & services



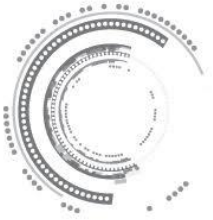
Payments can be cash through any of the PoS machines found in 80K in 300 cities across the nation



There are currently 20M users with a total of 40 billion EGP (2 billion USD) payments this year

Fawry obtained its Microfinance license earlier in august this year and has expanded its portfolio to enter the microfinance business, owning the largest payment platform nationwide





Financial Inclusion

- Other electronic payment networks than Fawry:
 - Bee
 - Masary
 - Paymob
 - Money Fellows



Smart Payment Solutions

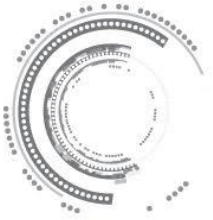


Money Fellows

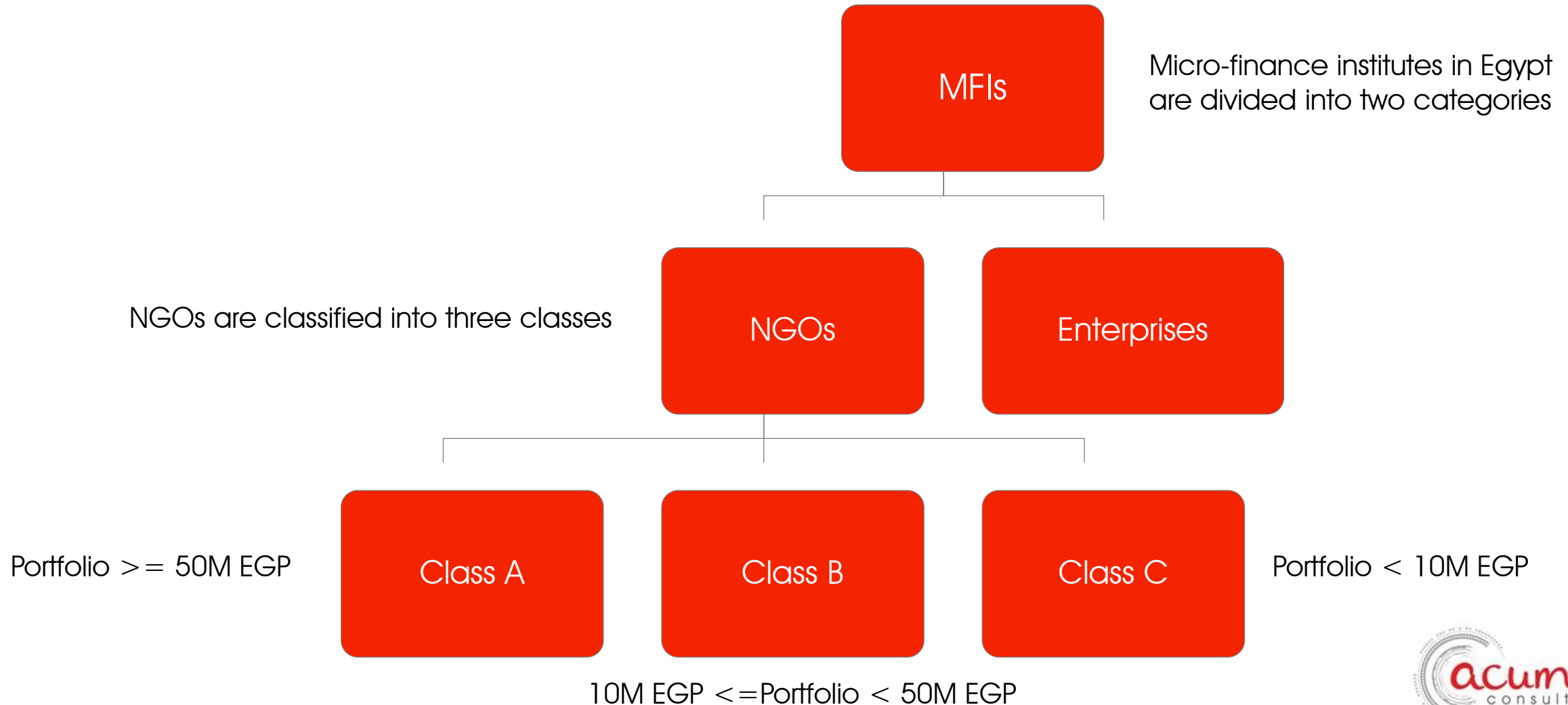


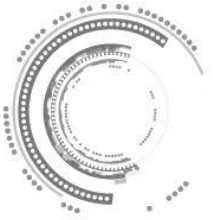
The background is a solid red color. Overlaid on this are several concentric, semi-circular bands. The innermost band on the left contains a series of small, dark red dots. The outer bands are composed of larger, semi-transparent red shapes, including circles and rectangles, arranged in a way that suggests a layered or architectural structure. The overall effect is a modern, geometric design.

