

Arab Regional Fintech Working Group

The Arab Region Fintech Guide

Second Edition



صندوق النقد العربي
ARAB MONETARY FUND



مجلس محافظتي البنوك المركزيه ومؤسسات النقد العربيه
COUNCIL OF ARAB CENTRAL BANKS AND
MONETARY AUTHORITIES GOVERNORS

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Acknowledgement:

This document is one of the Arab Regional Fintech Working Group activities.

The Arab Regional Fintech WG aims to bolster the Fintech ecosystem in the Arab countries by exchanging knowledge and expertise, enhancing the capabilities of the Arab regulators, as well as connecting Arab and international experts from the public and private sectors to promote the Fintech industry and foster innovation.

The Arab Region Fintech Guide was prepared by Ms. Nouran Youssef from the Arab Monetary Fund and Ms. Mirna Sleiman from Fintech Galaxy Limited with the contribution and comments of Arab Central banks, members of the Arab Regional Fintech Working Group.

The Arab Regional Fintech Guide is based on findings of a survey directed to the Arab Central Banks and Monetary Authorities and their respective responses.

It is worth mentioning that the second edition of the guide has been evolved to include ten Arab countries, namely Jordan, UAE, Bahrain, KSA, Sudan, Iraq, Oman, Kuwait, Lebanon, and Egypt; compared to only four pilot countries incorporated in its first edition, which are UAE, Bahrain, KSA and Egypt.

Special thanks go to the Arab Central Banks contributed in the guide for their valuable inputs and comments.

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Vision

Our vision is to have the “**Arab Region Fintech Guide**” as the destination and point of reference to access the Fintech markets in the Arab region.

Mission

Our mission is to offer a comprehensive approach to successfully accessing the Arab Fintech markets by providing a complete set of the necessary information along with a continuous update on regional Fintech activities.

Objective:

The objective of the Fintech guide is:

- To facilitate the entry to the Fintech activities in the Arab region by providing comprehensive information about the relevant regulatory authorities, fintech hubs, regulatory and licensing requirements, applicable regulations, as well as compliance requirements. All information will be updated on a regular basis.
- To grow the Fintech ecosystem in the Arab region by offering all diversified activities and solutions regionally and internationally.
- To connect regulators, authorities with jurisdictions in other countries by sharing their experience, and best practices; to enhance future collaboration aiming to achieve passporting within the Arab region.

Introduction

By 2022, 60% of global GDP is expected to be digitized, with growth in every industry driven by digitally enhanced offerings. Digital financial services are key to drive global economy, improve access to financial services, and open opportunities particularly for vulnerable communities, small business and entrepreneurs alike¹.

Collecting information about Fintech initiatives, regulations and activities in the Arab region on a central portal is becoming crucial in order to enhance the ecosystem as most information is either scattered or not easily accessible.

¹ IDC, 2018. IDC FutureScape: Worldwide IT Industry 2019 Predictions, October 2018

This guide is dedicated to all Fintech industry stakeholders, whether from the Arab countries or outside the region with the intention to support the workstream of public and private players, e.g. new entrants, Fintech firms, start-ups, financial institutions, regulatory and supervisory authorities, accelerators and incubators, international organizations, academia...etc.

While this edition focuses on the Fintech framework in ten pilot Arab countries: Jordan, UAE, Bahrain, KSA, Sudan, Iraq, Oman, Kuwait, Lebanon and Egypt, the guide will keep expanding gradually to include more Arab countries once information become available. For ease of access, the guide will be produced in hard and soft copies and will be updated regularly.

The Arab Fintech guide is divided into two main sections, the current section is to introduce and highlight the framework of the guide illustrating its main components; the next section focuses on pilot countries' fintech industry arrangements. Accordingly, the guide covers the following parts in each of the ten pilot countries²: introduction about fintech regulations, roles and responsibilities of regulatory and supervisory authorities, current fintech activities, licensing, compliance requirements and licensing applications.

Regulations

The regulation section frames and specifies the current regulations that govern Fintech activities in each market, their related links, the availability of a regulatory sandbox, and the graduating firms from such sandbox.

Roles and Responsibilities of relevant organizations

This part identifies regulatory and supervisory authorities of financial markets and financial institutions in each country. Also, it highlights the important information needed to access the market, such as the responsible organizations for licensing and whether the market includes financial free zones.

² The ten pilot countries are: Jordan, UAE, Bahrain, KSA, Sudan, Iraq, Oman, Kuwait, Lebanon, and Egypt.

Activities

Activities section identifies the various Fintech initiatives in each market which initially stems from the country vision and strategy.

Licensing

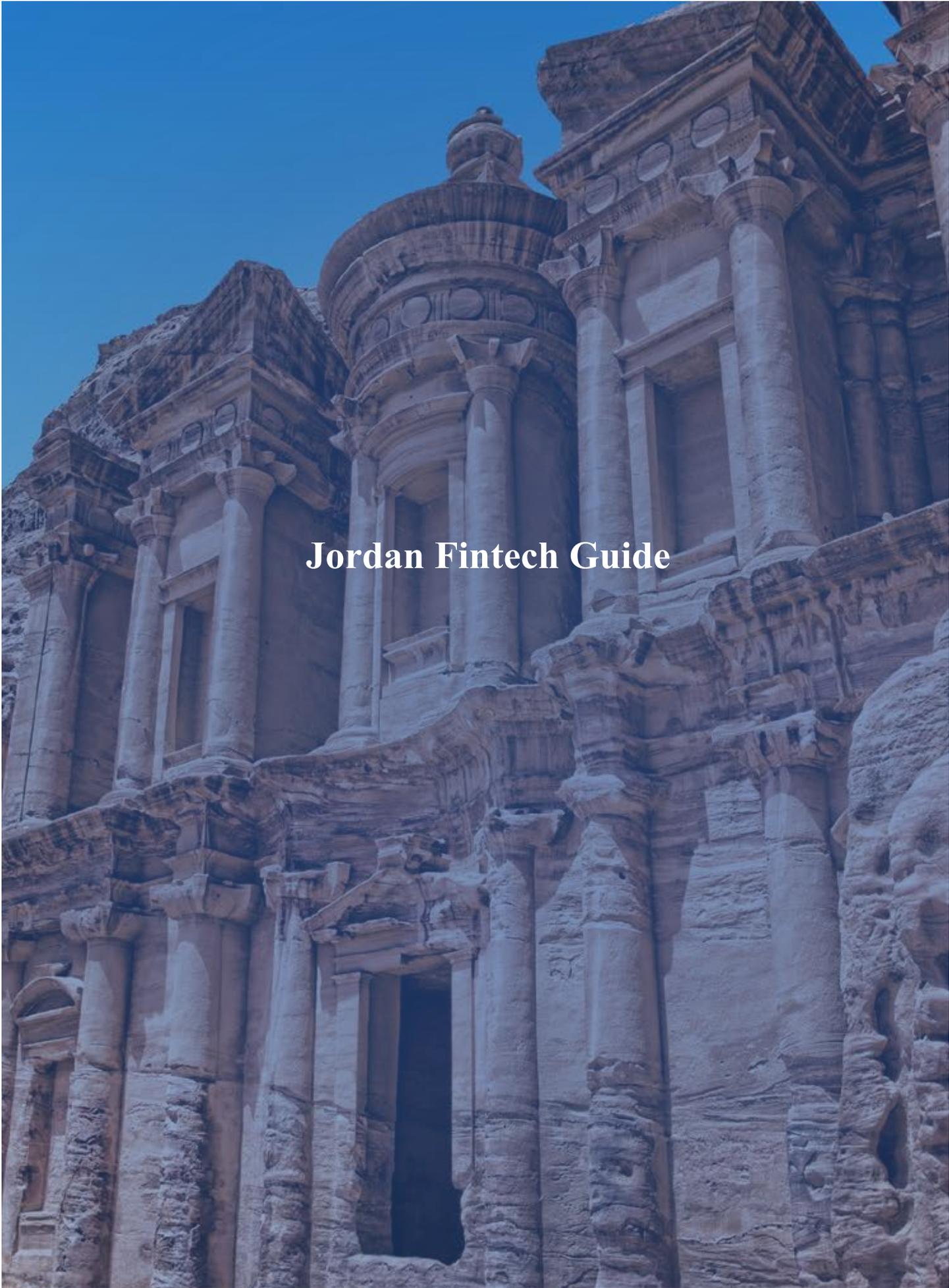
The licensing component illustrates the different aspects of licensing Fintech related activities, it states the diversified range of employed activities and/or applications, the various types of related licenses, as well as the requirements needed for licensing.

Compliance

This section sheds light on the compliance requirements and if any data protection guidelines are applicable within the country. It takes into consideration the capital requirements for various licenses adopted in the market.

Licensing Applications

The licensing applications section covers main questions related to the licensing applications in regard to the application process, related links, the destination to be sent to, the application processing time after submission, as well as the cost of the application submission.



Jordan Fintech Guide



- **Introduction**

Jordan has a large young demographics, high internet penetration, as well as significant segment of financially unserved/ underserved population; since 38% of adults were excluded from formal financial services and 24.8 % of adults were excluded from both formal and informal financial services³. These factors make it well-positioned to adopt financial technologies. And in 2017, the Central Bank of Jordan (CBJ) along with the banks operating in the country established the Jordan Payments and Clearing Company (JoPaCC) to develop digital retail and micropayment systems and invest in innovative technologies. This was Jordan's first step towards creating a fintech culture.

Jordan aims to be a Fintech hub in the region. The CBJ has established a Regulatory Sandbox and introduced initiatives to include more vulnerable segments of society into the financial system.

CBJ assures its continuous support for solutions that leverage innovations like blockchain, taking into consideration tools that enhance financial access to digital financial services in a customer friendly, secure and efficient manner, having in place the highest cyber security measures in the financial sector.

- **Regulatory Authorities**

The Central Bank of Jordan regulates the financial system in Jordan. The key components of this are financial markets, financial institutions, along with the main infrastructure that supports market operations where efficient and robust infrastructure facilitates the processing of electronic payment and money transfer alongside clearing and settlement operations.

The Central Bank of Jordan sets the necessary rules to regulate the national payments sector, represented by appropriate regulatory and legislative frameworks for the electronic payment and money transfer services; to meet and reflect the requirements and arrangements of new and current payment systems, business models, participants, as well as the innovative payments products, instruments and channels, including the necessary legislations to ensure the efficiency and effectiveness of the oversight and supervision process.

³/ Central Bank of Jordan, 2021. Financial Inclusion Report (2018-2021), Central Bank of Jordan, March 2021.

Regulating the payments sector aims at processing the rapid developments in the sector, in addition to achieving transparency, efficiency, competitiveness, financial consumers' protection and enhancing financial inclusion in the kingdom. Moreover, it makes the companies practicing any of the activities related to the electronic payment and money transfer services subject to the regulation, oversight and supervision of the Central Bank of Jordan; as any entity carrying out such activities is required to obtain a license from the Central Bank according to effective legislations, and to comply with these legislations at all times.

- **Fintech Regulations**

CBJ: issued the Electronic Payment and Money Transfer Bylaw No. (111) of 2017 pursuant to the provisions of articles (21) and (22) of the Electronic Transactions Law No. (15) of 2015, and the Instructions Issued thereunder.

<https://www.cbj.gov.jo/EchoBusV3.0/SystemAssets/b6144abe-42eb-4958-a884-c06ad5e67a31.pdf>

- **Fintechs and Financial Institutions**

There are 23 banks varying between commercial and Islamic, 122 Money exchange, 9 Microfinance companies and 16 fintechs (8 payment services providers through mobile wallet, 5 card issuers and 3 acquirers) operating in Jordan. Which you can read more about these fintechs in the following link:

<https://www.cbj.gov.jo/EchoBusv3.0/SystemAssets/PDFs/مقدم%20الدفعة%20انظمة%20المشاركين.pdf>

- **Fintech Ecosystem**

The CBJ believes in the necessity of keeping up with rapid developments in Fintech to serve the banking and financial sector in a manner that ensures safety, resiliency and stability. For this purpose, CBJ expresses its continuous support for entrepreneurship in the Fintech sector and would like to open dialogue channels to sustain a consultative approach in order to support youth and entrepreneurs.

CBJ has established a Regulatory Sandbox, allowing pioneers and entrepreneurs in the financial technology realm to apply for regulatory mentorship and support with the availability to test Fintech solutions before going live to increase the chances of success in the market.

- **Fintech Activities and Initiatives**

- **Fintech Initiatives:**

- CBJ established the Jordan Payments and Clearing Company (JoPaCC) to develop digital retail and micropayment systems and invest in innovative technologies.
- In line with Central Bank's aim to be a Fintech hub in the region, CBJ established a Regulatory Sandbox that allows both domestic and foreign firms to test new products before going live.
- CBJ coordinates the government's National Financial Inclusion strategy with digital payments being one of the key pillars.
- CBJ put in place a special lending window whereby banks can re-lend low-cost government funds to fintech and IT projects.

- **Roles and Responsibilities (Regulatory and Supervisory Authorities and policy makers)**

Jordan has one national jurisdiction and includes financial free zones.

The Central Bank of Jordan is mandated to regulate and develop the financial system in Jordan, inclusive of fintech.

Organizational units within the CBJ are responsible for handling, processing and deciding upon various licensing applications.

CBJ is also responsible for regulating the insurance sector (inclusive of Insurtech) in Jordan.

- **Licensing**

For electronic payment and money transfer service activities in Jordan, companies are obliged to obtain a license from the CBJ in accordance with the conditions and requirements stipulated thereon pursuant to the provisions of article (3) of electronic payments and money transfer bylaw. As for existing companies that perform any of these activities, they are required to fulfill specified conditions and requirements within a time frame set by the CBJ pursuant to the provisions of article (54) of electronic payments and money transfer by law.

The licensed activities for payment service providers and administrator/operators of the e-payment system are:

- Issuance and management of payment instruments excluding the debit payment instruments.
- Management of cash deposits and withdrawals electronically
- Management and implementation of the credit/debit e-payment transactions including mobile telephone payment
- Services of electronic collection of money
- Provide services of issuing and managing electronic money
- Provide services of money e-transfer
- Any other activities related to the payment service delivery as approved by the Central Bank upon ad hoc instructions issued for this purpose
- Management and operation of the e-payment system
- Management and organization of the clearance or settlement operations among those who participate in the e-payment system
- Any other activities related to the management and operation of the e-payment systems approved by CBJ upon ad hoc instructions issued for this purpose.

1. The table below indicates the licensing requirements for several activities along with the license types:

Activity	Requirements needed for a license	Type of license
Financing activity	To comply with Microfinance Companies by law" no. (5) of 2015 and the Instructions Issued thereunder.	Microfinance Institutions
Receiving deposits or other repayable funds	To comply with Banking Law No. 28 of 2000 and its amendments.	Banks
Payment services	To comply with The Electronic Payment and Money Transfer Bylaw No. (111) of 2017 issued pursuant to the provisions of articles (21) and (22) of the Electronic Transactions Law No. (15) of 2015, and the Instructions Issued thereunder.	Payment Services Provider / Payment Services Operator
Issue of electronic money	To comply with The Electronic Payment and Money Transfer Bylaw No. (111) of 2017 issued pursuant to the provisions of articles (21) and (22) of the Electronic Transactions Law No. (15) of 2015, and the Instructions Issued thereunder.	Payment Services Provider / Payment Services Operator
Foreign exchange activity	To comply with The Money Exchange Business Law No. 44 of 2015	Money Exchange company
Insurance activity	Draft law to regulate the Jordanian Insurance sector	Insurance company

- **Compliance and Capital Requirements**

Companies carrying out electronic payment and money transfer service activities in Jordan must comply with Instructions for Capital Requirements for Electronic Payment and Money Transfer companies No (3/2018) Issued Based on the Provisions of Paragraphs (a) of Article (5) and (a) of Article (6) of the bylaw of Electronic Payment and Money Transfer No. (111) of 2017: <https://www.cbj.gov.jo/EchoBusV3.0/SystemAssets/515fc5c1-9ac3-4b58-bb64-37ceeb504a69.pdf>

- **Data Protection Guidelines:**

Companies carrying out electronic payment and money transfer services activities in Jordan must comply with Instructions of Technical and Technological Requirements for the Electronic Payment and Money Transfer Companies No. (8 /2018) Issued Pursuant to the provisions of paragraphs (d) and (e) of article (5), provisions of paragraph (e) of article (6) and provisions of paragraph (a) of article (48) and article (55) of the bylaw of Electronic Payment and Money Transfer No. (111) for 2017.

<https://www.cbj.gov.jo/EchoBusV3.0/SystemAssets/252a51a9-1dd0-495f-9286-6e223702c306.pdf>

Furthermore, companies must comply with cyber security risk management instructions.

<https://www.cbj.gov.jo/EchoBusV3.0/SystemAssets/aa462da7-8104-4442-bd6c-0b6e9a7418f6.pdf>

- **Addresses for license applications:**

To Central Bank of Jordan / Oversight and Supervision on National Payment Systems
Department / Licensing Division

- **Processing Applications:**

Applications take 90 working days to process once submitted.

- **Cost for submitting applications:**

1000 JD according to Instructions for Licensing Fees of Electronic Payment and Money Transfer companies No (2/2018), which was issued based on the Provisions of Article 13.e of the Bylaw of Electronic Payment and Money Transfer No. (111) of 2017.

<https://www.cbj.gov.jo/EchoBusV3.0/SystemAssets/3adf20d7-29c3-4be0-9c3a-13ceb0314c5e.pdf>

CMA: CMA decided to subsidize the applicants, accordingly, fintech applicants won't be charged any fee.



United Arab Emirates Fintech Guide



- **Introduction**

The United Arab Emirates' (UAE) Fintech sector has undergone rapid growth and is currently one of the largest and the most progressive Fintech hub in the MENA region. The sector has flourished on account of visionary government initiatives rooted in the UAE's National Vision 2021 coupled with a young population keen to drive forward innovative technologies. In addition, the AMF ranked the UAE as the top Fintech Ecosystem among Arab countries in 2021 under the AMF's Fintech Index for the Arab Region "FinxAr". **FinxAr** is the first index of its kind in terms of the dimensions of assessment which Arab FinTech ecosystems have been measured.

The UAE was the first player to lay the groundwork for a Fintech ecosystem in the Middle East. It currently hosts two regulatory sandboxes as well as co-sandboxes run by the Central Bank of the UAE (CBUAE), Abu Dhabi Global Markets (ADGM) and the Dubai Financial Markets Authority (DFSA). The UAE has been the preferred hub for some of the world's leading Fintech investors, players, leading enterprises and activities, and robust and balanced regulatory frameworks are in place to foster Fintech innovation along with growing investment in the space while related risks are managed adequately. The UAE is well-positioned to shape the future of financial services.

