The National Financial Inclusion Strategy

2018 - 2020

With support from: Deutsche Gesellschaft für
Internationale Zusammenarbeit (GIZ) GmbH

البنك المركزي الأردني
CENTRAL BANK OF JORDAN

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Executive Summary

Definition of Financial Inclusion:

Financial inclusion is the state wherein individuals and businesses have convenient access to and use affordable and suitable financial products and services – payments, savings, credit, transactions and insurance – that meet their needs, help to improve their lives, and delivered in a responsible and sustainable way.

Rationale for The National Financial Inclusion Strategy

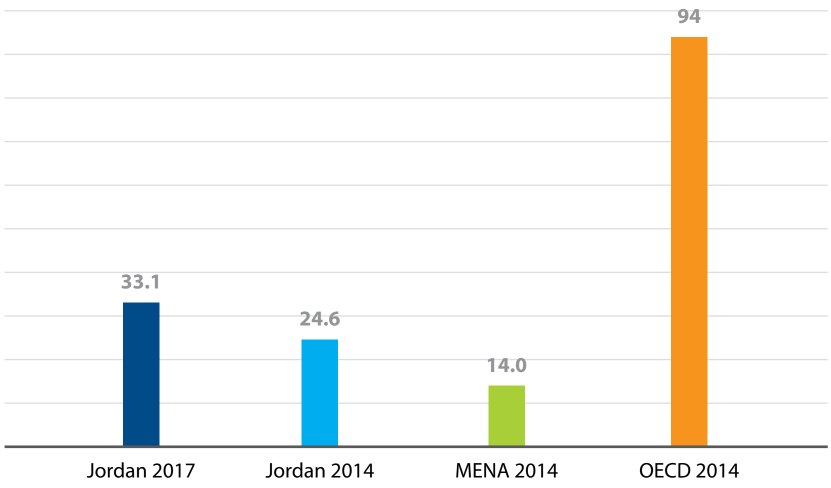
The rationale for the development and implementation of the NFIS for Jordan stems from a number of inter-linked key factors:

- **High level of financial exclusion:**

67% of people in Jordan above the age of 15 years do not have access to the formal financial system in terms of account ownership; 38.0% of adults are excluded from any formal financial services and 24.8% of adults are completely excluded from any formal and informal financial services. The majority of MSMEs are financially constrained.

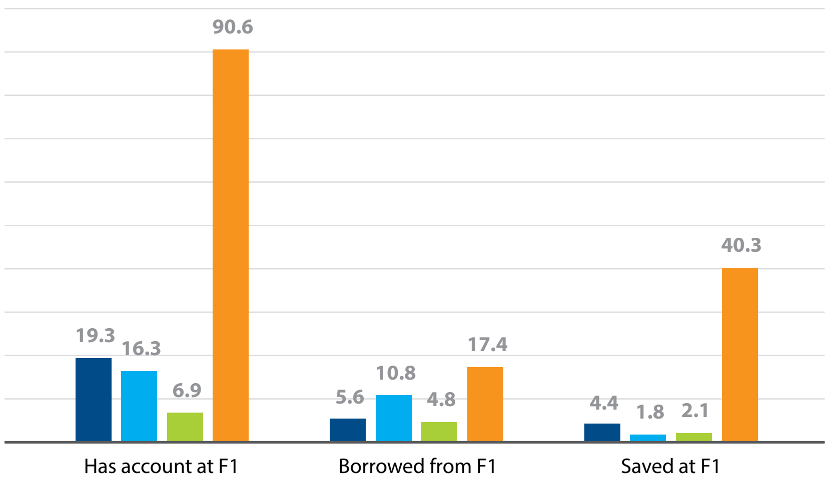
The following figures below highlights the main results of the recently conducted NFIS diagnostic study (2017), a comparison with World Bank Findex (2014) for the bottom 40%, women, youth and refugees[1].

1 While the methodologies of the two studies are different, they still provide a reasonable benchmark.



Ownership rates of accounts from formal institutions (% of adults)

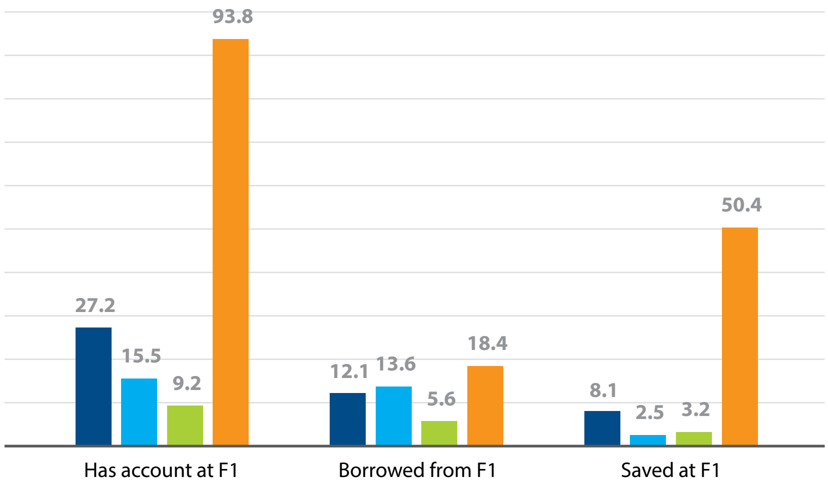
Source: GIZ/BFC survey (2017), World Bank Findex (2014)



Selected indicators for lower %40 income segment, by year and region (% of adults in lower %40)

Jordan 2017
Jordan 2014
MENA 2014
OECD 2014

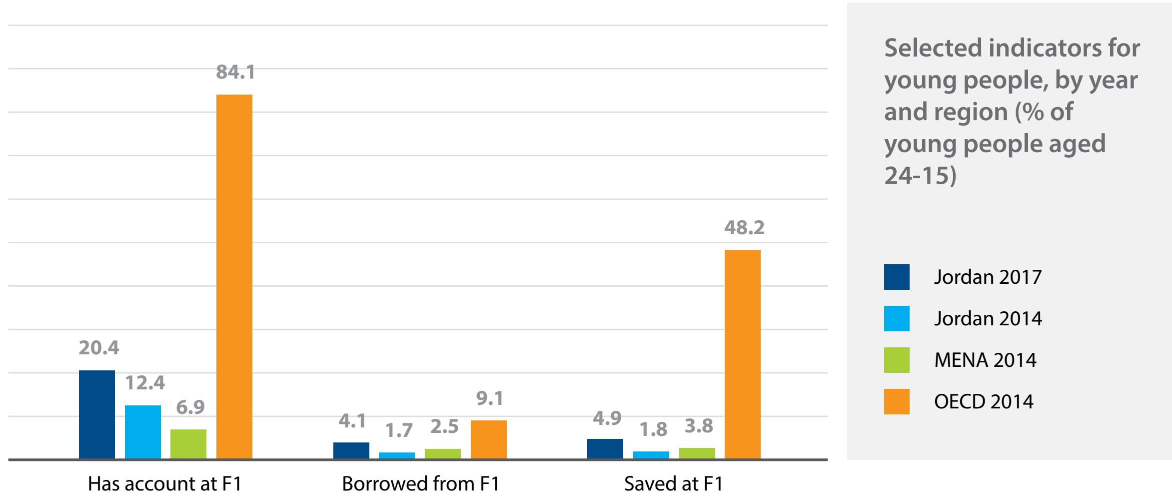
Source: GIZ/BFC survey (2017), World Bank Findex (2014)



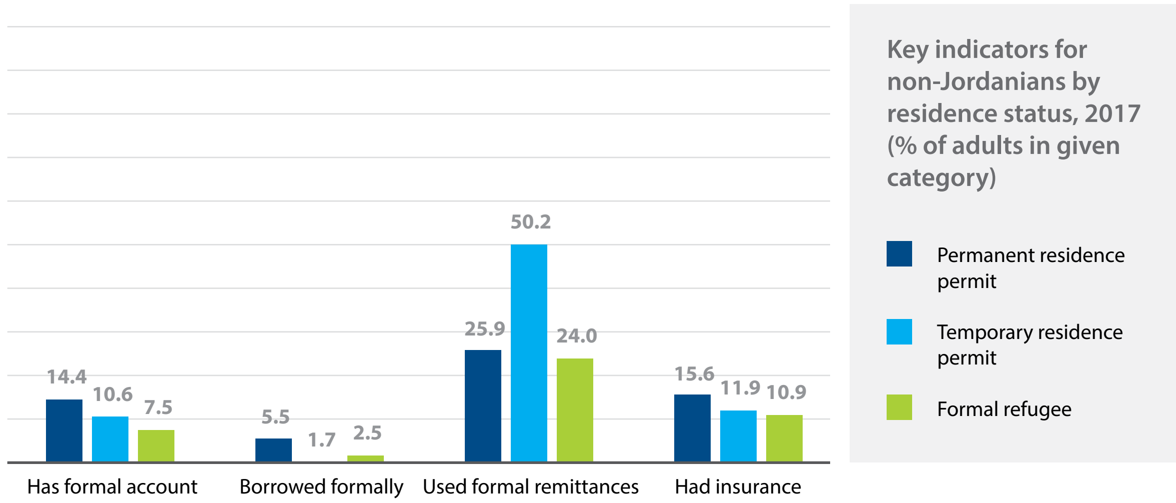
Selected indicators for women by year and region (% of adults women)

Jordan 2017
Jordan 2014
MENA 2014
OECD 2014

Source: GIZ/BFC survey (2017), World Bank Findex (2014)



Source: GIZ/BFC survey (2017), World Bank Findex (2014)



Source: GIZ/BFC survey

- **Contribution to National Development Goals:**

The NFIS for Jordan is expected to contribute to reducing socio-economic inequalities in line with the Jordan 2025 Vision and Strategy and the Jordan Economic Growth Plan. The positive effects on equality, or shared prosperity, will be a result of convergence of a number of developments:[2]

1. New and more adequate funding sources and other financial services for the currently largely financially constrained MSMEs will drive the generation of more and better employment including for the low-income segments and the large share of unemployed youth;
2. The strategy promotes gender equality in terms of reducing the gender gap in finance which will help unleash the economic potential of women entrepreneurs and women-led enterprises
3. Greater access to and usage of financial services by refugees will impact socio-economic inequalities in host communities by enhancing their self-reliance and enabling them to contribute to economic activity;
4. Reductions of geographic disparities in access to and usage of finance will reduce socio-economic inequalities across the country.

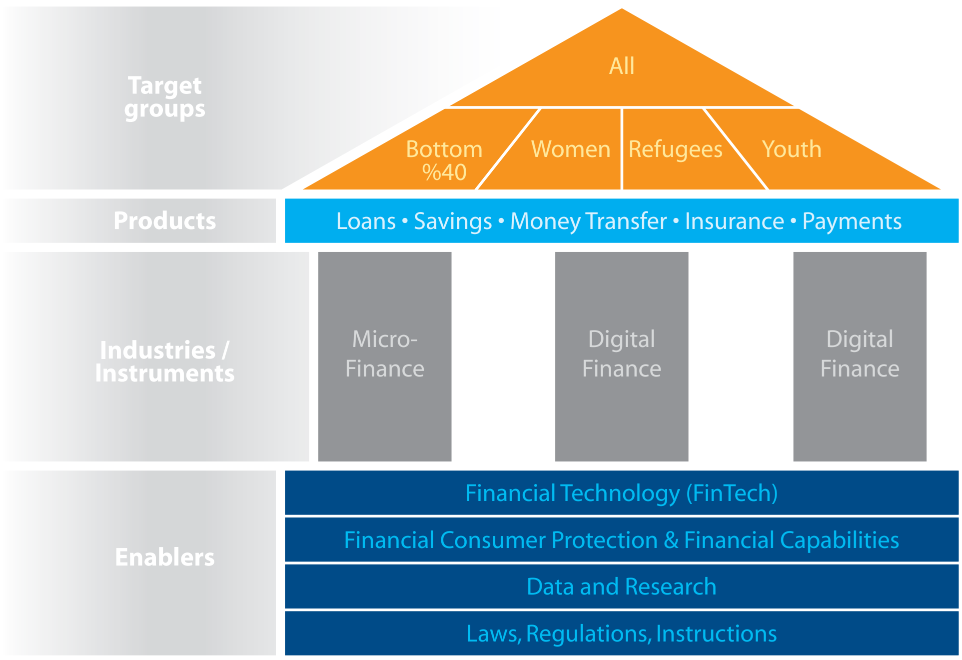
2 "The main impact of finance on income inequality comes through inclusion of a larger share of the population in the formal economy and higher wages" (Demirguc-Kunt, Asli et. al., 2008: Finance for All? Policies and pitfalls in expanding access, p.11).

Vision and Framework for Financial Inclusion in Jordan

The NFIS for Jordan overall builds on a set of priority policy areas, three of which form the core industry pillars: Microfinance; Digital Financial Services; and Small and Medium-sized Enterprise (SME) Finance. Four areas are considered as cross-cutting enablers that facilitate the development of industries and make them more robust: Financial Technology; Financial Consumer Protection and Financial Capabilities; Data and Research; and Laws, Regulations, and Instructions.

While financial inclusion targets all segments of the population and micro, small and medium-sized enterprises, the NFIS for Jordan gives special attention to certain priority segments, the most vulnerable groups which traditionally have lower levels of financial inclusion, namely: the bottom 40% of households in terms of income (at the so-called bottom of the pyramid); women; the youth (15 to 24 year-olds in general; 15 to 18 year-olds in particular), and refugees.

Figure: Framework for Financial Inclusion in Jordan



- **National High-level Financial Inclusion Goals and Sub-Goals**

The National Financial Inclusion Strategy for Jordan has two high-level goals, namely:

1. To increase the level of financial inclusion from 33.1% in terms of account ownership by the adult population in 2017 to 41.5% by 2020 and,
2. Over the same time, to reduce the gender gap from 53% to 35%.

The tables below pinpoint sub-goals, set by the concerned providers (industries) and enablers in order to achieve the high-level national goals. Detailed targets and strategic measures are outlined in the NFIS document.

Industries:

Microfinance Sub-Goals
Enabling an environment of sustainable growth of the microfinance sector in its developmental role
Develop the financial and human capacities in MFIs for enhanced product development and increased outreach
Enhance awareness and financial capabilities of microfinance clients
Digital Financial Services Sub-Goals
Expand DFS Coverage
Provide comprehensive financial services
Enhance payment system safety and integrity
Small and Medium-sized Enterprise Finance Sub-Goals
Increase the share of financing (percentage of loans) provided by banks and MFIs to micro, small and medium enterprises from 8.5% to 15% by 2020

Enablers:

Laws, Regulations, Instructions Sub-Goals
Promote account opening for the priority segments of the youth (15-18 year-olds), women, refugees, low-income people
Promote tax incentives for priority businesses segments
Promote credit information sharing
Implement the movable asset registry
Enhance the insolvency regime for businesses
Financial Consumer Protection Sub-Goals
Implement legal and regulatory framework for financial consumer protection based on the principles of fair treatment, transparency, responsible finance, data privacy, and redress.
Strengthen the financial consumer protection framework, for financial institutions regulated by the CBJ, based on the principles of fair treatment, transparency, responsible finance, data privacy, and consumer redress.
Enhance the financial capabilities of priority segments in the framework of financial consumer protection
Financial Capabilities Sub-Goals
Promoting financial education in schools, financial capabilities for target groups (women, refugees, micro and SME clients), and financial awareness and literacy for the public.
Data and Research Targets
To build a comprehensive, accurate, data framework for financial inclusion by end of 2018.

- **Developing the National Financial Inclusion Strategy:**

The box below demonstrates the journey of developing the National Financial Inclusion Strategy:

- *On November 19, 2015 following the regional High-level Policy Forum on "Financial Inclusion and Employment" at the Dead Sea in Jordan, the Prime Minister of the Hashemite Kingdom of Jordan formed the national Financial Inclusion Steering Committee (FISC) and called upon the CBJ to lead the process for developing and implementing the NFIS for Jordan.*
- *FISC included key public, private and civil society stakeholders with extensive research and technical assistance provided by GIZ.*
- *On July 13, 2016 the Financial Inclusion Steering Committee, under the chair of the CBJ, convened for its inception meeting and endorsed the governance structure, a concept paper, and roadmap.*
- *On September 9, 2016 on the occasion of the AFI's Global Policy Forum for financial inclusion on the Fiji Islands, the CBJ released its Maya declaration committing to two national goals for financial inclusion, namely: to increase the level of financial inclusion from 24.6% of the adult population to 36.6% by 2020 and, over the same time, to reduce the gender gap from 53% to 35%.[3] The CBJ committed furthermore to nine targets to achieve these goals.*
- *On September 25, 2016 the CBJ launched the six working groups for continued multi-stakeholder consultations with all members, i.e. public, private and civil society stakeholders, within the priority policy areas of Digital Financial Services, Microfinance, SME Finance, Financial Capabilities, Financial Consumer Protection, and Data and Research.*
- *On November 22, 2016 on the occasion of the regional policy forum on "Advancing Women's Financial Inclusion in the Arab World" carried out at the Dead Sea under the patronage of H.M. Queen Rania Al Abdullah, the CBJ released the Financial Inclusion Vision for the Hashemite Kingdom of Jordan.*
- *In the first half of 2017, a diagnostic study of financial inclusion was conducted covering supply and demand sides to assess the state of access to, usage and quality of financial services, the regulatory, physical and commercial barriers thereto and the gender, socio-economic, demographic and geographic usage specifics and needs.*
- *On December 4, 2017 NFIS for 2018-2020 was launched*

3 According to account ownership as indicated by Global Findex data.

Commitment to Maya Declaration

The CBJ released its Maya Declaration in September 2016 committing to two national high-level goals for financial inclusion, namely:

1. To increase the level of financial inclusion from 24.6% in terms of account ownership by the adult population (Global Findex 2014) to 36.6% by 2020* and,
2. Over the same time, to reduce the gender gap from 53% to 35%. The CBJ committed furthermore to nine targets to achieve these goals

To achieve these goals, the CBJ set nine national targets under the Maya Declaration:

1. Finalize the draft of The National Financial Inclusion Strategy by end of 2017;
2. Formulate comprehensive DFS and MFIs financial consumer protection guidelines by 1st quarter 2017;
3. Continue to champion the financial education program into the existing Jordanian school curriculum from class 7 to class 11 by 2020;
4. Enhancing interoperability among the payments systems in the kingdom by end 2018;
5. Ensure efficient and responsible growth of Microfinance sector as part of the formal financial system.
6. Provide the refugees and non-nationals with access to digital financial services.
7. Ensure the provision of an enabling legislative and regulatory environment for digital financial services.
8. Upgrade financial inclusion data collection and measurement to align with AFI's network to produce comparable indicators by 2018.
9. Increase the financial inclusion access of Jordan's youth (15-22 years) by 25.000 annually by 2020.

* The CBJ updated this goal, where the goal was to increase financial inclusion in terms of account ownership by the adult population from 33.1% in 2017 to 41.5% by 2020.

1 Introduction

1.1 Financial Inclusion in Jordan in the Context of Global Developments

In recent years, inclusive growth and development has gained traction as a development policy paradigm in developing and emerging countries. Parallel to this development has been the wider and increasing recognition of the pivotal role of inclusive finance in development and the need to address head-on the high level of financial exclusion in these countries to harness the potential of finance for inclusive growth and development. The G20 made financial inclusion as one of its main development pillars at the Pittsburgh Summit in 2009. The World Bank launched the initiative for Universal Access to Finance by 2020. Upon adopting the Sustainable Development Goals (SDGs) in September 2015, the UN General Assembly reinforced the critical role of financial inclusion for the 2030 Agenda for Sustainable Development in December 2015. There is a consensus among policymakers, practitioners as well as academics that financial inclusion is a pre-requisite, a key enabler for the achievement of most of the SDGs. In turn, inclusive finance is referenced in seven of the 17 SDGs.

What is remarkable of the developments in the field of finance is that most national-level policymakers including the central banks or other financial sector regulatory bodies have shown an increased willingness to assign top priority to financial inclusion despite the fact that financial inclusion has historically not been within their core remit. The Arab world has witnessed an increased momentum in policy dialogue and national initiatives to address financial inclusion.

The Governor of the Central Bank of Jordan (CBJ) stated at the launching event for the Financial Inclusion Vision for Jordan in September 2016 that "it is a right for everyone to have access to financial services."[4] in addition to that, in most developing and emerging countries, the policymakers have made concerted efforts to advance financial inclusion in a systematic manner without compromising the financial stability goal of financial sector regulators. It is widely accepted that under a robust regulatory and supervisory framework, financial inclusion can even substantially strengthen financial stability.

Within these broader developments, National Financial Inclusion Strategies (NFIS) have become a widely used tool for accelerating financial inclusion in most countries. Empirical evidence by the Alliance for Financial Inclusion (AFI) has shown that NFISs are an effective tool: countries with NFISs have done relatively better in promoting and advancing financial inclusion than those without.

It is in this broader global context that the CBJ has been pursuing financial inclusion since 2012 and guided in 2015 the formulation of the National Strategy for Financial Inclusion in Jordan. The CBJ embarked on a national, multi-stakeholder policy process for enhancing the formal financial inclusion of the entire popula-

4 High-level Policy Forum "Advancing Women's Financial Inclusion in the Arab World" held under the patronage of Her Majesty Queen Rania Al Abdullah at the Dead Sea, Jordan from November 22-23, 2016.

tion, mainly among the youth, women, refugees, low-income segments and micro, small and medium-sized enterprises. With the NFIS for Jordan 2018-2020, the CBJ and its partners cater to enhance financial inclusion of people and businesses in the Kingdom based on evidence and in a deliberate and prudent manner in view of impacting sustainable economic and social development aligned with the UN SDGs. It is therefore guided by the 2017 Financial Inclusion Diagnostic mandated by the CBJ and commissioned by GIZ.

1.2 Definition of Financial Inclusion

Although financial inclusion has been defined differently worldwide, it generally means a state in which "all working-age adults and their enterprises have effective access to and use financial services provided by formal institutions at a cost affordable to the customers and sustainable for the providers."[5]

Upon the endorsement by the high-level national Financial Inclusion Steering Committee (FISC), the CBJ released the following definition of financial inclusion for Jordan.

> *Financial inclusion is the state wherein individuals and businesses have convenient access to and use affordable and suitable financial products and services – payments, savings, credit, transactions and insurance – that meet their needs ,help to improve their lives, and delivered in a responsible and sustainable way.*

Financial access involves convenient and responsible delivery of services that are responsive to the needs of financially excluded and underserved customers and enterprises at a cost affordable to the customers and sustainable for the providers. Usage of financial services is considered as demonstration of effective access.[6]

5 Slightly adapted version of the definition by the GPFI Action Plan.
6 In alignment with the definition of the GPFI Action Plan.

1.3 Rationale for Financial Inclusion

The formal financial sector in Jordan has expanded substantially and contributed significantly to the economic growth of Jordan over the last decades, while the number and size of banks and non-bank financial institutions alike have increased. Growth in the formal financial sector, however, has benefited only a small portion of the population. Only 33% of adults in Jordan, 27% of women, are financially included in terms of account ownership. The rate, though the highest among peers in the MENA region, is considered low when compared to other countries with same income levels.

The majority of the people living in Jordan has been excluded from the formal financial system and denied effective economic participation, thereby operating in the informal economy and relying increasingly on informal financial services. Access to and usage of formal financial services needs to be addressed systematically for the reasons of inclusive growth and development.