MFI Landscape



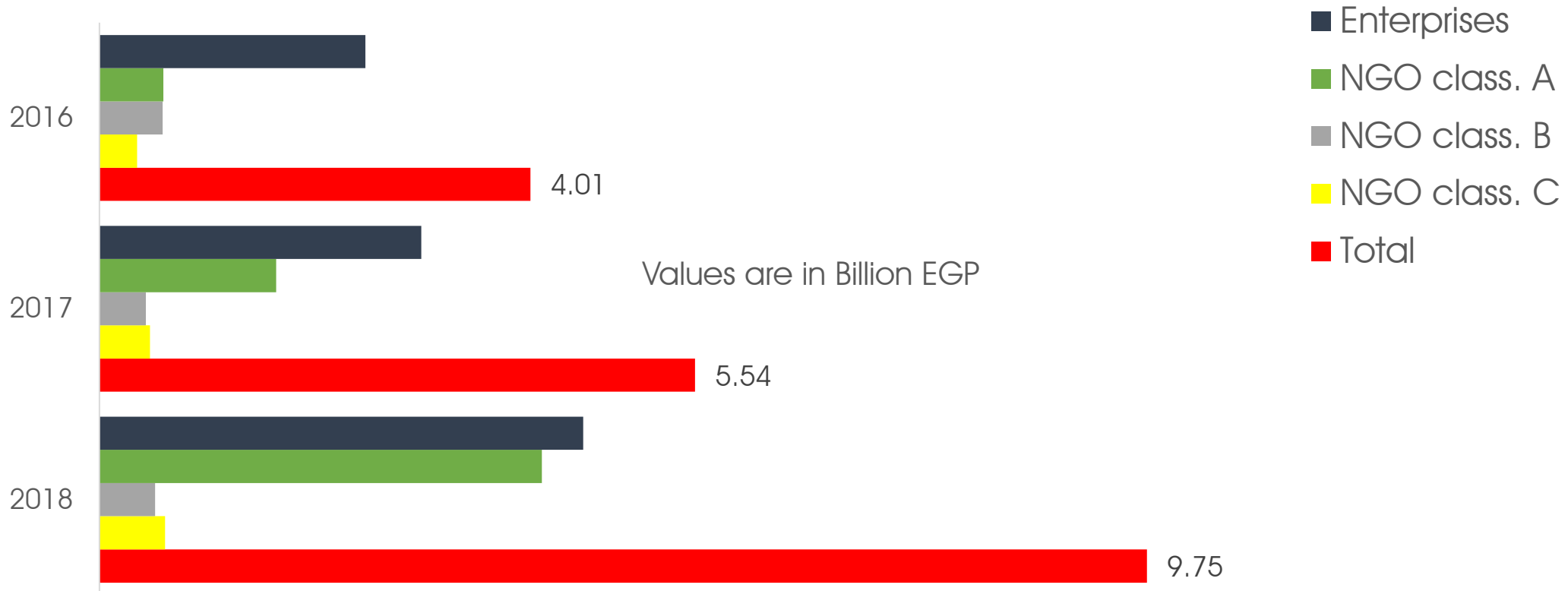
Micro-finance Landscape in Egypt

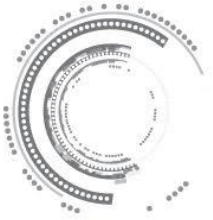




Micro-finance Landscape in Egypt

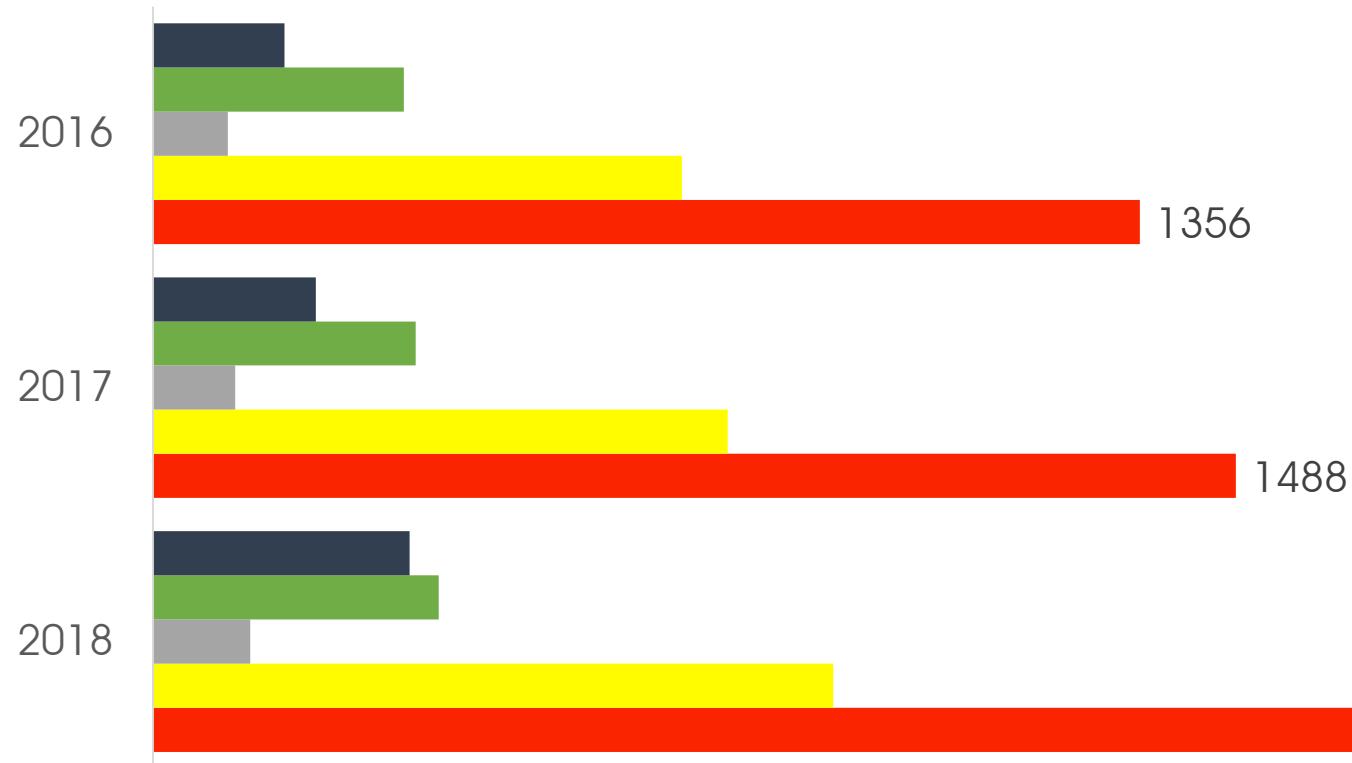
Micro-finance Portfolio





Micro-finance Landscape in Egypt

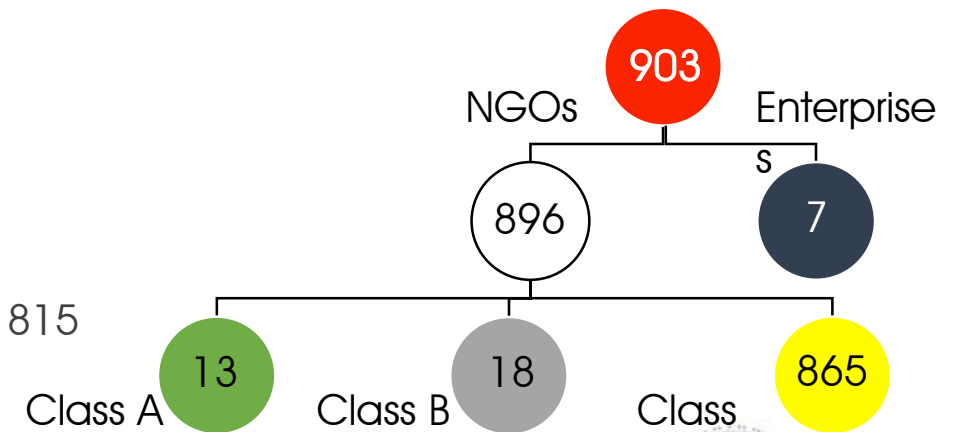
Micro-finance Branches

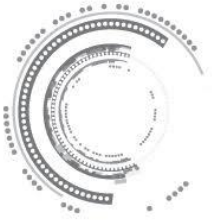


Branches/ Class

Enterprises	70.6
NGO class. A	30.2
NGO class. B	7.4
NGO class. C	1.1
Total	2