To ensure the continued and sustainable FinTech ecosystem in the UAE, the CBUAE launched the Fintech Office in November 2020 to work with all relevant stakeholders across the UAE to further enhance the country's Fintech ecosystem with a goal of becoming one of the top five Fintech hubs globally by December 2023.

- **Regulatory Authorities**

The primary UAE authorities that focus on Fintech activities and regulations include the CBUAE, the DFSA and FSRA.

Guidance/Activities under CBUAE Authority:

Regulatory Framework for Payment Systems and Services

- Stored Value Facilities (SVF) Regulations – a licensing regime for SVF
- Large-value Payment Systems (LVPS) Regulation – a licensing and designation regime for all LVPS
- Retail Payment Systems (RPS) Regulation – a licensing and designation regime for RPS

- Retail Payment Services and Card Schemes Regulation – a licensing regime for 9 types of retail payment services and payment card schemes

Loan Based Crowd Funding Regulation

- Framework for Loan Based Crowd Funding -2020

Guidelines for Financial Institutions Adopting Enabling Technologies

- Jointly developed by CBUAE, Securities and Commodities Authority, ADGM and DFSA and currently being finalized by all regulatory authorities
- To be issued before end of 2021

Guidance/Activities under DFSA Authority:

- Framework for loan-based crowdfunding

Guidance/Activities under FSRA Authority:

- Regulation of Virtual Asset Activities in ADGM
- Regulation of Digital Securities Activities in ADGM
- Framework for Third Party Financial Services in ADGM
- Framework for Application Programming Interfaces (APIs)

- **Fintech Regulations**

CBUAE Regulatory Framework for Payment Systems and Services:

<https://www.centralbank.ae/en/laws-and-regulations/regulations/other-licensed-institutions>

- 1- Stored Value Facilities (SVF) Regulations – a licensing regime for SV
<https://www.centralbank.ae/sites/default/files/2020-11/Stored%20Value%20Facilities%20%28SVF%29%20Regulation%20AR%20%26%20EN.pdf>
- 2- Large-value Payment Systems (LVPS) Regulation – a licensing and designation regime for all LVPS

<https://www.centralbank.ae/sites/default/files/2021-03/9-2020%20Large%20Value%20Payment%20Systems%20Regulation.pdf>

- 3- Retail Payment Systems (RPS) Regulation – a licensing and designation regime for RPS

<https://www.centralbank.ae/sites/default/files/2021-03/10-2020%20Retail%20Payment%20Systems%20Regulation.pdf>

CBUAE Loan Based Crowd Funding Regulation:

<https://www.centralbank.ae/sites/default/files/2021-03/2020.10.28%20C%207-2020%20Loan%20Based%20Crowdfunding%20Reg%20OG%20PUBLISHED2.pdf>

DFSA framework for loan-based crowd funding:

<https://dfsaen.thomsonreuters.com/rulebook/consultation-paper-no-109-crowdfunding-sme-financing-through-lending>

<https://dfsaen.thomsonreuters.com/rulebook/cob-111-guidance-0>

<https://dfsaen.thomsonreuters.com/rulebook/consultation-paper-no-111-crowdfunding-sme-financing-throughinvesting?highlight=crowdfunding&phrase=false>

DIFC Money Services (Payments)

The DFSA has issued the most comprehensive Payments Regulations in the region (in effect since April 2020), which covers "Advising and Arranging on Money Services" as well as "Providing Money Services" activities.

<https://dfsaen.thomsonreuters.com/rulebook/consultation-paper-no-125-proposal-money-services>

DIFC Venture Capital Fund Manager and Funds

The fastest, most cost-effective and streamlined way to establish and operate a Venture Capital fund manager and fund following global standards in the MENA region.

<https://dfsaeen.thomsonreuters.com/rulebook/consultation-paper-no-133-venture-capital>

Regulation of Virtual Asset Activities in ADGM

<https://www.adgm.com/documents/legal-framework/guidance-and-policy/fsra/guidance-on-regulation-of-virtual-asset-activities-in-adgm.pdf?la=en&hash=2E446E61E82CB1252B499B56B485396D>

Regulation of Digital Securities Activities in ADGM

<https://www.adgm.com/documents/legal-framework/guidance-and-policy/fsra/guidance-on-regulation-of-digital-securities-activities-in-adgm.pdf?la=en&hash=EDCDD88518578D9E914BC2A27879755F>

<https://www.adgm.com/media/announcements/adgm-fsra-introduces-a-new-regulatory-framework-for-third-party-financial-technology-services>

ADGM Regulatory Framework for Third Party Financial Technology Services

<https://www.adgm.com/media/announcements/adgm-fsra-introduces-a-new-regulatory-framework-for-third-party-financial-technology-services>

ADGM Regulatory Guidance for Application Programming Interfaces (APIs)

<https://www.adgm.com/media/announcements/adgm-publishes-regulatory-guidance-for-application-programming-interfaces>

- **Fintechs and Financial Institutions**

There are around 394 players in the financial sector operating in the UAE including FinTechs and financial institutions, which can be broken down as follows:

- 21 national banks
- 27 foreign banks ⁴
- 10 wholesale foreign banks
- 1 investment bank⁵
- 36 financial investment companies⁶
- 37 money changers⁷
- 38 finance companies⁸
- 39 financial and monetary intermediaries⁹
- 400 FinTech companies (as of early 2021)

- **UAE Sandboxes**

The UAE launched the first regulatory sandbox, the Abu Dhabi Global Market Regulatory Lab (ADGM Reg Lab), in the MENA region in November 2016. The other DFSA-run sandbox, DFSA Innovation Testing License (ITL), was launched in May 2017. The DFSA's Innovation Testing License (ITL) provides a controlled environment for a firm to develop and test innovative Fintech ideas without being subject to all the regulatory requirements that would otherwise apply to it as an Authorised Firm. The CBUAE has also implemented a pilot co-sandboxing programme that allows Financial Institutions (“FIs”) and Financial Technology (FinTech) firms in both onshore and financial free zones to develop and test innovative FinTech solutions within a controlled regulatory environment under the supervision of co-sandbox regulators.

The ADGM RegLab has admitted 35 Fintech firms out of 86 applications since May 2017. Four fintechs (NOW Money, Pyypl, Securrency, Nymcard) have since graduated from the sandbox.

⁴ <https://www.centralbank.ae/en/financial-institutions/Commercial%20Banks>

⁵ <https://www.centralbank.ae/en/financial-institutions/Investment-Banks>

⁶ <https://www.centralbank.ae/en/financial-institutions/Financial-Investment-Companies>

⁷ <https://www.centralbank.ae/en/financial-institutions/Moneychangers>

⁸ <https://www.centralbank.ae/en/financial-institutions/Finance-Companies>

⁹ <https://www.centralbank.ae/en/financial-institutions/Financial%20and%20Monetary%20Intermediaries>

Under the DFSA ITL Since its 2017 launch, approximately 100 companies have applied to the ITL Programme, of which approximately 50 companies have been accepted into the programme and more than 20 are in the programme or have graduated from it.

- **Fintech Ecosystem**

The UAE is one of the largest Fintech hubs in the MENA region home to 400+ fintechs and includes the following:

- Government Fintech accelerators and incubators
 - DIFC Fintech Hive
 - Plug & Play
 - Hub71
- 47% of all MENA Fintech startups reside in the UAE
- 47% of total Fintech deals completed in MENA in 2019 were in the UAE
- 69% of total FinTech funding in MENA in 2019 were in the UAE

The CBUAE launched the Fintech Office (FTO) to overlook the development and growth of the FinTech ecosystem in the UAE, and to form strategic partnerships through cross-border collaboration. The FTO prioritizes the development of five key areas:

- Research, advisory and application
- Regulatory interface
- Collaboration and liaison
- Talent development
- Cross-border collaboration

- **Fintech Hubs**

ADGM is one of the leading fintechs hubs globally. It is a pioneer in fintech innovation with several firsts in the MENA region including the first fintech regulatory regime and the first fintech regulatory sandbox. ADGM also launched a Digital Lab which includes a Digital Marketplace that brings together all players in the fintech ecosystem. ADGM's highly developed regulatory regime for fintechs is designed to foster innovation within the UAE financial services market for both new market entrants and existing financial institutions.

DIFC Fintech Hive is located in Dubai at the heart of the Middle East, Africa, and South Asia's leading financial district. It is the place where Fintech, Insurtech, Regtech, Islamic Fintech startups capitalize on unlimited opportunities and get their products or solutions in front of the region's most established financial service organisations. The DIFC Hive provides accelerator programmes, licensing, co- working support, community of like-minded individuals and an enabling regulatory framework.

- **Fintech Activities and Initiatives**

UAE's regulatory authorities have initiated number of ambitious programs to support the country's Fintech vision:

Central Bank Digital Currency Development

CBUAE completed a central bank digital currency (CBDC) proof-of-concept project in 2020 jointly with the Saudi Central Bank (SAMA) where the joint currency was used to settle domestic and cross-border wholesale payments.

CBUAE has also joined a global CBDC project, Multiple CBDC Bridge Project with BIS, the Peoples' Bank of China, Hong Kong Monetary Authority and Bank of Thailand to build a cross-border wholesale CBDC platform since February 2021. The project started with a proof-of-concept in early 2021 and is now moving toward a pilot platform journey.

Digital KYC / AML

Digital KYC and AML solutions are permissible in the DIFC, as long as they fulfil the customer risk assessment and due diligence requirements as outlined in the AML module: <https://dfsae.thomsonreuters.com/rulebook/anti-money-laundering-counter-terrorist-financing-and-sanctions-module-aml-ver1704-20>

Digital Payment Infrastructures Development

CBUAE is currently implementing an Instant Payment Platform which will connect all banks and non-bank payment service providers with payments done within a few seconds and on a 24/7 basis. The services to be provided by the Instant Payment Platform will include credit

transfers, addressing schemes via mobile numbers and other identifiers, automatic direct debit authorizations, direct debit and an end-to-end real-time e-cheque service.

Smart Dubai launched a ‘Payment Reconciliation and Settlement’ System in 2018 which introduced the Blockchain technology into the Department of Finance’s processes, allowing transactions to be performed accurately and in real-time and economizing time and effort – a time-consuming process that could take up to 45 days.

The DFSA has developed a comprehensive money services regime and started receiving applications in Q3 2020.

Trade finance platform and digitization

CBUAE and the banking sector have jointly implemented a DLT Trade Finance Platform with an objective to reducing duplicating trade financing, trade fraud and digitizing the trade process. The first phase of the DLT Trade Finance Platform was launched in early 2021.

Regtech, Suptech

The DFSA has developed a chatbot that uses AI to respond promptly and accurately to public queries.

The DFSA has tested a Compliance Review Tool that uses AI to conduct initial reviews of large documents (e.g. prospectus for an issue of securities) and to identify gaps/missing information.

The ADGM FSRA launched a proof-of-concept (PoC) to “digitise” its regulations enabling participants to interact with the regulations via APIs to develop and test compliant solutions; and in the process, work with the regulator to introduce or modify regulations to support technology adoption.

Cyber security

CBUAE and the UAE Banking Federation have implemented a cyber threat intelligence platform to allow banks to share cyber intelligence information. DFSA also developed a similar platform to enable Dubai International Financial Centre (DIFC) companies to share intelligence on cyber threats.

CBUAE is also to explore connectivity with similar platforms in the GCC countries.

Regulation of Tokens and Cryptocurrencies

The Securities and Commodities Authority (SCA) has recently issued a Regulation on virtual assets/crypto assets that fall under the definition of security token and commodity token whilst CBUAE also issued a Retail Payment Services and Card Schemes Regulation in June 2021 to cover payment tokens in the UAE.

ADGM has developed detailed regulations for digital / tokenized securities, crypto assets and stable coins to ensure the safe and proper use of such instruments in an increasingly digital financial services environment and started licensing activities and building out its surveillance capabilities since 2019. ADGM has since been invited to share its learnings with regulatory counterparts including the IOSCO, US Commodity Futures Trading Commission and Monetary Authority of Singapore.

The DFSA have, in late March 2021, published a consultation paper on Security Token Regulations, as part of efforts to develop a standardized regulatory framework for governing Security Tokens.

Tokenization/DLT/Blockchain

Smart Dubai is building a thriving blockchain ecosystem in the city and establishing Dubai as the world capital of blockchain development. The ongoing implementation includes 24 use cases across eight industry sectors (namely, finance, education, real estate, tourism, commerce, health, transportation, and security), launch of the Dubai Blockchain Platform, and the Dubai Blockchain Policy are all testament to this fact. Smart Dubai and IBM will also offer the first government Blockchain platform based in the Cloud.

Dubai has become home to over 100 blockchain businesses. Dubai's blockchain market grew by 24% in 2018, surpassing the global average of 19%. The Dubai blockchain strategy has played a key role in encouraging international blockchain and Fintech firms, such as Atlas Capital, to host the Blockexpo and World Blockchain Summit 2020 in Dubai during the Expo 2020 Dubai. Atlas Capital has also committed to establishing a Blockchain Campus as part of the District 2020 site.

Digital ID

A national digital identity/ID of the UAE, UAE-PASS, was implemented in 2019 and is a foundational pillar in the country's journey towards digital transformation. UAE-Pass enables citizens, residents and visitors to create a secure digital identity that can be used to seamlessly access all public and private digital services in the country. from the mobile app and using a single credential. With UAE-Pass, customers can also digitally sign transactions and documents using their digital certificates. Moreover, UAE-Pass will provide customers with a digital vault that allows them to request, share and store all their government issued credentials/e-documents securely in their mobile phones.

UAE-Pass is built on a national secure public key infrastructure and it utilizes the country's identity systems as trust anchors. It is due to this level of security that CBUAE endorsed the usage of UAE-Pass for banking and financial institutions for customers' onboarding process.

- **Roles and Responsibilities (Regulatory and Supervisory Authorities and policy makers)**

The UAE has two financial free zones: ADGM and DIFC. CBUAE, FSRA and DFSA are mandated to handle, process and decide on various license applications. The specific responsibilities for each authority are outlined below:

CBUAE¹⁰ – Regulate and supervise financial services and insurance firms:

- Prepare and implement monetary policy in line with the UAE's National Agenda
- Exercise the privilege of currency issuance
- Organize licensed financial activities, establish the foundations for carrying them out, and determine the standards required for developing prudential practices
- Set-up appropriate regulations and standards for protection of customers of licensed financial institutions
- Monitor the credit condition in the state, in order to contribute the achievement of balanced growth in the national economy

¹⁰ <https://www.centralbank.ae/en/about-us>

- Manage foreign reserves to maintain, at all times, sufficient foreign currency assets to cover the monetary base
- Regulate, develop, oversee and maintain soundness of the Financial Infrastructure Systems in the state, including electronic payment systems, digital currency, and stored value facilities
- Regulates insurance firms, inclusive of Insurtech companies

Securities & Commodities Authority (SCA)¹¹ – Issue regulations and instructions that ensure the development of the organizational and supervisory framework of the list joint-stock companies and other companies operating in the securities field:

- Safeguard the rights of investors
- Promote sound practices

FSRA¹² – Regulates and supervises financial institutions and markets involved in ADGM:

- Assess regulatory complaints
- Promote sound practices in financial crime compliance including AML/CFT and compliance with international tax reporting including FATCA and CRS
- Supervise regulated firms to prevent, detect, and restrain conduct that may cause damage to the reputation of ADGM and UAE

DFSA¹³ – Regulates and supervises financial institutions and markets involved in DIFC:

- Authorize and register institutions and individuals who wish to conduct financial services in or from DIFC
- Supervise regulated participants and monitor their compliance with the laws, regulations and rules that apply
- Enforce the legislation registered by DFSA

¹¹ <https://www.sca.gov.ae/en/about-us.aspx>

¹² <https://www.adgm.com/financial-services-regulatory-authority>

¹³ <https://www.dfsa.ae/en/About-Us/Our-Purpose#Who-We-Are>

- **Licensing**

CBUAE regulates, supervise and/or licenses the following:

- Financing activity
- Payment services
- Foreign exchange activities
- Peer-to-peer lending
- Insurance companies

1. The table below indicates the licensing requirements for several activities along with the license types:

Activity	Requirements needed for a license
Financing activity	https://www.centralbank.ae/sites/default/files/2018-11/Regarding%20Regulations%20for%20Finance%20Companies.0.pdf
Payment services	https://www.centralbank.ae/en/laws-and-regulations/regulations/other-licensed-institutions https://www.centralbank.ae/sites/default/files/2020-11/Stored%20Value%20Facilities%20%28SVF%29%20Regulation%20AR%20%26%20EN.pdf https://www.centralbank.ae/sites/default/files/2021-03/9-2020%20Large%20Value%20Payment%20Systems%20Regulation.pdf https://www.centralbank.ae/sites/default/files/2021-03/10-2020%20Retail%20Payment%20Systems%20Regulation.pdf
Foreign exchange activity	https://www.centralbank.ae/sites/default/files/2019-01/The%20Standards%20for%20Exchange%20Business%20in%20the%20UAE%20%28Version%201.10%29%20%E2%80%93%2001.03.2018%20for%20Issue%20%28Clean%29.pdf

Peer-to-peer lending	https://www.centralbank.ae/sites/default/files/2020-11/Loan-based%20Crowdfunding%20Activities%20Regulation_4.pdf
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- **Compliance and Capital Requirements**

The capital requirements for the various licenses are as follows (for more details kindly refer to the links in the table above):

Financing activity: No less than AED 35m

Payment services:

A standardized requirement for 15 Mn AED for all Store of value providers as per updated November 2020 SVF regulation¹⁴

Foreign exchange activity:

Category A license: Minimum paid up capital must be AED 2m. In case the legal form is a LLC, the minimum paid-up capital must be AED 50m

Category B license: Minimum paid up capital must be AED5m. In case the legal form is a LLC, the minimum paid-up capital must be AED 50m

Category C license: Minimum paid up capital must be AED 10m. In case the legal form is a LLC, the minimum paid-up capital must be AED 50m

Peer-to-Peer lending

Category 1: AED 1m

Category 2: AED 300k

- **Data Protection and Cybersecurity Guidelines:**

The DIFC published the Data Protection Law which came into effect in July 2020. Please see link for further information.