NFIS facilitate advancements in the access to, the usage and quality of financial services, which in return positively affects inclusive growth and shared prosperity. The rationale for the development and implementation of the NFIS for Jordan stems from a number of inter-linked key factors:

- **High level of financial exclusion:** 67% of people in Jordan above the age of 15 years do not have access to the formal financial system in terms of account ownership; 38.0% of adults are excluded from any formal financial services and 24.8% of adults are completely excluded from any formal and informal financial services. The majority of MSMEs are financially constrained. Evidence suggests that carefully designed NFISs may address high levels of financial exclusion. More than 32 AFI member institution countries currently have an effective NFIS, while more than 25 member institution countries are at stages of formulating a NFIS.[7]

- **Contribution to inclusive growth and shared prosperity:** Providing effective access to finance for financially constrained businesses, mainly MSMEs, can increase private investments, boost enterprise growth and expansion, stimulate economic growth and employment.[8] This is particularly critical given that non-formal, private sector MSMEs have to shoulder the major share in growth, employment creation and reduction of poverty and socio-economic inequalities. Financial inclusion can further reduce gender inequalities. It can expand the economic opportunities for both women and youth, enabling them to join the labor market.
- **Enhancement of financial system efficiency, stability and integrity:** Effective participation in the formal financial sector by savers and borrowers would improve the effectiveness of monetary policy, the stability of financial institutions and the efficiency of financial intermediation through increased domestic savings and investments. Formal financial access and usage can be regulated and supervised, thus enabling to safeguard integrity of the financial system and identify illicit activities.
- **Alignment of financial sector development with development goals and policy objectives:** A NFIS provides an opportunity to systematically link financial sector development with SDGs and leverage achievements in sustainable development. It allows to balance the four policy objectives of responsible financial inclusion, stability and integrity of the financial sector, and protection of financial consumers(I-SIP).

The NFIS for Jordan will allow for a coordinated, collaborative and cooperative multi-stakeholder approach to financial inclusion and generate a shared ownership by national stakeholders, all of which is essential to efficiently and effectively achieve an impact on sustainable development. The NFIS provides new opportunities for public-private partnerships within an operational framework, thus guiding resources towards priority policy areas and key target groups of financial inclusion in Jordan.

7 As of July 2017, there were 63 Maya declaration commitments by AFI member institutions and 38 of these commitments included NFIS (AFI 2017. Maya Declaration Progress Report).

8 IMF Working Paper WP/15/22.

2 Contribution to National Development Goals

The NFIS for Jordan will contribute to inclusive growth and sustainable development. It is laid out and will be implemented in view of impacting the achievement of overarching national development goals outlined in the Government of Jordan's long-term economic and social development strategies, namely: the Jordan 2025 National Vision and Strategy and the Jordan Economic Growth Plan 2018-2022 (JEGP).

The 2025 Vision sets out the national goals of a growth rate of 7.5% by 2025, at a rate of 5.7% within the vision period; a reduced poverty rate of 8.0% and unemployment rate to 9.17% from the baseline levels; reduced intra and inter-governorate socio-economic inequalities; and gender equality. The most important goal is "improving the welfare of citizens and the basic services provided to them, to make a balanced society where opportunities are available to all."[9]

The JEGP refines these goals and expects that its successful implementation will enable the country to recapture the momentum and realize its development potential by, among other things, doubling "the economic growth over the coming five years, at the minimum."[10]

Economic growth in Jordan largely depends on a few key sectors, such as manufacturing, transport, tourism and hospitality, construction, agriculture, which account for around half of the economy and would need to grow above average to achieve the national goal of economic growth by 2025. Unemployment in Jordan stood at 15.25% in 2016, up from 12.5% in 2010, while youth unemployment amounted to 25%. The poverty rate stood at 20% in 2016, up from 14.4% in 2010. Meanwhile, according to the UNHCR, Jordan hosts the second largest number of refugees per capita in the world, at 89 refugees per 1,000 inhabitants. As of March 2017, there were 733,210 refugees registered by UNHCR in Jordan, with most of those (657,621) coming from Syria.

The NFIS for Jordan is aligned well with the overarching national development goals directly as well as indirectly both in terms of financial inclusion efforts and outcomes.

9 Jordan 2025 National Vision and Strategy.
10 The average growth rate has declined to 2.5 % for the period 2010-2016 (JEGP 2018-2020).

The NFIS for Jordan is expected to contribute to reducing socio-economic inequalities in line with the Jordan 2025 Vision and Strategy and the JEGP. The positive effects on equality, or shared prosperity, will be a result of convergence of a number of developments:[11]

- The strategy promotes gender equality in terms of reducing the gender gap in finance (see chapter 6), which will help unleash the economic potential of women entrepreneurs and women-led enterprises that move forward social and economic developments while benefiting from them;[12]
- New and more adequate funding sources and other financial services for the currently largely financially constrained MSMEs will drive the generation of more and better employment including for the low-income segments and the large share of unemployed youth;
- Greater access to and usage of financial services by refugees will impact socio-economic inequalities in host communities by enhancing their self-reliance and enabling them to contribute to economic activity;
- Reductions of geographic disparities in access to and usage of finance will reduce socio-economic inequalities across the country.

11 "The main impact of finance on income inequality comes through inclusion of a larger share of the population in the formal economy and higher wages" (Demirguc-Kunt, Asli et. al., 2008: Finance for All? Policies and pitfalls in expanding access, p.11).

12 Globally, women being excluded from work results in income losses in the range of 10-37% of GDP across regions (World Bank, 2012: World Development Report).

3 Vision and Framework for Financial Inclusion in Jordan

3.1 Vision for Financial Inclusion

The Government of Jordan recognizes financial inclusion as an important pillar in inclusive growth and sustainable development. It embarked on the national financial inclusion policy process to build an enabling legal and regulatory framework and infrastructure to achieve a more inclusive financial system.

The CBJ understands financial inclusion not as an end in itself, but as a means to an end. Access to and usage of financial products and services at the macro level strengthens inclusive growth, stimulates employment, reduces poverty and inequality, and contributes to the stability and integrity of the financial system. At individual and business level, financial inclusion enhances social well-being: payments and money transfer services facilitate day-to-day lives, loans enable to invest in new ventures, accounts allow to save for the future, insurance increases resilience against shocks.

Financial inclusion policies and actions in Jordan are thus geared towards empowering the financially excluded and underserved – the majority of the population, particularly the vulnerable groups of young adults, women, refugees, low-income segments, and micro, small and medium-sized enterprises (MSMEs). Financial inclusion needs to enable the majority of the population and enterprises to move from the informal to the formal economy; to enable them to harness their potential of contributing more actively to local economic and social developments and benefit from them. Success in this regard needs to be measured in terms of impact – the extent to which the financially excluded and underserved segments are able to improve their standard of living.

The NFIS for Jordan will strengthen the link between financial inclusion and sustainable economic and social development in alignment with SDGs. It will balance the four policy objectives of financial inclusion, stability of the financial system in accordance with the Central Bank Law (23/1971), financial integrity in accordance with the AML / CFT regime and National Risk Assessments,[13] and protection of financial consumers in accordance with laws and regulations for treating clients fairly (I-SIP).

The CBJ leads and oversees the participatory, consultative multi-stakeholder policy process for executing the NFIS for Jordan firstly over a three-year period from 2018 to 2020, in accordance with the G20 Principles on Innovative Financial Inclusion. Assuring inter-agency coordination and cooperation, it engages all relevant public, private and civil society stakeholders, which act within a clear framework and under an effective governance structure.

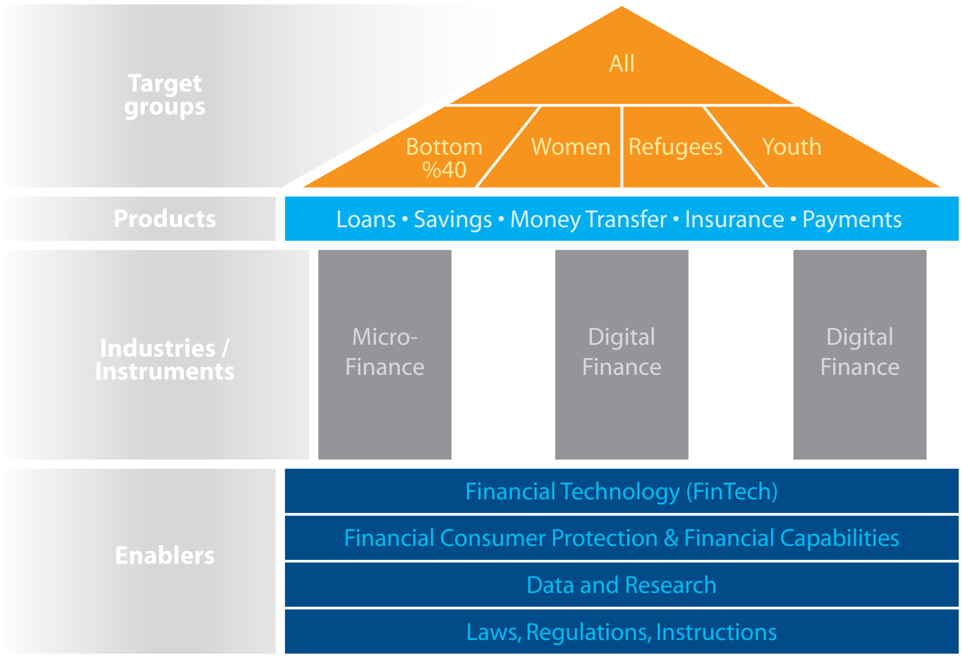
13 The AML / CFT regime is based on Law no. 46 for 2007 amended by other provisional laws, AML / CFT Instructions No. 51 for 2010 and corresponding circulars. The Middle East and North Africa Financial Action Task Force, Mutual Evaluation Report, Third Follow-Up Report for Jordan, 2013 provides the National Risk Assessment under consideration.

3.2 Framework for Financial Inclusion

The NFIS for Jordan overall builds on a set of priority policy areas, three of which form the core industry pillars: Digital Financial Services; Microfinance; and Small and Medium-sized Enterprise (SME) Finance. Four areas are considered as cross-cutting enablers that facilitate the development of industries and make them more robust: Financial Technology; Financial Consumer Protection and Financial Capabilities; Data and Research; and Laws, Regulations, and Instructions.

While financial inclusion targets all segments of the population and micro, small and medium-sized enterprises, the NFIS for Jordan gives special attention to certain priority segments, the most vulnerable groups which traditionally have lower levels of financial inclusion, namely: the youth (15 to 24 year-olds in general; 15 to 18 year-olds in particular), women, refugees, and the bottom 40% of households in terms of income (at the so-called bottom of the pyramid).

Figure: Framework for Financial Inclusion in Jordan



Definitions:

Definition of Small and Medium-sized Enterprise Finance: *the provision of financial products and services, mostly by banks and non-bank financial institutions, for SMEs. Whereas a micro-sized company has less than JOD 100,000 in assets or annual sales/revenues and less than five employees,*

- *A small enterprise has assets or annual sales/revenues between JOD 100,000 and JOD one million and between 5 and 20 employees; is not a public shareholding company, insurance or financial brokerage company;*
- *A medium-sized enterprise has assets or annual sales/revenues between JOD one and three million and between 21 and 100 employees; is not a public shareholding company, insurance or financial brokerage company.*

Definition of Digital Financial Services: *electronic means of payments and money transfers including for mobile money. Electronic payment systems cover the infrastructure that provides the channels and tools for the delivery of DFS, be they mobile or other electronic payments and transfer services, to youth, women, refugees and the low-income segment in particular, and the unbanked, financially underserved or excluded in general.*

Definition of Microfinance: *Provision of financing and financial activities to persons of low-income and persons who are unable to obtain financial services wholly or partially from the banking sector, – whether these parties are individuals, microenterprises or small companies*

Definition of Financial Technology: *so-called FinTech, enables innovative businesses (FinTech firms), often start-ups keen to implement financial services using new technology, to provide services, ranging from mobile money to credit scoring and crowdfunding, as well as conventional financial service providers to use such service in order to reach out to new investors and clients in an efficient manner.*

Definition of Financial Consumer Protection: *the protection of the rights of consumers of banking and non-bank financial services through a legal and regulatory framework that defines their relation with financial service providers; through structured resolution of grievances by FSPs or an ombudsman. It assures the principles of fair treatment, transparency, responsible finance, data privacy, and redress. This is in addition to enhancing individuals' awareness and capability.*

Definition of Financial Capability: *the ability and confidence to use knowledge and skills to effectively make informed financial decisions and manage financial resources. Financial literacy and education raise individuals' awareness about rights and responsibilities and their ability to responsibly capitalize on appropriate financial products and services.*

Definition of Data and Research: *the collection and processing of data and information that help policymakers businesses to devise informed financial inclusion policies, strategies and plans, to set indicators for financial inclusion and to perform monitoring and evaluation.*

Laws, Regulations, Instructions: *the system of rules and provisions that relate directly to the Jordanian financial system, its markets and financial instruments as well as the financial service providers, financial consumers, financial regulator and their relationships, rights and duties. They are legitimized either directly by the Central Bank of Jordan, the Cabinet or the Parliament.*

Small and Medium-sized Enterprise Finance plays an important role for spurring economic growth and job creation. Micro and Medium-sized Enterprises (MSMEs) represented 99.4% of all registered enterprises in Jordan with majority of Microenterprises leaving Small and medium-sized enterprises (SMEs) roughly making up to 10% of businesses in Jordan. Yet, they are financially constrained. Incentive based instruments like lending at preferential rates and appropriate maturities and guarantee programs executed in public-private partnerships support access to funding and open up new, long-term growth prospects for SMEs.

Digital Financial Services (DFS) including payment and money transfer systems are an essential component of the financial infrastructure. A modern, secure, and efficient national payment system, including JoMoPay, Jo-Net and eFAWATEERcom, creates a level playing field for financial services providers and empowers financial customers, benefiting them through cost and risk reductions. DFS bear the potential to speed up financial inclusion of people and businesses. They are a convenient, effective gateway to the formal financial system for the listed priority segments, and are a driver for the digitalization of Business-to-Person and Government-to-Person transactions.

Microfinance plays a vital role in achieving Financial Inclusion through enhancing access to finance for the economically active low-income people, otherwise financial underserved or excluded, which help them to increase their income levels thereby to contribute to their own socio-economic wellbeing. Also, Microfinance enhances access to finance for micro, small enterprises where in return contribute to Job creation, decrease poverty and unemployment level, after all this will support economic growth of the Kingdom On the other side Microfinance helps in reducing gender gap. Traditionally, microfinance products included microcredit and insurance products. Emerging technology and new business models move forward the convergence of DFS and microfinance.

Financial Technology (FinTech) is recognized as the convergence of newly emerging, often disruptive technology as well as the financial system's infrastructure, the services therein and their providers and recipients. FinTech firms are assumed to be important drivers of competition, access to finance, economic growth and job creation. Key for emerging, disruptive FinTech services is a regulatory environment that is conducive to innovation while protecting clients, and that provides regulatory certainty for FinTech to evolve as technology is rapidly evolving.

Financial Consumer Protection (FCP) and **Financial Capabilities** are considered enablers for responsible financial inclusion in that they contribute to empowering financial consumers, thereby creating sustainable demand (absorption capacity) for enhanced usage of formal financial services. The protection of financial consumers and promotion of financial literacy, both aligned with the G20 Principles for Innovative Financial Inclusion, enable the priority segments to make informed decisions.

Data and Research play a crucial role in enabling policymakers and regulators to identify financial usage specifics by clients and barriers on the side of providers as well as in developing well-informed policies based on evidence. It is valuable for the private sector in developing new business opportunities and products based on market potential. It enables to set national targets for financial inclusion and measure progress along the way. Under the NFIS, the relevant stakeholders will set in place a data dashboard and infrastructure aimed at improving the organizational and national capabilities for demand and supply side data collection.

Laws, Regulations, Instructions are recognized as the key elements for an enabling environment for financial sector development in general and financial inclusion in particular, covering a broad range of topics that concern financial institutions and consumers relevant to financial inclusion.

4 Current State of Financial Inclusion

4.1 Financial System Structure

The financial system in Jordan includes banks and non-bank financial institutions (NBFIs). The assets of licensed banks, as at the end of 2016, make up 94% of all assets administered by both bank and non-bank financial institutions in Jordan. The NBFI sector comprises microfinance companies (MFIs), specialized credit institutions, insurance companies, exchange companies, and other financial intermediation / service institutions.

The CBJ undertakes regulation and supervision of the banking and foreign exchange sectors and, since June 1, 2015, of microfinance companies (MFIs). The Ministry of Industry, Trade and Supply (MoITS) and the Amman Stock Exchange (ASE) are responsible for regulating and supervising insurance companies and financial intermediation companies respectively. Similar duties have not been assigned to any organization yet for other credit institutions. The MoITS is, however, responsible for registering institutions of this kind.[14]

Table: Number of Respective Institutions in Jordan

Banks	25
Microfinance companies (MFIs)	8
Leasing companies (including bank subsidiaries)	32
Payment Service Providers	5
Exchange offices	136
Insurance companies (agents)	24 (933)

Banks

16 Jordanian banks and domestic branches of nine non-Jordanian banks, of which the largest five institutions by assets manage 54.3% of the sector's assets, constitute the Jordanian banking sector.

The assets of all licensed banks operating in Jordan add up to JOD 46.3 billion at the end of 2016, which equals 168.8% of GDP in 2016. This number represents a growth of JOD 1.1 billion or 2.4% in licensed banks' assets since 2015 (JD 45.2 billion) and a growth of JOD 7.5 billion or 19.3% since 2012 (JD 38.8 billion).

Direct credit facilities account for 48.6% of the banks' total assets (83.6% of GDP) and are thus the most significant component of the banks' asset structure. Of these credit facilities, 38.5% represent household credit

14 CBJ 2017, Financial Stability Report 2016.

facilities, where this category comprises credit for residential and consumption purposes; 37.7% represent credit facilities extended to corporates (large companies); 11.4% represent government and public sector credit facilities; 7.5% represent credit facilities extended to SMEs; and 4.9% were extended for the financing of commercial real estate.

Microfinance

The microfinance sector started its operations in 1994 and experienced strong growth ever since. Eight institutions undertake microfinance activities represented by the microfinance association, Tanmeyah, seven of which are registered with the Companies Comptroller Office and another international organization, UNRWA, provides microfinance. They managed a total loan portfolio of JOD 211.3 million at end-2016, up by 17% from end-2015.[15] The portfolio has increased steadily by, on average, about 20% annually in the period 2013-2016.

Taken together, at end-2016, MFIs served a total of 390,417 borrowers, up by 9% year-over-year, with about 406,783 active loans, up by 10% from the previous year, of an average loan size of JOD 519. More than two-thirds of all clients are women. The Development and Employment Fund has about 40,000 clients.[16] Of the 175 MFI branches 34% are located inside and 66% outside the capital of Amman. 31% of borrowers and 38% of the loan portfolio are connected to Amman.

Leasing

32 companies, of which eight are subsidiaries of banks, are involved in financial leasing activities in Jordan. The bank subsidiaries are responsible for the bulk of leasing activity. The total assets of financial leasing companies that are bank subsidiaries sum up to JOD 401.6 million at end-2016, up from JOD 327.1 million in 2015.

Currency Exchange

136 licensed currency exchange companies offer their services in Jordan through the country's 264 exchange offices. In 2016, JOD 8.4 billion and JOD 9.6 billion worth of foreign currencies were purchased and sold via the aforementioned exchange offices, respectively.

Payment Service Providers

Currently there is 5 licensed payment system providers (PSPs)in Jordan providing a variety of services from payments, money transfers, companion cards, cash-in and cash out.

Insurance

Jordan's insurance sector consists of 24 companies providing insurance policies as well as 933 insurance agents offering supporting insurance services. The insurance companies' assets totaled JOD 915 million in 2016, up by 5.2% from 2015.

4.2 Financial Access Strand

Only 33% of adults in Jordan, 27% of women, has an account with a financial institution, while 38 % is completely excluded from the formal financial system. Access to finance in Jordan has shown improvements overall in recent years, but variations in financial inclusion across segments point to remaining disparities for the majority of the population, particularly for vulnerable groups such as the youth, women, refugees, and low-income segments according to the 2017 Financial Inclusion Diagnostic Study in Jordan.[17]

According to the share of adults with a bank account or mobile money wallet, the indicator that is widely used to describe the access to the formal financial system, the level of financial inclusion in Jordan has increased from 24.6% in 2014 to 33.1% in 2017.[18] Most of these accounts were bank accounts, with 32.0% of adults reporting having a bank account, and relatively few adults with accounts from the Postal Savings Fund or e-wallet accounts (1.1% and 0.9% of adults, respectively). Account ownership is an important indicator, as it makes possible the usage of other services such as debit cards, money transfers, overdrafts, and online payments.

The reasons for financial exclusion are multi-fold and rooted in different dimensions. For example, concerning the physical access to finance, residents of rural areas (40.9%) find it rather difficult to reach a bank branch compared to urban residents (9.9%). The total number of bank branches per 100,000 adults of 13.9 puts Jordan roughly in the middle of other Arab countries. In terms of quality of financial services, half of adults without an account (47.4%) are often discouraged by the product conditions, with high account fees and high minimum balance requirements being of greatest concern.

15 All data, where not indicated otherwise, is taken from Tanmeyah 2016 Q4 report.

16 CBJ/GIZ Financial Inclusion Diagnostic Study in Jordan, 2017.

17 CBJ/GIZ Financial Inclusion Diagnostic Study in Jordan, 2017.

18 In this section, all 2014 figures are from the World Bank Global Findex Study, while all 2017 figures are from the CBJ/GIZ Financial Inclusion Diagnostic Study in Jordan.

By Product

Overall, in terms of financial usage, 62.0% of adults aged 15 and above, the range in age that is internationally used for comparison, used some form of formal financial service at least once in the past year, across various product categories including credit, deposits, remittances, payments, and insurance.[19] Adding in the 13.2% of adults that only used an informal financial services at least once, the total rate of usage rises to 75.2%.[20] On the contrary, 38.0% of adults were effectively excluded from formal financial services and 24.8% of adults did neither use formal nor informal financial services, such as borrowing from friends and relatives.

Breaking down the usage of financial services by banks and NBFIs reveals that 37.4% of adults are bank customers, 24.6% are NBFI customers only, 13.2% are informal customers only, and 24.8% are excluded from the financial services sector.[21]

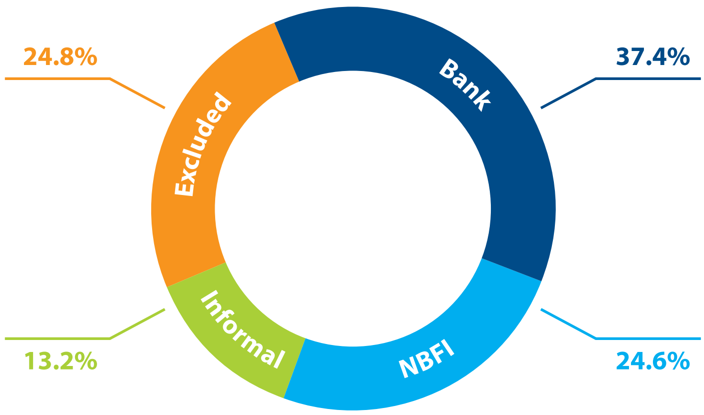


Chart: Mutually Exclusive Financial Usage by Channel (% of Adults)

Source: CBJ/GIZ Study 2017

The proportion of adults that saved money in an account increased to 9.3% in 2017, up from 3.8% in 2014. Only 7.3% of adults possess a savings account and 1.8% possess a term deposit, but current accounts (22.5% of adults have one) are also used to save money. People saved for educational expenses (6.2%), for old age (3.9%), and for business investment (3.4%). Nevertheless, more people (13.1%) saved money informally, such as at home in cash, than in a bank account. Access to and quality of savings products still bears potential. Only about 28% of adults with an account use it to save money.

The proportion of adults that borrowed from a formal financial institution, such as a bank or microfinance institution, decreased from 13.6% in 2014 to 9.9% in 2017. Notably, more people (13.3%) borrow from informal sources, such as family, friends and employers, than from formal financial institutions, which indicates that lenders and products do not always meet the needs and expectations of potential clients. Meanwhile, MFIs have continued to serve an ever growing number of people, counting 397,000 active borrowers, two thirds being women, in 2017.

