

Speech by the Governor of the Central Bank of Jordan, His Excellency Dr. Ziad Fariz, at the Financial Inclusion Policy Forum, “Launch of the Financial Inclusion Strategy for Jordan: Moving Forward Towards Inclusive Growth” in Amman, the Hashemite Kingdom of Jordan on December 4, 2017. *Unofficial translation.*

In the name of God, the Merciful, the Compassionate.

The representative of His Majesty, King Abdullah bin Al Hussein

Honorable Prime Minister, Dr. Hani Al-Mulki

Your Excellencies,

Ladies and gentlemen,

Peace, mercy and blessings of God be upon you

It is my pleasure to seize the opportunity of this blessed gathering and welcome you to Amman; the city that has lent a helping hand to almost every humanitarian cause.

I welcome you personally and on behalf of the Board of Directors of the Central Bank. We are honored to celebrate with you under the Royal Patronage the launch of a national participatory journey aimed at changing and improving the lives of Jordanian citizens and all the residents of this blessed land by enabling them to access financial services easily. I am pleased to announce the launch of the National Strategy for Financial Inclusion in the Hashemite Kingdom of Jordan.

As you know, the Government of the Hashemite Kingdom of Jordan is serious and committed to the implementation of ambitious policies and programs aimed at sustainable economic growth and comprehensive economic and social development targeting all sectors and segments of society. The promotion and deepening of financial inclusion is one of the enablers of economic growth, since it allows individuals access to financial services and products according to their needs through official financial institutions that provide these services with the highest degree of responsibility. At the end of 2015, the honorable Prime Minister formed a National Steering Committee to develop and implement the National Strategy for Financial Inclusion under the leadership of the Central Bank of Jordan.

We are celebrating the achievements of the National Committee by launching the strategy of financial inclusion, which is the road map towards implementing comprehensive national policies, programs, and initiatives that promote economic growth. This strategy reflects the highest commitment of the state institutions and the Jordanian government to create a legislative and technical environment, enabling individuals and institutions to save, invest, and obtain the necessary loans, according to the size of the institution, as well as insurance services to reduce future risks. Such environment will also allow individuals and institutions to use safe remittance services through official channels, and other financial services that will positively impact the income level and improve living standards, enabling Jordanian individuals and families to emerge from poverty, build financial assets with lower risks, and thus work for a brighter future.

Speaking of financial inclusion, I always emphasize that financial inclusion promotes sustainable growth, which enables everyone to participate in and benefit from the revenues of development, promote social cohesion, reduce poverty and unemployment, decrease income inequality, and improve living standards. All of which is reflected positively on all aspects of development, such as education and health.

Financial inclusion also contributes to bridging the gender gap and empowering young people to build a prosperous future, in line with the national agenda and the royal visions.

We ultimately seek, through this strategy, to reach the ultimate goal, which is to see the implementation results of this strategy on the lives of individuals and groups, and contribute to fruitful economic growth and comprehensive and sustainable economic and social development.

This is the main reason behind the joint efforts and cooperation of all state institutions, in the public and private sectors, and civil society institutions to design policies and programs, and to design and implement this strategy in the coming years, God willing.

His Majesty's delegate...

International studies in 2014 and 2015 has pointed to the low rates of financial inclusion for adults in Jordan, which was less than 25%, in addition to the high rates of unemployment and poverty among the Jordanian society, not to mention the economic and security challenges due to instability in neighboring countries. These facts prompted us to work hard to address the problem of financial exclusion, and set its goals and policies within our national priorities, especially since

we have a financial and banking system characterized by strength, durability, and liquidity, and a comprehensive electronic infrastructure that enables the provision of individuals, companies, and government with digital financial services, and a comprehensive legislative environment characterized by flexibility and durability to deal with developments and technological innovations in the financial services.

We are targeting non-serviced or poorly-serviced segments of society. We focus on youth who are the foundation and future of the country; women, whom we aim to empower financially, enhance their economic participation, and bridge the gender gap; as well as refugees and guests of this generous and compassionate land.

We also targeted the poor and low-income individuals. This segment has the biggest share of our strategy and initiatives, because of the difficulties and challenges they face in obtaining formal financial services.

A number of international bodies and donors share this interest. The Central Bank of Jordan has recently been approved for a grant of (US \$3 million) from the Bill & Melinda Gates Foundation to support digital financial access for the poorest groups and refugees (Mobile Money for Resilience MM4R), which is the first of its kind by the Gates Foundation in the world and for Jordan. We aspire to achieve a global success story in this regard, and to enable other countries of the world to pursue the same programs and initiatives to address the financial exclusion of the poor and respond to emergency humanitarian needs.

We aim to facilitate and enhance the efficient, secure, and low-cost access of these segments to integrated packages of financial services and products, from savings, insurance, credit, finance, remittances and digital payment services.