Total of 903 Licensed MFIs

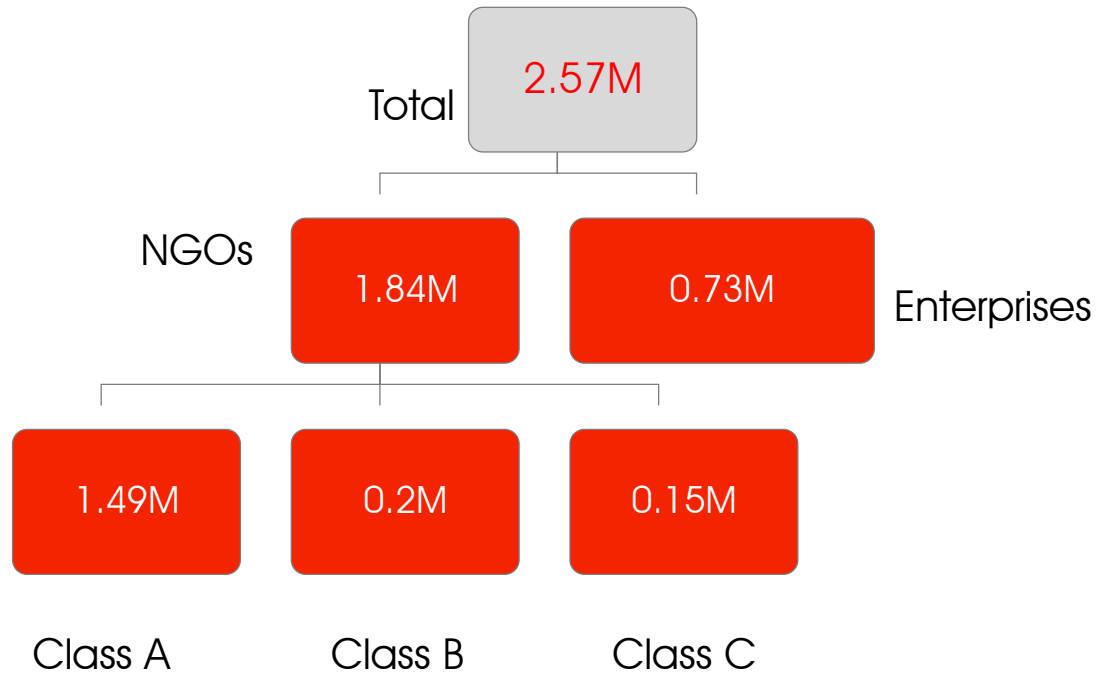




Micro-finance Landscape in Egypt

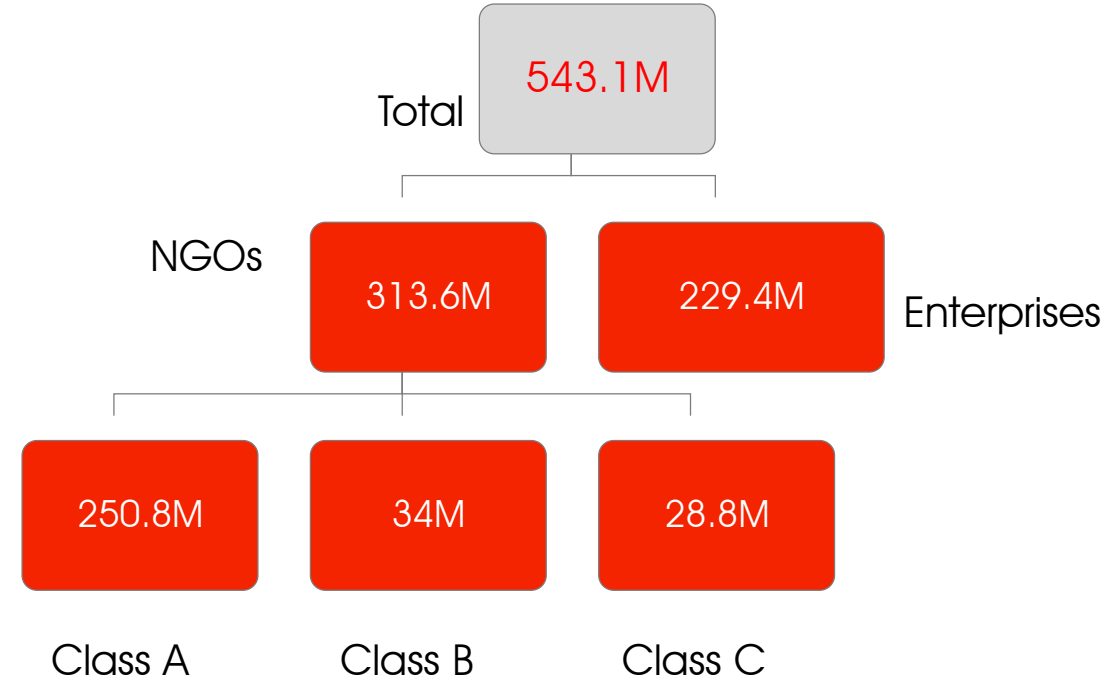
Micro Finance Clients across all classes

Values are in Million people

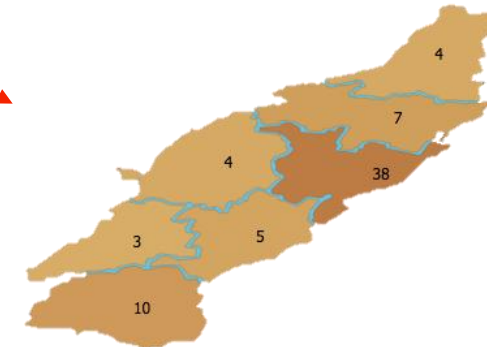


Micro Finance Portfolio across all classes

Values are in Million USD



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Journal compilation © 2006 Blackwell Publishing Ltd





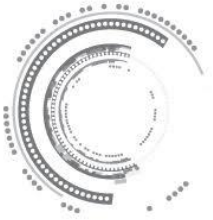
Key Players