18.3% of adults made or received payments through a digital or electronic channel, such as through debit and credit cards, internet on computers and mobile phones, e-wallets, online and mobile banking, or by receiving their salary or government transfers directly into an account. However, only 6.8% of adults received their wages into an account and only 5.8 % of people did so for government transfers, leaving considerable potential for the digitalization of Business-to-Person and Government-to-Person transfers through bank accounts or mobile wallets. With regard to making payments, 5.5% of adults made a payment via the internet, 2.8% made a payment with a debit card, and 0.6% used a mobile phone to make a payment, most of them up considerably from 2014 levels. Only 1.4% of adults reported having internet banking, 2.1% had mobile banking, and 4.8% had a credit card.

The usage of remittance services to send and receive money domestically has grown between 2014 and 2017. The proportion of adults that received domestic remittances, formal and informal such as in cash, jumped

19 This figure includes adults who: Had a bank account or mobile wallet; Borrowed from a formal financial institution in the past year (including leasing); Sent or received domestic remittances through a formal channel in the past year, including bank transfers, specialized transfer services like Western Union, and internet services like PayPal; Had insurance in the past year.

20 The share of adults using some type of informal financial service at least once in the past year is 43.6%.

21 This calculation assumes that banks are "above" NBFIs, which are in turn above informal sources, so that a client that used services from all three sources would be counted as a bank customer, and a customer of both NBFIs and informal sources would be counted as an NBFI customer. In this way the entire population of adults can be viewed on a scale that adds up to 100%.

from 9.5% to 33.9% in that period, while the proportion of people that sent remittances, formal and informal, grew from 11.4% to 25.2%.

Some form of insurance was held by 29.9% of adults in the past year, largely health insurance (26.9%), followed by motor insurance (8.1%), life insurance (2.8%) and property insurance (1.8%). The majority of clients are not buying insurance voluntarily – most receive it for free through a family member or government program or are required to buy it, e.g., when receiving a loan.

By Segment

Overall, different segments of the population have varied access to financial services and particularly vulnerable groups continue to be considerably disadvantaged. The gender gap is still persistent as women (27.2%) are much less likely than men (37.6%) to have an account at a financial institution. Similarly, young people (aged 18-24; 23.6%) are less likely to have an account than older people (aged 25+; 38.6%). Non-Jordanians (9.5%) own accounts to a substantially lesser degree than their Jordanian fellow citizens (43.6%). Members of the low-income group have far fewer accounts than those with high-paying jobs (bottom 40% vs. top 60% in terms of income; 19.3% and 43.7%, respectively).

Women tend to be less included in the formal financial system for account and remittances products. However, according to the CBJ / GIZ, Financial Inclusion Diagnostic Study 2017, women had higher borrowing rate (12.1%) than men (8.2%) for the year 2017, and are also more likely to have insurance (31.5% of women vs. 28.6% of men).

Young people (aged 15-24 for international comparison) are much less financially included than older people (aged 25 and above). They have lower inclusion indicators for all key product categories, and the gap was particularly wide for deposit and credit products, while it was narrower for payments and insurance. Only 20.4% of young people (aged 15-24) had an account and 4.1% had borrowed in the past year.

Non-Jordanian citizens, including refugees, demonstrate much lower usage of formal financial services than Jordanian national for deposits, loans, and insurance. The rate of account ownership is especially low at 9.5%, as is the rate of formal borrowing of 1.9% in the past year. They tend to approach rather informal than formal sources for both borrowing (20.2% vs. 1.9%) and saving (9.8% vs. 3.9%). Despite much lower usage of formal savings, credit and insurance compared to Jordanians, foreign citizens (31.4%) are more actively sending or receiving money through formal channels. Refugees, a particularly vulnerable sub-group of non-Jordanians, have even lower levels of financial inclusion (7.5% have an account and 1.5% borrowed formally), but more than half (50.2%) sent or received money through formal remittance channels in the past year.

Lower-income earners (defined as those in the lower 40% by reported income) are considerably less financially included than wealthier individuals for all product categories. Only 19.3% of adults in the low-income bracket had an account at a financial institution, and only 5.6% of them borrowed from a formal lending institution in the past year.

Rural residents demonstrated higher levels in formal borrowing (19.4% of rural vs. 9.1% of urban residents), account ownership (38.0% vs. 32.7%) and use of insurance (40.4% vs. 29.1%) due mainly to government employment in rural areas (military for men; public schools). They were less likely than urban residents, however, to have saved formally or to have used formal remittance services.

By Access Point

ATMs are the easiest type of financial access point to reach, while mobile banking agents are the most difficult yet, according to survey respondents. ATMs were rated as being impossible or difficult to reach by 10.3% of people. 12.2% of adults find bank branches difficult or impossible to access, 24.9% do so for MFI branches, and 18.0% do so for currency exchange houses.

The branch networks of banks in Jordan are moderately well developed in comparison to other countries in the MENA region. There were 891 bank branches in Jordan at the end of 2016, and the ratio of branches per 100,000 adults was 13.9. The ratio of branches per 1,000 square kilometers was 10.0 at year-end 2016. In 2015, the last year in which comparative international indicators for some countries were readily available, Jordan ranked seventh out of 15 countries in the region in terms of bank branches per 100,000 adults and ranked ninth in terms of branches per 1,000 square kilometers.

The branch networks of MFIs are reasonably well distributed throughout the country. The eight MFIs reporting to the microfinance association, Tanmeyah, had 175 branches in 2016, roughly one fifth the number of bank branches. Although MFIs have fewer branches overall than banks, they are relatively more distributed across governorates other than Amman. Only 34.3% of MFI branches are in Amman, compared to 60.1% for banks.

The ATM networks of banks are moderately well developed in terms of the density of ATMs per capita and in terms of their functionality. Jordan's ATM density per 100,000 adults of 24.2 ranked it ninth out of fourteen MENA countries for which data was available in 2015. The ATM density for Jordan increased from 24.2 in 2015 to 26.3 in 2016. ATM density varies widely by governorate, with the highest results observed for Aqaba and Amman.

5 Recent Developments and Challenges

5.1 Enablers

5.1.1 Laws, Regulations, Instructions

Potential for Basic Bank Accounts for the Priority Segments

The comparably low penetration rate for bank accounts (32.0%) according to global standards, leaves potential for the offering of basic bank accounts with no minimum balance and reduced account fees to clients meeting certain criteria including potentially below certain age, women, refugees, low-income, and rural residents. Product features available to such account holders may be customized.

Non-discrimination Rules towards non-Jordanian Citizens including Refugees

Non-discrimination rules hold promise to enhance the financial inclusion of non-Jordanians including for refugees by limiting the scope of discriminatory policies that may be applied to foreigners, such as by not allowing financial services providers to reject clients simply on the basis of their nationality. Furthermore, the clarification on Know-your-customer requirements in alignment with the AML / CTF regime, i.e. identification needed and accepted during account opening, loan application and other service provision, as well as the limitation of what additional documents aside from standard set of documents can be requested from foreigners, bears potential to expand non-Jordanian citizens' access to formal financial services.

Legal constrain of opening a bank accounts for the youth ageing 15-18

The youth aged from 15 to less than 18 are more likely to be financially restricted since they can't open bank accounts without the supervision of guardians by law. CBJ is working on a legal or regulatory amendment that could remove this obstacle.

Credit Bureau

As the absence of the credit bureau was a barrier to credit access, a private credit bureau (CRIF Jordan) has obtained the license in 15/12/2015, CRIF Jordan has launched the credit information reporting service in October 2016. This company contributes to enhancing access to finance, which presents one of the major challenge facing financial inclusion in the Kingdom. In this regards, All the Banks, and (15) Non-Banks Financial Institutions NBFIs [including (6) leasing companies, (2) MFIs and (7) other credit providers) have already signed an agreement of credit inquiry service" with CRIF Jordan , which is expected to increasingly improve the availability of credit data and access to finance for SMEs. Most MFIs need yet to join the credit bureau database to improve the availability of comprehensive credit data stemming from banks and NBFIs and to further improve the access to microcredit for the financially underserved segments.

Movable Asset Registry

The absence of a movable collateral registry is also considered a major challenge. It contributes to inflexible bank collateral policies, which in turn makes it more difficult for micro-enterprises and SMEs as well as individuals to access credit. Government efforts are underway to try to rectify this gap.

Bankruptcy Law

The absence of an insolvency law represents one of the most noteworthy regulatory challenges with regard to financial inclusion of micro-enterprises and SMEs. It contributes to a slow, unpredictable and complex bankruptcy process, which in turn discourages banks from lending, especially to more risky client segments, such as SMEs including for startup firms, next to the youth. It can further challenge MFIs serving micro and small-sized enterprises, although it may affect a smaller portion of the clientele.

5.1.2 Data and Research

Recent Developments

The financial sector lacks a unified data collection and sharing methodology, it is collected on a fragmented basis, each entity collects data separately. This data is not up to date neither accurate for decision making. In addition, data insufficiency on the demand side is a major challenge due to many affects the ability of; measuring the status quo of financial inclusion, monitoring and measuring the application of policies; conducting market studies necessary for assessing the socio-economic impact of financial inclusion and providing decision makers of data on key topics where more focus is required.

This process requires:

- Analyzing financial inclusion based on accurate and sufficient information and data.
- Devising policies in line with data and facts derived from studies.
- Monitoring developments during the implementation of policies.
- Assessing financial and socio-economic impact.
- Reviewing and amending policies, and taking corrective action.

Central Bank already collects data from bank regularly. However, it started collecting data from other financial institutions like Payment Service Providers (PSPs) recently started collecting data through templates quarterly.

Technological advancements will be harnessed to build and analyze database, set policies, and enhance statistical and analytical capabilities in line with international initiatives and frameworks. Central Bank of Jordan has realized this need for digital data collection platform and is about to issue an RFP for collect supply side data automatically from different financial institutions. This will provide insight for dynamic policy setting, and enhances achieving desired outcomes of initiatives to meet market demand.

It is worth mentioning that the Central Bank has already connected the payment systems operated by CBJ with the data base of the Public Civil Directorate in order to obtain data on real-time bases, this enhances the ability of overseeing safety, integrity and application of AML/CFT measures in the financial sector. Furthermore, the connections between the National Payment System and the Public Civil Directorate will pave the way to will enhance developing eKYC platform for instant account and e-wallet opening for primary target groups mainly, the bottom 40%, women, youth, and refugees. Furthermore, connecting to the database of the Public Civil Directorate will provide the financial inclusion division of disaggregated data and geo-social data too

The licensing of a credit bureau will rationalize the credit decisions and will reduce over-indebtedness.

Plans are ongoing to integrate different types of data sources to payment systems particularity the Jordan Mobile Switch in order to equip it for future projects like hosting a lending engine connected to JoMoPay, allowing clients to apply instantly to micro loans and receive the amounts in digital wallets. Sources of information include bill payments data obtain from eFAWATEERcom which creates a financial history for financial clients.

Department of Statistics (DOS), a main partner in the Data and Research working group that work on authoring this document, will collaborate with the Central Bank to include financial indicators through questions in surveys already conducted regularly by DOS. This will provide the Central Bank of financial usage trends that will provide insights for better serving and outreaching financial services.

Challenges

Main challenge is the lack of an efficient data framework in place that lays down mechanisms of data collections for some new departments at the central bank, and among different stakeholders externally. This could be solved by having in place a unified data collection platform that collects needed data regularly from all entities, and able to provide time relevant information and analysis for decision makers

In addition to the above, lack of human and financial resources is considered a major impediment for conducting demand side surveys and market studies that provide policy makers with required analysis to take actions and craft policies.

5.1.3 Financial Consumer Protection

Recent Developments

The regulatory framework for consumer protection is strongest in the banking sector and the national payments system, while it is at a nascent stage of development in the NBFI sector, i.e. microfinance, insurance and leasing.

The CBJ issued the Instructions on Dealing with Customers Fairly and Transparently (56/2012) for the banking sector on October 31, 2012, which entered into effect in May 2013. They address a variety of important mechanisms for the protection of customers. Some key elements are the introduction of an effective Annual Percentage Rate (APR) calculation for loan costs, a plain, simple language requirement, interest rate caps on credit cards, fixed account-related fees, the existence of the complaint handling division within the financial consumer protection department and various disclosure requirements. The Banking Law assures the data confidentiality and safety.

Banks receive about 9000 complaints each year, with the most common complaints being related to processing time, the cost of financial services, and being rejected for a product. Next to that, the CBJ's Banking Supervision Department – Banking Operations division has traditionally been handling complaints from bank clients, with a total of 269 fully resolved complaints in 2015. Apart from regular on-site inspections, these complaints are also being followed up with the individual commercial bank under concern on a case-by-case basis.

In 2016, the Central Bank Law was amended to expand the CBJ's mandate for setting in place rules and procedures for both banks and other financial institutions to deal fairly and transparently with financial customers;

and for increasing public awareness about banks and NBFI activities.

In 2017, the CBJ established a new Financial Consumer Protection (FCP) department to promote a holistic FCP framework for the financial sector in Jordan by means of new harmonized regulations and supervision. It will include the key principles of fairness, transparency, prevention of over-indebtedness, responsible pricing, privacy protection, and complaints and dispute resolution. The CBJ also assessed the establishment of independent financial ombudsman.

Accordingly, new instructions for internal procedures for dealing with complaints of clients were developed that will apply to all financial institutions regulated by the CBJ and provide more details than above mentioned Instructions (56/2012). They require financial institutions to set up an independent complaints units affiliated with the compliance department, to staff it with qualified personnel, to set in place complaints handling procedures, and to implement corrective measures in case of violations of instructions and / or internal policies. Furthermore, new consumer protection instructions were drafted for the MFI sector, which will be in line with best international practices..

The framework will take into consideration the special needs of customers, who do not necessarily have sufficient financial capabilities. However, whereas too strict consumer protection rules may affect the operating costs of financial institutions adversely, leading to higher prices, new regulations will have to be proportionate to give clients more confidence in the financial services industry and to safeguard demand. The modern FCP framework can thus have a major impact on financial inclusion in Jordan.

Challenges

Transparency, awareness and capabilities

The degree of transparency and the quality of disclosure in the financial sector has improved in recent years, but there are gaps in some areas, particularly among NBFIs. This might be mainly due to the absence of FCP regulations for these financial institutions (whereas these are expected to be implemented in the near future) and decreases the public's trust in such institutions, reducing demand.

Awareness of the costs associated with financial products is low. Among adults having borrowed from a formal financial institution, only 47.3% know the costs associated with the loan.[22] Only 42.2% of bank account holders know the costs of their account. On the consumer side, it is almost certainly due to little financial capabilities related to the willingness to read terms and understanding them. On the provider side, the low level of cost awareness is probably associated with weak disclosure and in the lack of diligence in explaining products and contract terms to clients. Only 70.9% of borrowers indicated that the lender made the costs and conditions of the loan clear to them before signing the contract, leaving 29.1% who found the disclosures inadequate.[23] That is why strong FCP regulations are needed to compensate for a possible lack of incentive to spend time for explaining contractual terms.[24]

Credit information and over-indebtedness

The private credit bureau which was licensed in 2015, should lead to better control over excessive borrowing in the near future as has been mentioned earlier.

There have not been full-fledged studies on over-indebtedness, but supply-side and demand-side indicators point to the state of affairs. The NPL ratio (90 days) for banks of 4.4% and the Portfolio at Risk (PAR) ratio (30 days) for MFIs of 7.9% at end-2016 are moderately high. A survey revealed that 9.9% of adults borrowed from a formal financial institution, while 21.6% borrowed from any source including informal ones (see chapter 4). 8.1% of adults who borrowed in the past year, cited they did so to pay off other debts, the most common reason. 7.8% of adults that didn't borrow in the past year cited as the main reason having too much debt. Although the degree of over-indebtedness is moderate and differs from segment to segment, it tends to be an issue mainly among corporate, retail, and microfinance segments.[25]

Complaint resolution

Financial consumer tend to not have a good understanding of the appropriate channels for filing a complaint about financial issues. According to the demand-side survey undertaken for this purpose, 24.7% of adults cited they would file complaint with the police, the most frequently selected channel, while 20.7% would not file a complaint at all. A considerable portion of 20.5% of respondents selected to file with the financial institution that provided the product and 18.6% intended to file with the regulator for that service provider. The CBJ's policy foresees that financial consumers first contact the financial institutions to complain and only approach the CBJ, if the complaint is not satisfactorily resolved in the first place. Surveyed bank managers are well-aware

22 48.5% of bank borrowers knew the cost of the loan, above 45.2% for MFIs (CBJ / GIZ, Financial Inclusion Diagnostic Study, 2017).

23 The fact that only 47.3% knew the costs of their loan, much lower than the 70.9% for whom the costs were made clear, suggests that many borrowers forget the costs after receiving the loan (ibid.).

24 92.1% (72.8%) of bank (MFI) borrowers stated that loan conditions were made clear to them (ibid.).

25 For banks (MFIs), the ratio of loans overdue 90 (30) days or more (CBJ; Tanmeyah). The ratio of private sector bank credit to GDP was moderate at 74.3% (CBJ / GIZ, Financial Inclusion Diagnostic Study, 2017).

of the volume, nature, and types of complaints submitted by clients. On the side of borrowing, the most common complaints are related to high interest rates, slow decision-making or rejected loan applications.[26]

Fairness and access to finance

Certain vulnerable segments, such as the youth and foreigners, exhibit particularly lower ownership and usage levels for various product categories (see chapter 4). Lower ownership and usage alone are not necessarily evidence of unfairness. Fairness refers to the extent to which clients have equal opportunities to access financial services, but groups with lower ownership of financial products may have less demand for or difficulty accessing those products for various reasons (e.g. distance, trust, inappropriate product features), or they may be objectively more difficult or risky to serve (e.g. startups). MFIs have made considerable efforts in fairness on the credit side, leading the outreach to women, low-income groups, and refugees. Banks are catching up, as more specialized products are being offered for women, microenterprises, young people, startups, and other segments. The general trend in Jordan is towards fairness and equality, as competitive pressures at least to some extent counteracts possible discriminatory tendencies, but there may be opportunities for improvement.

Some practices of financial institutions point to certain segments being treated unfairly, less on a systematic manner, more on an idiosyncratic and individual level for various possible reasons. For example, refusing to lend to 18-21 year-olds with a stable job or to women at equal conditions due to unjustified risk concerns; to open an account for refugees due to overly cautious interpretation of KYC requirements as well as to service particular client segments due to sectoral or institutional de-risking tendencies in general that counteract financial inclusion goals. This discriminatory financial practice is due to the fact that Banks can be subject to compliance, legal, and reputational risks when dealing with citizens of sanctioned countries, or countries affected heavily by terrorism. This can reflect on banks by losing correspondent banking relationships and being subject to sanctions.

Responsible pricing

As clients perceive interest rates as too high, especially from MFIs (see section 5.2.1), a way to lower interest rates to clients can be that financial service providers improve their operational efficiency with such as technical assistance and by maintaining low inflation to keep funding costs low.

5.1.4 Financial Capabilities

Recent Developments

Enhancing financial literacy is a major key to financial inclusion, and should intersect with all NFIS components. Promoting awareness of financial products and services helps individuals make good and secure use of them, and to develop the ability to make smart decisions and leverage financial resources.

Although financial literacy is a separate component in the NFIS, it intersects with other components such as MSME finance as well as empowerment of women and local communities. Financial literacy raises awareness of services and organizations, thus educating individuals on how to smartly use and trust such services.

Increasing financial literacy and awareness across all sectors enables citizens to:

- Understand the basic financial and banking principles and concepts.
- Manage savings and property, and make optimal and secure investment decisions.
- Leverage resources, services, and facilities offered by banks and other financial institutions to improve personal finance and to develop business.
- Enhance consumer protection methods and means, and build trust in financial transactions and dealings, thus encouraging investment and use of services.
- Strengthen financial inclusion as well as financial, economic, and social stability in the Kingdom.

Accordingly, special financial literacy programs will focus on schools, higher education institutes, vocational schools, women, rural communities, business development, and workplaces. Other target groups include retirees, unemployed university graduates, artisans, and professional workers. The programs will also enhance financial literacy through the media and social media networks. To further develop financial capabilities in Jordan, the Central Bank announced Maya declaration[27] in 2016 to enhance financial capabilities in the kingdom. In order to achieve that, financial literacy and education are rolled out according to target groups.

26 CBJ / GIZ, Financial Inclusion Diagnostic Study, 2017.
27 https://www.afi-global.org/news/2016/11/central-bank-jordan-makes-bold-maya-commitment-financial-literacy-access-refugees

Having the students of schools as one of the key components of the financial literacy and education program, a national committee for financial literacy and education has developed and included a financial education program in the existing school curricula to be rolled out from 7th to 12th grade by 2020. Starting the scholastic year 2015-2016, 7th grade students in all schools in the kingdom began to learn about financial skills and knowledge, sound financial decisions, and entrepreneurship delivered through one lesson per week. In addition to this, plans are being negotiated to include financial education in universities by offering financial education classes promoting entrepreneurship for those who would like to pursue a self-dependent career. To address different society components, CBJ and Jordan River Foundation(JRF) are working collaboratively in designing courses for women through civil based originations CBOs. A pilot project for offering financial literacy courses for women under CBJ and JRF initiatives is set to launch in 2018.

On a broader sense, other initiatives have been developed such as on- demand online courses for individuals who want to benefit independently. A leading initiative by the Queen Rania Foundation called "Edraak" was launched in 2016 providing online classes on planning personal finances. More classes regarding investing were rolled out under the same initiative in May 2017.

Donor based financial literacy are carried out in Jordan. Digi#ances[28] is a GIZ project that aims at enhancing access to digital cross-border remittances and other digital financial services in the kingdom. Main intervention area under this project is improving financial awareness and designing financial awareness campaigns to promote responsible usage of digital financial services. Under Digi#ances, mass reach campaigns, ToT programs, and other training courses are provided to target groups of the project; low income Jordanians and Syrian refugees. Refugees are main focus under this group to financially enable them to achieve financial impact needed through digital financial services.

As part of its non-financial services and activities, microfinance institutions promote a sound business environment and raise awareness of financial literacy. Microfinance institutions also organize training courses to promote and encourage financial literacy by educating their clients on the basics of business management, including small-scale project management, accounting, marketing, and finance.

Trainings are conducted by MFIs through credit officers who provide mentoring and coaching services. Specialized courses are also organized periodically by those institutions.

Many NGOs and non-profit organizations supporting entrepreneurship, such as INJAZ, the Jordan River Foundation, and Al Jude for Scientific Care organize training courses and workshops on the principles of financial management, accounting, and micro and small businesses, as well as productive and income-generating projects.

Challenges

Jordan has a %24 financial literacy rate which is lower than most of Arab countries

Country	Score
Tunisia	**45**
Kuwait	**44**
Lebanon	**44**
Bahrain	**40**
United Arab Emirates	**38**
Algeria	**33**

Country	Score
Saudi Arabia	**31**
Egypt	**27**
Iraq	**27**
Jordan	**24**
Turkey	**24**
Iran	**20**

2014 S&P Global FinLit Survey

- Long term sustainability of ongoing projects: Programs rolled out at schools is currently being done with CBJ support. However, financing for implementation, consistency and development of these programs is uncertain.
- Lack of non-financial products: Financial literacy programs are not integrated within financial institutions as a prerequisite for obtaining the proper funding. The development of non-financial products is necessary to ensure gaining adequate financial capabilities to form well informed financial decisions. In different countries, financial institutions provide short online courses prior to the approval of a financial service application to enhance financial literacy level which will help avoid mismanagement of the financial service, in addition it can help reduce the over-indebtedness phenomena by matching real needs with right financial services at right characteristics.

28 https://www.giz.de/en/worldwide/38566.html

A significant observation is that low financial literacy does not necessarily mean a similarly low use of financial services. In emerging economies only about 30% of account owners were estimated to be financially literate (compared to 57% in advanced economies). Similarly, only about a quarter of people who use credit (loans or credit cards) in emerging economies are financially literate. What this means is that, due to poor financial literacy, most of the financial services users in emerging economies are exposed to higher risks, not having the ability to fully estimate the conditions of used financial products. Thus, for example, many short-term credit users do not fully understand the speed at which interest compounds can inflate total amounts owed, potentially leading to over-indebtedness. Additionally, poor financial literacy doesn't allow to fully estimate the benefits and savings that may be gained by switching from informal to formal financial service providers.