<https://www.difc.ae/business/operating/data-protection/>

¹⁴ <https://www.centralbank.ae/sites/default/files/2020-11/Stored%20Value%20Facilities%20%28SVF%29%20Regulation%20AR%20%26%20EN.pdf>

- **Addresses for license applications:**

Currently, to apply for the relevant license, the process requires contacting CBUAE to share hard-copies or PDF files. CBUAE is currently undergoing a project to provide license applications online.

License applications should be sent to the licensing division of the CBUAE.

- **Processing Applications**

The application process time is 60 working days from the date of submission of a completed application.

- **Cost for submitting applications:**

There is no cost to submit an application.



Bahrain Fintech Guide



- **Introduction**

The Central Bank of Bahrain (CBB), the Kingdom of Bahrain's single financial regulator established the Fintech and Innovation Unit and the Regulatory Sandbox in 2017.

Given its progressive financial system, changing customer behaviour and technological advancements, Bahrain has identified Fintech as a top priority. It aims to establish itself as a leading regional hub shaped by regulatory support. Through the Regulatory Sandbox, the Kingdom of Bahrain welcomes innovative and developing fintech start-ups to the Bahraini markets.

The Kingdom of Bahrain is also the first country in the MENA region to mandate all retail banks to comply with Open Banking regulations.

- **Regulatory Authorities**

The Central Bank of Bahrain (CBB), the Kingdom of Bahrain's single financial regulator, The Central Bank of Bahrain is responsible for the regulations and supervision of financial markets and financial institutions in the Kingdom of Bahrain. The insurance sector is also regulated and supervised by the CBB, including Insurtech. CBB is additionally mandated to handle, process and decide on the various license applications in the Kingdom of Bahrain.

- **Fintech Regulations**

The Central Bank of Bahrain (CBB) currently has fintech regulations relating to Payment Service Providers (PSP's), Card Processing Service Providers, e-wallets (part of Payment Service Providers license), Crowdfunding (both Equity & Debt based), Cloud Computing, Open Banking, Crypto Assets, National e-KYC project, Digital Financial Advice, Insurance Aggregators and the Regulatory Sandbox framework.

- **Payment Service Providers:**

The CBB's payment service provider regulations fall under Volume 5: Ancillary Service Provider. The regulations cover the licensing and supervision of payment service providers.

https://cbb.complinet.com/cbb/display/display_viewall.html?rbid=2175&element_id=5962

- **Crowdfunding:**

The CBB's crowdfunding regulations cover finance-based and equity-based crowdfunding operating platforms. The regulations support person-to-business and business-to-business financing models. Crowdfunding regulations fall under Volume 5 of the CBB Rulebook and cover licensing and supervision requirements, as well as provisions relating to technology standards, cyber security risk requirements, etc.

- Equity based:

- https://cbb.complinet.com/net_file_store/new_rulebooks/v/o/Vol_6_MAE_Oct_2019.pdf

- Debt based:

- https://cbb.complinet.com/cbb/display/display_viewall.html?rbid=2175&element_id=5664

- **Cloud Computing:** There are rules pertaining to Cloud Computing embedded in each Rulebook.

The CBB allows licensees to utilize cloud computing services through an outsourcing arrangement whilst applying appropriate safeguards such as encryption of customer information, maintaining a secure audit trail, providing information on measures taken by the cloud service provider to ensure security and confidentiality, and ensuring that the right to release customer information/data in case of foreign government/court orders must be the sole responsibility of the licensee, subject to the CBB Law.

- **Crypto Assets:**

The CBB's crypto-asset regulations cover the licensing and supervision of crypto-asset exchanges and other crypto-asset services, including trading, dealing, advisory, and portfolio management in accepted crypto-assets as principal, agent, or custodian. The regulations also cover provisions relating to professional

indemnity coverage, technology standards, cyber security risk requirements, counterparty risk, reporting and notification requirements, etc.

https://cbb.complinet.com/net_file_store/new_rulebooks/v/o/Vol_6-CRA-Oct_2019.pdf

- **Open Banking:**

The CBB's open banking regulations cover retail banks and third-party providers under Volumes 1,2 and 5. The open banking regulations cover general requirements of the licensing and supervision of account information service providers ("AISPs") and payment initiation service providers ("PISPs"). The regulations cover the risks, systems, technology standards including application program interfaces ("APIs"), electronic identification, transmission of data, controls, cyber security risk requirements, counterparty risk, etc.

https://cbb.complinet.com/net_file_store/new_rulebooks/v/o/Vol_5_Ancillary_OB_Dec_2018.pdf

- **Digital Financial Advice:**

The CBB's Digital Financial Advice regulations cover digital financial advice providers ("robo-advisors") alongside banks and investment firm licensees offering digital financial advice services. The regulations are available under Rulebook Volume 1 (Conventional Banks), Rulebook Volume 2 (Islamic Banks) and Volume 4 (Investment Businesses).

https://cbb.complinet.com/cbb/display/display.html?rbid=1821&record_id=16855&element_id=11360&highlight=digital+financial#r16855

https://cbb.complinet.com/cbb/display/display.html?rbid=1820&record_id=23527&element_id=15141&highlight=digital+financial#r23527

https://cbb.complinet.com/cbb/display/display.html?rbid=1823&record_id=5790&element_id=3427&highlight=digital+financial#r5790

https://cbb.complinet.com/cbb/display/display.html?rbid=1821&record_id=16896&element_id=11366&highlight=digital+financial#r16896

https://cbb.complinet.com/cbb/display/display.html?rbid=1823&record_id=5722&element_id=3361&highlight=digital+financial#r5722

- **Insurance Aggregators:**

The CBB’s “insurance aggregators” regulations targets intermediaries with an insurance broker’s license that operate on an online platform and provide the following services: price comparisons of insurance policies and facilitate the purchase of insurance policies on behalf of insurance companies. The regulations are under Rulebook Volume 3 (Insurance).

https://cbb.complinet.com/cbb/display/display.html?rbid=1822&record_id=7284&element_id=3881&highlight=insurance+aggregator#r7284

https://cbb.complinet.com/cbb/display/display.html?rbid=1822&record_id=7234&element_id=3876&highlight=insurance+aggregator#r7234

- **Regulatory Sandbox Framework:** <https://www.cbb.gov.bh/fintech/>

- **Fintechs and Financial Institutions**

There are several active fintechs and financial institutions operating in the Kingdom of Bahrain, listed and broken down as follows:

- Conventional Banks/Retail: 25
- Banks/Wholesale: 49
- Islamic Banks/Retail: 6
- Islamic Banks/Wholesale: 14
- Insurance Licensees/Locally Incorporated Insurance Firms: 23
- Insurance Licensees/Overseas Insurance Firms: 12
- Insurance Licensees/Insurance Broker: 34
- Insurance Licensees/Insurance Managers: 4
- Conventional Insurance Licensees/Insurance Consultants: 3

- Insurance Licensees/Insurance Firms (Restricted to Business Outside Bahrain): 11
- Insurance Licensees/Insurance Brokers (Restricted to Business Outside Bahrain): 4
- Insurance Licensees/Insurance Consultants (Restricted to Business Outside Bahrain): 2
- Insurance Licensees/Registered Actuaries: 30
- Insurance Licensees/Registered Loss Adjusters: 12
- Insurance Licensees/Insurance Pools & Syndicates: 2
- Investment Business Firms/Category 1: 22
- Investment Business Firms/Category 2: 14
- Investment Business firms/Category 3: 16
- Specialized Licensees/Money Changers: 19
- Specialized Licensees/Fun Administrator License: 3
- Specialized Licenses/Registered Administrators: 1
- Specialized Licensees/Financing Companies: 5
- Specialized Licenses/Banking Representative Offices: 8
- Specialized Licenses/Insurance Representative Offices: 2
- Specialized Licenses/Investment Firm Representative Offices: 6
- Specialized Licenses/Microfinance Institutions: 2
- Specialized Licenses/Trust Service Providers: 3
- Specialized Licenses/Ancillary Service Providers: 24
- Specialized Licenses/Insurance Ancillary Services: 7
- Specialized Licenses/Societies: 4
- Specialized Licenses/Registered Professional Body: 1
- Capital Markets/Licensed Exchanges: 1
- Capital Markets/Licensed Clearing, Settlement and Central Depository Systems: 1
- Capital Markets/Licensed Securities Broker-Dealer: 2
- Capital Markets/Licensed Securities Broker: 3
- Capital Markets/Crypto-Asset Services – Category 3: 1

- **Regulatory Sandbox in Bahrain**

As part of the CBB's ongoing initiatives towards the development of the financial sector, the Fintech and Innovation Unit was established, and the Regulatory Sandbox was launched in 2017. Through the Regulatory Sandbox, the Kingdom of Bahrain welcomes innovative and developing

fintech start-ups to the Bahraini markets. Seven fintechs have graduated from the sandbox and we currently have 26 companies testing their fintech solutions.

Crypto services have been the largest category in terms of the types of solutions being tested within the Regulatory Sandbox. In addition, solutions being tested are of the following: loan automation platforms, open banking, robo advisory, mobile micro finance, challenger banks, card processing, remittance, Insurtech solutions.

- **Fintech Ecosystem**

The fintech ecosystem in the Kingdom of Bahrain is ranked first in the MENA region and the Central Bank of Bahrain has won an award for the Most Innovative Fintech Regulator of the Year in 2019 by the Fintech Galaxy FinX Awards.

As part of the CBB's ongoing initiatives towards the development of the financial sector, the Fintech and Innovation Unit was established, and the Regulatory Sandbox was launched in 2017. Through the Regulatory Sandbox, the Kingdom of Bahrain welcomes innovative and developing fintech start-ups to the Bahraini markets.

The Kingdom of Bahrain is also the first country in the MENA region to mandate all retail banks to comply with Open Banking regulations. Bahrain encourages financial institutions to adopt innovation and stay informed of fintech developments that may positively impact their respective institutions as well as participate in the prosperity of the Kingdom's fintech ecosystem.

The CBB's Fintech and Innovation Unit makes an effort to collaborate and form close relationships with various members of the Fintech ecosystem within Bahrain. These members include but are not limited to: the Bahrain Economic Development Board, Bahrain Fintech Bay, banks, telecoms, etc. This helps foster a more innovative and collaborative Fintech ecosystem.

- **Fintech Hub**

Bahrain Fintech Bay is one of the leading Fintech Hubs in the region and a dedicated Fintech co-working space with the purpose to position Bahrain as a regional Fintech hub. Bahrain Fintech Bay offers a co-working space, innovation labs, acceleration programmes, curated activities, educational opportunities, and a collaborative platform to source partners, investors, talent and build a regional network.

- **Fintech Activities and Initiatives**

CBB runs various initiatives to support the fintech vision of the country:

- Conduct market research and develop strategic initiatives on Fintech.
- Lead the drafting of and the development of regulatory policy initiatives in relation to Fintech.
- Facilitate Fintech testing in the Regulatory Sandbox.
- Coordinate with key Fintech ecosystem players to work on growing the Fintech Sector in the Kingdom.

- **Roles and Responsibilities (Regulatory and Supervisory Authorities and policy makers)**

The Kingdom of Bahrain has a liberal business environment that offers 100% foreign ownership. The Central Bank of Bahrain is responsible for regulating and supervising financial markets and financial institutions in the Kingdom of Bahrain. The insurance sector is also regulated and supervised by the CBB, including Insurtech. The CBB follows a risk-based regulatory and supervisory approach.

As part of its role, the Central Bank of Bahrain is also mandated to handle, process and decide on the various license applications in the Kingdom of Bahrain. CBB also regulates insurance and Insurtech companies in the Kingdom.

- **Licensing**

Any activity that is considered to be a regulated financial service/product under the Central Bank of Bahrain (“CBB”) law must be licensed by the CBB, and is broadly categorized under 7 Rulebook volumes as follows:

- Volume 1: Conventional Banking
- Volume 2: Islamic Banking
- Volume 3: Insurance firms
- Volume 4: Investment Business firms
- Volume 5: Specialized licenses (Financing, Trusts, fund administration, money changers and ancillary service providers)

- Volume 6: Capital market
- Volume 7: Collective Investment Undertaking

1. The table below indicates the licensing requirements for several activities along with the license types:

Activity	Requirements needed for a license	Type of license
Financing activity	Link to financing company	Financing company
Receiving deposits or other repayable funds	Link to Conventional banks	Conventional Bank
	Link to Islamic banks (elaboration required on repayable funds)	Islamic Bank
Payment services	Link to Payment services	Payment Service Provider
Issue of electronic money	Not a regulated activity	Not a regulated activity
Foreign exchange activity	Link to exchange activity	Money Changer
Insurance activity	Link to Insurance activities	Insurance Firms
Investment services	Link to Investment Services	Investment Business Firms
Funds management	Link to funds management	Administrator
Insurance mediation	Link to insurance mediation	Insurance firms
Intermediation of loans	elaboration required on Intermediation of loans	

Peer-to-peer lending	<p>P2P is not allowed, however, P2B and B2B are allowed as a crowdfunding platform operator</p> <p>Link to Crowdfunding (Financing based)</p> <p>Link to Crowdfunding (Equity based)</p>	Crowdfunding Platform Operator
Finance agent	Link to finance agent	Investment Business Firm
Financial adviser	Link to financial adviser	Investment Business Firm
Marketing of financial products or services	Link to marketing of financial products or services	Investment Business Firm

- **Compliance and Capital Requirements**

All requirements including financial resources are included in the link provided for each activity in the licensing requirements table above.

- **Data Protection and Cybersecurity Guidelines:**

Bahrain published the Bahrain Personal Data Protection Law (PDPL), No. (30) of 2018, which came into force in August 2019.

Recognizing the importance of data protection, the PDPL seeks to promote secure and efficient processing of big data whilst keeping pace with technological advancement. The law regulates the collection, storing and transfer of data in Bahrain and is largely modeled along the lines of the EU Data Protection Directive (Directive 95/46/EC).

- **Addresses for license applications:**

License application forms are separately available for each rulebook volume as in the follow links respectively:

- [Volume 1: Conventional Banking](#)
- [Volume 2: Islamic Banking](#)
- [Volume 3: Insurance firms](#)
- [Volume 4: Investment Business firms](#)
- [Volume 5: Specialized licenses](#) (Financing, Trusts, fund administration, money changers and ancillary service providers)
- [Volume 6: Capital market](#)
- [Volume 7: Collective Investment Undertaking](#)

All new applications for a license must be addressed to:

The Director, Licensing Directorate
Central Bank of Bahrain
PO Box 27
Manama
Kingdom of Bahrain
E-mail: licensing@cbb.gov.bh

- **Processing Applications:**

The CBB will provide a formal decision on a license application within 60 days of all required documentations having been submitted in a form acceptable to the CBB.

- **Cost for submitting applications:**

Applicants seeking a license from the CBB must pay a non-refundable license application fee of BD 100 at the time of submitting their formal application to the CBB.



The Kingdom of Saudi Arabia Fintech Guide



- **Introduction**

Fintech innovation is part of Saudi Vision 2030 to diversify and transform the Saudi economy making it less oil-centric while creating more dynamic job opportunities.

There is an active community of financial and educational institutions, corporates, government agencies, and investors working to further the development of the fintech sector in Saudi Arabia, thereby contributing to financial inclusion and the rise of digital transactions in the Kingdom. Government initiatives/policies put in place in recent years are starting to bear fruit with the fintech market in Saudi Arabia is growing at a rapid rate.

Fintechs have been transforming the way consumers and businesses conduct routine transactions. With minimized physical contact creating new digital opportunities during the COVID-period and government financial authorities generating a conducive regulatory environment, the pace of financial innovation is expected to accelerate.

- **Regulatory Authorities**

Saudi Central Bank (SAMA):

SAMA is responsible for managing monetary policy and reserves and supervising the financial sector's institutions (including banks, payment, finance companies and insurance companies), the credit information sector, and the financial technology (Fintech) sector.

Capital Market Authority (CMA):

The CMA's functions are to regulate and develop the Saudi Arabian Capital Market by issuing required rules and regulations for implementing the provisions of Capital Market Law. The basic objectives are to create an appropriate investment environment, boost confidence, and reinforce transparency and disclosure standards in all listed companies, Investment Funds, Real Estate Investment Funds, securities brokerages, securities activities of fintechs, and moreover to protect the investors and dealers from illegal acts in the market.

- **Fintech Regulations**

- 1) Payment service provider's regulation

https://www.sama.gov.sa/en-US/payment/Documents/PSPs_Regulations_111.pdf

- 2) Digital-only Banks Criteria and regulation

https://www.sama.gov.sa/en-US/Laws/BankingRules/Additional_Licensing_Guidelines_and_Criteria_for_Digital-Only_Banks_in_Saudi_Arabia-EN.pdf

- 3) Rules for Engaging in Debt-based Crowdfunding

https://www.sama.gov.sa/en-US/Laws/FinanceRules/Rules_for_Engaging_in_Debt_Based_Crowdfunding-EN.pdf

- 4) Micro-lending Regulations

https://www.sama.gov.sa/en-US/Laws/FinanceRules/Rules_Regulating_Consumer_Microfinance_Companies-EN.pdf

- 5) Rules of Licensing Finance Support Activities

<https://www.sama.gov.sa/en-US/Laws/FinanceRules/Rules%20of%20Licensing%20Finance%20Support%20Activities.pdf>

- 6) Rules governing insurance aggregation Activities

https://www.sama.gov.sa/en-US/Laws/InsuranceRulesAndRegulations/Rules_Governing_Insurance_Aggregation_Activities.pdf

- 7) Regulatory Sandbox framework

https://www.sama.gov.sa/en-US/Regulatory%20Sandbox/Documents/Regulatory_Sandbox_Framework_English-NOV2020.pdf

- 8) Regulatory framework for cloud computing

9) CMA Financial Technology Experimental Permit Instructions

https://cma.org.sa/en/RulesRegulations/Regulations/Documents/FinTech_en.pdf

- **Fintechs and Financial Institutions**

Currently under SAMA umbrella there's 29 fintech companies operating in the market ranging from 14 licensed fintechs, and 15 permitted fintech's in the Regulatory Sandbox.

