

Spotlight on Inclusion: CIB Egypt The Mindset Shift from Branches to Devices

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This series highlights innovations by IIF's member firms in promoting financial inclusion through digitalization. This first edition on Commercial International Bank (CIB) Egypt focuses on using digitalization to extend their reach to customers in rural and regional areas and explains how technology's progress in cost economics as a key enabler, paired with the accompanying mindset shift, has been crucial in enabling CIB Egypt to deliver on this opportunity.¹

Harnessing the transition from brick-and-mortar banking to one of devices and digital identities, Egypt was the only country in the MENA region to avoid contraction in 2020, credited to the implementation of a timely comprehensive set of fiscal and monetary measures, and to the fact that Egypt's "consumers and business have found ways to adapt and capitalize on the major progress made in digital transformation and fintech."² This success, driven by CIB Egypt's impressive forward-thinking approach to banking and coupled with Egypt's national priorities of inclusion, highlights the collective mindset shift from branches to devices.

National Priorities of Inclusion

CIB Egypt has utilized Egypt's national priorities of inclusion, mandated by the government and enforced through the Central Bank of Egypt (CBE), to focus heavily on digital inclusion and has become central in recommending and implementing policies and initiatives for long-term digital financial inclusion. As part of this mandate, CBE reduced the amount of paperwork needed in opening a bank account for the un- and under-banked customers to only requiring a national ID, decreasing operational costs and increasing accessibility within the accepted threshold.

During the peak of COVID, digital onboarding was permitted, and a user could open a wallet account using only their mobile phone. To counter the geographical barriers that this poses to rural customers, CIB Egypt works with 3rd party agents, such as the numerous kiosks and small shops that are already easily accessible to customers, as well as a bus that drives through more remote areas to facilitate Mobile Wallets onboarding.

Although the national priorities support and allow for the development of financial inclusion initiatives, they must be bolstered with long-term goals of continuously empowering and adapting to the needs of the un- and under-banked.

Seeking Non-traditional Methodologies

The transition to device-driven banking has made seeking out opportunities to support the un- and under-banked imperative for sustainable growth. In a recent IIF webinar, CIB Egypt Chief Sustainability Officer Dalia Abdel Kader stated:

"The society is another channel to generate growth for banks and for our economies because wealth lies at the bottom of the pyramid. We started to realize the importance of SMEs and financial inclusion or microfinance, but this is not mainstreamed in our traditional models as banks. It's about time to figure out how to grow."³

¹ Special thanks to former IIF secondee Amin Talaat, Head of Financial Inclusion at CIB Egypt.

² Irdian (February 2021), IIF Egypt: Post-COVID Recovery Requires Deeper Reforms

³ IIF ESG Webinar Series, Sustainable Finance in Emerging Markets – Views from MENA

As Abdel Kader states, although it is not mainstreamed in traditional models, this past year's accelerated push into digitalization has shown the necessity of non-traditional thinking. Issues that may have originally seemed outside of the banking system's jurisdiction, such as lack of smartphones and geographical barriers, are now being tackled within the bank. This further emphasizes the point that other CIB Egypt colleagues have highlighted – with the shift from branches to devices, the un- and under-banked are profitable customers when they are actively included in the design of new programs.

This transition from branches to devices is most reflected in CIB Egypt's Smart Wallet, which allows users to make digital payments, pay bills, and control their finances from their smartphone. Acquiring and setting up these smart wallets can be done through the easily accessible 3rd party agents, countering the geographical barriers that visiting an official branch can pose, as well as reducing onboarding and transportation costs for those in rural areas. The smart wallet goes beyond simply acquiring new customers by using various promotional campaigns to encourage active usage of the app, building CIB Egypt's data and information sets on new users. In an additional attempt to counter the digital divide, users who have high engagement with the app receive free smartphones to share with family or friends, which both encourages usage and helps penetration of the market by increasing access to digital technologies.

Looking Ahead

CIB Egypt already boasts many initiatives geared towards bringing in new customers, but the key to longevity in inclusion is creating a scalable digital platform, says CIB Egypt's Head of Financial Inclusion Amin Talaat. Creating a platform that works to leverage data analytics and can be backed by a proper risk model will enable the un- and under-banked to grow their livelihoods and embark on long-term initiatives towards financial stability and security, entirely facilitated by CIB Egypt's system. This forward-thinking approach to banking, untethered to the confines of traditional methodologies, will be necessary for sustainable financial inclusion.

The pivotal moment of new government regulations and a national push to digitalization can be groundbreaking for inclusion, if CBE maintains its commitment to advancing regulation. Reducing the number of documents required to create an account brings CIB Egypt closer to eKYC and digital onboarding, which can dramatically increase reach to the un- and under-banked, particularly in rural areas. Talaat also discussed the bank's plan of developing a new e-wallet to go beyond simple transactions, allowing users to integrate all their finances and bill payments, from opening savings accounts, insurance accounts, and to ultimately access credit, enabled through behavioral data, onto the e-wallet – a venture he hopes to launch in the near future.

Financial inclusion is not only about including an often-overlooked customer base, but actively mitigating against financial and digital exclusion, especially as digitalization continues to expand its reach. Banks and regulators must view financial inclusion initiatives as scalable, economically profitable, and worthy investments, and work towards building long-term partnerships with fintechs, telecom operators, post offices, and other institutions that can facilitate holistic and inclusive policies. CIB Egypt has solidified itself as a leader in this space, and has made clear that their priorities of innovation, inclusion, and digitalization are paramount.

This spotlight series will continue looking at other great initiatives across the financial services sector where digital technology is enabling greater inclusion. For more information, please contact Mina at mloldj@iif.com.