Refugees have lowest savings

The analysis of questions on financial behavior also provides several insights. Looking at sources for covering an unexpected need for funds, the survey shows that only about 13% of the population could rely on savings even for a relatively small amount of JD 150 (lowest result: 6.4% for refugees). As an alternative, it is not surprising to see family (45%) and friends (16%) playing a significant role here.

Women track expenses significantly better than men

Another insight comes from questions on keeping written budgets and regularly tracking planned and actual expenses. Here female respondents show better practices in both cases. 38% of women keep a budget compared to 23% of men (national result: 30%), and 63% vs. 40% compare planned and actual expenses (national result: 50%).

Good practices in rural areas

The rural segment of the population showed best results in two areas: (1) highest reliance on savings for emergencies (17% vs. 13% national average), and (2) highest tendency to read all contract conditions (91% vs. 85% national average).

Higher financial literacy scores are correlated with the use of financial products

Results show that people who use such financial products as bank accounts, insurance, loans, or remittances, are consistently better at answering financial literacy questions. This is highlighted by higher responses in answering at least three or four of such questions correctly.

5.1.5 Financial Technology

Technological developments and innovation are progressing quickly in Jordan. Jordan has a budding venture capitalist environment that supports innovation, and 157 new entities are now investing and developing programs to grow entrepreneurship in Jordan. There also exists a high demand and appetite for FinTech in the Jordanian market, given the significant development challenges in expanding access to finance. There is, however, a need to shape the Legal, and regulatory and policy framework need to keep pace with the rapid developments and continue to provide a conducive environment to promote innovation.

Jordan is currently among the leading countries in innovative information and communication technology (ICT) and is at the top of the list of the most technology startups. Developers are at the forefront of some of the most popular Middle Eastern startups to have come out of the region. Yet, various stakeholders expect that Jordan stands a good chance to become a leader in financial technology alike in the region.

Financial technology (FinTech) can accelerate financial inclusion and bring about substantial efficiency gains for the financial services industry and users, removing constraints to the financial inclusion of priority segments. FinTech solutions help to improve market infrastructure, and thereby to increase efficiency of financial services delivery as well as availability and outreach of products and services for financially underserved and underserved segments. This is particularly critical in Jordan, where approximately 2.7 million refugees reside,[29] as FinTech can help to make low-value cross-border payments more viable in reaching financially excluded youth, women, poor and refugees.

Low-income groups and refugees are a segment with diverse needs and it is difficult to create meaningful outcomes without tailoring solutions to the behaviors and preferences of these and other segments alike. FinTech can help in analyzing consumer behavior, scoring their credit worthiness, and reaching out to the financially underserved and unserved segments regardless of the connectivity and infrastructure.

Women are another critical priority segment that can be served by FinTech using a gender lens (i.e. small-holder women, young women, salaried female workers, etc.) with broader understanding of how gender influences aspects of financial access and usage – from client acquisition, to frequent usage.

29 The Jordan Times. Jordan Tops List of Refugee Host Countries. October, 2016. <http://jordantimes.com/news/local/jordan-tops-list-refugee-host-countries-%E2%80%94-amnesty>

FinTech solutions can also facilitate eligibility and access to a broader range of financial products and services by increasing access to robust, verifiable digital identity documents or leveraging data for intelligent scoring.

The shift to a new and hyper connected digital world is enabling completely new business models with significant potential to reach low-income segments with better financial solutions, and most importantly, data and more interconnected ecosystems create business model opportunities for new providers.

Through big data and data analytics, onboarding new customers, managing risks more effectively, reducing compliance and legal costs and allowing providers to design more affordable and better tailored products can be provided by the incumbents as well as by third parties such as FinTech to accelerate the adoption of digital services by low-income customers, and generate vast amounts of data that open more avenues to serve low income customers. Through open application programming interfaces (APIs) and improved use of data analytics providers are able to share data and combine offerings, enabling a broad range of providers to integrate financial solutions into the value chains in sectors such as health, sanitation, education, clean water, and energy. This changes the way financial services can impact the lives of the low-income segment.

Challenges

Registration and licensing

FinTech companies and start-ups are currently facing registration, financing and regulatory requirements in Jordan, limiting their ability to establish business, grow and expand. Some firms have begun to exit the Jordanian market.

Maintaining a level playing field

When developing an innovation facilitator, particularly a regulatory sandbox, maintaining a level playing field is a critical aspect to ensure fairness and objectivity with applicants.

Staff expertise:

An innovation facilitator must include a broad array of perspectives. Therefore, a clear plan or framework that selects / builds staff expertise or coordinates wider inter-disciplinary teams is needed in assessing all aspects of innovative business models.

5.2 Industries

5.2.1 Microfinance

Recent Developments

Until mid- 2015, MFIs were registered by the Ministry of Industry, Trade and Supply, but they were not actively supervised. The cabinet approved on December 14, 2014 the Microfinance Bylaw (5/2015) which became effective on June 1, 2015 and mandates the CBJ to license, regulate and supervise microfinance companies. The above mentioned bylaw included a set of provisions including the following:

- The definition of Microfinance and the permitted activities for microfinance institutions.The minimum capital requirement
- Fit and proper standards for the board of directors and executive management and members of the regulatory Sharia committee.
- The CBJ has the authority to set minimum and maximum limits for interest rates, fees, and commissions charged by MFIs on products and services provided to clients;
- Cooperative and charitable associations are exempted from the provisions of the bylaw.

The microfinance association Tanmeyah supports the development of the sector by providing advocacy and awareness rising on behalf of its members, disseminating performance and sector data.

Most MFIs participate in enhancing transparencythrough disclosure of financial and performance data

The eight MFIs that are members with the microfinance association have steadily grown with an average annual increase of around 20% in terms of total loan portfolio in terms of outreach there was an increase from 243,793 to 390,417 active clients during the period 2012-2016.[30] Three of the long-standing MFIs continue to drive market growth. While there has been some differentiation in the market, the industry remains credit driven. Demand-side data indicates that 4.2% of adults borrowed from an MFI in the past year. Supply data shows that there were 60.7 MFI borrowers per 1,000 adults at end-2016, up from 57.2 in 2015 and 56.4 in 2014.[31]

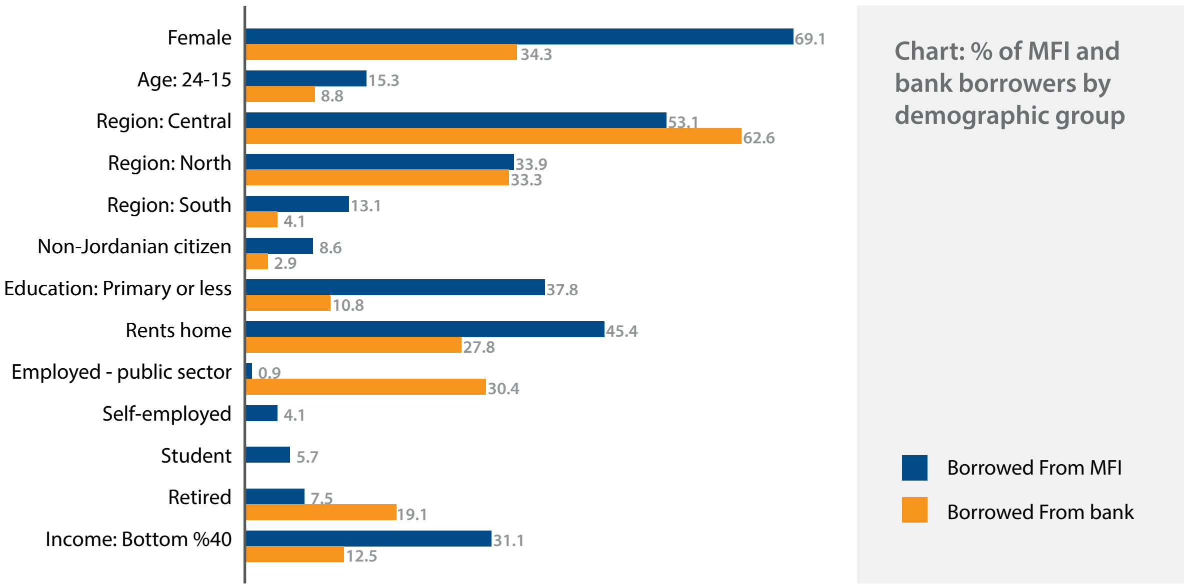


Chart: % of MFI and bank borrowers by demographic group

Source: CBJ / GIZ Study 2017

30 Tanmeyah 2016 Q4 report.

31 CBJ / GIZ, Financial Inclusion Diagnostic Study, 2017; Tanmeyah, Members' Performance Report, Q4 2016. January 2017. Although the implied borrowing rate based on the supply-side data of 6.1% (60.7 borrowers per 1,000 adults) is higher than the demand-side figure of 4.3%, these results are not inconsistent. The supply-side data is the result of simply adding the number of borrowers from each MFI and could be overstated to the extent that some clients have loans at more than one MFI. In addition, the demand-side data only measures borrowing over the past year, whereas some active MFI borrowers have had their loan for more than one year and so are counted in the supply-side but not the demand-side figures.

MFIs are much more likely than banks to serve the traditionally more vulnerable priority segments: the youth, women, students, non-Jordanian citizens, and low-income earners, next to residents of southern governorates, people with less formal education, retirees, and the self-employed, i.e. entrepreneurs.[32] Overall, MFIs serve retail clients, micro-enterprises as well as small enterprises to a lesser extent. Of all formal businesses, around 88.6% are classified as micro (139.539) and around 9.5% as small enterprises (14.970).[33] A credit demand for the formal micro-enterprise sector is estimated at JOD 5 billion.[34]

Challenges

Regulatory and supervisory framework

Existing MFIs need to comply with the Microfinance bylaw within a period that shall not exceed two years from the date of its effectiveness to get licensed. This period may be extended with prior approval from the CBJ for no more than one year. Existing MFIs have requested the approval to extend this period and an approval has been granted, and the first MFI was licensed by the end of 2017. Meanwhile, instructions are being finalized. The new regulatory framework's has implications on access to finance for the priority segments as well as for micro and small -sized enterprises alike.

Insolvency law and movable asset registry

The absence of an insolvency law and movable asset registry is much less relevant to MFIs than to banks, but can nevertheless be considered at least a minor constraint. The majority of microloans are made without physical assets as collateral, while some MFIs take post-dated checks from clients. However, for MFI clients needing larger loan amounts, the lack of a unified registration system may restrict access to credit. Similarly, an improved insolvency framework might benefit MFIs that work with small enterprises and take collateral. A few MFIs use guarantees from the Jordan Loan Guarantee Corporation (JLGC) as a form of protection typically for relatively larger loan sizes above JOD 5,000, with the outstanding guaranteed amount comprising only 1.6% of total loans of MFIs at end-2016.[35]

Credit information

MFIs have been sharing data amongst themselves, but have no information about their clients' borrowing from banks and other financial institutions. Whereas the private credit bureau was launched just recently, and thus has not affected financial inclusion indicators, it is expected that it becomes comprehensively effective for all MFIs in the future too. Two MFIs signed an agreement of credit inquiry service" with CRIF Jordan, while others are expected to follow suit.

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32 CBJ / GIZ, Financial Inclusion Diagnostic Study, 2017.
33 Department of Statistics, 2014.
34 EBRD MSME survey 2015.
35 Jordan Loan Guarantee Corporation. Annual Report 2016.

Accounting and financial management skills

The weak financial skills of entrepreneurs or in micro and small-sized enterprises lead to incomplete or inaccurate financial records, making it more difficult and costly to evaluate the repayment capacity of applicants. Credit analysis especially for micro and small-sized enterprises represents a significant barrier to financial inclusion as a result of both supply-side and demand-side factors.[36] Overall, the lengthy credit analysis including time-consuming client visits add to the cost of MFI services and to the duration of the credit process, making microfinance slower and more expensive.

Low financial literacy

MFIs are much more likely than banks to serve segments that are traditionally thought of as being more vulnerable and have less income. A lack of familiarity with and understanding of financial contracts may lead to reduced demand and confidence. Although low financial literacy is as a demand-side constraint, MFIs could do more to help educate their clients or simplify their products and contracts and improve disclosure to make them easier to understand.

Consumer perception – trust

The image of the microfinance sector in the perception of the wider population may be holding back its development. According to a national study, almost half of adults (47.3%) either completely or somewhat dissatisfied with MFIs, whereas 35.1% either completely or somewhat trust them.[37] This may be heavily influenced by products that are perceived as expensive, confusing or opaque pricing schemes, or a result of MFIs comparably lower budgets for marketing and public relations. As the CBJ begins to effectively supervise MFIs, the public's trust in MFIs could improve substantially.

Operational efficiency

In terms of the number of borrowers per loan officer, Jordanian MFIs are doing moderately well, based on the average of 347 borrowers per loan officer. However, the average ratio of operating expenses to gross loan portfolio (GLP) for two major MFIs, among the largest and most successful, in 2015 was 19.2%, a rather high result.[38] A study of 43 international MFIs found that the median ratio of operating expenses to GLP was 12.7% in 2016. The operational efficiency indicators for Jordanian MFIs suggest that there is room for improvement.

Staff capacities

Financial analysis of micro and small enterprises can be complex, while the level of staff capacity varies widely from MFI to MFI and from branch to branch. MFIs tend to be particularly constrained in servicing small enterprises due to lack of staff with relevant experience and of appropriate policies and procedures. Numerous programs have provided training to the staff of lending institutions on credit analysis, including cash-flow-based financial analysis and risk measurement techniques. Yet, there is a need for more training on a wider scope of topics for staff from different institutions (banks, MFIs and leasing companies), with different functions (credit officers, credit administrators, credit managers, and training of trainers), and for different segments (micro-enterprises and SMEs). This may positively affect operational efficiency.

Product mix, pricing, maturity and loan amounts

MFIs tend to offer a somewhat diverse product mix, but there remains a potential for increased offerings of energy efficiency loans and agricultural loans. Yet, the industry remains credit driven, leaving the unbanked population, particularly low-income people, the youth, women and people from remote areas, with limited access to affordable, needs-based payments and micro-insurance products. MFIs show growing interest in upscaling to reach larger enterprises and offer more so-called SME loans, but they are only available to small enterprises in accordance with regulations. Notably, most MFIs are lending to salary earners, partly to a large extent, which may reflect a mission drift away from the traditional core business.

MFI clients identify the cost of borrowing (30.9%), maturity (23.9%) and loan amount (22.7%) as the top three aspects of the borrowing experience that leave them dissatisfied.[39] Most MFIs limit their maximum loan size to a level which is below the regulatory limit in loan size defined in the licensing instructions. Small enterprises tend to struggle to obtain funding from either a bank or MFI, considering that banks are not reaching their potential in terms of serving small enterprises and the combination of regulatory and voluntarily limitations

36 A survey of MSEs found that 35.8% of them don't know the exact amount of profit they make (USAID 2015, Jordan Local Enterprise Support Project).

37 CBJ / GIZ 2017, Financial Inclusion Diagnostic Study in Jordan. Further research might help to better understand the underlying causes of this possible misperception, in spite of trust being difficult to precisely identify and measure, as it is rooted deeply in attitudes, cognitive procedures and preferences.

38 Calculations for number of borrowers per loan officer covers four MFIs for which data was available in 2016. The calculation for operating expense to GLP includes only two MFIs for which data was available and which are among the largest and most successful, suggesting that the average ratio for the industry may be even higher.

39 CBJ / GIZ 2017, Financial Inclusion Diagnostic Study in Jordan.

from MFIs on their maximum loan sizes.

MFIs offer smaller loan amounts with maturities of one to two years, which may be insufficient for micro-enterprises that wish to make investments in fixed assets. Credit committees tend to approve loans with maturities and grace periods that are well below those requested by clients and do not always approve flexible schedules.

Nominal interest rates from MFIs generally range from 17-32% annually on a declining basis. Some MFIs apply flat rates, some use the declining balance method, while others use both. Practices for charging a one-time loan commission fee vary. The different calculation and disclosure of nominal rates may have been a source of some confusion for clients. However, there is little or no evidence that MFIs are engaging in exorbitant pricing. The high rates are primarily the result of the specificities in microfinance, which lead to comparably lower operational efficiency, and of the high funding costs relative to banks.

Competition from informal sources

Survey results demonstrate that MFI clients use informal borrowing sources including for some NBFIs more frequently than formal ones, with loans from family and friends being especially prominent. Informal sources may meet the financial needs of clients, but often borrowers are being taken advantage of, exposed to additional risks or are receiving inferior services compared to those of MFIs.

Availability of funding

Access to funding can be a constraint for some small MFIs, while cost of funding creates a disadvantage for all MFIs relative to banks. Larger MFIs have no difficulty obtaining funding from banks and international institutions. Most MFIs report that they are currently able to borrow at rates in the range of 5.0-6.5%, which is not high in comparison with non-deposit-taking MFIs in most other countries, but puts MFIs at a disadvantage relative to banks. Funding at low interest rates have been available to banks, but not yet to MFIs, which affects their cost of funding and their interest rates to borrowers. After becoming licensed and supervised by the CBJ, MFIs in the near future will gain access to funds from the CBJ or other national or international government at lower rates allowing them to lend at more attractive rates and compete better with banks, especially for small enterprises.

5.2.2 Digital Financial Services

Recent Developments

In the digital financial services realm, Jordan has taken wide steps towards digitization of payments and financial services in general. It started with developing the building block infrastructure by implementing the Payment Systems Strategy 2013-2016. This strategy directed the way in developing wholesale and retail systems to provide the financial sector with up to date instruments in order to provide best services and foster growth and economic activity in the kingdom. Central Bank of Jordan has developed its Real Time Gross Settlement Systems RTGS according to best international accepted standards to pave the way for the banking industry to clear and settle in a safe, time relevant, and efficient manner. This in return has paved the way for the banking sector to further look into developing more market based products. Further developments followed om a retail level varying from the Automated Clearing House (ACH) a centralized low value clearing house between banks that clears corporate and merchant bulky payments in a faster more efficient way . The CBJ has also launched the Electronic Bill Presentment and Payment System (eFAWATEERcom) in its efforts to automate payments for the public and private sectors as well as means of payment for other basic services. eFAWATEERcom is a centralized switch operated by Madfoo3atcom, that grant the financial consumer to present and pay bills (varying from public services payments, private sector bill, utilities, tuition fees, and more) through banking channels whether internet, ATM, mobile and more.

To further outreach and service un/underserved segments and areas, along with the realization of a striking contrast in Jordan where 67% of the population is unbanked, and mobile phone penetration rate is close to 150%, the Jordan Mobile Payment System (JoMoPay) was developed. The step was also necessitated by the need for providing secure payment systems around the clock to everyone reaching out to remote areas, and providing a financial tool to the unfortunate bottom %40 of the population, women, youth, and refugees. Within JoMoPay, financial consumers can open e-wallet accounts and use them to pay, save, and transfer money securely at costs that are lower than costs associated with maintaining bank accounts. In addition, JoMoPay acceptance network is expanding to reach transportation, payments campuses, and salary transfers for businesses.

To connect the dots, ascending from developing the bed rock of the financial sector to the development of client based services, JoMoPay was connected with eFAWATEERcom to enable the unbanked who holds a digital wallet in JoMoPay to pay bills electronically without burdening the hassle of doing so is costly. By the

end of the day, the money settles in the RTGS systems on daily basis by the central bank's money protecting the integrity of the flow. In addition, many services are being designed and developed based on the JoMoPay platform; this includes the Near Field Communication (NFC) technology for tap and pay services, which is more efficient for micro payments, hence for transportation; the connection of JoMoPay platform with JO-Net (the ATM network); and the QR technology to read QR enabled cheques to collect in digital wallets.

The government and its payments play a major role in enhancing the use of e-payments. The first of the G20 Principles for Innovative Financial Inclusion stresses the "Promotion of technological and institutional innovation as means to expand financial system access and usage." A note to mention is that the use of P2G payments has been on the rise, with full P2G payment digitization envisaged in the future.

In order to facilitate a collaborative framework a Digital Financial Services Council (DFS) has been set up comprising all stakeholders in the market to enhance the technological and legal environment for the industry.

In alignment with this strategy, the Central Bank and its partners have taken serious leaps into enabling refugees – a prominent target group- and financially include them. Special programs are being designed to outreach to refugees by digital financial services. Major step was to enable the UNHCR card as a valid identification card accepted for opening digital wallets for refugees on JoMoPay.[40] This will provide them with a financial tool that enables savings, payments, money transfers, and financial planning for emergencies.

Digi#ances[41] is a project by the Central Bank and GIZ that aims at digitizing cross-border remittances through JoMoPay and promoting the usage of digital financial services in Jordan. This project mainly targets low income Jordanians and Syrian refugees, where the financial needs of refugees have been assessed, and a pilot project was launched in partnership between GIZ and Payment Service Provider in Irbid and Mafraq to serve refugees. This is done simultaneously with the launch of financial literacy program for these target groups; particularly refugees in highly refugees populated areas.

[42]Remittances is major income for both low income Jordanians and Syrian refugees, which is mainly done through exchange houses in the kingdom. Exchange houses are now becoming agents for MPSPs to provide

40 http://www.cbj.gov.jo/EchoBusV3.0/SystemAssets/24ab593c-e6da-4247-9a6c-7644b996d2f2.pdf Mobile Payment Instructions of 2013, amended pursuant to the Instructions of 2017 which were amended according to the Board of directors' decision No. (116/2017) dated 1st June, 2017. Article 11 – B – No. 4 on page 9 refers to the acceptance of UNHCR card.

41 https://www.giz.de/en/worldwide/38566.html

42 CGAP engaged DMA to research the Jordanian remittances market to inform development interventions and pilots aimed at improving access to financial services for low-income Jordanians and Syrian refugees living in Jordan, leveraging international remittance flows into and out of the Kingdom. Research took place between April and September 2016 and focused on assessing the supply of services for both the domestic and international payments market. Using the Committee on Payment and Settlement Systems (CPSS)-World Bank General Principles for International Remittances, a general assessment was completed on the market structure, regulatory and competitive environment, transparency and consumer protection. A detailed analysis of eight corridors, selected based on their size and potential for digitization, was also completed to assess the viability of launching a digital pilot in one of these corridors to test an end-to-end digital solution for international remittances. The five inbound corridors were from the UAE, Saudi Arabia, Qatar, the United States, and Germany to Jordan; three outbound corridors were from Jordan to Egypt, Palestine, and the Philippines. http://www.cgap.org/publications/paving-way-digital-financial-services-jordan

the unbanked target groups with channels to open digital wallets and be able to send and receive funds, and gain access to financial services. However, this is met with few challenges. In terms of digitizing international remittances, JoMoPay offers a unique opportunity to connect into the international payments system, which is highly competitive, but also cash dominated, with few digital options available. To be effective and achieve scale, this would require creating a nondiscriminatory and sound market, without losing the benefits of the already competitive market Jordan holds.

Challenges

Consumer cash preference

Jordan is a highly cash-based society, suggesting a slow transition to DFS. Nonetheless, concentrated efforts like marketing campaigns, improving financial literacy, and ongoing collaborations that results in rapid scalability (with government agencies, NGOs serving vulnerable groups, transportation companies) are expected to reach the necessary critical mass of users in the medium-term in order to change perceptions on DFS.

Geographic distribution of exchange houses

The majority of international remittances and domestic P2P payments are reported to happen via the channel of exchange houses, of which 75% are reported to be concentrated in Amman. This significantly reduces the access of rural population to such services, but at the same time represents an opportunity for new Mobile Payment Service Providers (MPSPs) to concentrate on this market niche, assuming that the average transaction volumes here would also be lower than in urban areas (and thus better fit with the current transaction limits regulated for mobile wallets).