Financial institutions:

- 29 Banks varying between local and international, and two local digital Bank.
- 31 Insurance Companies
- 53 Finance companies
- 73 Money exchange

Under CMA, there are 114 authorized capital market institutions and 16 Fintech companies. Fintechs in the CMA FinTech Lab are permitted to operate in the market under an experimental environment with the Fintech Experimental Permit period which has a period of 2 years to experiment before graduating to being fully licenced under CMA regulations. The lists are in the links below:

<https://cma.org.sa/en/Market/AuthorisedPersons/Pages/default.aspx>

<https://cma.org.sa/en/Market/fintech/Pages/ExpFinTechs.aspx>

- **Fintech Ecosystem**

With fintech innovation a key part of Saudi Vision 2030, the past two years have been a pivotal for the development of the fintech sector in Saudi.

At present, there are 155 fintechs registered with Fintech Saudi. In Saudi, the sector is largely driven by young, first generation entrepreneurs who are competing with the largest financial institutions in an extremely tough and price-conscious market, making the role of incubators, accelerators and sponsored innovation labs critical for funding, mentorship, peer connections and exposure to the financial industry. Saudi Arabia has more than 40 business incubators and several accelerator programs, many of which have some form of government affiliation.

Saudi is working to build a robust fintech ecosystem where startups engage in external partnerships with universities and research institutions to enable growth and innovation in the fintech sector. In line with this, KAUST (the King Abdullah University of Science and Technology) launched the “Taqadam” Accelerator Program for young entrepreneurs, providing grant funding, mentoring and training in topics such as ideation, product design, marketing and fundraising.

Saudi Arabia sees value in a supportive legislative framework to encourage the establishment of start-up firms. SAMA have introduced regulations and continued to issue regulatory testing licenses around electronic payments. SAMA launched regulatory sandbox environment that allows fintechs to test new digital solutions and also released draft regulation governing the provision of payment services. CMA launched Fintech Lab, which also provides innovators an opportunity to test their innovative fintech products, services and business models related to capital market including (Equity Crowd Funding, Robo-Advisory, DLTs, Social Trading, and others).

For further detail of the current fintech ecosystem in Saudi Arabia, please see:

https://fintechsaudi.com/wp-content/uploads/2020/03/Fintech_Saudi_Annual_Report-Eng.pdf

<https://cma.org.sa/en/Market/fintech/Pages/default.aspx>

- **Fintech Hub**

SAMA and CMA signed a joint agreement to establish a center for Fintech Saudi in April 2018 under the Financial Sector Development Program to act as a catalyst for the development of the financial service technology “Fintech” industry. Fintech Saudi is involved in communication, events, initiatives that support the development of the infrastructure required by the fintech industry; build the skills and knowledge required for the growth of the fintech activity; and support fintech entrepreneurs at every stage of their development. Fintech Saudi is supported by members and partners.

- **Fintech Activities and Initiatives**

- **Fintech Initiatives:**

The Kingdom of Saudi Arabia has developed a National Fintech Strategy, which is currently in the final stage of government approval and mobilization. The strategy includes a stream of 25 programs of work that will deliver the key ecosystem elements to drive a vibrant Fintech sector.

The Kingdom has an active Regulatory Sandbox (since 2018) and Fintech Lab (addressing Capital Market Fintech) as well as an industry guidance function through Fintech Saudi (since 2017).

The latest report from Fintech Saudi on the KSA Fintech ecosystem, can be reviewed here: https://fintechsaudi.com/wp-content/uploads/2020/03/Fintech_Saudi_Annual_Report-Eng.pdf

- **Roles and Responsibilities (Regulatory and Supervisory Authorities and policy makers)**

Saudi Arabia has one national jurisdiction and no financial free zones.

The Saudi Central Bank covers applications that includes the activities pursued under the supervision of SAMA (e.g.: Finance, Payments, Insurance, etc.).

The Capital Market Authority (CMA) covers applications that includes activities in dealing, arranging, managing, advising, and custody of securities pursued under the supervision of CMA.

- **Licensing**

The Saudi Central Bank license the following activities in the fintech sector:

Digital banking, Digital payment services, Crowdfunding, Consumable Micro-lending, Insurtech business models, Open Banking, Finance Support Activities. This list is not exhaustive.

For CMA Fintech Lab: Licensed activities include- but are not limited to- equity and debt instruments offering, crowdfunding platforms, Robo-advisory, the use of Digital Ledger Technology (DLT) in arranging the offering of Securities and Custody Services, and Social Trading.

1. The table below indicates the licensing requirements for several activities along with the license types:

Activity	Requirements needed for a license	Type of license
Financing activity	Financing companies control law.	https://www.sama.gov.sa/ar-sa/Finance/Pages/LicensedEntities.aspx
Receiving deposits or other repayable funds	N/A	N/A
Payment services	<u>Payment service provider's regulation.</u>	There's two: Electronic Money Institution Payment Institution
Issue of electronic money	N/A	N/A
Foreign exchange activity	https://www.sama.gov.sa/en-us/money_exchangers/pages/moneyexappterm.aspx	Two categories: A and B.
Insurance activity	Cooperative Insurance Companies law.	https://www.sama.gov.sa/ar-sa/Insurance/Pages/Licensed_Companies.aspx
Investment services	https://cma.org.sa/en/RulesRegulations/Regulations/Documents/FinTech_en.pdf	FinTech Experimental Permit
Funds management	https://cma.org.sa/en/RulesRegulations/Regulations/Documents/FinTech_en.pdf	FinTech Experimental Permit

Insurance mediation	N/A	N/A
Intermediation of loans	N/A	N/A
Peer-to-peer lending	N/A	N/A
Finance Brokerage	https://cma.org.sa/en/RulesRegulations/Regulations/Documents/FinTech_en.pdf	FinTech Experimental Permit
Financial adviser	https://cma.org.sa/en/RulesRegulations/Regulations/Documents/FinTech_en.pdf	FinTech Experimental Permit
Marketing of financial products or services	<u>Rules of Licensing Finance Support Activities (sama.gov.sa)</u>	Financial Information Aggregator.
Open Banking	N/A, Currently only the polices have been issued: <u>Open Banking Policy-EN.pdf (sama.gov.sa)</u>	N/A

- **Compliance and Capital Requirements**

Digital-only banks: Varies depending on the scale and nature of proposed business plan.

PSP: The Capital requirements for the Payment Service Providers are ranging from SR1, 000,000 to SR10, 000,000 subject to the type and services that the provider wishes to offer.

Debt Based-Crowdfunding: The minimum Capital requirements for the debt-based crowdfunding providers is SR5, 000,000.

Consumable Micro-lending: The minimum Capital requirements for the Consumable Micro lending providers is SR10, 000,000.

Insurance Aggregator:

- (SAR 500,000) for an Insurance Aggregator only.
- (SAR 3,000,000) for an insurance broker conducting Insurance Aggregation Activities.

Finance Support activities:

- (SAR 2,000,000) for finance aggregators.
- (SAR 10,000,000) for debt collection service providers.

Equity Crowdfunding: The minimum Capital requirements for equity based crowdfunding providers is SR 400,000.

Robo-Advisory: The minimum Capital requirements for Robo-Advisory providers is SR 2,000,000.

Distributed Ledger Technology: The minimum Capital requirements for providers using DTL to arrange the offering of securities and custody services is SR 5,000,000.

Social Trading: The minimum Capital requirements for Social Trading providers is SR 400,000.

- **Data Protection and Cybersecurity Guidelines:**

SAMA has many of terms and conditions in these regards across different regulations

Cyber Security Framework (issued by SAMA) for regulated entities regulated by SAMA (May2017).

Please refer to the link below:

<http://www.sama.gov.sa/en>

US/Laws/BankingRules/SAMA%20Cyber%20Security%20Framework.pdf

For payment companies:

- (a) A Payment Service Provider must protect Customer Data and maintain the confidentiality of that data, including when it is held by a third party or Agent of the Payment Service Provider. The personal information of customers may be accessed and used by personnel authorized by the Payment Service Provider only for the purpose of complying with regulatory requirements applicable in the Kingdom, including anti-money laundering reporting, fraud and financial crime reporting.
- (b) A Payment Service Provider must not disclose Customer Data except where:
- (i) required, pursuant to applicable laws and regulations, by SAMA or other competent authority in the Kingdom; or
 - (ii) the disclosure is made with the prior written consent of the customer.
- (c) A Payment Service Provider must put in place and maintain adequate policies, procedures and controls, as well as employee awareness training, to protect Customer Data and to identify, act to prevent and resolve any information security breaches.
- (d) In addition, a Payment Service Provider must put in place and maintain data protection controls in accordance with SAMA's cyber security framework.

CMA

We apply general guidance for data protection and Cybersecurity, please refer to the following link:

https://cma.org.sa/RulesRegulations/Guides/Documents/Cyber_Security_Guidelines_for_Financial_Market_Institutions.pdf

- **Addresses for license applications:**

Currently licensing request applications can be submitted via email, the addresses of these emails can be found in the links below:

Payment Service Providers application: [Forms \(sama.gov.sa\)](#)

Debt-Based Crowdfunding: [النماذج \(sama.gov.sa\)](#)

Consumable-Micro lending: [النماذج \(sama.gov.sa\)](#)

Finance support activities: [النماذج \(sama.gov.sa\)](http://sama.gov.sa)

Insurance aggregators: [النماذج \(sama.gov.sa\)](http://sama.gov.sa)

Equity Crowd Funding: [CMA FinTech Application](#)

Robo-Advisory: [CMA FinTech Application](#)

Offering and Investment in Debt Instruments: [CMA FinTech Application](#)

DLTs in offering securities and custody services: [CMA FinTech Application](#)

Social Trading: [CMA FinTech Application](#)

Other Securities Activity FinTech models: [CMA FinTech Application](#)

- **Processing Applications:**

The licensing applications processing period varies depending on the type of the activity and the proposed business plan.

- **Cost for submitting applications:**

Please refer to the below links to obtain more information on the licensing fees for each product.

Payment Service Providers application: [Forms \(sama.gov.sa\)](#)

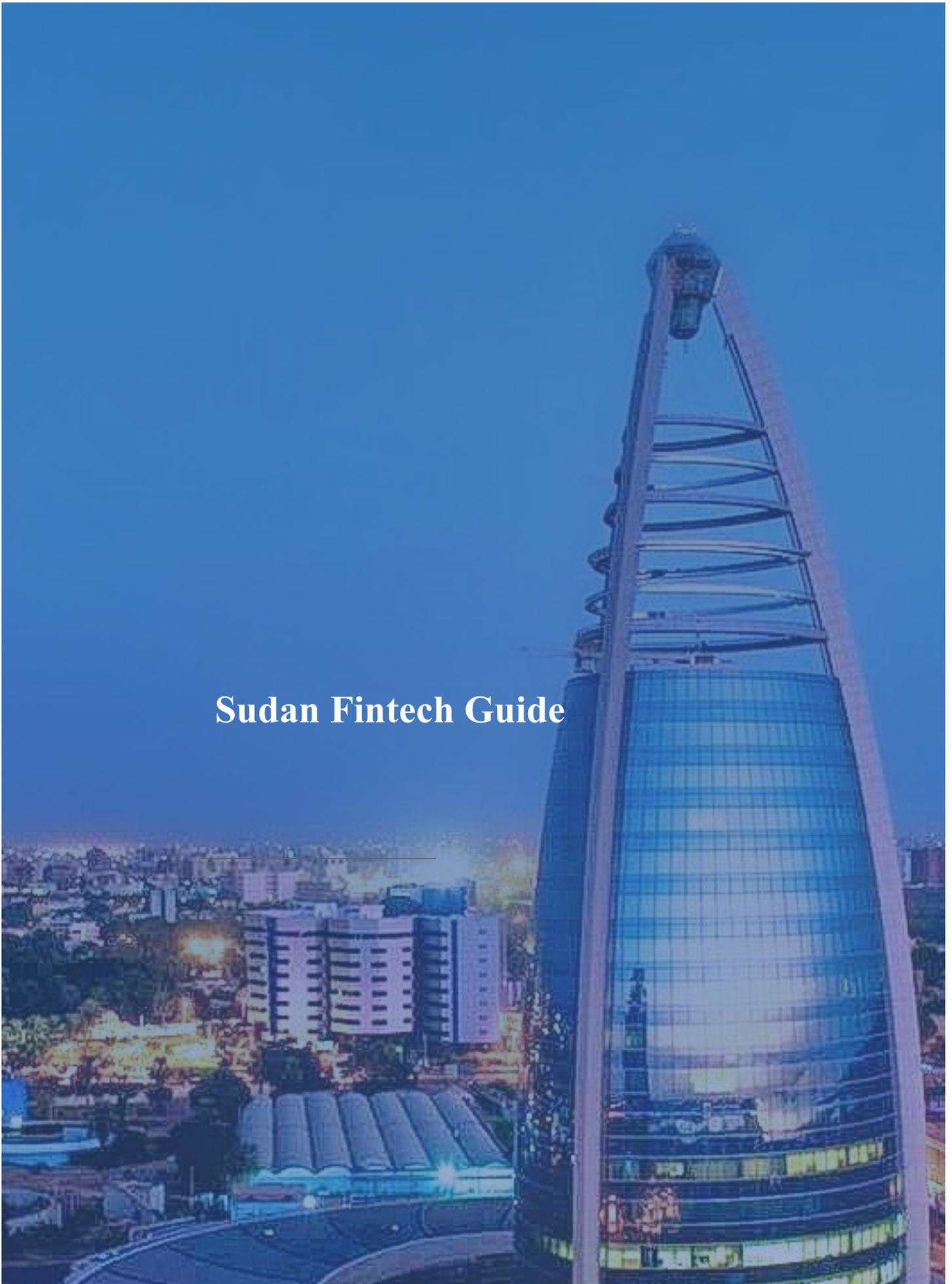
Debt-Based Crowdfunding: [النماذج \(sama.gov.sa\)](http://sama.gov.sa)

Consumable-Micro lending: [النماذج \(sama.gov.sa\)](http://sama.gov.sa)

Finance support activities: [النماذج \(sama.gov.sa\)](http://sama.gov.sa)

Insurance aggregators: [النماذج \(sama.gov.sa\)](http://sama.gov.sa)

Sudan Fintech Guide



- **Introduction**

Sudan has faced various political challenges over the past two decades, which had rendered its startup ecosystem virtually non-existent. But the challenges have brought about a youthful determination for change; more than 90 percent of the population is under the age of 55 and over 60 percent is under 25. Sudan also has a high mobile usage rate and these factors are fueling the rise of an entrepreneurial class and tech-driven startups.

While Sudan has largely been a cash-based society, the pandemic has accelerated its move to cashless solutions. The Central Bank of Sudan (CBS) is seeking to improve its banking industry and encourage the use of financial technologies, viewing financial inclusion as a priority. CBS has taken steps to introduce laws and regulations around payment systems and electronic transactions.

- **Regulatory Authorities**

The Central Bank of Sudan is responsible for regulating financial institutions and Fintech companies.

- **Fintech Regulations**

The Fintech Regulations that currently exist in Sudan are as follows:

- Electronic Cheques Clearing Regulations 2006
- Electronic Transaction Law 2007
- Cyber Crimes Law 2007
- Payment system Regulations 2013
- Financial Institutions for Mobile Payment Services Regulations 2020

<https://cbos.gov.sd/en/content/electronic-transactions-act-2007>

<https://cbos.gov.sd>

- **Fintechs and Financial Institutions**

There are 88 licensed fintech companies, and 38 commercial banks operating in Sudan.

- **Fintech Activities and Initiatives**

Sudan is looking to develop the fintech sector as a means to promote financial inclusion and expand banking services to businesses and individuals across the country. The Central Bank is taking measures to protect consumers and create a competitive market. It has introduced regulations to facilitate the development of payments systems with a vision of enhancing this through legislative procedures; the development of payment system infrastructure to enable vertical and horizontal expansion of financial services and the merging with the international banking ecosystem; and empowering security measures to international authentication standards.

- **Roles and Responsibilities (Regulatory and Supervisory Authorities and policy makers)**

- Sudan has one national jurisdiction.
- The Central Bank of Sudan is responsible for regulating and developing the financial systems in Sudan
- Central Bank of Sudan/Payment System Directorate are mandated to handle licensing applications of the payment service providers and Fintech companies.
- General authority for supervision and control of insurance.

- **Licensing**

For following payment activities in Sudan, companies are obliged to obtain a license from the Central Bank of Sudan:

I. Payment System Operators

II. Payment System Services Providers

i. Mobile Payment

ii. E-commerce

iii. Mobile Banking

iv. Point of Sales

v. Mobile Apps services <https://cbos.gov.sd/ar/forms>

1. The table below indicates the licensing requirements for payment services along with the license type:

Activity	Requirements needed for a license	Type of license
Payment services	1. Company registration certificate from ministry of justice. 2. The company structure and memorandum and articles of association. The scope of the company 3. The scope and goals of the Company	Mobile payment Web-based payment E-purse services Cash cards services
Issue of electronic money	Is allocated only for financial institutions	Commercial Bank and Financial Institutions for Mobile Payment Services

- **Compliance and Capital Requirements**

The capital requirements for various payment systems licenses have not been determined yet and are under review.

- **Data Protection Guidelines:**

There is legislation in central bank law and derivative banking regulation regarding data protection for financial institutions and banks customers.