MFI	Governorates	Branches
Tanmeyah	18	124
Tasaheel	16	67
Assiut Businessmen Association ASBA (NGO Class A)	8	67
Alexandria Business Association ABA (NGO Class A)	7	66
Reefy	14	36
Dakahlya Businessmen Association for Community and Development DBACD (NGO Class A)	22	4
Lead (NGO Class A)	19	5

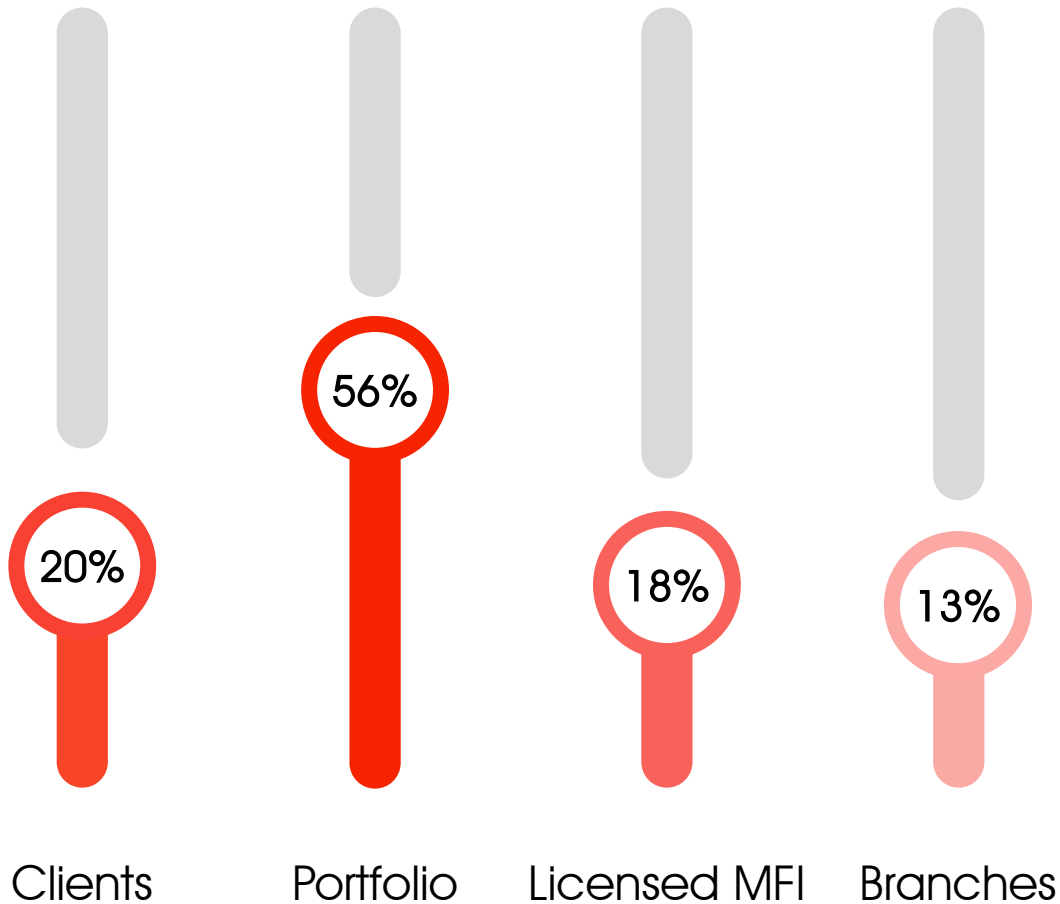
All of them own their own IT infrastructure, where each has their own database and a team responsible for Data entry. The data is then fed to the:

i-score system
(The Egyptian credit bureau)





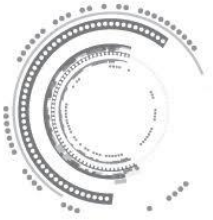
Micro-finance in Numbers



Growth from 2016-2018

The above figure shows the compounded annual growth rate of: (Clients, Loan Portfolio, Licensed MFIs, Branches)

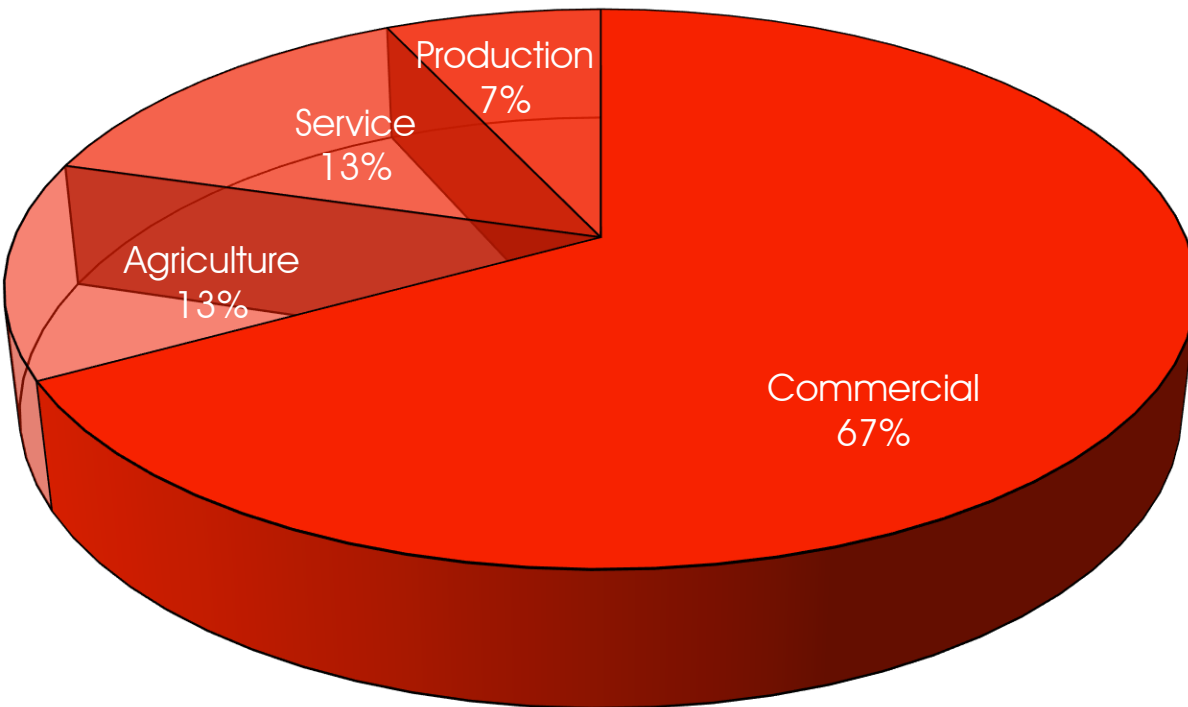
The Growth rate is calculated based on Q2 (2018,2017,2016)
MF data found on EFRA (Egyptian Financial Regulatory Authority)