P2P transfer limits

To advance digital payments, the maximum limits for mobile person-to-person (P2P) transfers needs to be increased since the current limit (JOD 200 (for a banked client)) is well below the average amount reported for a domestic transfer via exchange houses (JOD 2,000).

Price disadvantage for PSPs

Jordan is found to have some of the lowest average prices for sending remittances to other countries, which would make it difficult for new MPSPs to compete with market incumbents. This is especially the case for regional remittance corridors (Arab countries) where the cost of such services is below the global average of 7.6% (of transaction value). Thus (assuming transaction limits are increased) MSPS that also cover remittance payments could concentrate on the corridors to and from Europe or more distant markets (e.g. USA, Philippines).

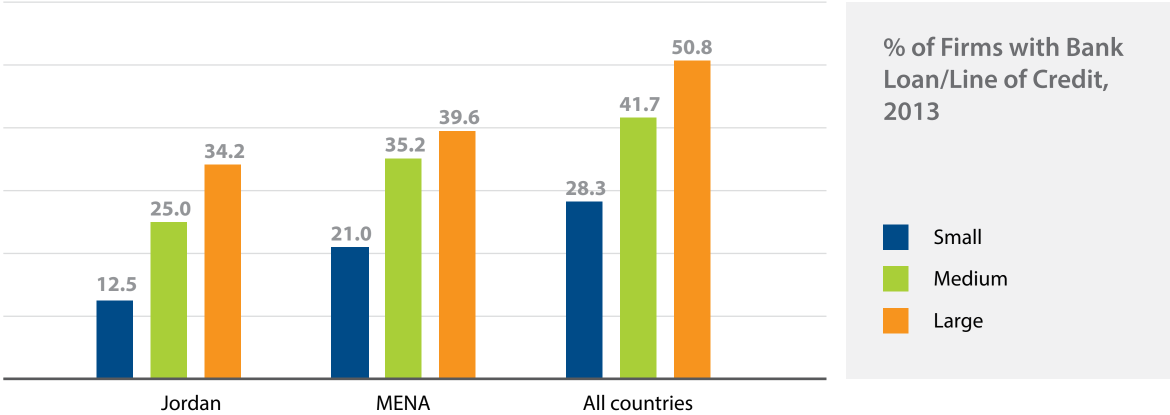
5.2.3 Small and Medium-sized Enterprise Finance

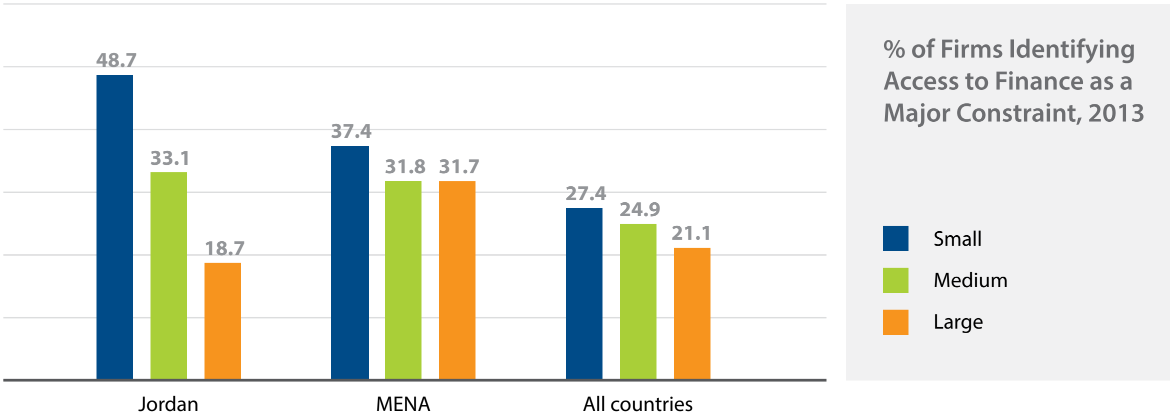
Recent Developments

Supply-side data confirms that the financial inclusion levels of small and medium-sized enterprises (SMEs) with respect to credit are low and among the lowest worldwide. While Jordan has a relatively deep financial sector and one of the largest banking sectors in the MENA region, with private sector credit by banks to GDP accounting for about 70% and bank assets amounting to 176% of GDP, the value of outstanding SME loans from banks averages, depending on the source, between 7.5% and 8.5% of total loans extended in 2016, up from 7.3% in 2015.[43]

Demand-side data suggests that small enterprises have less access to credit than medium enterprises, which in turn have less access than large enterprises. Considering the banks and NBFI sectors, the percentage of small enterprises with an outstanding loan stood at 23.7%; the percentage of medium enterprises stood at 33.0%.[44] Considering the banking sector only, in 2013, 12.5% of small enterprises and 25.0% of medium enterprises had a bank loan or line of credit, considerably lower than the 34.2% for large enterprises, with the indicators in each size category being lower than those for the region (see chart). Loans to SMEs make up around 10% of total loans.[45]

43 CBJ Financial Stability Report 2016; EBRD MSME survey 2015.
44 EBRD MSME survey 2015.
45 EBRD / EIB / World Bank, What's Holding Back the Private Sector in MENA, 2016; World Bank Enterprise Surveys 2013.





Source: World Bank Enterprise Surveys

More than a third of Jordanian businesses cite being discouraged from applying for a loan – 48.7% of surveyed small enterprises identify access to finance as major constraint, much higher than 33.1% of medium-sized enterprises and 18.7% of large enterprises (see chart). Only 64% of firms are not credit-constrained compared to 73% in the region. Jordan ranks last on the 185th spot in terms of ease of getting credit in the Doing Business Report.46 A significant unmet future credit demand for SMEs by banks was estimated at JOD 2.7 billion, while the current SME loan portfolio of the banking sector amounts only to JOD 1.6 billion.[47]

Of all formal private businesses, around 99.5% or 156,761 are classified as MSMEs: while micro-enterprises account for 88.6%, small enterprises represent 9.5% and medium-sized enterprises represent only 1.4% of total enterprises (with corporates making up only 0.5%),[48] according to the definition adopted by the CBJ and the World Bank Enterprise Surveys, which points to a structural shortcoming in the private sector in Jordan. MSME density remains low at 25.6 of such businesses per thousand people, with the median density across the majority of countries is 31 per thousand people. Historically, growth among non-agricultural enterprises stood at an annual average of 1.3% from 2006-2011. Employment in non-agricultural sectors grew by 4% annually from 2007-2012. The number of the self-employed grew by only a 3.4% annually from 2001-2012, while the rate of self-employment dropped from 17.1% in 2001 to 14.6% in 2013, with women representing less than 6% of the total. Youth entrepreneurs make up only 10.2% of total business owners.

The microfinance sector serves primarily micro enterprises and small enterprises to a minor extent. The moderate availability of small enterprise loans reflects the growing interest of MFIs in upscaling to reach larger enterprises, although not all MFIs offer such products yet. A large portion of loans to small businesses seems to be used for consumption, social (education, health), and renovation purposes.

Of all banks, nearly 62.5% provide financial products and services to SMEs through specialized units, and 71% employ specialized staff to assist SMEs.[49] However, other potential means for improving efficiency and

46 EBRD / EIB / World Bank, What's Holding Back the Private Sector in MENA, 2016; World Bank Enterprise Surveys 2013. Size categories used in the survey are the same as those by the CBJ: small is 5-19 employees, medium is 20-99 employees, and large is 100 or more employees.
47 EBRD MSME survey 2015.
48 Department of Statistics, 2014.
49 Association of Banks in Jordan, Survey Study on SMEs in Jordan: Analysis of Supply-Side and Demand-Side Focusing On Bank

managing risk better, such as credit scoring and real-time application processing systems, are still not being used widely by banks for SME lending. The interest rate to SMEs typically ranges between 9-11% on a nominal basis for SME loans.[50] Banks approve most of loan applications for businesses that meet requirements, with the remaining share of applications being rejected due to insolvency, lack of guarantees or financial records by the enterprises, and limited capacity or experience of the owners. They require collateral such as property and land, stocks, guarantors, machinery and equipment.

SMEs can choose from a relatively diverse set of credit products, as financial institutions are gradually increasing the scope of products offered over time. Among the highly available products are standard installment loans for working capital or fixed asset financing, and overdraft facilities.[51] A survey in 2016 found that 60% of banks also offered unfunded products such as letters of guarantee and letters of credit to SMEs.[52] However, providers have been slow to adopt sector and segment-specific products, such as for factoring, energy efficiency, women, young people, self-employed people, micro enterprises and startups. Nevertheless, such products are available and the combination of competition and specialized funding and guarantees from CBJ and JLGC are likely to encourage more banks to introduce these products going forward. Islamic banks offer MURABAH and leasing.

According to a 2016 survey by the Association of Banks, the SME loan portfolio constitutes 13% of the total loan portfolio of 67% of banks. Around 70% of surveyed banks can increase the portfolio of loans to these businesses by no more than 50% of the total portfolio.[53]

The CBJ is taking into consideration different ways to promote SMEs including startups, mainly: the establishment of a USD 98 million Jordan Entrepreneurship Fund, a venture capital between the Government (loan from the World Bank) and CBJ to make capital investments available for economically-feasible and innovative startups, helping them expand and qualify for additional private sector financing; the allocation of around 15% of the soft or concessional loans to banks provided by international and regional development finance institutions and donors for on-lending to start-ups; increasing the startup loan guarantee program from JD50 million to JD100 million; and the allocation of JOD 100 million to the JLGC to provide the export sector with required guarantees. Meanwhile, the private sector established a JOD 125 million private equity fund owned by conventional commercial banks (JOD 100 million), and Islamic banks (JOD 25 million) to invest in the capital of medium enterprises.

Challenges

Insolvency law and movable asset registry

As mentioned in the previous section about overarching challenges for an enabling legal environment, the absence of an insolvency law and a movable asset registry represent noteworthy barriers to financial inclusion of both micro-enterprises and SMEs. A more efficient insolvency process could encourage banks to lend to more marginalized and traditionally more risky clients. A movable asset registry could add to the potential collateral SMEs can provide for their loan applications. Draft laws are under consideration and Government efforts are underway aiming to rectify both of these gaps.

Informality and taxation of small and medium-sized enterprises

Many SMEs choose to operate on a semi-formal basis by not reporting their full income to tax authorities. Financial institutions must not take this unreported income into account. Even if lenders wanted to use the unreported income in their cash flow analysis, it would be difficult to do so since this income is usually not well documented. The constraint of unreported income minimizing the chance of SMEs access to funding seems to be severe because the practice is assumed to be so common and the share of unreported income is considered to be rather high compared to total income, according to bank managers interviewed.[54]

As banks can only lend to registered businesses, many unregistered SMEs have to approach MFIs or informal funding sources. Both surveyed banks and MFIs report that there are a significant number of small enterprises that operate without registration.[55] Among the registered businesses, those licensed as sole proprietorships (making up the majority of SMEs) have greater difficulty accessing credit than limited liability companies (LLCs) or other legal forms, since they are not required to have their financial statements audited. Banks usually consider lending to sole proprietorships more risky.

Startups

Startup companies are less likely to have access to funding than more mature companies. A survey found that only 11.8% of startups (defined as having less than two years of operational history) had an outstanding loan,

Financing, 2016.

50 CBJ / GIZ 2017, Financial Inclusion Diagnostic Study in Jordan.

51 CBJ / GIZ 2017, Financial Inclusion Diagnostic Study in Jordan.

52 Association of Banks in Jordan, Survey Study on SMEs in Jordan: Analysis of Supply-Side and Demand-Side Focusing On Bank Financing, 2016.

53 Association of Banks in Jordan, 2016.

54 CBJ / GIZ, Financial Inclusion Diagnostic Study, 2017.

55 CBJ / GIZ, Financial Inclusion Diagnostic Study, 2017.

compared to 23.0% for companies with 2-5 years of operating history.[56] Startup companies do have higher failure rates than more mature companies. Nevertheless, the level of startup financing could be boosted to some degree without exposing the banking sector to excessive risk by, for example, making additional investments more attractive through startup finance guarantee programs, such as the one provided by JLGC.

Demand-side capacity – financial management skills and financial literacy

The generally weak financial skills of entrepreneurs in SMEs lead to incomplete or inaccurate financial records, making it more difficult and costly for financial institutions to evaluate the repayment capacity of applicants, which in turn affects operational efficiency and pricing thereby. This constraint is more relevant to sole proprietorships, as they are not required to have audited financial statements.

Another demand-side constraint in small rather than medium-sized enterprises and in sole proprietorships rather than legal entities represents the gaps in familiarity with and understanding of financial contracts and conditions, which reduce demand (see also sections 5.1.4 and 7.1.4 for financial capabilities). Banks could help educate their clients or simplify their products and contracts to make them easier to understand.

Supply-side capacity – credit analysis, SME operating and risk management model

Financial analysis of SMEs can be complex and requires staff that are well trained and motivated; it is often a challenging and inefficient process that represents a significant barrier to financial inclusion. The capacity of individuals in credit departments tends to vary widely from bank to bank and from branch to branch. At the same time, cash flow analysis of SMEs is problematic because of inaccurate financial statements due to lack of accounting and financial management skills or unreported income (see above). Banks analysis of official financial statements and thus decision-making based on inaccurately reported income results in conservative lending decisions.[57] Too conservative decision-making by credit committees, in particular when it is used to compensate for weak staff capacity or when it is motivated by risk aversion (de-risking) or biases (see sections 5.1.3 and 7.1.3 financial consumer protection), can limit financial inclusion, too.

Product mix, pricing, maturity and loan amounts

SMEs can choose from a relatively diverse and increasing set of financial products (see above). However, providers have been slow to adopt sector and segment-specific products, such as for factoring, energy efficiency, women, young people, self-employed people, micro enterprises and startups.

Bank pricing itself seems not to be a significant barrier to access to funding per se, rather the substantial gap in pricing between banks and MFIs, which may be an indication of a gap in outreach to the SME segment. There appears to be little or no loan supply in the range of about 12-16% annually on a nominal basis, with banks offering lower rates and MFIs offering higher rates (due to comparably higher operational and funding costs). The pricing gap suggests that MFIs are targeting micro enterprises while banks are targeting relatively larger enterprises within the SME spectrum, leaving a middle ground of small enterprises that are not an ideal fit for banks or MFIs.

Banks have the ability to offer sufficiently long-term loans with flexible repayment schedules to SME borrowers, but tend not to do so. While according to credit policies, maximum maturities generally range from around five to eight years, in practice risk aversion can lead credit committees setting much shorter maturities. Surveyed SMEs would request a loan term of 5.2 years with their next loan, but received a lower loan term of 3.5 years on average on their previous loan.[58] A mismatch in terms of desired and offered maturity can force business clients to change their long-term investment plans.

Many banks have a minimum loan size of JOD 5,000 for micro-enterprises and SME clients in their policies, and a minimum of JOD 5,000 may be sufficient for many small enterprises. However, in practice there tends to be a selective, conservative approach at the lower loan sizes. A survey revealed that the amount small enterprises received on their most recent loan is less than half (46.7%) of the amount they would like to apply for with their next loan. By contrast, medium enterprises received a larger loan amount than they wish to get for their next loan (128.0%).[59] While small enterprises tend to be less formal and more risky than medium enterprises, there nevertheless seems to be some bias affecting the decision-making process.

Competition from informal sources

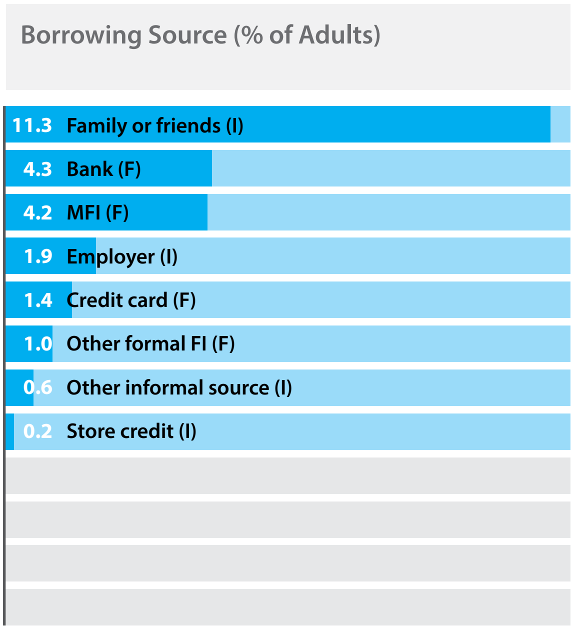
This is less of a concern in SME finance traditionally conducted by banks than it is in microfinance, since informal sources are more suited to work with micro-enterprises than SMEs. Nevertheless, for some small enterprises, particularly those that operate less formally, financing through informal sources such as family, friends, clients or suppliers, and other informal NBFI credit providers can be a more attractive option than through formal financial institutions. Competition from informal sources is particularly burdensome for formal providers as they cannot operate on a level playing field.

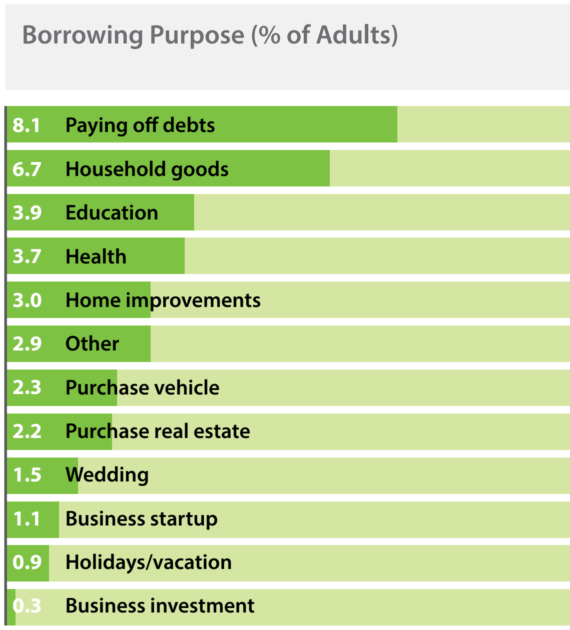
56 EBRD, MSME Survey, 2015.
57 CBJ / GIZ, Financial Inclusion Diagnostic Study, 2017.
58 EBRD, MSME Survey, 2015.
59 EBRD, MSME Survey, 2015.

5.3 Products

Borrowing

21.6% of adults borrowed from any source in the past year, with 9.9% borrowing from a formal financial institution and 13.3% borrowing from an informal source.[60] The proportion of adults borrowing in 2017 is lower than the result from Findex data in 2014, when 32.2% of adults reported borrowing from any source and 13.6% borrowed from a formal financial institution, which may be due to increasing market interest rate, reduced investment activity as GDP growth declined from 3.1% in 2014 to 2.4% in 2015 and 2.0% in 2016, and possibly higher borrowing rates in recent years relative to absorption capacity. In 2014, Jordan's borrowing rate of 13.6% from formal institutions was well above the 5.6% average for developing countries in the MENA region. By source of borrowing, the share of adults taking loans from MFIs was only slightly below that of banks, although both were far behind the family and friends.





Source: CBJ/GIZ study. (F) and (I) indicate formal and informal sources of borrowing, respectively.

Although loans are the preferred form of borrowing, leasing (1.1%), Islamic finance (1.5%) and credit cards are also used, but by significantly fewer people. The share of adults with a credit card doubled to 4.8% in 2017 from 2.3% in 2014, but usage lags behind ownership (1.4% for borrowing).

Aside from those who didn't need a loan, religion was the most commonly cited reason for not borrowing in the past year (21.5% of adults who didn't borrow), followed by high borrowing costs (11.0% of adults who didn't borrow), already having too much debt (7.8%), and strict collateral requirements (7.1%), inconvenient location of outlets of financial institutions (3.0%), long processing times (4.5%) and lack of trust in financial institutions (4.5%). The most common cited reasons for being rejected for a loan were insufficient collateral (31.0% of rejected applicants were given this reason), insufficient income (18.5%), and lack of necessary documents (10.7%).[61]

The number of outstanding loans issued by both banks and MFIs has increased from 2014 to 2016, reaching a combined 233.4 loans per 1,000 adults at the end of 2016.[62] Despite that there are only eight MFIs reporting (compared to 25 banks) and that the total outstanding portfolio of these MFIs represents just 0.9% of the total credit facilities of banks, the MFIs account for a significant 27.1% of outstanding loans by number in 2016. Furthermore, the MFI loans are often granted to low-income families and other groups that are more likely to be financially excluded, and thus these MFI loans have a disproportionately high impact on financial inclusion.[63]

60 1.6% of respondents borrowed from both formal and informal sources.

61 CBJ / GIZ, Financial Inclusion Diagnostic Study, 2017.

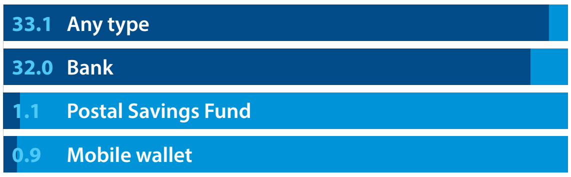
62 The supply-side indicators appear much higher than the comparable demand-side indicators for several reasons: the supply data counts multiple loans to a single borrower, while the demand data does not; includes loans to legal entities, while the demand data does not; is based on outstanding loans, many of which may have been received more than a year ago, while the demand data is based only on loans received in the past year.

63 CBJ / GIZ, Financial Inclusion Diagnostic Study, 2017.

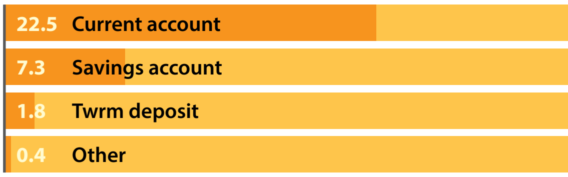
Savings

Account ownership from a formal financial institution increased to 33.1% in 2017 (CBJ/GIZ study) from 24.6% in 2014 (Findex). Account ownership consists almost entirely of bank accounts (32.0%), while ownership rates for mobile wallets and postal savings fund accounts was just 0.9% and 1.1%, respectively.

Account Ownership by Institution Type (% of Adults)



Bank Account Ownership by Product Type (% of Adults)



Source: CBJ/GIZ study

Most adults without an account (52.6%) state that they don't need one, but the remaining 47.4% are often discouraged by the product conditions. In particular, high account fees (cited by 16.7% of adults with an account) and high minimum balance requirements (15.3%) are of greatest concern. The minimum balance requirements are high for low-income groups. Religion is mentioned by 13.6% of those without an account. Among adults who do have an account, 17.4% of account holders state that monthly or annual fees are too high, and 17.0% say the same for transaction fees. 10.0% of adults find that the process of opening the bank account was difficult.

There were 504.0 bank deposit accounts per 1,000 adults at year-end 2016, up from 485.2 in 2015.[64] The number of e-wallet accounts (not including bank accounts linked to JoMoPay) was 9,660 at year-end 2016, equal to just 1.5 accounts per 1,000 adults.

13.1% of adults reported having an informal savings account, such as saving money with an individual or a group of acquaintances or an association or cooperative in a semi-formal arrangement. Informal savers are more likely to be women (15.1% vs. 11.6% of men) and Jordanian citizens (14.6% vs. 9.8% non-Jordanians). For non-Jordanians the informal account ownership rate is higher than the 9.5% formal account ownership rate, which highlights that their needs are not being met in the formal sector.

The share of adults saving money in a bank account in the past year stood at 9.3%, up sharply from the 3.8% rate that was reported in the 2014 Findex study (overall, in 2014, 29.2% of Jordanians reported that they saved money at all). Informal channels such as savings clubs or saving with a person outside the family are more popular than banks. In terms of the purpose for saving money, only 6.2% in Jordan saved for education or school fees, 3.9% for old age and 3.4% for business investment over the previous year, each of these figures representing a modest increase over the 2014 results, but being below the regional level. 3.7% of adults saved formally to buy real estate and 4.0% saved to buy a car.