- **Addresses for license applications:**

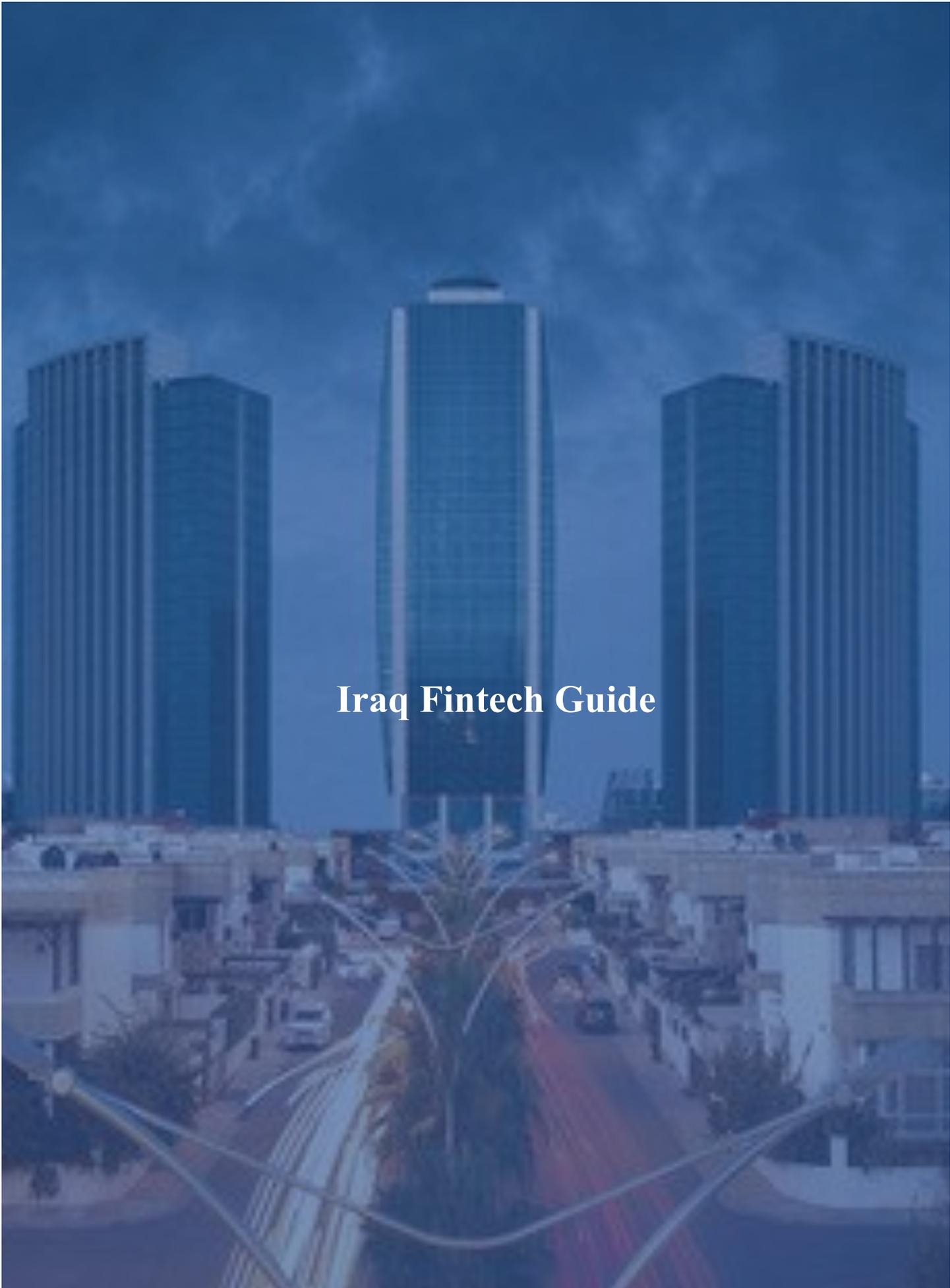
Applications should be sent to the Payment System Directorate, Central Bank of Sudan.

- **Processing Applications:**

Processing times depend on the result of the software and application testing process for functional and technical requirements and attaining the certification upon that, should not exceed three months.

- **Cost for submitting applications:**

Submission is free, but the license fee is 5000 SDG (about 13 USD).



Iraq Fintech Guide



- **Introduction**

The development of Iraq's banking sector has been impeded by conflicts that emerged in the early 2000s. But with the prevalence of the internet and mobile penetration effectively reaching the entire population, access to networking technologies has laid the foundation for a digital economy.

The Central Bank of Iraq (CBI) has introduced regulations around electronic payments services. While demand for digital financial services in Iraq has been limited compared to other countries in the region, mobile and electronic payment services have been increasing, which has led the drive towards financial inclusion and homegrown fintech companies.

- **Regulatory Authorities**

The Central Bank of Iraq is responsible for regulating financial institutions.

- **Fintech Regulations**

The Fintech Regulations that currently exist in Iraq are as follows:

- Electronic Payment Services System Regulation No (3) in 2014
 - Regulation on subscription in Infrastructure of Retail Payment System through cards
 - Regulation on organizing the work of Payment Service Provider Company through mobile
 - Regulation on the work of agent Payment Service Provider
- Electronic Signature and Electronic Transactions Regulation No (78) in 2012
 - <https://www.moj.gov.iq/uploaded/4326.pdf>
 - <https://www.moj.gov.iq/uploaded/4256.pdf>
- CBI Circulation and instructions regarding Cyber Security and Infrastructure are under development.

- **Fintech Regulations**

There are 79 banks (7 State Owned Banks, 29 Islamic Banks, 2 Foreign Islamic Bank Branch, 25 Commercial Banks, 16 Foreign Commercial Bank Branch). <https://cbi.iq/page/93>

There are 14 fintechs (4 mobile wallet, 7 issuer + processor + acquire, 1 acquire, 1 processor + acquire, 1 issuer +processor) operating in Iraq. <https://www.cbi.iq/page/25>

- **Fintech Ecosystem**

The national switch platform in CBI can be integrated all parties (banks and payment system providers) to accept and process the transactions between them. The Fintech ecosystem in Iraq depend on specific standards to accept the transactions, and the settlements are done in banks account in the CBI at the end of the day.

- **Fintech Initiatives and Activities**

The CBI has taken a favorable view of the fintech sector as a means to promote financial inclusion and expand banking services. In addition to laying the regulatory foundation for electronic payment services, they have set out criteria to be implemented by financial and other licensed institutions for dealing with cloud computing service providers. It has a long-term vision of further developing its fintech ecosystem to include digital ID and e-KYC solutions, a data warehouse compiling big data and business intelligence, a sandbox and innovation hub, CBDC, a cyber threat intelligence platform and the introduction of an open banking framework.

- **Roles and Responsibilities (Regulatory and Supervisory Authorities and policy makers)**

- The Iraq government operates three free trade zones in the country.
- The CBI is responsible for granting licenses to institutions that conduct banking operations and the providers of electronic payment services.
- The Iraq Securities Commission is responsible for supervising the Iraq Stock Exchange and issuing laws relating to investment management activities and investment advice for brokers, banks and securities companies.

- The Iraqi Insurance Diwan within the Ministry of Finance is responsible for licensing and regulating the insurance sector in Iraq.
- The Central Bank of Iraq and the Ministry of Finance issue government securities, and there are plans in the future to trade some of these government securities through the Iraq Stock Exchange ISX and to enhance and encourage the secondary market activities in order to affect positively the ecosystem.
- Office of Non-Governmental Organizations (NGO) is responsible on license (MSME) Entities.

- **Licensing**

For following payment activities in Iraq, companies are obliged to obtain a license from the CBI:

- Issuing cards (debit, credit, prepaid)
- Processing (online payment gateway, e-commerce, bill collecting)
- Acquiring ATM, POS, POC
- Mobile wallets

1. The table below indicates the licensing requirements for services along with the license type:

Technical and Financial Instructions for electronic payments services providers are issued by Central Bank of Iraq on 14 September 2015.

Payment services	Processor, Issuer, acquirer, mobile
Open Banking	<p>Currently, CBI does not specify any licenses type or requirement for Open Banking, and are working on open banking legislation by following international best practices and standards in accordance with the national laws and regulations and local market use-cases.</p> <p>CBI nominates selected group about 12-13 bank to initiate Open Banking Service.</p>

- **Compliance and Capital Requirements**

Capital and licenses requirements for e-money payment services issued by Central Bank of Iraq on 16 August 2014.

- **Data Protection Guidelines:**

The processing of personal data is governed by the general rules under applicable laws. Provisions of laws and regulations that are relevant to data protection in the fintech space include the following:

- The Banking Law (94/2004) requires banks to maintain banking and professional secrecy with regard to accounts, deposits, securities and clients' deposit boxes. Clients' data must not be directly or indirectly disclosed without their written consent.
- Payment service providers must take steps to store and protect clients' data against disclosure, destruction, misuse, loss and theft, and maintain secrecy in banking transactions.
 - CBI Security Policy.
 - CBI Regulation Governance and Institutional Management of Information and Communication Technology in the Iraqi Banking Sector.
 - Chapter (3) No (4) Section (10) in Electronic Payment Services System Regulation No (3) in 2014.

- **Addresses for license applications:**

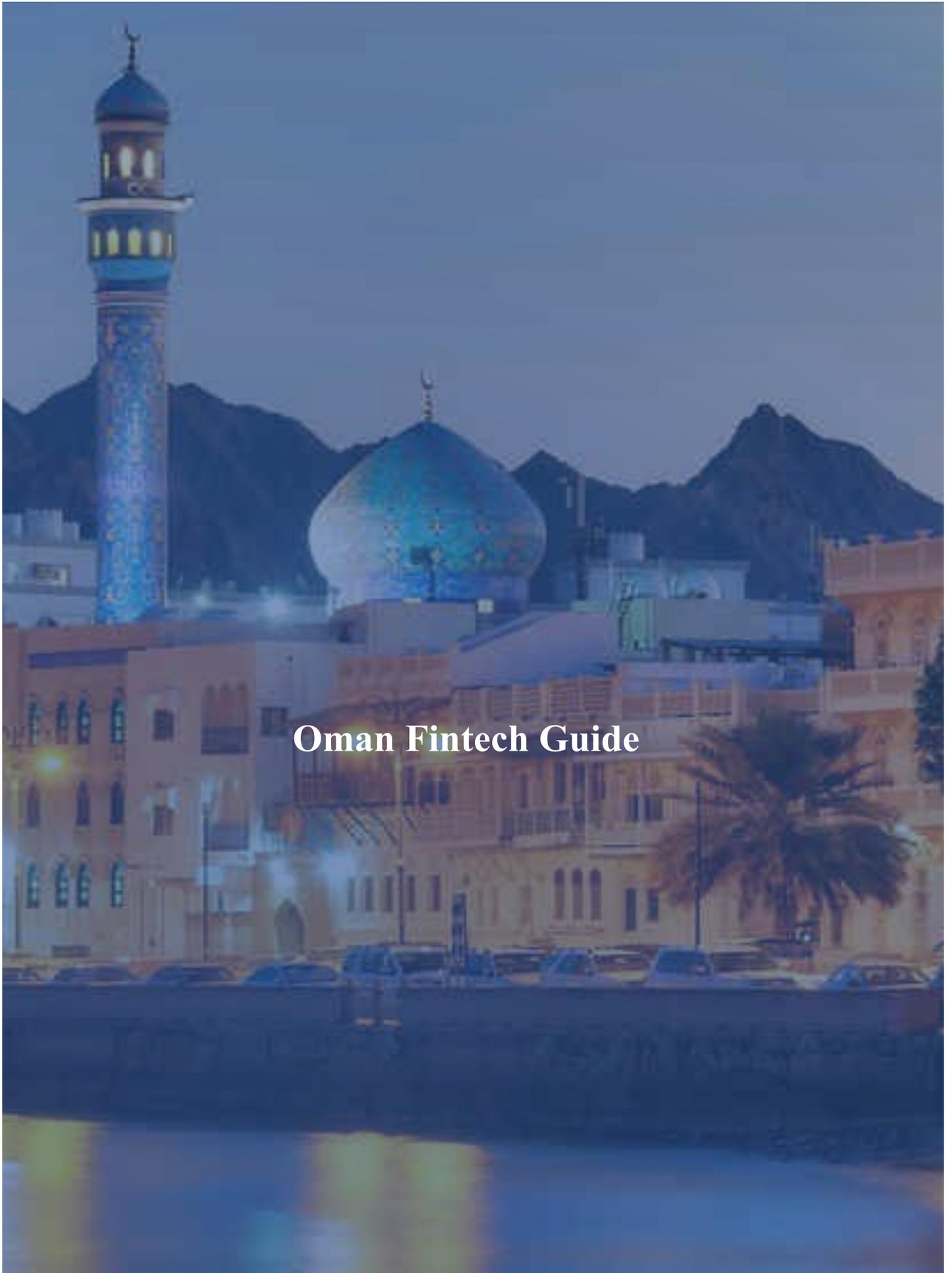
Payment services providers (PSPs) Applications issued by Central Bank of Iraq in 2014.

- **Processing Applications:**

The Central Bank of Iraq Board will decide on licensing applications within 60 days. If the application requirements are not completed by the applicant, the Board will extend the deadline by 30 days after which time the application request will be canceled.

- **Cost for submitting applications:**

2,500,000 IQ Dinar for study the application.



Oman Fintech Guide



- **Introduction**

Our Fintech Vision in Oman is to have a dynamic digital financial ecosystem that fosters financial development, thus providing sustainable support to competitive and diversified economic sectors in the Sultanate through innovation.

Our ultimate goal is to facilitate new enablers and related frameworks to address the market needs and development, plus to support the drivers underpinning emerging technological innovation and developments to the local financial/banking sector to deliver creative banking and financial services.

The Central Bank of Oman in the past couple of years has taken certain strategic steps and decisions towards supporting the Fintech space and the digital transformation journey in the financial and banking sector through multiple steps, such as:

- a) Easing and simplifying regulation for Fintech and provision of payment services.
- b) Issuing the National Payment System Law and its regulations.
- c) Simplified Know Your Customer (KYC) policy.
- d) Constitution of Fintech committee.
- e) Issuing Fintech Regulation Sandbox Framework.
- f) Engaging with relevant stakeholders within the country.
- g) Drafting Fintech Framework and Roadmap.

- **Regulatory Authorities**

As per the Banking Law 2000, the Central Bank of Oman (CBO) is the main entity that is responsible for the regulation and supervision of financial institutions, such as Bank, Finance and Leasing Companies, Exchange Companies, Payment Service Providers and in future fintechs. On the other hand, the Capital Market Authority is responsible for the regulation and supervision of capital market and insurance sectors.

- **Fintech Regulations**

Currently we have not issued a Fintech Regulation in the Sultanate; however, CBO is planning to work on a general Fintech regulatory framework. As of now, CBO has issued a stand-alone law and secondary regulations pertaining to Payment Systems.

National Payment Systems

<https://www.cbo.gov.om/ar/Pages/National-Payment-System-Law.aspx>

Secondary Regulations

<https://www.cbo.gov.om/ar/Pages/The-Legal-Framework-of-the-National-Payment-Systems.aspx>

- **Fintechs and Financial Institutions**

As of now, CBO has issued one non-bank PSP license. However, there are multiple initiatives undertaken in collaboration with Banks in providing payment solutions and services.

- **Fintech Activities and Initiatives**

At the Central Bank of Oman, we are prioritizing plans for the development and enhancement of innovation in the financial sector in Oman, especially given the rapid strides that the sector has been making globally & regionally and our continuous contribution to the financial inclusion and overall economic growth.

The Central Bank of Oman have drafted the Fintech Framework and Roadmap which is a holistic plan that targets all bases and enablers of the sector in Oman, that we call it “Oman Fintech Ecosystem”. The vision, objectives and enablement are supported by a key competitive advantage factors such as Healthy & Resilient Banking Sector, Political Stability, Robust Payment Platforms & Infrastructure and higher percentage/ ratio of youth in Oman population.

The *Oman Fintech Ecosystem* comprises of four beams and seven pillars and they are focusing mainly on Policies, Infrastructure, Talent and Demand. The growth of Fintech in Oman will be primarily driven by four interrelated beams and seven interconnected pillars; in collaboration and cooperation of different stakeholders and partners.

The Oman Fintech Ecosystem is going to focus on the following major aspects

- The adoption of dynamic laws and regulations,
- The development and engagement of national innovative talents and skills,
- The support of collaboration between education & academia and the Fintech sector,
- The attraction of considerable and sustainable investments to the sector

Moreover, we make sure that our initiatives, objectives that are part of the Fintech Framework and Roadmap are aligned with the national 2040 vision, which focuses on a number of national priorities as an example: we make sure we enable and support the national priority of Economic Diversification and Fiscal Sustainability, and also to support small and medium enterprises, and entrepreneurship, particularly those who are based on innovation, and advanced technology.

Our primary objective is to work toward establishing a comprehensive and nurturing Fintech Ecosystem in Oman so we enable and support Fintech Startups, SMEs, Banks, and Technology Firms to develop innovative solutions, which will eventually contribute to the county's economic growth, create new job opportunities and attract venture capital investment to the country.

The below initiatives form part of our framework and roadmap:

1. Fintech Regulation.
2. Fintech Regulatory Sandbox.
3. Fintech Innovation Hub.
4. Cloud Computing Framework for the banking and financial sector.
5. National e-KYC and Customer Digital on boarding.
6. Open Banking API Strategy.
7. Fintech Professional Educational program.
8. **Virtual Assets and Virtual Asset Service Providers Study.**
9. **Fintech & Banking Zone at Comex Technology Exhibition.**

Fintech Regulation

Given the very necessity for significant change in the regulations and policies, Central bank of Oman is undertaken steps to further revise the current Banking Law 2000. The Central Bank of Oman is keen to ensure the revised law has provisions to enable and promote the development of Fintech through new requirements and enhancements. The revised Banking Law 2000 will

empower the development of Fintech sector in Oman as it is being revised in line with ongoing rapid changes and developments across the local and global market.

Fintech Regulatory Sandbox

On December 2020, the Central Bank of Oman have launched the Fintech Regulatory Sandbox, through which it will enable the financial institutions, startups, local and international financial technology companies to be able to actually test their innovative products and services in a safe and controlled manner. The initiative will have the potential of cultivating advanced and innovative products, services and business models in the domestic financial services industry, and in turn contributing to enhancing financial inclusion, increasing financial depth and generating economic growth. The first cohort is designed to accept innovations in the payment field.

Fintech Innovation Hub

It is one of the main initiatives of the Central Bank of Oman that will support the innovations and creativity in the financial technologies space, through supporting the local and foreign talents through setting up an incubation and acceleration center and programs in collaboration with investment and funding entities, financial institutions, technology partners, etc.

Cloud Computing Framework for the banking and financial sector

The Central Bank of Oman have issued a draft cloud computing framework for the banking and financial sector, which includes specific guidelines for utilizing cloud services by licensed financial institutions in the Sultanate to ensure effective provision of banking and financial technologies products and services.

National e-KYC and Customer Digital on boarding

It is one of the main initiatives that will support the digital transformation journey of the financial institutions through introducing an electronic Know Your Customer platform (eKYC). The National eKYC platform will help the financial institutions and new Fintech entrants to onboard and verify the identities of their customers in swift, secure and digital matter. This initiative is very important as it builds the necessary infrastructure to balance market integrity, financial inclusion and economic growth, while also meeting international financial standards set by the Financial

Action Task Force (FATF) in relation to the combating of money laundering and terrorism financing.

Open Banking API Strategy

Open banking is one of the modern technological innovations in the world of finance and banking, which enables the licensed financial institutions to share certain data (as determined by the legislation and policies issued by the Central Bank of Oman) with a third party electronically and securely through the API, which in turn will help and encourage opening the door to providing new innovative banking and financial services that did not exist in the past. The Central Bank of Oman is working internally on drafting Open Banking API Strategy for the sector.