Micro-finance in Numbers

Micro-financed Activities

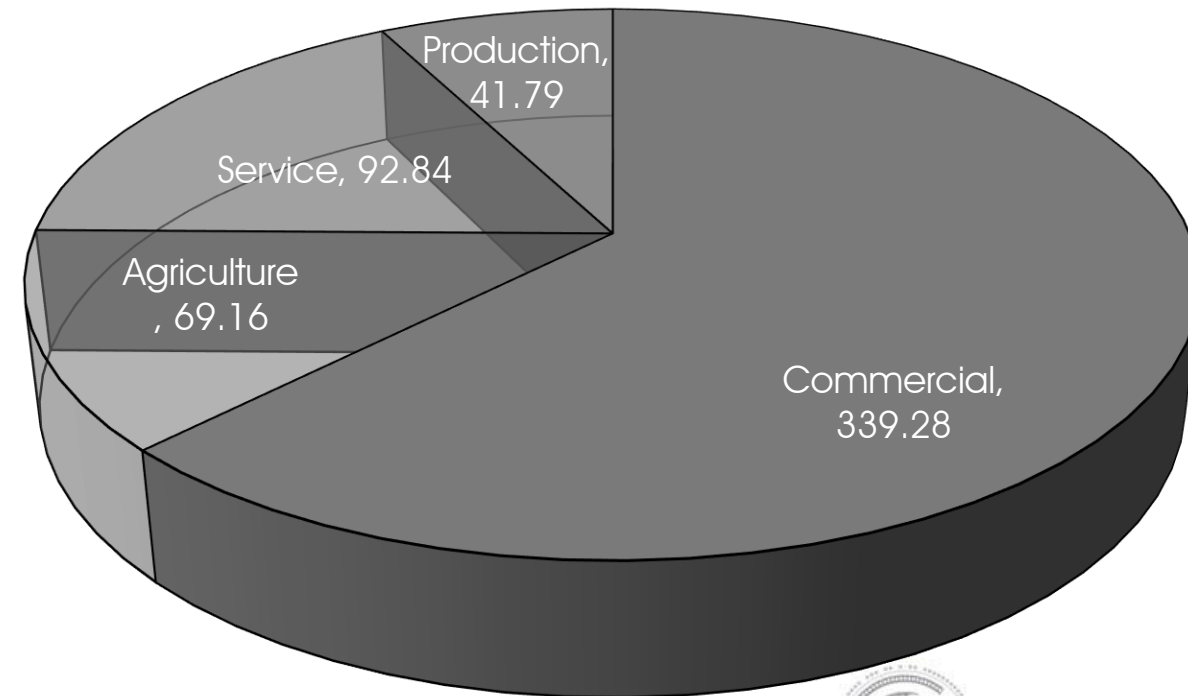
Clients of each activity

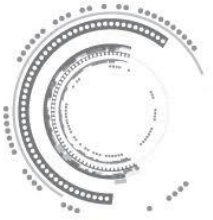


Micro-financed Activities

Portfolio

Values are in Million USD

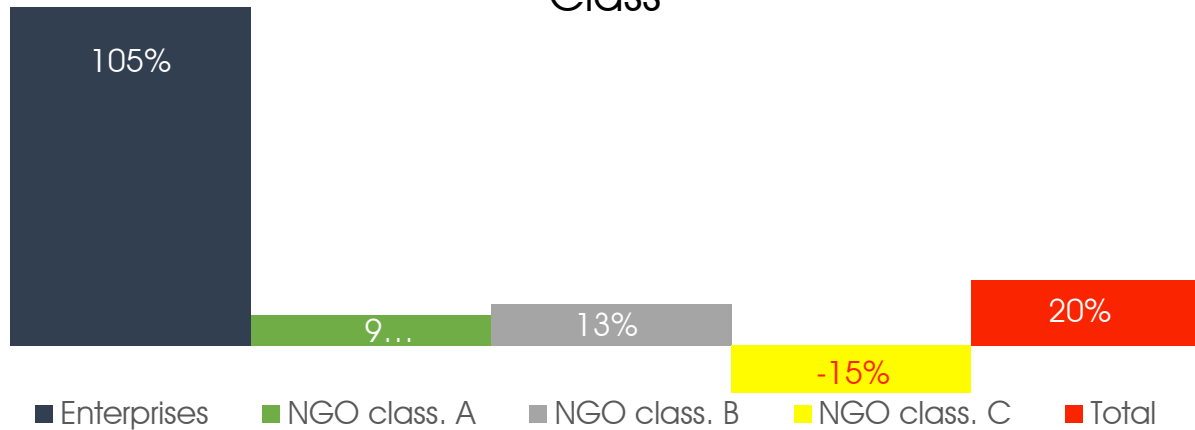




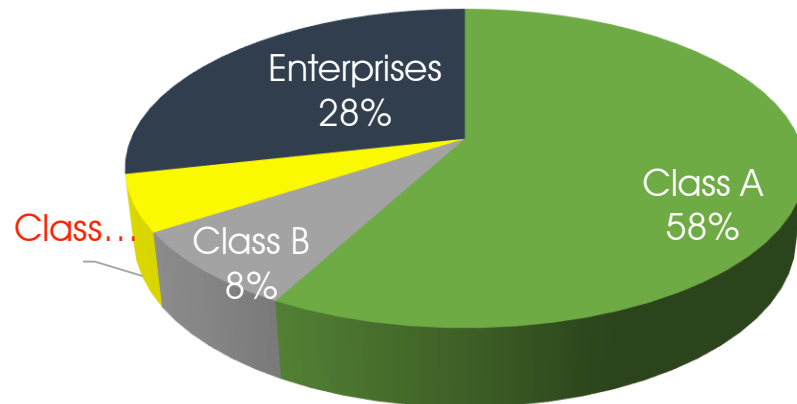
Micro-finance in Numbers

Micro-finance Clients

Clients' CAGR(2016-2018) of each MFI Class



Distribution of clients across MFI



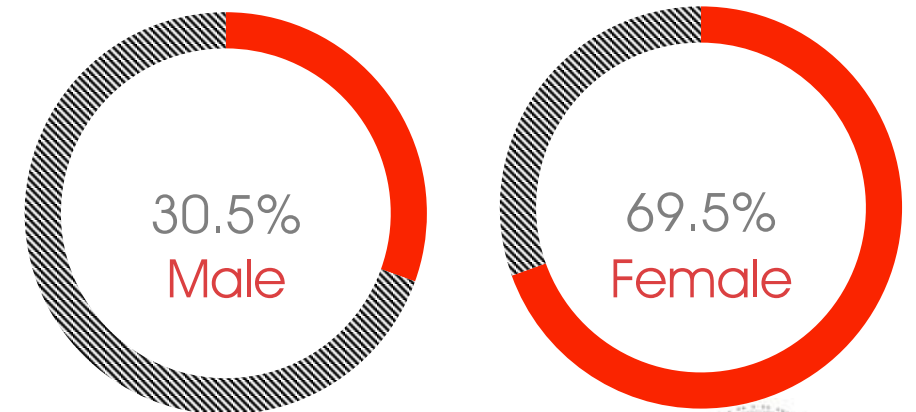
As of 2Q 2018

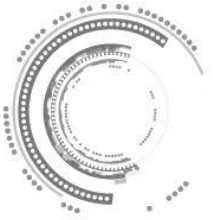
Total No. Of clients: 2,572,317

CAGR (2016-2018): 20.23 %

Micro-finance Gender Distribution

Clients





Recent Investments in Microfinance

DPI | Development
Partners
International

Mashroey & Tasaheel
45M USD

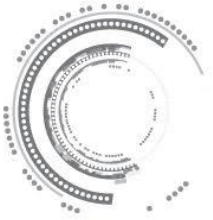
تساهيل

EFG HERMES
المجموعة المالية هيرميس

Tanmeya
Around 40M USD

تانية
TANMEYAH
Micro Enterprise Services

Egypt is currently reshaping its policies to promote microfinance services nationwide. Huge foreign capital is currently being invested in promising MFIs



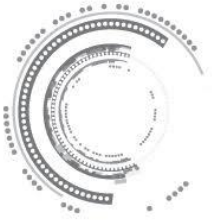
Mobile Payment Services

According to The new Mobile Payment regulation approved by the Central bank of Egypt (CBE) in 2016, any mobile payment service provider must be backed up by a bank that has the approval of the CBE to offer Mobile payment services and ensure that there are cash deposits covering the e-cash being transacted by the MFI.

Although it's not yet adopted by
MFIs (only banks & MNOs)

The Central Bank of Egypt (CBE) has made restrictions on who can take deposits, hence restrictions on opening saving accounts for non banking institutes.

MF clients cant open a saving account in any of the MFI they are dealing with



Mobile Payment Regulations

To offer Mobile payment service:

The issuer must be backed up by a bank and deposit a maximum of 50 million EGP (3 million USD) per bank (covering the issued e-cash)

With a maximum of 3 banks

Who can offer mobile payment services:

-MNOs

-Post Office

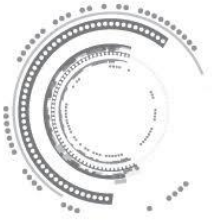
-MFIs

-A licensed company with a commercial
registry

Max Withdrawal/ month: 50K EGP 2790 USD

Max Balance/ wallet : 10K EGP 560 USD

Max Daily withdrawal : 6K EGP 340 USD



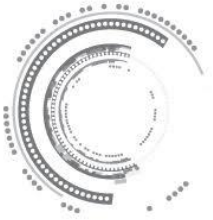
Credit Life

Most MFIs (NGOs Class A&B, & Enterprises)
offer compulsory micro-insurance on
credit (partial & full default)

Ex: Lead Foundation is a major MFI (NGO Class A) that offers micro-insurance; life and health packages “Hemayet Lead”:
Up to 300 EGP/ night hospital stay up to 40 days.
Three times the loan value in case of death goes for the family and they pay from it the remaining installments.

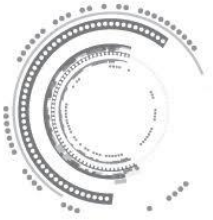


MNO Landscape



Digital Finance- How to?

- It is not possible to issue a card that allows transactions, insurance cards can be swiped, but no financial transactions happen on them. Only banks and the Post Office are allowed to issue transaction enabled plastic cards.
- Even mobile wallets need to be backed by banks, no MNO can do financial transactions on its own.
- Mobile payment operators use regular multi purpose kiosks and equip them with a variation if chip and pin machines. The kiosk manager takes the money in cash and produces a receipt over the machine proving that the transaction took place. No cards are used in mobile payment.
- It is yet unclear what the processes are to issue a license to use a payment vehicle whether a card or a coin, given that there are no regulations outside of the typical banking ones that govern that.