There is a large gap between the percentage of adults with an account (33.1%) and the percentage that use that account to save money (9.3%). Only about 28% of Jordanian adults with an account use it to save. Increasing the level of account ownership alone will not by itself enhance formal savings rates, but requires financial education, quality savings products and improved physical and digital access.[65]

Money Transfers (Payments and Remittances)

Overall, the proportion of adults that sent or received payments through digital channels in the past year was 18.3%.[66] Although electronic methods to make payments, such as debit cards, credit cards and internet and mobile banking platforms, are not heavily used, these tools are being used with increasing frequency over time as the payment infrastructure develops, as financial institutions devote more attention to these services, and as customers become more comfortable with them. Remittances through formal channels are already a relatively popular form of sending money, although informal cash transfer methods continue to enjoy widespread usage as well.

Card Products

The availability and usage of debit cards is increasing, but they are not being used frequently to make

64 The supply data appears higher (504.0 bank accounts per 1,000 adults vs. 32.0% of adults with a bank account on the demand side), because of multiple account ownership and accounts of legal entities.

65 CBJ / GIZ, Financial Inclusion Diagnostic Study, 2017.

66 Includes receiving a salary or government transfers directly into an account, any payment or remittance received or sent via the internet or a mobile phone, and debit and credit card payments.

payments. Although debit cards are held by 27.2% of adults, only 2.8% of adults used their debit card to make a purchase in the past year. Since 26.0% of adults reported that they use their debit card at least once per year, customers are primarily using their debit cards just to withdraw money from ATMs. The rate of credit card ownership (4.8%) is much lower than debit card ownership, but credit cards are much more used than debit cards (4.0% of adults indicated to have used their credit card in the past year) and more likely to make payments.

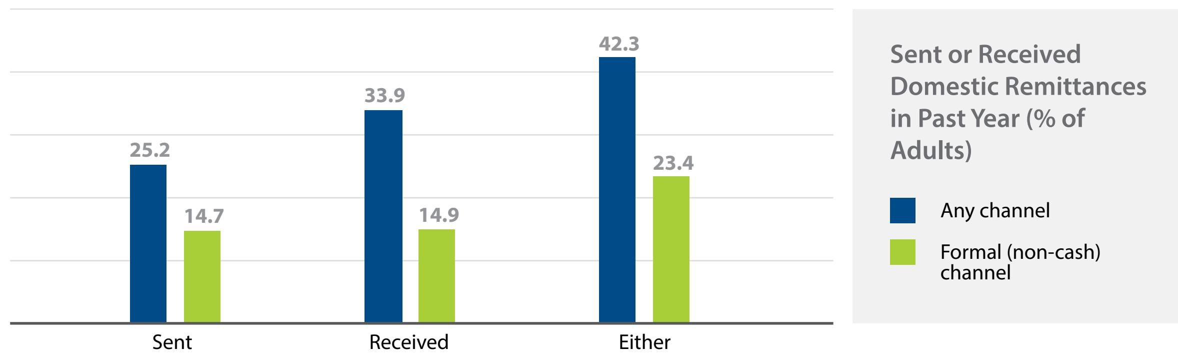
Online Transactions

5.5% of adults in Jordan used the internet to buy something online or pay bills online in 2017, up from 2.5% in 2014. Increased ownership and use of card products could lead to higher rates of online payments, as could increase usage of internet banking and mobile banking services offered by banks.

Mobile banking is more popular than internet banking, although neither is used widely yet. Just 1.4% of adults had internet banking and 2.1% had mobile banking, and usage of these services (at least once per year) was even lower at 1.2% and 1.6% of adults, respectively. Low financial and technological literacy plays a key role for the limited use. Enhanced ease of use, functionality and promotion of internet and mobile banking platforms could contribute to higher usage rates.

Remittances

In terms of domestic remittances,*67* 23.4% of adults used some form of formal remittances service in the past year.[68] When informal remittances are included, namely through sending cash by hand, the usage rate jumps to 42.3%. People in Jordan are slightly more likely to receive than send remittances, with 33.9% of adults having received and 25.2% having sent remittances. However, the gap narrows to just 14.9% for receiving versus 14.7% for sending when considering only formal channels.



Source: CBJ/GIZ study

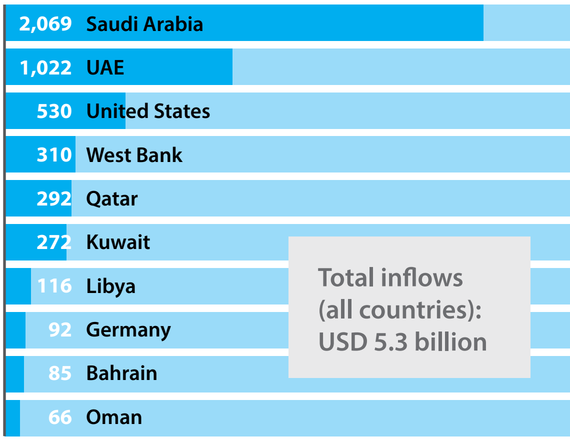
A more detailed breakdown of the means of transfer reveals that cash is the most popular (15.3% of adults sent cash, 24.8% received cash), followed by banks or other formal financial institutions (9.2% vs. 5.0%) and currency exchange offices (7.7% vs. 7.1%), and other methods of transfer such as money transfer services like Western Union (1.0% vs. 1.2%), the post office (0.7% vs. 0.2%), mobile phone applications (0.3% vs. 0.2%) and internet payment services like PayPal (0.2% vs. 0.2%).

In terms of corridors for remittances, Saudi Arabia, the UAE, and the USA are the main countries for inflows, while Egypt, the West Bank and Gaza, and Syria are by far the main destination countries. These results closely reflect the patterns of worker migration, with many Jordanians traveling to Saudi Arabia and the UAE for jobs, and large numbers of immigrants from Egypt, the West Bank and Syria coming to Jordan to work or as refugees.

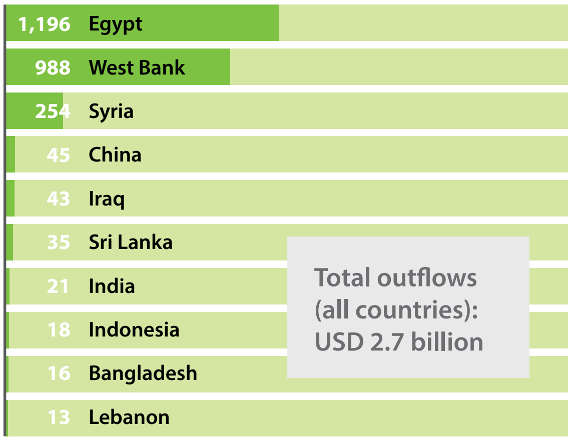
67 Domestic remittances is used as a baseline for financial inclusion, rather than international remittances, in order to be consistent with the methodology adopted by World Bank's Findex survey.

68 The concept of formal services here includes mobile apps and internet services like PayPal

Top 10 Countries for Remittance Inflows (USD Millions, 2015)



Top 10 Countries for Remittance Outflows (USD Millions, 2015)



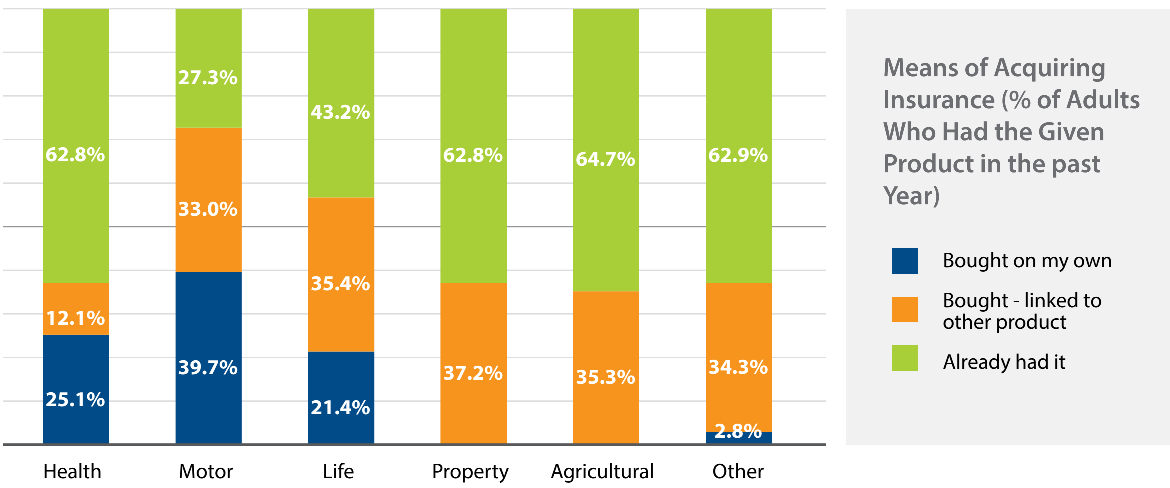
Source: World Bank Bilateral Remittances Matrices

Withdrawals and Deposits

Monthly account usage has increased from 2014 to 2017. The share of adults that do not make any withdrawals or deposits in a typical month dropped from 22.4% to 15.4% and from 39.1% to 32.8%, respectively. However, most people report making only 1-2 withdrawals or deposits per month, while high-frequency usage of three or more times is relatively uncommon. This finding is supported by interview feedback suggesting that most people cash out all of their monthly receipts (such as salaries and remittances) in a single monthly operation and continue to use cash on a daily basis.

Insurance

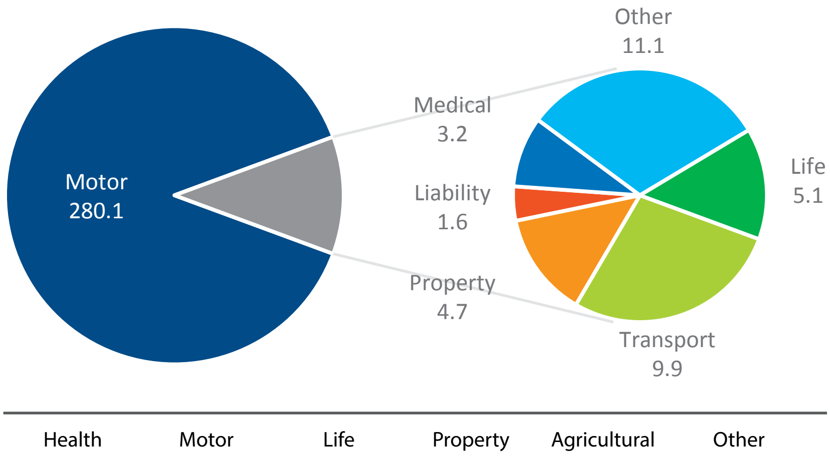
Reportedly, some form of insurance was held by 29.9% of adults in the past year, either because they bought it themselves or because they received it without needing to buy it, primarily health insurance (26.9%), motor insurance (8.4%), life insurance (2.9% of adults), property insurance (1.8%) and agricultural insurance (1.5%). Among clients that had insurance over the past 12 months, less than half actually purchased the insurance for all products except life and motor insurance. Clients either bought the insurance in previous periods, or more likely the clients received the insurance without needing to buy it, for example, as a result of receiving insurance for free in connection with the purchase of some other product, or getting insurance through a family member's policy, or receiving it for free from an employer. For motor, life, property, agricultural, and other types of insurance, the share of customers that bought the policy in connection with another product exceeded 30% of the total. Of respondents, 39.7% for motor insurance, 25.1% for health insurance, 21.4% for life, and 2.8% for other insurance types bought and paid for the product voluntarily.



Source: CBJ/GIZ study

There were 315.6 outstanding insurance policies from licensed insurance companies per 1,000 adults in Jordan at the end of 2016, up from 314.2 at year-end 2015, excluding health insurance policies provided by the Ministry of Health and Royal Medical Services.

Number of Policies by Type in Jordan (Per 1,000 Adults, Year-End 2016)



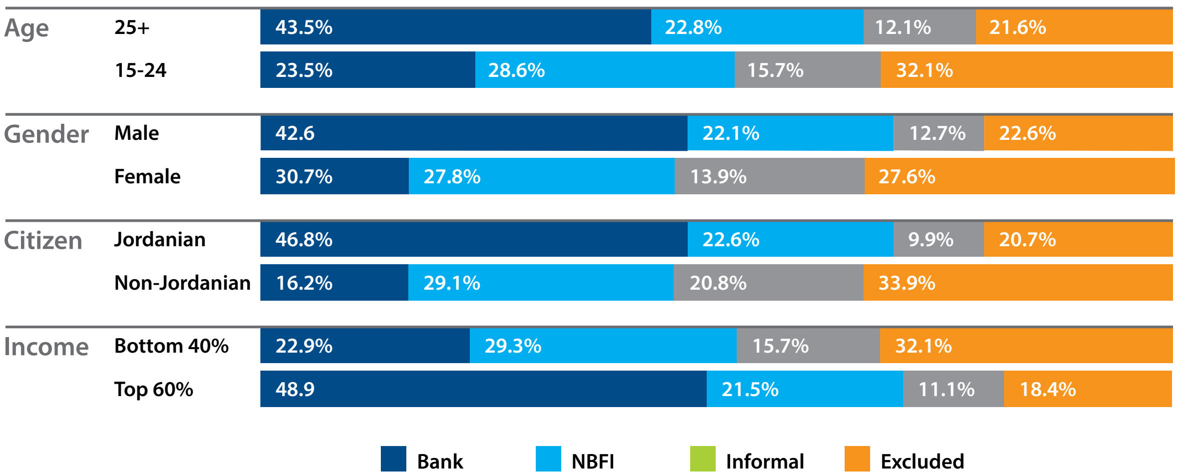
Source: MIT of Jordan

The number of policies from insurance companies in Jordan are dominated by motor insurance, which accounts for 88.7% of the total number at 280.1 policies per 1,000 adults, followed by life insurance, with just 5.1 policies per 1,000 adults (a total of 32,509 life insurance policies for all of Jordan).[69]

5.4 Target groups

Different segments tend to use different channels to access financial services. For example, men are more likely than women to be banked and less likely to use informal services. Adults with relatively low incomes, and non-Jordanian citizens are much more likely to be excluded from formal services. Young people are less likely to be banked but more likely to use NBFI and informal services.

Mutually exclusive usage by channel and segment (% of adults)



Source: CBJ/GIZ study

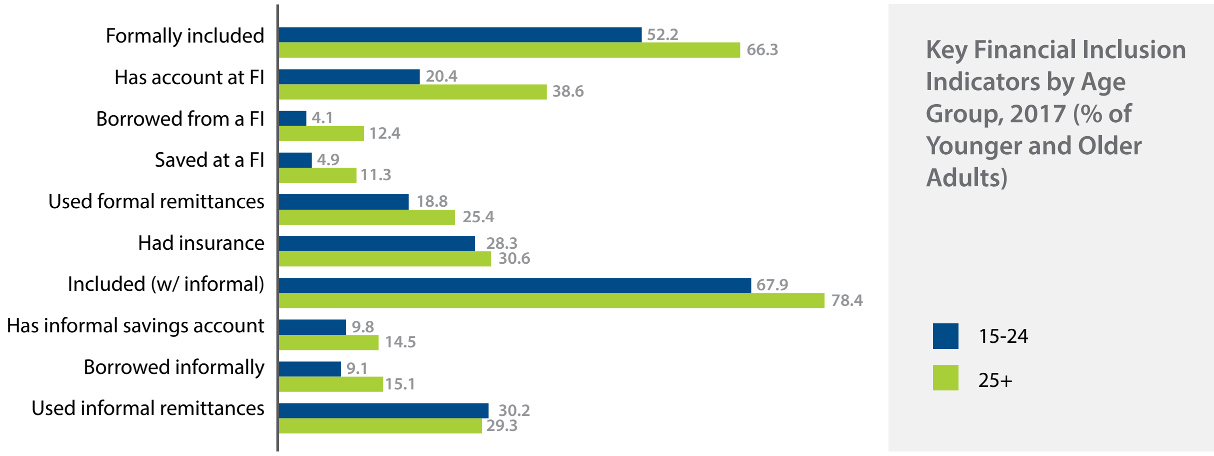
A comprehensive list of financial inclusion indicators, including breakdowns by population segments, used to describe the level of financial inclusion is presented in Appendices I and II.

69 It is possible that the discrepancy between demand and supply data is explained by a high number of policies held by legal entities, which would not be reflected in the demand-side figures. CBJ / GIZ, Financial Inclusion Diagnostic Study, 2017.

Young People

Jordan has a young population; 54.2% of the population is under 25, and 19.9% are in the 15-24 age group. However, young people have not yet reached their potential in terms of contributing to economic development. Youth unemployment is high: more than half (51.2%) of unemployed persons in 2016 were in the 15-24 age group. Youth participation in entrepreneurial activity is low: youth entrepreneurs make up only 10.2% of total business owners.[70]

Young people (aged 15-24 years) are much less financially included than people aged 25 and above. Overall, usage of formal financial services in the past year was 52.2% among young people, considerably lower than the 66.3% rate among older people. The gap is especially noteworthy with respect to formal account ownership (20.4% vs. 38.6% for young people and older people, respectively), formal borrowing (4.1% vs. 12.4%), and formal savings rates (4.9% versus 11.3%). Young people are less likely to use informal savings and loans, although they are slightly more likely to use informal remittances services. Key indicators of formal account ownership, borrowing, and savings among young people increased from 2014 to 2017.



Key Financial Inclusion Indicators by Age Group, 2017 (% of Younger and Older Adults)

Source: GIZ/BFC survey

Lending to young people is perceived as risky, and giving an account to a young person is perceived as less profitable, since they are assumed to have lower account balances on average and make fewer transactions. As a result, the inclusion gap for young people is largest for credit and deposits. Young people generally receive insurance coverage through the policies of family members.

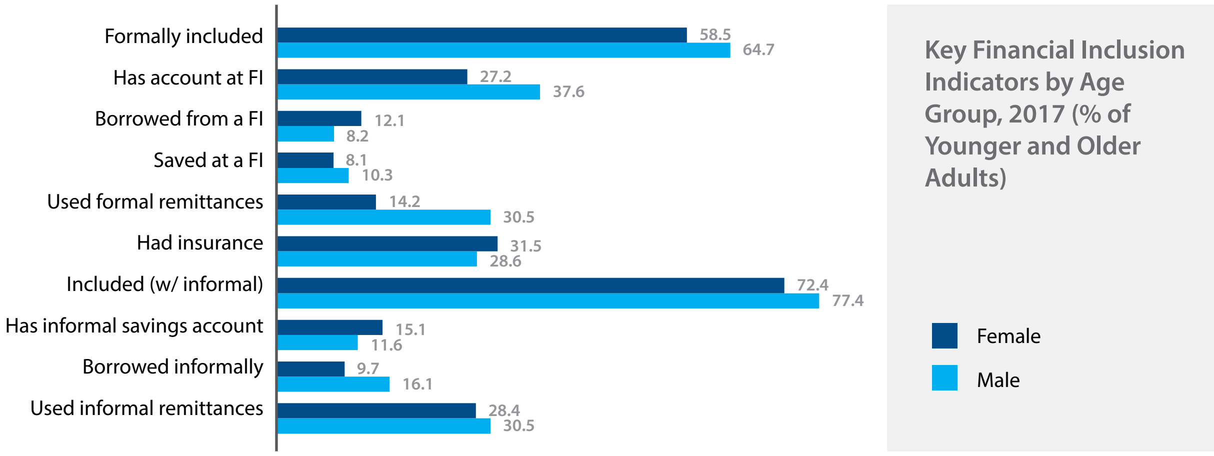
The eligibility criteria of financial institutions also affect the inclusion gap for credit and deposits. For deposit products, most banks maintain a minimum age limit of 18. Some banks offer accounts designed for under 18 year-olds, but the parent or guardian is the account owner. Consequently, the account ownership rate among those aged 15-17 is only 9.6%, far less than the rate of 23.6% for those aged 18-24. With regard to loans, banks and MFIs are roughly evenly split in terms of minimum age, with either 18 or 21 as the lower limit. The formal borrowing rate is 5.4% among 18-24-year-olds and zero among 15-17-year-olds. The age gap in financial inclusion furthermore may also be due to less demand among young people. In terms of deposits, 22.3% of young people report having an immediate need for an account, compared to 35.4% of older people. Similarly, just 6.9% of young people have an immediate need for a loan, compared to 15.9% for older people. Only in terms of money transfers, do young people show greater demand (7.0% vs. 6.4% for young people and older people, respectively).[71]

Women

Women make up 47.1% of the Jordanian population but are under-represented in economic activity. Just 16.3% of all employed persons were women in 2016, one of lowest ratios in the MENA region.[72] The female unemployment rate was 24.1% in 2016, much higher than the 13.2% rate for men. Women tend to be less included in the formal financial system for account and remittances products but have higher levels of formal financial inclusion for loan and insurance products. Overall, 58.4% of adult women used some formal financial

70 The age group 15-24 is used as a definition of young people for the reason of comparison with studies such as the World Bank Findex survey.
71 CBJ / GIZ, Financial Inclusion Diagnostic Study, 2017.
72 Department of Statistics. Jordan in Figures 2016. .

service in the past year, compared to 64.7% of men. After including informal financial services, men are still ahead with a usage rate of 77.4% compared to 72.4% for women.



Source: CBJ/GIZ study

Women's financial inclusion improved from 2014 to 2017. Formal account ownership jumped from 15.5% to 27.2%, the rate of borrowing from a formal institution increased from 10.3% to 12.1%, and both credit and debit card ownership increased (from 0.9% to 2.4% and from 10.8% to 19.3% respectively). The improvement in these indicators can be attributed both to increased demand from women for formal financial services as well as greater recognition among financial institutions of the benefits of reaching out to women.[73]

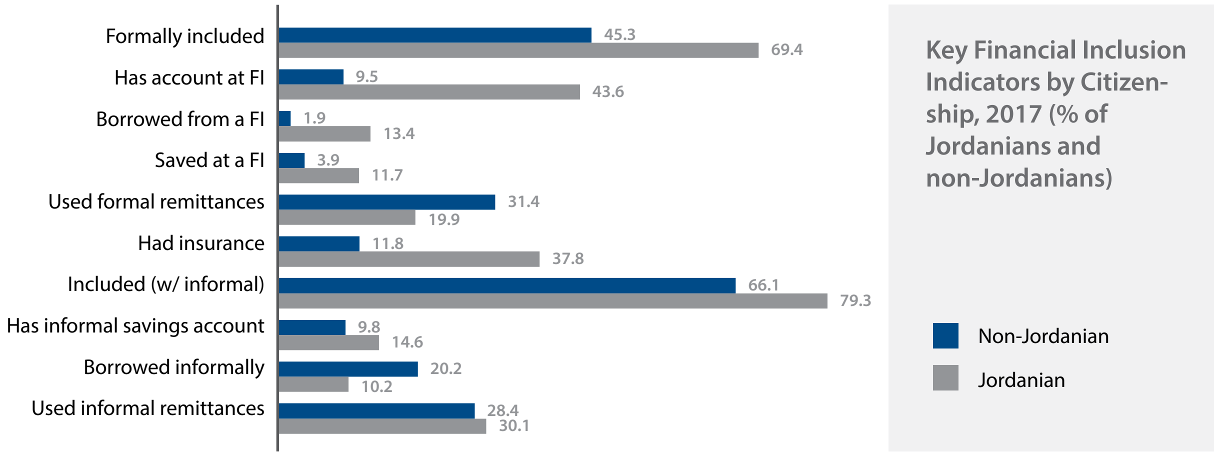
Non-Jordanians (Including Refugees)

According to the 2015 census, there were 2.9 million non-Jordanian nationals in the country, or 30.6% of the total population. The largest nationalities represented were Syrian (13.3% of the total population), Egyptian and Palestinian (6.7% each) and Iraqi (1.4%). According to the UNHCR, Jordan hosts the second largest number of refugees per capita in the world, at 89 refugees per 1,000 inhabitants. There are 733,210 refugees registered by UNHCR in Jordan, with most of those (657,621) coming from Syria.[74]

Non-Jordanian citizens demonstrate much lower usage of formal financial services than Jordanian citizens for deposits, loans, and insurance. Of all the segments, non-Jordanians have the lowest rates of account ownership, borrowing, and insurance usage. For remittances, however, the situation is quite different, as 31.4% of non-Jordanians sent or received remittances through formal channels in the past year, well above the rate of 19.9% for Jordanians. Refugees tend to have the lowest levels of financial inclusion compared to permanent non-Jordanian residents. Account ownership drops steadily from 14.4% for permanent resident permit holders to 10.6% for temporary residents to 7.5% for formally registered refugees. The main exception to the pattern is seen for remittances, with temporary resident permit holders showing high usage levels at 50.2%, compared to 25.9% for permanent residents and 24.0% refugees. However, none of the temporary residents reported receiving a loan from a financial institution, whereas even a small share of registered refugees (1.5%) had borrowed formally.