Fintech Professional Educational program

Improving the underlying attractiveness and pipeline of talent into the Fintech sectors is a key to current and future requirement for the country and the financial sector. The availability of appropriately skilled talent is essential for growth of the Fintech sector. The Government is working on upskilling the local talents and developing local students at different educational levels; schools and high school. Furthermore, upskilling local talents through specialized university courses, training courses and Research and Development. Accordingly, The Central Bank of Oman in collaboration with a local leading educational institution and a potential international educational partner started working on developing a professional program that is specialized Fintech.

Virtual Assets and Virtual Asset Service Providers Study

The Central Bank of Oman and the Capital Market Authority has collectively completed a study with a recommendation on the Sultanate's position regarding dealing with virtual assets and virtual asset service providers in the country to be endorsed by the relevant National Authorities in Oman.

Fintech & Banking Zone at Comex Technology Exhibition

As part of the mandate of CBO to raise and promote awareness to the public about Central Bank of Oman's position in supporting the development of digital transformation, digital payments and Fintech in the country, this year Central Bank of Oman have arranged a ***Banking and Fintech***

Zone within an annual technology local exhibition called “Comex”. It is a largest Technology, Communications, Innovation and Digital Transformation show in Oman.

New technologies: Blockchain

Banks in Oman are continuously exploring the adoption of emerging technologies to support their digital transformation journey, raise their operational efficiencies and speed up their transaction processes.

In November 2019, a successful live end-to-end pilot Blockchain trade finance transaction was conducted by one of the banks in the Sultanate for the issuance of a fully digitized letter of credit on a Distributed Ledger Technology (DLT).

Another bank had also used the Blockchain technology for conducting a pilot service of overseas remittances for its employees.

- **Licensing**

- As per the Banking Law 2000 and the NPSL of 2018, the Central Bank of Oman is the entity that is mandated to handle the license applications of the Bank, Finance and Leasing Companies, Exchange Companies, Payment Service Providers and in the future fintechs.
- On the other hand, the Capital Market Authority is mandated to handle the license applications of the capital market and insurance companies.
- Currently CBO is licensing Payment Solutions that are providing payment services that fall under the ambit of the National Payment Systems Law, which was issued in 2018.

1. The table below indicates the licensing requirements for several activities along with the license types:

Activity	Requirements needed for a license	Type of license
Payment services	<p>Please refer to:</p> <p><u>National Payment Systems Law</u> (https://www.cbo.gov.om/ar/Pages/National-Payment-System-Law.aspx)</p> <p><u>Secondary Regulations</u> (https://www.cbo.gov.om/ar/Pages/The-Legal-Framework-of-the-National-Payment-Systems.aspx)</p>	PSP license
Issue of electronic money	<p>Please refer to:</p> <p><u>National Payment Systems Law</u> (https://www.cbo.gov.om/ar/Pages/National-Payment-System-Law.aspx)</p> <p><u>Secondary Regulations</u> (https://www.cbo.gov.om/ar/Pages/The-Legal-Framework-of-the-National-Payment-Systems.aspx)</p>	PSP license

- **Compliance and Capital Requirements**

The minimum Capital Requirement stipulated on PSPs is 100,000 OMR. However, CBO may impose higher capital requirements.

- **Data Protection and Cybersecurity Guidelines:**

CBO is in the process of drafting a cloud computing framework, which will include some provisions of data security requirements. There are general requirements stipulated on the applicant, such as the applicant should put in place a comprehensive Information Technology and Information Security Policy, that should include (data classification and proposed plan and controls for data protection). Also, as per the legal requirements based on the Banking Law Article 70, data

should not be shared with a third party unless the customers intent is obtained. Moreover, the Data Protection Law is under the consideration of the Government.

- **Addresses for license applications:**

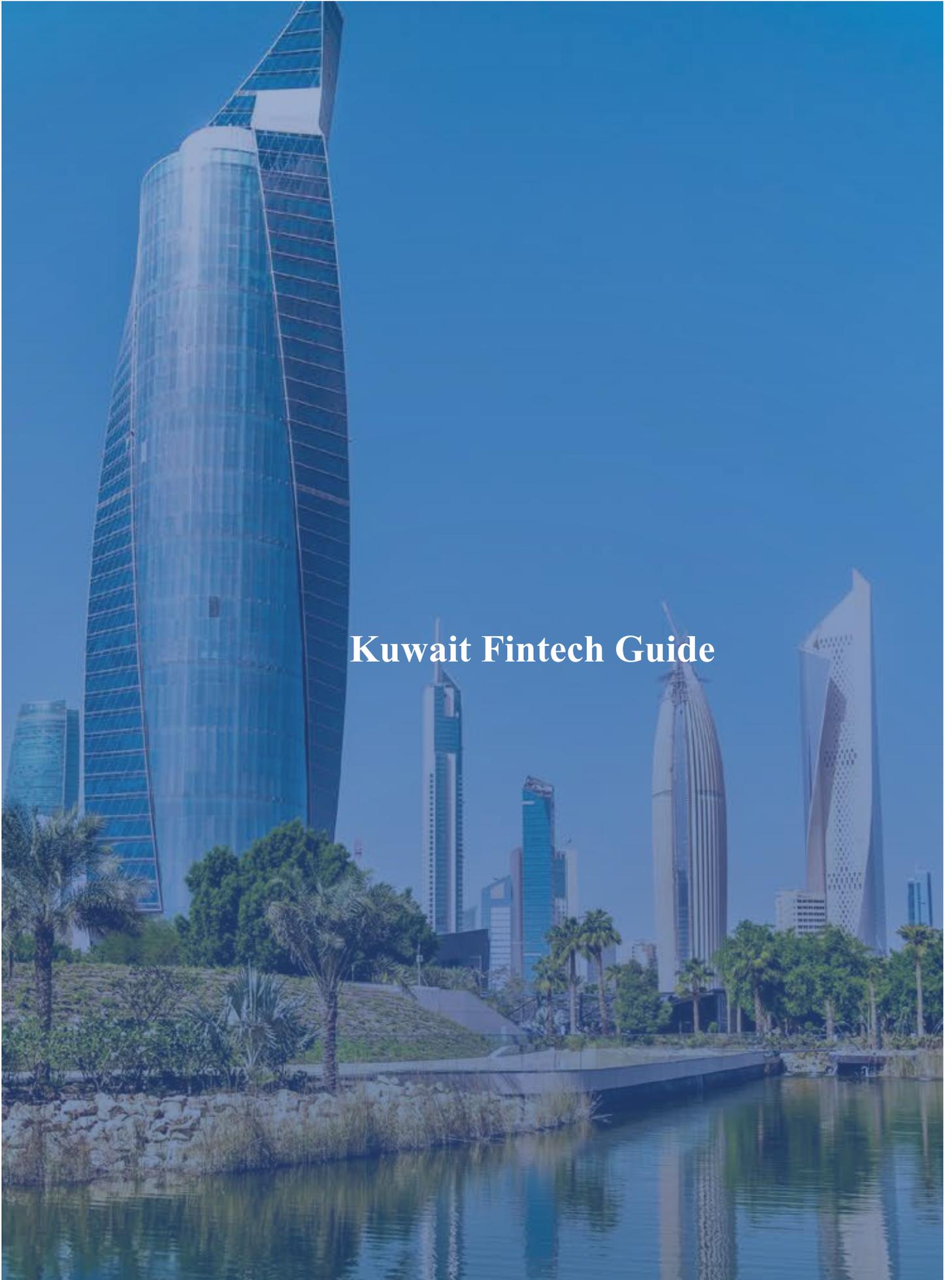
Currently licensing request applications can be submitted to the Central Bank of Oman.

- **Processing Applications:**

As per the National Payment Systems Executive Regulation, the license may be issued in 120 days, starting from the day the applicant satisfies all requirements.

- **Cost for submitting applications:**

The application fees are 500 OMR. However, as per the practice it is only obtained, post deliberations with the applicant on the business model and initial acceptance of the business model (including ensuring satisfaction of the minimum requirements).



Kuwait Fintech Guide



- **Introduction**

Kuwait has a well-established financial sector, a thriving entrepreneurial ecosystem, individuals with international exposure and a strong business sense. This landscape has created a robust market for innovative financial technologies.

The Central Bank of Kuwait (CBK) embraces innovation and has been working to develop the rules/regulations necessary to ensure entrepreneurs can adapt to today's fast-paced world and drive the growth of fintech solutions to meet the needs of Kuwait's citizens.

CBK introduced a Regulatory Sandbox to enable fintechs and banks to test new technologies. The government continues to develop the necessary infrastructure for the enhancement of the Fintech ecosystem.

In terms of financial aid for fintechs, the National Fund for Small and Medium Enterprise Development is a government entity which supports and aids SMEs financially.

- **Regulatory Authorities**

The Central Bank of Kuwait (CBK) is responsible for regulating and issuing instructions for the following entities: conventional banks; financial banks; finance companies; investment companies; exchange companies; credit information companies; electronic payment infrastructure providers and electronic payment agents

The Capital Markets Authority (CMA) is in charge of regulating capital markets and companies listed on the Kuwait Stock Exchange.

The Insurance Regulatory Unit is responsible for regulating insurance and Insurtech companies.

- **Fintech Regulations**

Instructions for Regulating the Electronic Payment of Funds:

https://www.cbk.gov.kw/en/images/38-epayment-144306_v20_tcm10-144306.pdf

Regulatory Sandbox:

<https://www.cbk.gov.kw/en/legislation-and-regulation/regulatory-sandbox/general-framework>

- **Fintechs and Financial Institutions**

There are approximately 30 fintech companies, 11 domestic financial institutions and 12 foreign banks operating in Kuwait.

- **Fintech Ecosystem**

The Global Fintech Index 2020 ranked Kuwait as the fourth best fintech destination in the GCC. The same ranking was achieved at “FinxAr” 2021, the Fintech Index for the Arab Region.

CBK has indicated that fintech adoption is a key priority and has established a dedicated Fintech Unit within the Central Bank and in 2018 introduced the Regulatory Sandbox Framework to encourage the growth of the sector, enabling Kuwait’s financial system to test new technologies.

Kuwaiti banks have partnered with fintech companies and are propelling the ecosystem forward.

The pandemic has also compelled Kuwait to rely more on high-tech apps and services with Kuwaiti companies offering more personalized services through apps.

- **Fintech Activities and Initiatives**

CBK sees Fintech as a driver of change in its banking sector and key to building a diversified economy. It aims to support initiatives in a manner that serves the national economy, promoting innovative products, services and business models that will benefit the broader economy and society at large.

- The CBK has been on course to upgrade the IT infrastructure of Kuwait’s financial system. The Kuwait National Payment System (KNPS) is a strategic project in coordination with local banks and payment gateways to enhance the stability and efficiency of the financial system and build infrastructure for the future.
- The CBK also established a Regulatory Sandbox, which allows innovative products and services to be tested in a safe environment with light regulatory oversight that does not stifle innovation.

- The government has also established a \$200 million fund for technology investments.
- **Roles and Responsibilities (Regulatory and Supervisory Authorities and policy makers)**
 - Kuwait has one national jurisdiction.
 - The Central Bank of Kuwait is responsible for regulating and developing the financial systems in Kuwait.
 - CBK is responsible for regulating and issuing instructions for the following entities: conventional banks; financial banks; finance companies; investment companies; exchange companies; credit information companies; electronic payment infrastructure providers and electronic payment agents.
 - The Capital Markets Authority (CMA) is charge of regulating capital markets and companies listed on the Kuwait Stock Exchange.
 - CBK is mandated to handle the e-payment license.
 - The Insurance Regulatory Unit regulates insurance and Insurtech companies.
- **Licensing**

For electronic payment activities in Kuwait, companies are obliged to obtain a license from the CBK.

1. The table below indicates the licensing requirements for payment services along with the license type:

Activity	Requirements needed for a license	Type of license
Payment services	The Activity shall not be practiced without registration by virtue of a decision issued by CBK in coordination with the Ministry of Commerce & Industry, which granted the practice license to the Electronic Payment Infrastructure Provider or Electronic Payment Agent after CBK's approval.	Electronic Payment activities.

- **Compliance and Capital Requirements**

The capital requirements for payment services are as follows:

Electronic Payment Infrastructure Provider: Not less than one million Kuwaiti Dinars.

Electronic Payment Agent: Not less than 20,000 Kuwaiti Dinars.

The minimum capital may be reduced to KD 10,000, for companies that met the requirements of joining the Regulatory Sandbox, and have passed the required technical tests and experiments under the Regulatory Sandbox Framework issued by CBK.

- **Data Protection Guidelines:**

As part of the licensing process, the Electronic Payment Infrastructure Providers and their Agents should provide the following:

The measures and controls to safeguard the activity, including a disaster recovery plan to ensure business continuity, measures undertaken to ensure proper governance of the activity, effective and precise procedures to measure, monitor and control the risks that the activity is exposed to, and the submission of relevant reports to concerned parties.

The measures undertaken to secure and protect electronic processes, to safeguard and store the data related to the system and participants to prevent disclosure, misuse, damage, destruction, loss and theft; especially in the case of service interruption at any stage of the electronic process.

- **Addresses for license applications:**

For the Electronic Payment Infrastructure Provider, the application must be sent to the Central Bank of Kuwait.

For the Electronic Payment Agent, the application must be sent to the Central Bank of Kuwait through Electronic Payment Infrastructure Provider.

- **Cost for submitting applications:**

For the e-payment, no fees are required.



Lebanon Fintech Guide



- **Introduction**

Lebanon witnesses an emerging interest in digital solutions including payments, insurance and lending. This is supported by a high level of digital literacy, as fluency in use of advanced technological devices, which is increasing the demand on digital financial services, coupled with an infrastructure benefiting from the well-established banking sector.

Lebanon launched in 2019 its first fintech hub, StartechEUS FinHub, at the Beirut Digital District as an all-inclusive professional hub that enables Fintech companies from growth to a successful exit. The StartechEUS FinHub aims to accelerate and incubate fintech startups developing solutions in mobile applications, blockchain, and artificial intelligence.

Moreover, the country is yet to formulate and announce its Fintech vision and digital strategy as to lead the digital transformation in the Lebanese economy. Many initiatives are planned in the purpose of enhancing and developing the fintech sector in Lebanon.

- **Regulatory Authorities**

- **Banque du Liban (BDL)** is entrusted with the general mission of safeguarding the national currency in order to ensure the basis for sustained social and economic growth. This includes safeguarding the monetary and economic stability, the soundness of the banking sector, developing the money and financial markets, as well as payment systems and instruments.
- **Capital Markets Authority (CMA)** is responsible for supervising and regulating the Lebanese capital markets.
- **The Insurance Control Commission** is responsible for supervising and controlling the insurance sector in Lebanon.

- **Fintech Regulations**

1. **Electronic Banking and Financial Operations:** The Banque du Liban Basic Decision number 7548 dated 30/3/2000:

<https://www.bdl.gov.lb/circulars/download/17/en>

2. **Real Time Gross Settlement – RTGS:** The Banque du Liban Basic Decision number 11081 dated 27/6/2012:
<https://www.bdl.gov.lb/circulars/download/430/en>
3. **Prevention of Cybercrime:** The Banque du Liban Basic Decision number 12725 dated 28/11/2017:
<https://www.bdl.gov.lb/circulars/download/651/ar>
4. **The General Data Protection Regulation (GDPR):** The Banque du Liban Basic Decision 12872 dated 13/9/2018:
http://www.bdl.gov.lb/files/circulars/146_en.pdf
5. **Crowdfunding:** The Capital Markets Authority Decision number 3 dated 28/5/2013:
<https://cma.gov.lb/wp-content/uploads/2017/03/Decision-No.-3.pdf>

- **Fintechs and Financial Institutions**

There are currently 142 banks and 74 financial institutions working in Lebanon¹⁵.

This is in addition to 12 Electronic Transfer of Cash Companies operating as in 25/2/2021, and one Crowdfunding company currently operating in Lebanon.

Furthermore, there are several Fintech companies which conduct various activities that do not require a license from regulatory authorities. These activities include retail credit management solutions, developing applications and tools for individuals with special needs and treasury management solutions for the financial sector.

- **Fintech Ecosystem**

Lebanon was ranked in 2017 as the third advanced fintech startup ecosystem in the MENA region, third in the region in the adoption of digital banking services in 2016 (Arabnet, 2016), hosting 14% of the region's fintech start-ups (Wamda, Payfort 2017).

¹⁵/ Banque du Liban. 2020. <https://www.bdl.gov.lb/pages/index/4/25/List-of-Institutions-Supervised-by-BDL.html>

In the purpose of fostering innovation and creating a knowledge based economy, Banque du Liban issued circular number 331 in 2013 to enhance knowledge economy. In application of this circular, 400 million USD were dedicated to banks' equity investments in Lebanese startups, incubators, accelerators and mutual funds. These investments are 75% guaranteed by the Banque du Liban. In 2016, the amount of 400 million USD was increased to 650 million USD.

There are more than 9 incubators and accelerators in Lebanon. In 2019, StartechEUS FinHub was established with the purpose of accelerating the growth of fintech companies by providing them with fintech office space, trainings, mentorship, access to market and seed funding.

- **Roles and Responsibilities (Regulatory and Supervisory Authorities and policy makers)**

Banque du Liban

The Banque du Liban is mandated to handle, process and decide on the licensing of Electronic Transfer of Cash companies (Banque du Liban Basic Decision number 7548 of 30/3/2000 on Electronic Financial and Banking Operations).

Capital Markets Authority (CMA)

The Capital Markets Authority (CMA) was established in application of the Capital Markets Law dated 17/8/2011. The CMA's main responsibilities include supervising and regulating the Lebanese capital markets with the objectives of promoting the development of the Lebanese capital markets and the protection of investors' rights.

The Board of the Capital Markets Authority is entitled to grant the license for the establishment of the following institutions and schemes (Article 11 Paragraph III of the Capital Markets Law):

- Institutions whose object is to manage and conduct the business of Stock Exchanges, provided such institutions are established as Lebanese joint-stock companies;
- Institutions of financial intermediation and investment of funds;
- Collective investment schemes dealing in securities and other financial instruments;
- Investment schemes in securitization operations;
- Investment schemes for investment and securitization;

- Financial consultants and all other institutions providing services related to financial instruments;
- Financial rating agencies.

The Insurance Control Commission

The Insurance Control Commission in the Ministry of Economy and Trade is the regulatory authority in charge of the supervision and control of the insurance sector in Lebanon.