MNO Market



Vodafone



Etisalat

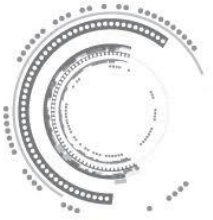


Orange

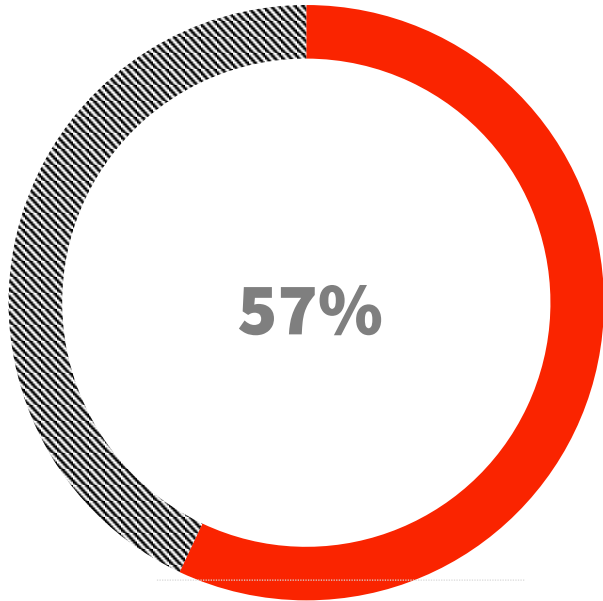


(State owned)

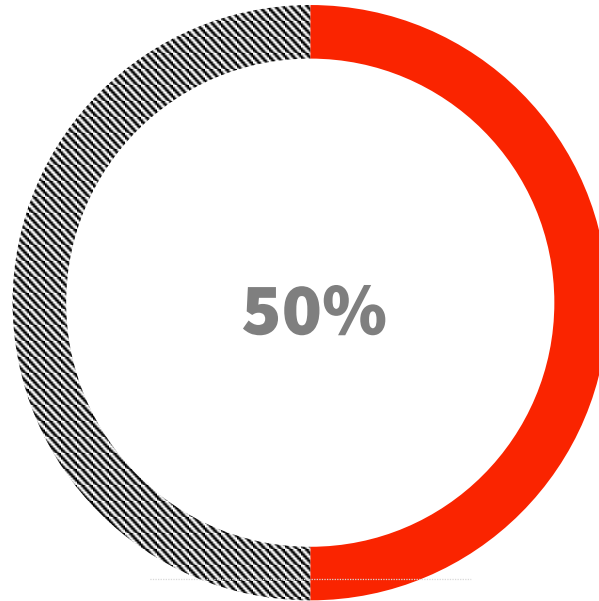
The SIM Penetration in Egypt is 105% with
103.2M connections



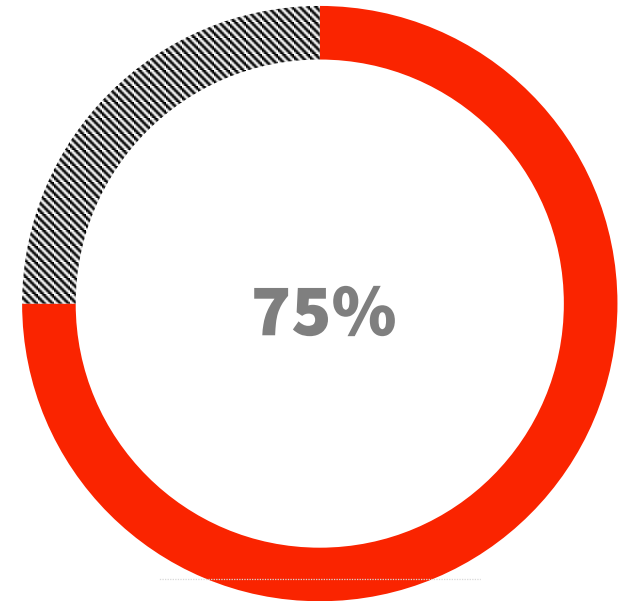
Internet & Smartphones statistics



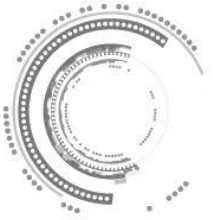
**Smart
Phone
Penetration**



**Internet
Penetration**



**Whatsapp
users**

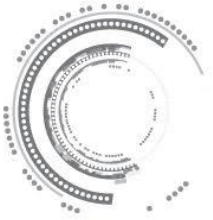


Value Added Services (VAS)







The three major MNOs offer mobile payment services where they can receive and send money to anyone using the same app as well as they can pay donations
They take 1 % fees of the transacted amount
& in some transactions only 1 EGP

The three operators offer the same service with minimum variations



MNO Social Bundles (prices)

Internet Social Bundles	Bundle	Price	
	- 1,100 MBs (internet use) -500 MBs additional Social Bundle	-1.5 USD for the bundle -40 cents for the social media additional bundle	
	-1000MBs Social Media -200 MBs other websites	1.5 USD for the whole bundle	
	-750 MBs Social Media -750 MBs other websites	1.5 USD for the whole bundle	
	-1375 MBS (internet use) 0.5MB/ Social media 1MB	1.5 USD for the whole bundle	

All of the MNOs provide social bundles that include WhatsApp with competitive prices

USSD Service has no cost in Egypt as it is solely used by MNOs internally

Ex of USSD usage:

- Internet Bundle subscription
- Balance inquiry

The background is a solid red color. Overlaid on this are several concentric, semi-circular arcs. These arcs are composed of small, dark red dots and segments, creating a sense of depth and movement. The arcs are centered around the middle of the frame, with some appearing closer and more detailed, while others fade into the background.

Distribution Landscape