Supply-side factors, namely the policies and attitudes of financial institutions, are a major reason for the significant financial inclusion gap for non-Jordanians due to perceived above-average risk as well as identification challenges. Non-nationals generally can apply for a loan but they may be subject to tougher requirements, which may result in smaller loan amounts and shorter maturities. In terms of deposits the situation is better, but there are still some inconveniences for non-nationals as they may need to provide proof of work and a bank statement from the client's home country. The citizenship gap is also related to weak demand. Only 18.1% of non-Jordanians stated that they have an immediate need for an account, less than half the rate of 37.3% of Jordanians. Regarding loans, 8.4% of foreigners needed a loan, much less than 15.3% of Jordanians.[75]

73 CBJ / GIZ, Financial Inclusion Diagnostic Study, 2017.
74 UNHCR. UNHCR Jordan Operational Update. April 2017.
75 CBJ / GIZ, Financial Inclusion Diagnostic Study, 2017.

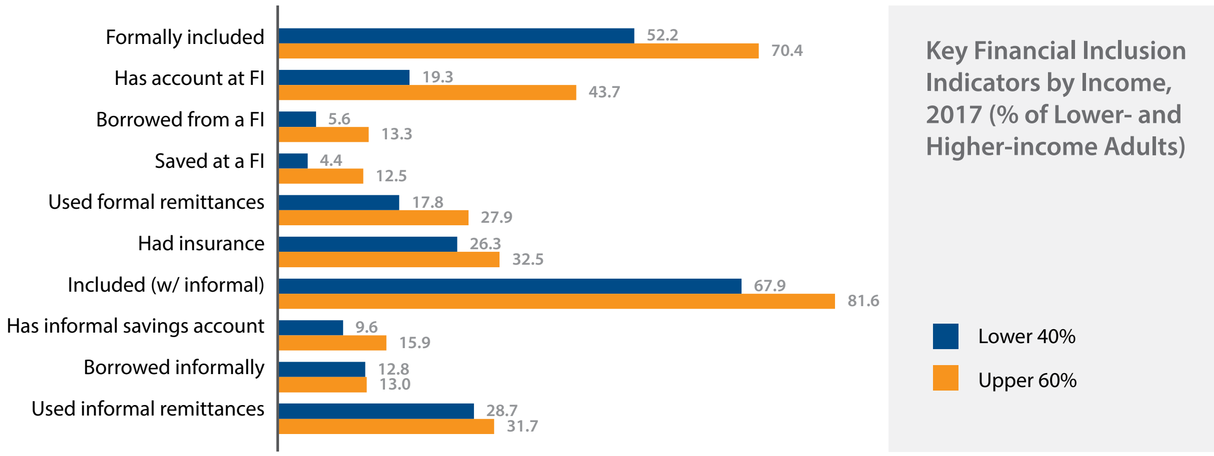


Source: CBJ/GIZ study

Bottom 40%

Jordan had a GDP per capita of JOD 2,801 (USD 3,950) in 2016, placing it among the middle-income countries in the World Bank's classification system. The official poverty rate was 14.4% for 2016, with a poverty line of JOD 814 per capita annually.[76]

Lower-income earners, the lower 40% in terms of reported income,[77] are considerably less financially included than wealthier individuals for all product categories. The lower income segment is the only one among all priority segments for which every single key financial inclusion indicator, both formal and informal, was lower than for the corresponding counterpart. In terms of account ownership (19.3% vs. 43.7% for the lower 40% and upper 60%, respectively), formal borrowing (5.6% vs. 13.3%), and saving at a bank (4.4% vs. 12.5%), the level of financial inclusion for the lower-income segment is less than half that of the higher-income segment. For use of formal remittances services, the gap is a bit narrower but still considerable (17.8% vs. 27.9%). Overall, 52.2% of adults in the lower-income bracket used some type of formal financial service, compared to 70.4% for those in the higher-income bracket. The share of lower-income respondents with a formal account and that saved formally increased from 2014 to 2017, while the rate of formal borrowing decreased.



Source: CBJ/GIZ study

Less demand from lower-income individuals may partly explain their reduced levels of financial inclusion. For example, only 20.8% of those in the lower 40% had an immediate need for an account, compared to 40.2% of those in the top 60%. Immediate demand for a loan was also less, at 10.1% for the lower-income group compared to 16.2% for higher-income. Nevertheless, financial institutions contribute to the imbalance in

76 Department of Statistics
77 The cut-off point chosen is JOD 300 per month, which separates the survey sample into a bottom 39.1% and top 60.9% (CBJ / GIZ, Financial Inclusion Diagnostic Study, 2017).

financial inclusion with their policies and practices due, for example, to minimum income requirements and products that are less targeted towards lower-income groups, despite some exceptions, lowering demand and thus contributing to financial exclusion.

For those beneath the national poverty line (JOD 814), the low levels of financial inclusion are even more nuanced than for the bottom 40% with regard to account ownership (6.4% vs. 19.3% for those beneath the poverty line vs. the lower 40%, respectively) and remittance usage (6.2% vs. 17.8%, respectively). However, those beneath the poverty line have higher formal borrowing rates: 6.2% borrowed from a formal institution, exclusively from MFIs (vs. 5.6% for the lower 40%).[78]

78 CBJ / GIZ, Financial Inclusion Diagnostic Study, 2017.

6 Commitment to Maya Declaration

The CBJ released its Maya Declaration in September 2016 committing to two national high-level goals for financial inclusion, namely:

1. To increase the level of financial inclusion from 24.6% in terms of account ownership by the adult population (Global Findex 2014) to 36.6% by 2020* and,
2. Over the same time, to reduce the gender gap from 53% to 35%. The CBJ committed furthermore to nine targets to achieve these goals

To achieve these goals, the CBJ set nine national targets under the Maya Declaration:

1. Finalize the draft of The National Financial Inclusion Strategy by end of 2017;
2. Formulate comprehensive DFS and MFIs financial consumer protection guidelines by 1st quarter 2017;
3. Continue to champion the financial education program into the existing Jordanian school curriculum from class 7 to class 11 by 2020;
4. Enhancing interoperability among the payments systems in the kingdom by end 2018;
5. Ensure efficient and responsible growth of Microfinance sector as part of the formal financial system.
6. Provide the refugees and non-nationals with access to digital financial services.
7. Ensure the provision of an enabling legislative and regulatory environment for digital financial services.
8. Upgrade financial inclusion data collection and measurement to align with AFI's network to produce comparable indicators by 2018.
9. Increase the financial inclusion access of Jordan's youth (15-22 years) by 25.000 annually by 2020.

- The CBJ updated this goal as mentioned previously in the National High-level Financial Inclusion Goals and Sub-Goals in the Executive Summary, where the goal is to increase financial inclusion in terms of account ownership by the adult population from 33.1% in 2017 to 41.5% by 2020.

7 Sub-goals, Targets and Strategic Measures in the Priority Policy Areas

7.1 Enablers

7.1.1 Laws, Regulations, Instructions

For the period 2018-2020, the NFIS for Jordan identifies below sub-goals, targets and strategic measures within the enabling policy area Laws, Regulations, and Instructions to strengthen the cross-cutting legal and regulatory framework in view of enabling the industries to financially include the priority segments.

Sub-goals	Targets	Strategic measures
Promote account opening for the priority segments of the youth (15-18 year-olds), women, refugees, low-income people	Assess feasibility and implications of introducing provisions about simple accounts for the priority segments by end-2018	- Conducting public-private-dialog and scoping on simple accounts and clarification of KYC requirements in alignment with AML / CFT regime through consultations with stakeholders from bank and NBFI sectors - Conducting a study on the implications of industry-wide simplified and secure account opening procedures for the youth (15-18 year-olds), women, refugees, and low-income segments in rural and remote areas undertaken in cooperation with associations of bank and NBFI sectors, including for PSPs
	Clarify KYC requirements to incentivize simple account opening for refugees by mid-2019	- Introducing clarifications for required KYC documentation needed by refugees, and other non-Jordanian citizens, in selected sectors in partnership with relevant public authorities and private stakeholders
	Incentivize development and provision of simple accounts for the priority segments by mid-2019	- Piloting recommended measures for simplified and secure account opening in selected sectors and for selected segments - Sharing learnings of pilot cases for simplified and secure account opening in selected sectors and for selected segments
	Promote account adoption and usage among the priority segments throughout end-2020	- Raising awareness through media campaigns among targeted segments including for the youth at universities and schools - Integrating simplified and secure account opening with the strategic measure in the policy areas FCP and Financial Capabilities to enhance transparency and fair treatment of clients

Sub-goals	Targets	Strategic measures
Promote tax incentives for priority businesses segments	Assess feasibility and implications of providing tax incentives for MSMEs including for financial technology firms by end-2019	- Conducting a study on the feasibility and implications of providing exemptions and incentives for the taxation (income and sales) of identified business segments among MSMEs, including for financial technology firms, in the first five years since establishment in cooperation with the relevant Ministries
Promote credit information sharing	Support usage of the credit bureau among CBJ regulated financial institutions to enhance access to finance for priority segments by end-2019	- Incentivizing effective and industry-wide sharing and usage of credit information available by the private credit bureau among CBJ regulated NBFI entities to further improve the access to microcredit for financially underserved priority segments
Implement the movable asset registry	Introduce the movable asset registry to enhance access to finance for micro-enterprises and SMEs by mid-2019	- Finalizing preparations and implementation of the new movable asset registry to ease collateral policies to enhance access to finance for micro-enterprises and SMEs as well as individuals
Enhance the insolvency regime for businesses	Introduce insolvency law to enhance access to finance for micro-enterprises and SMEs by end-2019	- Issuing new insolvency law in collaboration with relevant Ministries to address the most noteworthy legal issues towards enhancing access to finance for micro-enterprises and SMEs including for startups

7.1.2 Data and Research

Sub-goals, targets and strategic measures are stated below in order to create a reliable data framework and can support a well-informed policy setting based on evidence.

Sub-goals	Targets	Strategic measures
To be able to monitor, evaluate, and measure the implementation of the NFIS, furthermore progress in financial inclusion in Jordan.	To build a comprehensive, accurate, data framework for financial inclusion by end of 2018.	- Develop a data portal that collects data from financial services providers
		- Develop partnerships & signing MOU's with stakeholders to ensure access to data
		- Sort disaggregated and geographical data in the database
	To be able to use data collected in measuring impact and providing reliable data for drafting policies and produced concise reports.	- Determine procedures for internal and external reporting
		- Determine the budgeting and capacity building to carry on impact assessments
		- integrate financial inclusion related indicators and questions within the regular Department of Statistics financial survey.

7.1.3 Financial Consumer Protection

A comprehensive framework for Financial Consumer Protection (FCP) leads to enhanced trust and competitiveness in the financial system. This leads to improving the quality of financial services and creates more demand for the use of these services. The lack of such mechanisms, on the other hand, subjects consumers to arbitrary sale and collection practices, and inappropriate financial products and services that might harm their interests.

The FCP framework in Jordan will build on the principles of responsible product design, presentation and pricing; evasion of excessive indebtedness; transparency; fair treatment of customers; privacy protection; and complaints and dispute resolution mechanisms. The framework must take into consideration the special needs of customers who do not necessarily have sufficient financial capabilities, and clients with disabilities.

The CBJ therefore created a financial consumer protection department that will promote enhancing individuals' financial capabilities, develop the provisions and controls needed to enhance transparency and fairness in dealing with customers, and assure proper complaints and dispute resolution. This would boost the competitiveness of FSPs, contribute to minimizing reputational risks, and create sustainable demand (absorption capacity) for enhanced usage of responsibly provided financial services. The FCP department is undertaking the following activities:

- Develop an action plan for financial consumer protection in line with international guidelines and standards
- Regulate the customer-FSP relations, set minimum requirement for disclosure when marketing products and services by financial institutions supervised by the CBJ, and ensure their compliance with regulations and codes of conduct
- Set in place the necessary measures to safeguard client rights when there are grievances through complaints handling mechanisms
- Conduct on-site and off-site supervision on banks and financial institutions to ensure compliance with financial consumer protection regulations.
- Increase public awareness about financial activities to enhance financial inclusion

The NFIS for Jordan, most importantly, sets out particularly the following sub-goals, targets and strategic measures within the policy area of FCP.

	Targets	Strategic measures
Sub-goals	**Implement legal and regulatory framework for financial consumer protection based on the principles of fair treatment, transparency, responsible finance, data privacy, and redress.**	
	Enhance coordination with all relevant stakeholders for financial consumer protection by mid-2018	- Mapping all relevant public, private and civil society stakeholders, not yet members of the Working Group, that are relevant for financial consumer protection - Signing memoranda of understanding and agreeing on organizational modalities
	Assess scope and feasibility for setting up a holistic consumer protection framework by end-2019	- Conducting a market study to determine the non-bank financial institutions to be supervised by CBJ - Preparing for the implementation of conclusions
		- Assessing the impact of increased legal and regulatory requirements for financial consumer protection on product pricing by banks and NBFIs - Preparing for proportionate regulations (instructions and directives) that enhance customer confidence in banks and NBFIs and stimulate demand
	Set up a holistic financial consumer protection framework by end-2018	- Issuing instructions for treating customers of MFIs and PSPs fairly
		- Revisiting instructions for treating customers of banks fairly
		- Issuing directives about internal procedures for handling customer complaints in banks and financial service providers
		- Issuing instructions for the provision of credit and payment cards based on international good practice
		- Revisiting and implementing revised instructions for dealing fairly with disabled customers - Creating supervisory group within the Consumer protection department to be responsible about on-site and off-site activities on non-banking institutions.

<table>
<tr><th>Sub-goals</th><th colspan="2">Strengthen the financial consumer protection framework, for financial institutions regulated by the CBJ, based on the principles of fair treatment, transparency, responsible finance, data privacy, and consumer redress.</th></tr>
<tr><td rowspan="9"></td><td>Enhance information and communication on financial consumer protection with relevant stakeholders by mid-2018</td><td>- Developing and implementing a communication strategy including relevant contributors (banks and NBFIs) and target groups (clients), channels and tools</td></tr>
<tr><td rowspan="2">Enhance transparency and responsible finance by banks and MFIs by end-2018</td><td>- Fully disclosing redress channels on the websites of the regulator and associations; the details and prices of financial products and services on the websites of banks and MFIs</td></tr>
<tr><td>- Revisiting the effectiveness and appropriateness of reference rates used in bank lending with floating interest rates</td></tr>
<tr><td>Assure compliance with financial consumer protection provisions for fair treatment, transparency, responsible finance, data privacy, and consumer redress by mid-2019</td><td>- Conducting off-site supervision of financial institutions (banks and NBFIs) regulated by CBJ including for analysis of quarterly reports by providers about complaints and redress
- Conducting on-site supervision of financial institutions (banks and NBFIs) regulated by CBJ</td></tr>
<tr><td rowspan="3">Enhance consumer redress through common complaint handling mechanisms and systematic dispute resolution by end-2019</td><td>- Determining mechanisms for complaints and establishing specified units for handling complaints in banks and NBFIs in accordance with instructions
- Automating the system for registering and handling complaints in banks, NBFIs, and the CBJ</td></tr>
<tr><td>- Establish a financial ombudsman, an independent intermediary system, for dispute resolution outside of courts</td></tr>
<tr><td>- Rolling out comprehensive training program for bank and NBFI staff on handling consumer complaints effectively and efficiently</td></tr>
</table>

<table>
<tr><th>Sub-goals</th><th colspan="2">Enhance the financial capabilities of priority segments in the framework of financial consumer protection</th></tr>
<tr><td rowspan="4"></td><td rowspan="2">Roll out measures for raising awareness and literacy levels in responsible finance among the vulnerable groups of women, refugees, low-income as well as remote segments by mid-2019</td><td>- Raising awareness about the rights and responsibilities in using financial services and the risk of over-indebtedness through campaigns and media towards priority segments
- Establishing a division within a consumer protection department the responsible about raising awareness of financial customers.</td></tr>
<tr><td>- Providing information and knowledge about financial products and services as well as about the rights and means in filing complaints through media and customer services towards the priority segments</td></tr>
<tr><td rowspan="2">• Start providing information and communication on products and services to enhance financial literacy levels among the vulnerable groups of women, refugees, low-income as well as remote segments by end-2018</td><td>- Engaging banks and NBFIs in enhancing financial literacy levels among priority segments through improved disclosure of products and services features including prices and interest calculations in plain language</td></tr>
<tr><td>- Improving disclosure of financial consumers' rights and responsibilities and consumer redress options on the CBJ portal</td></tr>
</table>

7.1.4 Financial Capabilities

The best way to achieve the goals of financial literacy, and to enhance the financial capabilities of citizens, is to forge partnerships with national governmental and non-governmental organizations, as well as the private sector and civil society institutions. Methods, tools, and services should be designed to meet the needs of different sectors and components in the society. Future steps can be summarized as follows:

- Continue the financial education program in schools in line with the plan adopted by the steering committee of the National Financial Education project which aimed at introducing financial education into school curricula for grades 7-12 by 2020.
- Communicate and cooperate with the Ministry of Higher Education and Scientific Research as well as the King Abdullah II Fund for Development (KAFD) to prepare a curriculum for university and college students that would increase their awareness of financial literacy. Also, informal training workshops should be organized to educate students on entrepreneurship and small-scale project management.
- Communicate and cooperate with youth empowerment organizations, such as Ruwwad for Development and INJAZ, to promote financial literacy among the youth and educate them on entrepreneurship and small-scale project management.
- Build partnerships with women and rural community empowerment organizations, including Jordan River Foundation (JRF), and the Queen Zein Al Sharaf Institute for Development (ZENID), to design and implement financial literacy tools, methods, and programs in coordination with the National Financial Education project.
- Communicate and cooperate with the Ministry of Labor, the Development and Employment Fund, the Employment and Technical and Vocational Education Training (E-TVET) Fund, to develop financial literacy training kits.
- Communicate and cooperate with the Ministry of Social Development to develop training kits promoting financial literacy among children and teenagers in state-run homes.
- Work with microfinance institutions to produce booklets, manuals, and visual guides, and organize workshops for clients to train them on business management, accounting, marketing, and finance.
- Build a portal with articles, videos, courses, and guidelines on financial literacy and services, as part of e-financial education efforts.

Below are the sets of sub-goals, targets and strategic measures to achieve these goals:

Sub-goals	Targets	Strategic measures
Promoting financial education for schools, financial capabilities for target groups (women, refugees, micro and SME clients), and financial awareness and literacy for the public.	Developing financial capabilities for women from 2018-2020.	- Preparing and launching training workshops and programs on financial literacy for women financial consumers
		- Preparing awareness workshops and sessions to promote women entrepreneurship
	Developing financial education programs for all students in Jordan especially for : - School students by 2020 - University students 2020 - Technical and vocational training students 2019	- Scale up financial education programs for grades 7-12
		- Design and roll out university course on entrepreneurship for university students
		- Design and roll out a course on entrepreneurship for students in technical and vocational institutes.
	Support financial capacity building in the Microfinance sector through 2018-2020	- Promote and develop further non-financial services to Microfinance clients to enhance their capacity through workshops and other programs in collaboration with sector.
	Develop and roll out financial capacity programs for business entrepreneurs from 2019	- Preparing and implementing trainings and programs for building financial capabilities of youth business entrepreneurs for developing business plans and facilitate access to finance in collaboration with universities, NGOs, and incubators.
	Develop and execute campaigns to raise awareness about consumers' rights and responsibilities in using financial products through cross media channels throughout 2018-2020.	- Preparing and producing general awareness programs on financial education using audio/visual media.
		- Preparing and using print media like leaflets, brochures that cover basic financial concepts, tips on safe and wise financial behaviors
		- Using online media from building a portal that publishes training material and documents to using social media to raise awareness.

7.1.5 Financial Technology

FinTech can accelerate financial inclusion and bring about substantial efficiency gains for FSPs and financial consumer alike, removing constraints to financial inclusion. FinTech helps to improve market infrastructure, and thereby to improve the efficiency of financial services delivery, thereby increasing the extent and outreach of services for the financially underserved and unserved segments.

The CBJ is committed to supporting innovation and development of technological solutions to reduce bottlenecks to financial inclusion, promote financial access and the provision of financial services in Jordan. CBJ and the main public, private and civil society stakeholders are working on a clear policy framework to help innovative entrepreneurs and firms to confidently develop, test and operate FinTech solutions in Jordan and develop solutions for the global market.

In October 2017, CBJ established with key stakeholders Jordan National FinTech Hub (Jo-NAFTECH) as a high-level multi-stakeholder policy dialogue forum for promoting and incubating financial technology innovations in Jordan. The Jo-NAFTECH envisions to position Jordan as a center for financial innovation in the region through building a conducive ecosystem to support and promote financial technology innovations. Its mission is to provide FinTech innovators with an innovative, digitally enabled platform, conducive regulatory framework, and inter-agents collaborative ecosystem and an enabling regulatory sandbox to foster financial innovations.

Within the framework of the NFIS for Jordan the CBJ and other involved stakeholders in the Jo-NAFTECH cater to gear new policies for FinTech towards:

- Encouraging innovation in the financial industry, enhancing innovative capacity of startups, micro and small businesses; while promoting financial inclusion and safeguarding financial stability.
- The development of a conducive regulatory environment that apply proportionality without stifling the innovation.
- Adopt a flexible and agile communication and cooperation with FinTech companies and FinTech enablers.
- Embrace FinTech startups and entrepreneurs and provide them with a regulatory sandbox where they can test their products and business models in a safe environment within transparent pre-defined criteria and procedures under the control of the CBJ.

FinTech will contribute to financial inclusion as an enabler for industries outlined in the NFIS aiming at:

- Fostering digital financial inclusion
- Preserving financial stability
- Promoting innovation
- Enhancing efficiency and competition in the financial sector
- Preserving the integrity of the financial system and consumer protection
- Achieving the government's digital competitiveness mandate
- Supplementing the efforts of the banks to develop their e-channels and digital services.
- Developing a more competitive and efficient payments system.

A regulatory sandbox, will be coordinated and supported by NFIS implementing entities to support Jordan's financial inclusion initiative by opening the legal and regulatory environment to test FinTech innovations aimed at enabling new, scalable products, services and delivery channels that enhance the financial inclusion of the priority segments of women, the youth, refugees, and the low-income segments.

7.2 Industries

7.2.1 Microfinance

The microfinance sector plays a vital role in realizing financial inclusion through improving financial access for the vast numbers of unbanked, financially underserved and excluded, primarily women and the low-income segment. These target groups can become productive income generators, which would contribute to reduced socio-economic inequalities.

The National Policy Framework for Microfinance, which was revised in 2011 and 2016, aimed at increasing the access to finance by the low-income segment. It promoted and supported the legal, regulatory and supervisory framework as well as a supportive infrastructure for the microfinance sector, product innovation and increased outreach through new delivery channels, and sustainable self-sufficient and responsible growth of the sector.