Tripoli Special Economic Zone

It is worth mentioning that the Lebanese market has one national jurisdiction in addition to the Tripoli Special Economic Zone, a financial free zone, which was established in application of Law number 18 dated 5/9/2018.

The TSEZ is administered, regulated and developed by the Tripoli Special Economic Zone Authority (TSEZA) which is a financially, legally and administratively independent government entity.

TSEZA includes a Board of Directors comprising a president and six members from the private sector. The Board of Directors is the highest governing body of this authority.

- **Licensing**

- Commercial banking activities (Law of Money and Credit number 13513 dated 1/8/1963 and Banque du Liban Basic decision Number 7739 dated 21/12/2000);
- Specialized/Investment banking activities (Legislative decree number 50 dated 15/7/1983),
- Islamic banking (Law number 575 dated 11/2/2004 and Banque du Liban Basic decision number 8829 dated 26/8/2004);
- Money exchange (Banque du Liban Basic decision number 10853 dated 7/12/2011);
- Financial operations of Financial Institutions (Banque du Liban Basic decision number 7136 dated 22/10/1998);
- Electronic banking and financial operations (Banque du Liban Basic decision Number 7548 dated 30/3/2000);

- Leasing (Law number 160 dated 27/12/1999);
- Lending (Basic decision number 12174 dated 21/1/2016).

1. The table below indicates the licensing requirements for several activities along with the license types:

Activity	Requirements needed for a license	Type of license
Financing activity	<p><u>Requirements for a banking license:</u></p> <p>In application of Banque du Liban Basic decision number 7739 dated 21/12/2000: The application for an authorization to establish a Lebanese bank must be submitted to the Banque du Liban and signed by the founders.</p> <p>1- A document certifying the identities of the founders, of the persons who will participate in the subscription to, and payment of the bank's capital, and of the persons expected to hold senior managerial positions. 2- Statements signed by each of the above-mentioned persons, including their curriculum vitae, and an accurate evaluation of their net worth.</p> <p>3- A police record for each of the above-mentioned persons, issued within the last three months.</p> <p>4- A statement specifying the percentage of participation of each subscriber in the bank's capital, including the category and distribution of shares.</p> <p>5- An economic feasibility study on the establishment of the bank, covering the coming three-year period and showing clearly its financing sources and its investment prospects, and including details about:</p> <ul style="list-style-type: none"> - Profit and loss projections. - Balance sheet projections. - Cash flow projections. <p>6- A statement clarifying any direct or indirect link, if any, between the bank to be established and any institution or economic group(s) in Lebanon and abroad.</p>	<p>Commercial or Specialized/Investment Banking license.</p> <p>Financial Institution license.</p>

	<p>7- A statement clarifying the percentage of participation by the bank to be established or by its founders in other similar institutions.</p> <p>8- Draft texts concerning:</p> <ul style="list-style-type: none"> - The bank’s articles of association. - The organization chart to be adopted. - The basic rules to be adopted for internal control and audit. - An integrated system for operations. <p>In addition to these requirements, the Central Council of the Banque du Liban authorizes the establishment of the bank, after ascertaining the fulfilment of the conditions specified in the legal and regulatory texts, particularly those regarding:</p> <ol style="list-style-type: none"> a) Its establishment as a public or joint-stock company, under the provisions of Article 126 of the Code of Money and Credit b) The form of shares forming its capital, and their trading rules c) The organization chart and the basic rules to be adopted for internal control and audit d) The percentage of participation in the bank's capital, the category of shares and their distribution e) The existence or not of a direct or indirect link between the bank and other specific financial institutions or economic groups in Lebanon and abroad. <p><u>Financial Institutions license:</u></p> <p>In application of the Banque du Liban Basic decision Number 7136 dated 22/10/1998:</p> <p>In order to obtain a license for the establishment of a Lebanese financial institution, a request signed by the founders shall be submitted to Banque du Liban:</p> <ol style="list-style-type: none"> 1- A document evidencing the identities of the founders; the persons intending to participate in the subscription to, and payment of the financial institution’s capital; and the persons expected to hold senior managerial positions. 2- Statements signed by each of the above-mentioned persons, of which their curriculum vitae, and an accurate assessment of their net worth. 	
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	<p>3- A police record for each of the above-mentioned persons, issued within the last three months.</p> <p>4- A statement specifying the percentage of participation of each prospective subscriber, with the classes of shares and their distribution among resident and non-resident Lebanese, Arabs, and foreigners.</p> <p>5- An economic feasibility study on the establishment of the financial institution, that shall cover the next three years, explain clearly its financing sources and investment prospects, and show in detail: a- The profit and loss projections. b- The balance sheet projections. c- The cash flow projections.</p> <p>6- A statement clarifying any direct or indirect relationship, if any, between the prospective financial institution and any other specific institution or economic group(s) in Lebanon or abroad.</p> <p>7- The draft text of the financial institution's:</p> <ul style="list-style-type: none"> a- By-laws. b- Prospective administrative structure. c- Internal control and audit rules. 	
<p>Receiving deposits or other repayable funds</p>	<p>Requirements needed for a banking license (previously enumerated)</p> <p>Requirements needed for a financial institution license (previously enumerated).</p> <p>Requirements needed for a license to conduct securities business activities:</p> <p>In application of the Capital Markets Authority Series 2000 "Licensing, Registration, Regulation":</p> <p>Requirements for the license to conduct securities business:</p> <p>To apply for a License an applicant must be established in Lebanon as:</p> <ul style="list-style-type: none"> i. A bank, a financial institution or a financial intermediation institution duly registered with the Authority or the Banque du Liban, or ii. A branch of a foreign financial entity whose parent company is engaged in securities business 	<p>Banking license.</p> <p>Financial institution license.</p> <p>License to conduct securities business activities.</p>

	<p>and is licensed by a competent authority in a recognized jurisdiction.</p> <p>3- An applicant must be engaged solely in securities business, or in the case of a company licensed by the Banque du Liban, solely in business covered by that license.</p> <p>4- An applicant's head office must be in Lebanon.</p> <p>5- An applicant must have fully paid up the capital of the highest of the following amounts that applies to its application:</p> <ul style="list-style-type: none"> i. Advising 150 million LBP (100.000 USD). ii. Dealing 600 million LBP (400.000 USD). (Market maker or liquidity provider, Managing subscriptions for distributing or underwriting securities) - 1.5 billion LBP (1.000.000 USD). iii. Managing 3 billion LBP (2.000.000 USD) iv. Arranging 300 million LBP (200.000 USD). v. Custody - 6 Billion LBP (4.000.000 USD) 	
<p>Payment services</p>	<p>Requirements to conduct Electronic Banking and Financial Operations:</p> <p>In application of Basic decision number 7548 dated 30/3/2000: The entities below are authorized to perform "electronic financial and banking operations":</p> <ul style="list-style-type: none"> 1- Banks and all other institutions registered at Banque du Liban, excluding exchange institutions, provided they have notified the Central bank of their intention to perform electronically all or part of the activities covered by their respective objects, 30 days prior to the starting or publicizing of any activity, or to any future modification of a previously notified activity. 2- Exchange institutions registered at Banque du Liban and priorly licensed by BDL to engage in electronic financial and banking operations. 3- Any Lebanese institution, other than those mentioned in Paragraphs 1 and 2, priorly licensed by BDL to engage in electronic financial and banking operations. 4- Any foreign institution, other than those mentioned in Paragraph 1, priorly licensed by BDL to engage in electronic financial and banking 	<p>License to perform "Electronic Banking and Financial Operations."</p>

	<p>operations, if its operations or services target the public in Lebanon.</p> <p>All non-banking institutions which perform domestic electronic transfers of cash in Lebanon shall:</p> <ol style="list-style-type: none">1- Be established as Lebanese joint-stock companies with nominal shares.2- Have a minimum capital of five billion Lebanese pounds.3- Incorporate in their bylaws, provisions that require:<ol style="list-style-type: none">a) BDL prior approval for each of the following:<ul style="list-style-type: none">- The amendment of their bylaws.- The subscription to, and trading of their shares, whenever it leads to the direct or indirect acquisition by one person of more than 10% of total shares.b) Professional secrecy and full liability towards third parties regarding the operations executed by the institution or its branches, or the points of electronic transfers operating at branches or through sub-agents or through any institution with whom a contract is made.4- Start their activities within six months from the license issuance date, under penalty of having their license revoked.5- Have an efficient internal control system to face current and prospective risks.6- Have an accounting system linked to the system of electronic transfers in place, in a way to retrieve automatically all tables related to incoming and outgoing transfers.7- Appoint an internal audit officer to carry out internal audit on their operations.8- Comply with applicable laws and with BDL regulations, particularly AML/CFT laws and regulations, including the definition and identification of the Beneficial Owner.9- Have an efficient electronic security system for all their operations.10- Appoint an external auditor chosen among reputable firms.	
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	<p>11- Inform both the Legal Department and Money Services Businesses Department at Banque du Liban, as well as the Banking Control Commission of:</p> <ul style="list-style-type: none">a-The opening of any new branch.b-The number and addresses of the points of electronic transfers operating at branches or through sub-agents or through any institution with whom a contract is made, and also to promptly communicate any change in that information. <p>12- Require from the points of electronic transfers which operate outside branches to be institutions registered at the Trade Register.</p> <p>13- Allocate, out of their capital, an amount of 10 million Lebanese Pounds for each point of electronic transfers operating at their branches or through sub-agents or through any non-banking institution with whom a contract is made.</p> <p>14- Abide by any objection raised by Banque du Liban concerning any point of electronic transfers operating at branches or through sub-agents or through any institution with whom a contract is made, under the penalty of having their license revoked.</p> <p>15-Verify periodically the qualifications and ethics of their own employees or the employees of the points of electronic transfers operating at their branches or through sub-agents or through any institution with whom a contract is made.</p> <p>16- Conduct a continuous and efficient control to ensure that no activity infringing applicable laws and BDL regulations is performed by any sub-agent or institution with whom a contract is made.</p> <p>17- Take out an insurance that covers all their operations and likely risks, and review such insurance annually as necessitated by any developments (changes in the institution's expansion, volume of operations, number of branches and points of electronic transfers operating at branches or through sub-agents or through any institution with whom a contract is made...).</p> <p>18-Request their external auditors to insert in the reports mentioned in Paragraph 3 of Article 4</p>	
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	<p>above, information on the technical and organizational aspects of the electronic funds transfers executed at their branches and points of electronic transfers, if any.</p> <p>19-Request their external auditors to prepare the annual report relating to the control and effectiveness of their AML/CFT procedures, as mentioned in Article 13 of Basic Decision No 7818 of May 18, 2001 (Regulations on the Control of Financial and Banking Operations for Fighting Money Laundering and Terrorist Financing).</p> <p>20-Execute all domestic electronic transfers of cash in Lebanon through a local network.</p> <p>21- Post on their website a list with the points of electronic transfers and any modification thereto upon its occurrence. This list must include at least the following information: the head office name and address (Caza, locality, street), the name of the head office’s officer, the phone number...</p> <p>All Lebanese non-banking institutions performing cross-border electronic transfers of cash shall:</p> <ol style="list-style-type: none"> 1- Be established as Lebanese joint-stock companies with nominal shares. 2- Have a minimum capital of seven hundred fifty million Lebanese pounds, in case they do not perform domestic transfers in Lebanon. 3- Be linked to an international transfer network approved by Banque du Liban. 4- Comply with Paragraphs 3 to 19 and with Paragraph 21 above. 	
Issue of electronic money	In application of Article 3 – Paragraph III of Banque du Liban basic decision number 7548 dated 30/3/2000 “The issuance of electronic money by any party and the use thereof in any form are prohibited, unless in conformity with the provisions of Decisions issued or to be issued by Banque du Liban.”	
Foreign exchange activity	Requirements for a banking license. (Previously enumerated).	Banking license.

	<p>Requirements for a financial institution license (Previously enumerated).</p> <p>Requirements for a Money Dealer/Exchange Institution license: Exchange institutions are divided into two categories: Category A: those whose objective is the purchase and sale of foreign currencies in exchange for other foreign currencies or Lebanese pounds, whether as banknotes or coins, as well as the purchase and sale of metal coins and ingots, transfer transactions, checks, and traveller's checks. Category B: those whose objective is the purchase and sale of foreign currencies in exchange for other foreign currencies or Lebanese pounds, as well as the purchase and sale of metal coins, gold bullions weighing less than 1000 grammes, and traveler's checks, within a ceiling specified by the Banque du Liban. The shares of an exchange institution established as a joint-stock company must be in a nominal form, with their two thirds at least owned by Lebanese natural persons, or by Lebanese partnerships that consist entirely of Lebanese natural persons, or by Lebanese joint-stock companies with nominal shares, of which two thirds at least are owned by Lebanese natural persons. The by-laws of such exchange institutions must stipulate that the above-mentioned two thirds may be assigned only to Lebanese natural persons. In an exchange institution established as a partnership, or as a limited liability company, two thirds at least of the partners' shares must be owned by Lebanese persons, as specified above. Exchange institutions in the form of sole proprietorships can only be established by Lebanese natural persons. Any assignment of shares in an exchange institution must be pre-approved by the Banque du Liban, in accordance with regulations set up by the Banque du Liban for this purpose.</p>	<p>Financial Institution license.</p> <p>Money Dealer/Exchange Institution license.</p>
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In application of Banque du Liban Basic Decision Number 7933 dated 27/9/2001:

In order to obtain a license to exercise the money changer profession, an application signed by the founders or the partners, or by the owner of the sole proprietorship shall be submitted to Banque du Liban, along with the following documents:

a-For all types of exchange institutions:

1-A document evidencing the identity of each founder and each person intending to participate in the subscription to, and payment of the capital, or the identity of each partner (an identity card or passport or extract of Civil Status, or a copy of the registration file at the Trade Register if any founder or shareholder or partner is a legal person).

2-A police record for each of the above-mentioned natural persons, issued within the last three months.

3-A statement with financial and ethical information for each of the above-mentioned persons, and an accurate assessment of their net worth.

4-The by-laws or the partnership agreement, signed by all the founders or partners.

5-For joint-stock companies, a statement showing the participation percentage of prospective subscribers, including the shares classes and split.

6-A duly certified rental agreement in the name of the exchange institution, or a copy of the title deed proving that the institution is the owner of its current headquarters, or the landlord's commitment to promptly draw up a rental or sale agreement in the institution's name as soon as the latter obtains a license from Banque du Liban.

7- A statement in which the partners or founders acknowledge that the headquarters of the exchange institution are independent premises exclusively dedicated to exchange operations.

8-Concerning exchange institutions established after 18 May 2011, a document proving that the partners in a general partnership, or the active partners in a limited partnership, or the chairman and members of the Board of Directors and the general directors in a joint-stock company, or the directors in a limited liability company, and any

	<p>person who manages effectively, whether directly or indirectly, the concerned exchange institutions, have successfully completed the training sessions organized or prepared or approved by Banque du Liban, particularly in the AML/CFT field. This obligation shall apply whenever any of the above-mentioned persons change, in any exchange institution, regardless of its establishment date.</p> <p>b- For exchange institutions established in the form of sole proprietorship: The institution's owner shall attach to his/her application the following documents in three copies, of which an original:</p> <ol style="list-style-type: none"> 1- A document proving the owner's identity (identity card or passport or extract of Civil Status). 2- An individual police record for the institution's owner, issued within the last three months. 3- A statement with financial and ethical information on the institution's owner, and an accurate assessment of his/her net worth. 4- A duly certified rental agreement in the name of the institution's owner, or a copy of the title deed in the owner's name proving his/her ownership of the institution's current headquarters. 5- A statement in which the institution's owner acknowledges that the institution's headquarters are independent premises exclusively dedicated to exchange operations. 6- Concerning exchange institutions established after 18 May 2011, a document proving that the institution's owner and any person who manages it effectively, whether directly or indirectly, have successfully completed the training sessions organized or prepared or approved by Banque du Liban, particularly in the AML/CFT field. This obligation shall apply whenever any of the above-mentioned persons change, in any exchange institution, regardless of its establishment date. 	
Insurance activity	In application of Decree number 1812 of 4/5/1986 modified by Law number 94 of 18/6/1999, In order that a Lebanese insurance organization may be authorized to operate, it must be in the form of a joint stock company, and fulfill the following conditions:	Insurance company license.

	<p>A. The object of the company must exclusively be concerned with the operations, or parts thereof, as described in article 1 of the law regulating insurance organizations.</p> <p>B. Its capital must not be under than 2,250,000,000 LBP.</p> <p>C. Its general manager or assistant general manager must enjoy good reputation for correctness, and hold a university degree, together with an experience of not less than ten years in the insurance business.</p> <p>D. It must have an actuary under contract, who holds a diploma in his field of specialization in case the company is engaged in the operation of the first branch of article 1. It will be left to the Ministry of Economy and Commerce to state which institutes can validly issue the diplomas.</p> <p>E. At least 70% (seventy per cent) of the company's shares shall be nominal.</p>	
Investment services	<p>Requirements for banking license (previously enumerated).</p> <p>Requirements for Financial Institution license (previously enumerated).</p> <p>Requirements for "securities business activities" license as regulated by the Capital Markets Authority:</p> <p>To be approved for a license as an approved institution, an applicant must meet the following conditions:</p> <ul style="list-style-type: none"> i. Be a fit and proper person to carry on the securities business that it seeks approval for. ii. Demonstrate that it has sufficient expertise, experience and resources to carry on that securities business. iii. Commit to conducting business with honesty and integrity, and due regard for its customers' interests. iv. Demonstrate that it has established adequate systems, policies and procedures covering corporate governance, finance, risk management, 	<p>Banking license (specialized bank).</p> <p>Financial Institution license.</p> <p>Securities Business Activities Institution license.</p>

	<p>compliance, operations and controls to meet and comply with business and regulatory requirements.</p> <p>v. Identify and ensure the appropriate management of any conflicts of interest between the approved institution and its clients.</p> <p>2– To be approved as a registered person, an applicant must meet the following conditions:</p> <p>i. Be a fit and proper person to carry out the functions and activities that it seeks registration for.</p> <p>ii. Demonstrate sufficient knowledge, skill and experience to carry out those functions and activities.</p> <p>iii. Commit to carrying out the functions with honesty and integrity, and with due regard for clients’ interests.</p> <p>iv. Demonstrate the ability and intent to meet and comply with business and regulatory requirements.</p>	
Funds management	As a category of “securities business activities” as regulated by the Capital Markets Authority (previously enumerated).	Securities business license.
Insurance mediation	<p>In application of Decree number 1812 of 4/5/1986 modified by Law number 94 of 18/6/1999, with the exception of the chairman and members of the board of directors of insurance companies, and the legal representative of foreign companies, only brokers can approach the general public for the transaction of the operations enumerated in article 1 of the present law. The broker is meant to be:</p> <p>1- An independent broker in the field of insurance: He is any natural or juridical person exclusively active in the field of insurance brokerage. He will offer technical advice to the insured, and will work for the latter’s interest. There is an obligation upon the insurance broker to inform the policy buyers of any direct legal or material relationship between him and any insurance company, and of any association between them of the type which may restrict the buyers’ freedom in choosing the policy that suits them.</p> <p>2- The general insurance agent: This is any natural or juridical person who is tied to an insurance company governed by the dispositions of the present law, on condition that he is not salaried by</p>	Insurance mediation license.