The national strategy also includes diverse sectors, from the microfinance sector, the SME sector, and to all digital financial services.

Moreover, and in order to preserve and guarantee the financial rights of the consumer, the strategy focused on consumer protection to develop controls and policies to ensure the rights of all parties, and to emphasize the need to develop consumer financial awareness, and clarify the rights and duties of all parties.

We have already begun our work 2 years ago, starting from focusing on the strengtheners and enablers of the legislative environment, to implementing financial education programs in schools and financial awareness programs. Furthermore, we are working on developing laws to protect the financial consumer, institutionalize this work, and build a comprehensive database to provides us with the ability to follow up diligently, monitor developments and any deviations from the target values, and design policies based on facts and evidence. We also launched the Financial Education Program in schools two years ago.

We still have a long way to go in line with your royal guidance and vision. The most important task that lies ahead is the launch of a national initiative to develop financial innovations and creations, dubbed “FinTech Hub”, to support and strengthen Jordan's position as a regional and global center for innovation and creativity, and the quality of technological financial services.

We also will launch soon, in cooperation with the World Bank, the FinTech Regulatory Sandbox, in order to create an incubator environment for entrepreneurs and developers of digital financial applications. This incubator will allow them to test their innovations in a safe and controlled environment with the help and guidance of the Central Bank of Jordan and the National Commission for Financial Technology Support.

To motivate entrepreneurs and innovators, the Jordanian Fund for Entrepreneurship was established with a total value of US \$ 98 million. The foundation for this fund has been established, and its Board members has been identified, and investment in innovative venture capital will soon begin.

The fruits of our recent efforts to improve the levels of financial inclusion are showcased in the results of a comprehensive study commissioned by a Swiss consulting firm during 2017, which showed an increase of 2.6% annually, with a financial inclusion rate of 33.1% compared to 24.6% in 2015. The results of the study also showed an improvement in the financial inclusion of women and the reduction of the gender gap.

The implementation, execution, and follow-up of the National Strategy for Financial Inclusion and its ambitious goals will officially begin today with your blessings, and with the participation of our major partners who have worked with us during the past two years, namely: the Ministry of Finance, the Ministry of Planning and International Cooperation, the Ministry of

Labor, the Ministry of Education, the Association of Banks, Jordan Loan Guarantee Company, Development and Employment Fund, Microfinance Network (Tanmeyah), and the Central Bank of Jordan.

Today, we have invited the representatives of our partners from all the other sectors who will play a vital and pivotal role in the implementation of the strategy's programs.

Ladies and gentlemen,

Dear partners,

Your cooperation, participation, and support in the implementation of the national programs of financial inclusion is highly appreciated. They will be the foundation of our collective hopes and efforts to promote financial services and products, and enable all residents on Jordanian land to access financial services, enhance their economic and social participation, and improve their living standards.

We will also work together through this strategy to implement all programs that will achieve the 2030 sustainable development goals launched by the UN General Assembly. Financial inclusion plays a pivotal role in many of these 17 ambitious goals (e.g. combating extreme poverty, achieving gender equality, Education, health, and other goals.)

We are always accustomed to facing challenges and working side by side to build, advance, and elevate our precious homeland. Therefore, I call upon all of you today to join forces and to work together with us in a journey to reach an ambitious national vision for financial inclusion that will achieve sustainable economic and social development.

I will not forget to extend my sincere thanks to our key partners in the public and private sectors, who have worked side by side with us and provided advice, and to all those who have contributed to the provision of technical and advisory support from international bodies, particularly the German Agency for International Cooperation (GIZ) on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), the European Union, which finances this important project, and the Alliance for Financial Inclusion that supports all countries in order to improve financial inclusion levels in the world.

Before concluding, I would be honored to remind the estimable audience of the Arab Regional Financial Inclusion Initiative, adopted by the Arab Monetary Fund with the support of the Board of Governors of Central Banks and Arab Monetary Institutions, which we had announced last year from the Dead Sea in our beloved Jordan; an initiative that attempts to improve financial inclusion in the Arab countries.

We are proud to announce today, surrounded by our Arab brothers, that we are the first Arab country to launch a national strategy for financial inclusion. We wish everyone success in their initiatives, and we reaffirm our commitment and participation in their constructive initiative.

Finally, I reiterate my thanks to His Majesty King Abdullah II Bin Al Hussein for honoring this conference with his patronage, and for the honorable Prime Minister for joining us as we celebrate the launch of the National Strategy for Financial Inclusion.

I would also like once again to thank you for your kind hospitality, and to all those who have contributed to the organization of this national conference.

I wish our dear guests a pleasant stay in their second country, Jordan.

Our motivation will keep us moving to the top with your support.

Peace, mercy and blessings of God be upon you