	<p>the company nor employed by it. Such a general agent may not represent a similar insurance company, unless he obtains an authorization from the company concerned. The authorization is renewable each year.</p> <p>3- The insurance delegate: He is a natural person specifically working for the account, and under the responsibility of an insurance company, an insurance broker, or general insurance agent. He will work exclusively for one of the three mentioned bodies, but he may, at the same time, work for the account, and under the responsibility, of an insurance company, an insurance broker or a general insurance agent so long as this secondary work does not conflict with his original work, and on condition that he obtains an authorization from the original employer. The authorization is renewable each year. Insurance companies will be held responsible, in the civil field, for any errors committed against the public by the independent broker, in case it is proved that he either represents an insurance company or operates for its benefit. Likewise, the insurance companies will be held responsible, in the civil field, for any errors committed against the public by its general agent; any clauses to the contrary in the agency contracts shall be considered as null and void. Insurance companies, as well as the general insurance agent, and the independent insurance broker in case he is a juridical person, shall be held responsible for the errors of their delegates.</p>	
Intermediation of loans	<p>Requirements for a banking license (previously enumerated).</p> <p>Requirements for a financial institution (previously enumerated).</p>	<p>Banking license.</p> <p>Financial institution license.</p>
Financial adviser	Requirements for Advising – as a category of Securities business activities regulated by the Capital Markets Authority (previously enumerated).	Securities business license.
Marketing of financial products or services	<p>Requirements for a banking license.</p> <p>Requirements for a financial institution license.</p>	Banking license.

	Requirements for Dealing – Agency advising – as a category of Securities business activities regulated by the Capital Markets Authority (previously enumerated.)	Financial institution license. Securities business license.
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- **Capital Requirements:**

- The minimum capital required for the establishment and license of a financial institution is 7,500,000,000
- The minimum capital required for the establishment and license of Non-Banking Institutions which perform domestic Electronic Transfers of Cash is 5,000,000,000 LBP.
- The minimum capital required for the establishment and license of an insurance company is 2,250,000,000 LBP
- The minimum capital required for the establishment and license of Non-Banking Institutions performing cross-border electronic transfers of cash is 750,000,000 LBP in case they do not perform domestic transfers in Lebanon.
- The minimum capital required for Securities Business Activities institutions conducting:
 - Advising: 150,000,000 LBP
 - Dealing: 600,000,000 LBP (Market maker or liquidity provider, Managing subscription for distributing or underwriting securities 1,500,000,000 LBP)
 - Funds Management: 3,000,000,000 LBP.
 - Foreign Exchange:
- Category A: The minimum capital required for the establishment and license of category A Foreign Exchange institutions is 750,000,000 L.L.
- Category B: The minimum capital required for category B institutions is 500,000,000 LBP for institutions established after 7/11/2012 and 250,000,000 LBP for institutions established before 7/11/2012.

- **Data Protection and Cybersecurity Guidelines:**

In application of Banque du Liban Basic Decision number 12872 dated 13/9/2018 on the General Data Protection Regulation (GDPR), without prejudice to the mandatory laws and regulations applicable in Lebanon, banks and financial institutions operating in Lebanon and all other institutions regulated by Banque du Liban are, as far as each is concerned, required to:

1- Take the appropriate measures in line with the provisions of the General Data Protection Regulation (GDPR) promulgated by the European Parliament and the Council of the European Union on 27 April 2016.

2- Notify the Compliance Unit at Banque du Liban and the Banking Control Commission, by 31 December 2018, of the procedures and measures, where applicable, they take in line with the GDPR, specifically with regards to:

- The appointment of a Data Protection Officer from within the Compliance Unit, and of a Representative to the European Union.

- The amendment of the Compliance Program provided for in Article 10, Paragraph (d5) of Basic Decision No 11323 of 12 January 2013 relating to the Establishment of a Compliance Department, in line with the relevant procedures taken in this regard.

- **Addresses for license applications:**

Each application has to be sent either to Banque du Liban or to the Capital Markets Authority.

- **Processing Applications:**

There is no specific time determined for an application to be processed.

- **Cost for submitting applications:**

Different fees are prescribed by regulatory authorities to submit license applications.



Egypt Fintech Guide



- **Introduction**

Egypt is committed to drive an era of cashless payments as envisioned in the Egypt Vision 2030 to create a competitive, balanced and diversified digital economy. The Central Bank of Egypt (CBE) has achieved success in transitioning to a cashless economy, as envisioned in the Egypt Vision 2030.

The CBE is spearheading the financial inclusion movement in Egypt. Its key initiatives include establishment of the “Financial Inclusion Unit,” mobile payment services regulations, e-commerce draft law, increasing SME lending and setting up of National Council for Payments.

CBE participated in regional and global initiatives to steer financial inclusion drive. Egypt was chosen as one of the model countries in a Financial Inclusion Global Initiative launched by the World Bank in July 2017. The three year initiative aims at increasing accessibility of financial services to the unbanked and underbanked and articulating policy recommendations in digital finance.

- **Regulatory Authorities**

- **Central Bank of Egypt (CBE)** is responsible for regulating banking financial activities.
- **Financial Regulatory Authority (FRA)** is responsible for regulating non-banking financial activities.
- Both the CBE and FRA work in collaboration with the **Anti-Money Laundry Unit**.
- **National Telecom Regulatory Authority (NTRA)** is responsible for regulating MNOs.

- **Fintech Regulations**

Technical Payment Aggregators and Payment Facilitators Regulations

<https://www.cbe.org.eg/en/PaymentSystems/Pages/Regulations.aspx>

1. Less-Cash Law for Using Non-Cash Instruments

<https://www.cbe.org.eg/en/PaymentSystems/Pages/Regulations.aspx>

2. Mobile Payments Regulation

<https://www.cbe.org.eg/en/PaymentSystems/Pages/Regulations.aspx>

3. Simplified KYC and Due Diligence Procedures for Customers of Mobile Payments

<https://www.cbe.org.eg/en/PaymentSystems/Pages/Regulations.aspx>

4. Payment Services Using Prepaid Cards Regulations

<https://www.cbe.org.eg/en/PaymentSystems/Pages/Regulations.aspx>

5. Simplified KYC and Due Diligence Procedures for Customers of Prepaid Cards

<https://www.cbe.org.eg/en/PaymentSystems/Pages/Regulations.aspx>

6. Standards for Issuance and Acceptance of Contactless Payments

<https://www.cbe.org.eg/en/PaymentSystems/Pages/Regulations.aspx>

7. Unified QR Code Regulations

<https://www.cbe.org.eg/en/PaymentSystems/Pages/Regulations.aspx>

8. Internet Banking Regulations

<https://www.cbe.org.eg/ar/Pages/HighlightsPages/Circular9November.aspx>

9. Fintech Sandbox Framework:

<https://fintech.cbe.org.eg/home/sandboxCohorts?en>

- **Fintechs and Financial Institutions**

There are currently 39 banks, approximately 39 insurance companies, more than 900 microfinance companies/NGOs, 4 mobile network operators and more than 50 fintechs operating in Egypt.

- **Fintech Ecosystem**

The Global Fintech Ecosystem Report, produced by Start-up Genome, listed Cairo among the world's top ecosystems to watch in 2020. While the pandemic impacted people's ability to spend, it propelled digital adoption in payments and e-commerce, bolstered by Egypt's well-developed ecosystem of regulators; fintechs, labs and academics; investors; mentors; infrastructure providers; financial institutions; mobile network operators and aggregators.

The below chart depicts various stakeholders in the Egyptian Fintech ecosystem as per EY Market Research from September 2019:



- **Fintech Hub**

Central Bank of Egypt granted its historical building in downtown with about 7000 m2 of total space for the establishment of the Fintech Hub (planned to open its doors in 2021) to be a one stop shop for all Fintech start-ups. It will act as a matching venue for the different stakeholders of the ecosystem to thrive collaboration. There is currently a virtual platform representing the Hub through “Fintech Egypt Portal” that was launched in June 2019 to connect and unify all Fintech stakeholders and to steer the market and ensure matchmaking between different stakeholders locally and internationally.

For more information, please see: <https://fintech-egypt.com/Hub/>

- **FinTech Initiatives and Activities**

- In June 2019, CBE published the Fintech regulatory sandbox framework.. The main purpose of the regulatory sandbox is to provide a safe testing environment for new innovative services and products. The regulatory sandbox aims to encourage new Fintech solutions in the Egyptian financial and banking sectors, help CBE identify regulatory challenges and obstacles facing the Fintech industry in Egypt, bolster investments and contribute to CBE's literacy on Fintech to help it make effective and sound policy decisions.
- CBE established Fintech Egypt Portal to connect and unify all Fintech stakeholder, and is also working on the establishment of the Fintech Hub to be a one-stop-shop for Fintech collaboration. *Please refer to Fintech Hub section for additional information.*

As per CBE's Fintech Strategy, Egypt's vision is to be a regionally recognized Fintech hub in the Arab world and Africa, home to next generation financial services, talent and innovation development by focusing on five main pillars: 1) Demand, 2) Regulations, 3) Funding, 4) Talent, 5) Governance and supported by 32 initiatives to enable Egypt's Fintech Ecosystem.

Demand:	Funding:	Regulation:	Talent:	Governance:
<ul style="list-style-type: none"> • Development of financial institutions engagement model • Behavioral Scoring Lending. 	<ul style="list-style-type: none"> • Set up of the innovation fund with mandate to focus on FinTechs operating in priority segments 	<ul style="list-style-type: none"> • Mobile Wallet rules and payment regulations • Continue experimentation of regulatory sandbox first cohort focused on e-KYC to on-board mobile wallet customers • Launch of regulatory sandbox cohort 2, end of NOV 2020. 	<ul style="list-style-type: none"> • Launch of FinTech portal as a virtual platform with a social media presence and a network of FinTech ambassadors • French-Egyptian Startup Competition (2019-2021): CBE patrons the French Egyptian startup competition in collaboration with the French embassy in Cairo • Organization of Covid-19 Innovation sprint and Participation in RecovTech project • Fintech Academy GIZ: Launched by CBE in collaboration with GIZ. A 3 month Fintech program giving training to fintech enthusiasts at ideation phase to be capable of having MVP through equipping them with needed knowledge. • FinYology Initiative FinTech for youth initiative was rolled out. Its main objective is to endorse FinTech education and explore the youth talents among undergraduate and post-graduate students and include Fintech projects as their graduation project and course curricula. • Development of a FinTechpreneur guidebook. 	<ul style="list-style-type: none"> • Set-up of a FinTech Hub to facilitate collaboration and promote ecosystem growth. • Establishment of memorandum of understanding between CBE and local regulators to endorse the Egyptian FinTech market. • Establishment of memorandum of understanding with number of Central banks like: Central Bank of Bahrain, Monetary Authority of Singapore and ADGM Abo Dahbi Global Market. • Promotion of the Egyptian FinTech ecosystem at local and international events.

- **Roles and Responsibilities (Regulatory and Supervisory Authorities and policy makers)**

Egypt has one national jurisdiction and no financial free zones. The Financial Sector is mainly regulated by three entities

- Central Banking of Egypt – CBE,
- Financial Regulatory Authority – FRA
- Anti-Money Laundry Unit – AML
- In cooperation with the National Telecom Regularity Authority (NTRA) when it comes to mobile money domain.

According to the Egyptian law, Banking and Non- Banking Activities are regulated by different entities as per below:

- Banking Financial Activities are regulated by the Central Banking of Egypt- CBE, e.g. Payments, Remittance.
- Non-banking Financial Activities are regulated by Financial Regulatory Authority (FRA), e.g. insurance, capital markets.
- Both entities work in collaboration with the Anti Money Laundry Unit.

The Financial Regulatory Authority-FRA is the regulating entity of the Insurance and Insurtech companies which are considered as non-banking financial services.

As per CBE's Fintech strategy, and because of the intersecting nature of the Fintech activities that may require the involvement of multi regulators, CBE signed a national MOU with the local regulators FRA, AML, and NTRA in June 2019 and established the Fintech and Innovation Committee. The purpose of this committee is to ensure collaboration between the mentioned national regulators and encourage unified Fintech license coordination.

- **Licensing**

The following activities are licensed in Egypt: banking financial services such as payment services, remittance, saving and lending activities, foreign currency exchange, e-money issuing, card issuance (chip, strip, contactless).

For details on digital financial services regulations, please refer the below link:

<https://www.cbe.org.eg/ar/PaymentSystems/Pages/Regulations.aspx>

1. The table below indicates the licensing requirements for several activities along with the license types:

Activity	Requirements needed for a license
Financing activity	License is issued based on CBE assessment on case by case basis
Receiving deposits or other repayable funds	License is issued based on CBE assessment on case by case basis
Payment services	<p>This service is a Banking Financial Service and falls under the CBE Mobile Payment Regulations as well as other services including aggregators and facilitators explained in the following link https://www.cbe.org.eg/en/PaymentSystems/Pages/Regulations.aspx According to law article 185 for the new law of Central Bank of Egypt regarding Payment Service Providers - PSP licensing, which is approved by the parliament Q2 of 2020, states several conditions and procedures for granting licenses for operating payment systems or providing payment services. These conditions include the following: the minimum capital, legal form, requirements for technical competence, financial solvency and reputation for the applicant for licensing, disclosure of the ownership structure, the technology used, quality standards for service delivery, and rules necessary to operate.</p> <p>Note that the license application fees do not exceed five hundred thousand pounds for the operator of the payment system and one hundred thousand pounds for the payment service provider.</p>
Issue of electronic money	<p>This service is a Banking Financial Service and falls under the CBE Mobile Payment Regulations explained in the following link:</p> <p>https://www.cbe.org.eg/en/PaymentSystems/Pages/Regulations.aspx%D8%AD%D9%85%D9%88%D9%84%20%D8%A7%D8%B5%D8%AF%D8%A7%D8%B1%202016.pdf</p>

Foreign exchange activity	This service is a Banking Financial Service and falls under the guide of CBE supervision regulations chapter 8 – Foreign Exchange Supervisions, https://www.cbe.org.eg/ar/BankingSup
Insurance activity	Regulated via Financial Regulatory Authority since it is categorized as a non-banking financial service.
Investment services	Regulated via Financial Regulatory Authority since it is categorized as a non-banking financial service.
Funds management	Regulated via Financial Regulatory Authority since it is categorized as a non-banking financial service.
Insurance mediation	Regulated via Financial Regulatory Authority since it is categorized as a non-banking financial service.
Intermediation of loans	Not Applicable.
Peer-to-peer lending	Under CBE’s regulatory jurisdiction.
Finance agent	License is issued based on CBE assessment on case by case basis.
Financial adviser	Services as Financial advisory are now emerging in the banking sector in the form of Chabot and CBE approves the service on Bank request level.
Marketing of financial products or services	Not Applicable.
Open Banking	Open banking regulations currently under issuance by CBE.

- **Compliance and Capital Requirements**

The capital requirements for the various licenses is currently, not applicable.

- **Data Protection and Cybersecurity Guidelines:**

Data protection in Egypt currently follows the guide of CBE supervision regulations article 504:

<https://www.cbe.org.eg/ar/BankingSupervision/Pages/GuideBankingSupervisionRegulations.aspx>

Cybersecurity measures are determined by CBE's assessment team; CBE is working on issuing a cybersecurity guidebook, which is expected to be issued in 2021.

- **Addresses for license applications:**

License requests are sent via a written memo from the recipient bank with its request addressed to the sub-governor and supervision team for review and assessment.

Applicants can apply their license applications (tackling banking financial services) to the CBE in a written memo to be evaluated. However, because of the intersecting nature of Fintech services, the Fintech and Innovation Committee (consisting of CBE, FRA, AML unit and NTRA) is working on introducing a “one-stop shop” for all Fintech license related services.

Also, fintechs that have regulatory challenges can apply and participate in the CBE regulatory sandbox according to its mentioned framework

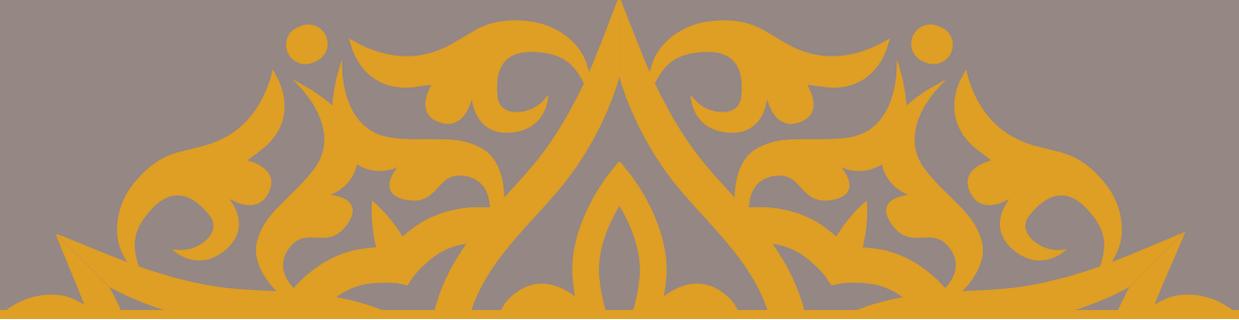
<https://fintech.cbe.org.eg/Home/sandboxCohorts?en>

- **Processing Applications:**

Each application is assessed differently based on measures identified by subject matter experts such as novelty of the service, whether the new feature is an add-on and so forth.

- **Cost for submitting applications:**

There are no fees for submitting applications to the regulatory sandbox.



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صندوق النقد العربي
ARAB MONETARY FUND



مجلس محافظي المصارف المركزية ومؤسسات النقد العربية
COUNCIL OF ARAB CENTRAL BANKS AND
MONETARY AUTHORITIES GOVERNORS