With the release of the NFIS for Jordan and the replacement of the previous Policy Framework for Microfinance, the CBJ is entitled and responsible to steer and coordinate the microfinance sector stakeholders and monitor the implementation of the NFIS. With the passing of the Bylaw No. 5 of 2015, the CBJ licensing and supervises microfinance companies to enforce governancerisk management, and market conduct. The CBJ established a Microfinance Institutions and Credit Bureaus Supervision department and the following are its responsibilities:

- Coordinate with the Ministry of Industry, Trade, and Supply in order to take the necessary actions to make MFIs, established before the issuance of the Microfinance Bylaw (5/2015), adjust their status according to the provisions of this Bylaw.
- Complete the issuance of new instructions cover many issues including corporate governance in MFIs, financial consumer protection and internal control systems;
- Enforce compliance by MFIs with new instructions by setting up and exercising the CBJ supervisory function;
- Contribute to strengthening the infrastructure for the sector through promoting the use of the licensed Credit Bureau. The bureau would provide a comprehensive database about clients of banks and other credit providers, which would help MFIs to take rational credit decisions, enhance risk management and widen the access to microfinance.
- Promote market expansion and innovation in the sector by enabling MFIs to offer a range of financial services including for, but not limited to, Sharia-compliant financing, insurance agent services for their clients, and agent services related to mobile payments for their clients.

The NFIS for Jordan sets out particularly the following sub-goals, targets and strategic measures within the policy area of Microfinance.

Sub-goals	Targets	Strategic measures
Enabling an environment of sustainable growth of the microfinance sector in its developmental role	Formalize the microfinance sector by mid-2018.	- Licensing the MFIs.
	Regulate and supervise the microfinance sector by the end of 2018	- Issuing instructions for microfinance . - Starting supervision of MFIs.
	Enhancing the creditworthiness assessments for MFIs clients by end-2019.	- Usage of the credit bureau by MFIs .
	Enhance the financial consumer protection framework in the microfinance by mid-2020.	- MFIs establishing policies for treating clients fairly and complaints handling unit. - Adopting Social Performance indicators.
	Allocate a part of the credit portfolio for startup projects throughout 2020.	- Developing a loan guarantee program for registered startup projects. - MFIs allocating part of their credit portfolio to registered startup projects.

Sub-goals	Targets	Strategic measures
Develop the financial and human capabilities in MFIs for enhanced product development and increased outreach	Allocate funds from international and regional sources to MFIs by end of 2019.	- MFIs lending funds, obtained directly from international and regional entities or through CBJ.
	Build staff capacities in the microfinance sector by mid-2020.	- Coordinating with the Ministry of Higher Education, universities, training institutes for developing training course in the field of microfinance. - Coordinating with the Institute of Banking Studies and related parties for developing needed training.
	Developing and diversifying targeted microfinance products and services, including for rural areas and agricultural sector, throughout 2020.	- MFIs developing non-financial services targeted at women, youth, low-income clients. - MFIs developing new microfinance products and services particularly targeted at rural clients and agriculture sector. - Building capacity of MFI staff in new products and segments.
	Increase geographic outreach of MFIs particularly in remote, unserved areas including through digital finance throughout 2020.	- MFIs subscribing to JoMoPay and Efawateercom for disbursement and payment services for loans. - MFIs opening branches or marketing offices for clients in unserved areas.
Enhance awareness and financial capabilities of microfinance clients	Conduct awareness-raising and capacity building programs for women, youth and low-income segments including rural areas by end-2019.	- Microfinance sector conducts awareness campaigns using audio-visual and online media including social media. - MFIs organize / participate in public bazaars . - MFIs offer training courses for microfinance clients to enhance their financial capabilities.

7.2.2 Digital Financial Services

The payment and settlement systems in the Kingdom are the backbone of the economy, providing the tools and channels needed for money movement. They also represent the infrastructure required for automating government services. To deepen financial inclusion, secure and efficient payment and transfer tools must be designed. An enabling infrastructure must also be provided for delivering all types of financial products and services through innovative and secure channels that meet the needs of the unbanked.

Facilitating electronic delivery of financial services to the unbanked, residents of remote areas, women, youth, and refugees is an essential step in empowering these target groups. These services includes access to credit, e-payment, money transfer at affordable cost, savings, as well as insurance. Eventually, such access will help these groups do proper financial planning and improve their living standards. For youth and women specifically, such access will encourage innovation and start-ups. In effect, the availability of e-services is an extension of the role of financial institutions in realizing sustainable economic development goals, being inclusive tools that involve all segments in the production process.

Sub-goals, targets, strategic measures to be achieved by this strategy are as the following:

Sub-goals	Targets	Strategic measures
Expand DFS Coverage	Digitizing government payments and ensure G2P transformation commitment by 2019	- The government to endorse using P2G transactions for all payments as an accepted channel. - Mandating government institutions to adopt electronic channels in order to make payments electronically for government transactions
	Sufficient and reliable agent network management system	- Enhance the regulatory framework for agents.
		- To ensure that PSPs will implement a consolidated fully automated system for agents network management
		- To create a unified geospatial mapping systems for the public that allocates agents and associated information.
		- Enhance the technical infrastructure for eKYC process to digitize processes for agents
	Restructure fees (efficient for customers & feasible for agents)	- Enabling legal & regulatory environment with clear fees structure to ensure level playing in the market
Provide comprehensive financial services	Allow digital cross boarder remittances for refugees and Jordanian households with little or no access to financial services by end of 2018	- Ensure the reliability of the technical infrastructure required for cross-border remittances, and conduct test to ensure safety and security of the service.
		- Review contractual arrangements for selected corridors and obtain required approvals.
		- Establish dialogue between the local and foreign payment services providers through a platform to ensure mutual understanding and adherence to regulations
Enhance payment system safety and integrity	Publish comprehensive rules & regulatory framework for ensuring technical safety and security and integrity of the national payment systems by 2018	- Conduct frequent Stress testing assessment
		- Develop clear and effective mechanism for compliant handling
		- Design an automated alternative dispute resolution

7.2.3 Small and Medium-sized Enterprise Finance

Enhancing MSME access to finance at affordable costs is key for enhancing financial inclusion. In developing economies, MSMEs create between 40 and 60% of job opportunities. In Jordan, the sector makes up more than 95% of businesses, and plays a major role in supporting economic growth, with a contribution of 40% to GDP.

A study by the International Finance Corporation (IFC) indicates that the contribution of formal MSMEs to GDP amounts to 33% in developing economies. Contribution to creating job opportunity reaches up to 45%. These figures remarkably go up when informal MSMEs are added. In high-income countries, these establishments contribute around 64% to GDP, and secure 62% of jobs.

Sub-goals	Targets	Strategic measures
Increase the share of financing (percentage of loans) provided by banks and MFIs to micro, small and medium enterprises from 8.5% to 15% by 2020.	Increase the size of loans granted to micro-enterprises by 18% growth annually.	- The Central bank of Jordan will allocate 10% of the it's facilitated loans obtained from international and regional financial institutions to microfinance institutions in order to lend them to micro, and small enterprises
		- Microfinance institutions to increase their loan portfolio of microfinance projects by 16% -18% annually.
	Increase the size of loans granted to small enterprises by 15% growth annually.	- The Central Bank of Jordan will allocate 15% of its facilitated loans obtained from international and regional institutions for start-up companies through banks and microfinance institutions.
		- The Central Bank of Jordan will increase the Jordan Loan Guarantee start-up program budget from 50 to 100 million dinar.
		- Banks and micro-finance institutions will increase their loan portfolio of small projects by 13%-15% annually.
	Increase the size of loans granted to medium projects by 15% growth annually.	- Increase the collateral cap for the industrial and service financing program from JD550 thousand to reach JD1 million through increasing the provisions of the CBJ collateral program from 5 to 10 million dinars.
		- Study the expansion of sectors benefiting from the central bank collateral program to include major economic and private sectors - Banks to increase their loan portfolio of medium projects by 13%-15% annually.
	Providing venture capital arrangements for small and medium enterprises.	- The Jordanian Entrepreneurship fund which has been established with a capital of $ 98 million to start investing in the capital of innovative start-ups.
		- A consortium of commercial banks established an investment company with a capital of JDs 100 million to provide venture capital investments. This company will start investing in the capital of medium enterprises for the purposes of expanding and developing their businesses.
		- Islamic banks established an investment company with a capital of JDs 25 million that will start investing in the capital of medium enterprises for the purpose of expanding and developing their businesses.
	Improving the legislative framework to enhance SMEs access to finance.	- The central bank of Jordan to expand its regulatory umbrella to include the non- bank financial institutions sector to enhance its role in financing small and medium enterprises.

Sub-goals	Targets	Strategic measures
	Improving the legislative framework to enhance SMEs access to finance.	- The central bank of Jordan to expand its regulatory umbrella to include the non- bank financial institutions sector to enhance its role in financing small and medium enterprises.
	Provide a suitable environment to develop micro, small and medium enterprises	- Simplify the procedures of registering micro, small and medium enterprises.
		- Build financial capabilities of project owners focusing on improving sustainability prospects and growth of start-up projects within the first two years of their establishment
		- Build awareness and increase literacy about Entrepreneurship.
		- Provide technical assistance to banks and financial institutions to build their capacity in dealing with small and medium enterprises and managing their financing risk.
		- Involvement of professionals, craftsman and vocational certificate holders into the job market through supporting them in accessing suitable financing(access to finance) according to agreements with the vocational training corporations and institutes/specialized academies (Vocational Training Corporation VTC).
		- Establishing an orientation office to guide citizens/or projects to the suitable financing fund/window.
		- Developing special financial products, services, and loan guarantees for micro, small, and medium enterprises.
		- Amending banks and microfinance institutions credit policies to take into consideration the specifications of micro, small and medium enterprises.
		- Connecting financial institutions that offer financing to SMEs sector to credit information companies.
		- Establishing specialized SME financing unit at banks, and developing an operational model and risk management that suits micro, small, and medium enterprises.
		- Simplifying and accelerating the procedures of granting small amount loans to SME's, and increasing loans maturities to more than 5 years in appropriate way to these enterprises.
		- Improving the usage of digital financial services by the SMEs sector.
		- Setting a certain percentage(as per rule/law) of government tenders and/or private sector to be taken on an annual basis by a class of micro, small and medium enterprises.

7.3 Products

This chapter includes a discussion of benchmarks for product-specific financial inclusion indicators for the time period covered by the NFIS and the potential in the main product categories of financial inclusion.

Based on data available for 158 countries worldwide, countries with similar characteristics as Jordan in terms of (i) population, (ii) income level and (iii) general level of financial sector depth are identified. For all three criteria, countries need to fall within a certain range of the values for Jordan to become part of the peer group. The resulting peer group for Jordan is constituted by the following eleven countries:

- Tunisia
- Bolivia
- Guatemala
- Honduras
- Bulgaria
- Serbia
- El Salvador
- Nicaragua
- Lebanon
- Costa Rica
- Paraguay

For each financial inclusion indicator observed, the average of the three best-in class countries' levels on each indicator is set as a long-term vision and, based on this, medium-term benchmarks for the time horizon of this NFIS (2020) are then calculated.

Financial Inclusion Product Indicator Medium- and Long-Term Benchmarks

	MRV	CAGR	2020		2027	
Borrowed from a financial institution in the past year (% age 15+)	9.9	*6%*	11.7	*19%*	17.5	*77%*
Account (% age 15+)	33.1	*8%*	41.5	*25%*	70.2	*112%*
Saved at a financial institution (% age 15+)	9.3	*9%*	12.0	*29%*	21.7	*134%*
ATMs per 100,000 adults	25.6	*10%*	37.3	*46%*	72.3	*182%*
Made or received digital payments (% age 15+)	18.3	*12%*	25.6	*40%*	56.0	*206%*
Received wages or government transfers into an account (% age 15+)	11.8	*11%*	16.2	*37%*	33.7	*186%*
Insurance policy holders per 1,000 adults (non-life)	310.6	*11%*	467.0	*50%*	953.2	*207%*

Product-specific in this context means, amongst others, that the benchmarks always refer to the entirety of the adult population, i.e. Jordanian residents aged 15 years and above. The benchmarks do not differentiate by other characteristics, such as age, income, gender, or nationality. Each indicator can be seen as belonging to one of the broad product categories credit, savings, payments, and insurance. The indicator on account ownership can be seen as a lead financial inclusion indicator.

For each indicator presented, the table contrasts the most recent value for Jordan (MRV: 2016 baseline for supply and mid-2017 baseline for demand data) with the long-term vision for 2027 and the medium- term benchmarks for end-2020. The table shows the compound annual growth rate (CAGR) required to achieve the benchmarks next to the total growth rates for 2020 and 2027.[79]

Two benchmarks seem particularly remarkable in the context of the financial inclusion efforts in Jordan:

- **Low annual growth rates for borrowing:** as described in section 5.3, the microfinance sector has mainly played a crucial role in terms of credit for large parts of the population. The sector has been of interest in a development context early on and targeted by concerted efforts of the sector stakeholders, as evidenced by the creation of the Microfinance Strategy and Action Plan, and it has so far grown remarkably (see section 5.2.1). The lower projected growth in borrowing may seems plausible considering that, as with the new regulatory and supervisory framework for microfinance and the formation of a dedicated unit at CBJ, the sector's mission might shift from a focus on quantitative growth to enhancements in quality in terms of impact. The licensing of MFIs, regulation and supervision for consumer protection and industry efforts in social performance management are expected to contribute to qualitative enhancements in borrowing.
- **High potential for digital payments overall:** digital payments display the highest CAGR values of all product-specific indicators benchmarked, which indicates a significant potential for that indicator. The benchmark underlines the importance of the priority policy area of DFS for financial inclusion in Jordan. The expected enhancements in the infrastructure and the increase in outreach of DFS (section 7.2.2) represent important measures on that path.

79 The CAGR and compound growth calculations are based on 2016 for supply-side data and on mid-2017 for demand-side data, each reflecting the most recent value (MRV) for the demand and supply baseline. This implies that the same growth rate applies for 2017 as for the 2018-2020 period, which results in the possibility of one indicator having a lower CAGR than another indicator while at the same time requiring a higher total growth rate until 2020 or 2027. It is assumed that the indicator growth rate is, on an annual basis, the same for that year as for the 2018-2020 period.

7.4 Target Groups

The target group-specific benchmarks concern the priority segments: women, youth, low-income earners, and refugees. Benchmarks for key financial inclusion indicators are calculated for the first three of the four priority segments in a manner similar to the one summarized in section 7.3.

Key Financial Inclusion Indicator Medium- and Long-Term Benchmarks by Target Group

	MRV	CAGR	2020		2027	
Women						
Borrowed from a financial institution in the past year, female (% age 15+)	12.1	3%	13.2	9%	16.1	33%
Account, female (% age 15+)	27.2	10%	35.9	32%	68.8	153%
Saved at a financial institution, female (% age 15+)	8.1	9%	10.4	28%	18.6	129%
Made or received digital payments, female (% age 15+)	13.2	15%	20.1	52%	53.7	307%
Low-income earners						
Borrowed from a financial institution in the past year, income, poorest 40% (% age 15+)	5.6	8%	7.1	26%	12.2	117%
Account, income, poorest 40% (% age 15+)	19.3	13%	27.6	43%	63.4	229%
Saved at a financial institution, income, poorest 40% (% age 15+)	4.4	10%	5.9	33%	11.4	160%
Made or received digital payments, income, poorest 40% (% age 15+)	10.6	16%	16.6	57%	47.3	346%
Youth						
Borrowed from a financial institution in the past year, young adults (% ages 15-34)	7.7	7%	9.3	21%	14.6	89%
Account, young adults (% ages 15-34)	23.8	11%	32.8	38%	69.1	190%
Saved at a financial institution, young adults (% ages 15-34)	5.8	13%	8.5	46%	20.6	255%
Made or received digital payments, young adults (% ages 15-34)	14.6	15%	22.1	52%	58.4	300%

Several interesting conclusions can be drawn from the benchmarks presented above:

- **Women's borrowing from formal sources is already at a relatively advanced stage compared to peer group countries:** women's formal borrowing rate not only exceeds the borrowing rate across male and female residents (12.1% for women vs. 9.9% for all residents). Borrowing to women shows relatively little room for further improvement (CAGR of 2.9% for female borrowing vs. average of 9.1% across all female benchmarks). As highlighted before, this may be seen as an indication of an already relatively high borrowing level in microfinance, which largely targets women.
- **Potential for digital payments for the priority segments exceeds the high potential for the population overall:** the high growth rates across the digital payments indicators for women, low-income earners and young adults are even higher than the figure for the total resident population, indicating promising opportunities for further interventions targeting this area.

- **Savings for young adults indicates high potential:** due to the promising potential in the area, as indicated by some of the highest total growth for the long-term benchmark (or the highest CAGR) and the assumption of diminishing marginal returns of improvement measures, efforts targeting savings for young adults are expected to yield particularly good results.

There is no internationally comparable data on the financial inclusion of non-nationals and refugees in particular. Due to a lack of available data on the financial inclusion of refugees in peer countries, benchmarks for that segment presented below could not be calculated using the same evidence-based methodology. The benchmarks for refugees rest on the assumption that the CAGR is equivalent to the average CAGR of the overall product-specific indicators, which is 9.4%. They are therefore rough estimations of the potential in the financial inclusion of this priority segment.

Key Financial Inclusion Indicator Medium- and Long-Term Benchmarks for Forcibly Displaced Persons

	MRV	CAGR	2020		2027	
Refugees						
Borrowed from a financial institution in the past year, refugees (% age 15+)	1.4	9%	1.8	31%	3.4	146%
Account, refugees (% age 15+)	7.0	9%	9.2	31%	17.2	146%
Saved at a financial institution, refugees (% age 15+)	2.3	9%	3.0	31%	5.7	146%
Made or received digital payments, refugees (% age 15+)	8.4	9%	11.0	31%	20.7	146%

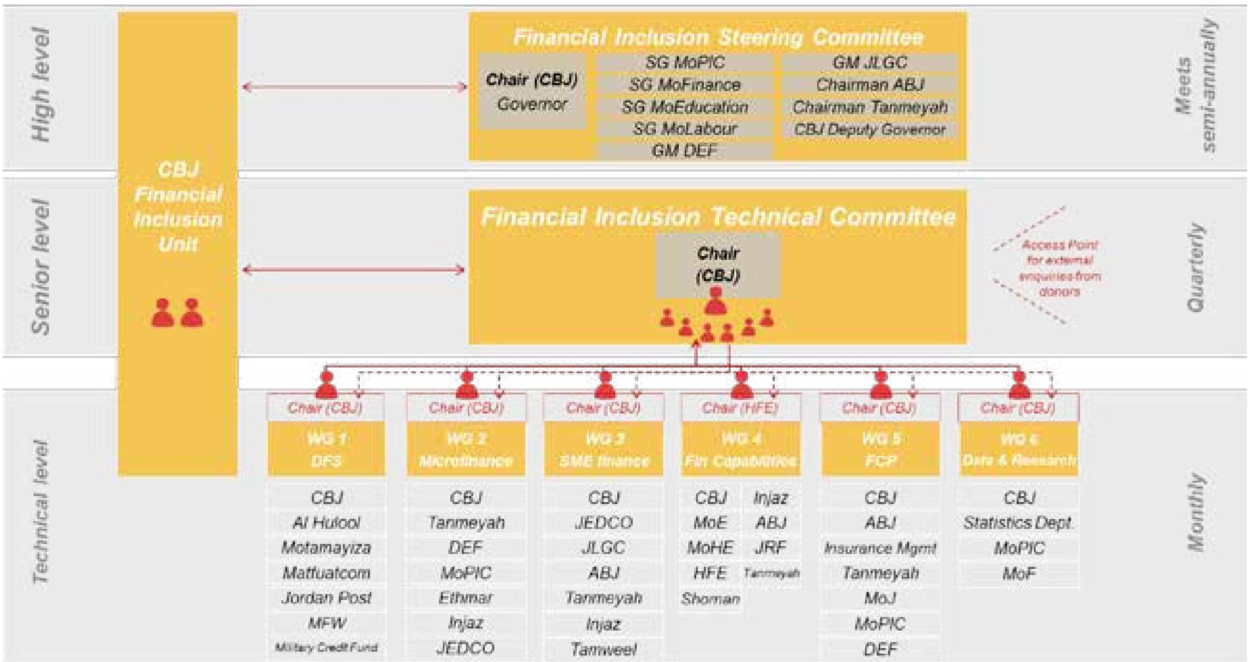
8 Governance and Coordination

8.1 Institutional set-up and coordination structure

8.1.1 Institutional set-up

The NFIS has been laid out and will be executed in a participatory, consultative multi-stakeholder policy process, engaging all relevant stakeholders who act within a clear strategy framework (see chapter 2) and under an effective governance structure with the leadership and oversight by the CBJ. The CBJ guides stakeholders (see annex III) through the FISC, coordinates with them through the FITC, consults with them in Working Groups, and provides needed supports through the Financial Inclusion Secretariat.

Figure: Financial Inclusion Governance Structure



The governance framework for the financial inclusion policy process depicted above follows a three-layered approach that is supported by the cross-functional Financial Inclusion Unit within the CBJ. It covers the following committees and bodies listed in order of descending hierarchy:

1. **Financial Inclusion Steering Committee (FISC):** The FISC is chaired by the CBJ Governor, deputized by the CBJ Deputy Governor, and comprises of the Secretary Generals of the Ministries of Planning and International Cooperation, Finance, Education, and Labour; the General Managers of the Development and Employment Fund (DEF) and the Jordan Loan Guarantee Corporation (JLGC); and the Chairmen of the Association of Banks (ABJ) and Tanmeyah. The FISC steers and oversees the national multi-stakeholder policy process. The FISC members meet on a semi-annual basis.
2. **Financial Inclusion Technical Committee (FITC):** The heads of the Working Groups form the FITC, which is led by the CBJ Deputy Governor. The FITC comprises Central Bank executive management. It is responsible for regular consultations with WGs and coordination of outputs across the priority policy areas; for regular follow up and monitoring of progress in the strategy implementation; for reporting towards the FISC. The FITC members meet four times a year.
3. **Working Groups (WGs):** Led mainly by CBJ executive management and composed of private, public and civil society stakeholders, a total of six working groups has been established for the core set of priority policy areas of Jordan's financial inclusion strategy, namely: DFS; Microfinance; SME Finance; Financial Capabilities; Financial Consumer Protection; and Data and Research. The main tasks of the WGs in the strategy process are to provide inputs for the NFIS as well as to move forward the strategy implementation. The WGs meet on a monthly basis.
4. **Financial Inclusion Unit (FIU):** A cross-cutting function across the high level FISC, senior level FITC and technical level WGs is fulfilled by the FIU within the CBJ that serves as the financial inclusion secretariat. The secretariat is responsible for enabling effective and efficient governance of the policy process, collecting and disseminating information, facilitating communication across all levels, and expediting the monitoring and evaluation of the strategy implementation.

8.1.2 Coordination structure

An effective governance and coordination structure are considered of utmost importance for the multi-stakeholder financial inclusion policy process in Jordan. They assure clear leadership and lines of accountability; enhance the inter-agency coordination, which is one of the G20 financial inclusion principles; increase transparency to the outside regarding the inner workings of a country's financial inclusion bodies.

The regular coordination meetings of the different bodies in the governance framework, particularly the consultations with public, private, civil society players in the WGs, took place during both the preparatory phase of the NFIS drafting and will continue to do so throughout the strategy implementation. They are essential in facilitating the proper intra- and inter-organizational flow of information among all relevant stakeholders, enabling them to join forces to move forward the common agenda.

Entities in the FISC are legitimized by Prime Minister decision. Entities included in the governance framework below that level – government agencies, associations, financial service providers, NGOs – are legitimized by decision of FISC chaired by CBJ. The range of high-level public and private stakeholders on steering level allows key organizations to develop a sense of ownership. The regular consultations with the private sector in the WGs allows to develop effective financial sector reforms and to motivate contributions towards impactful market developments. An effective coordination is essential for having public and private sector stakeholders join the development agenda, while balancing the national financial inclusion goals with the policy objectives of financial consumer protection, and financial system integrity and stability.

8.2 Roles of stakeholders

8.2.1 Financial Inclusion Steering Committee

The FISC was put in place upon order of the Prime Minister of Jordan in November 2015. The FISC endorsed the governance framework and coordination structure as well as the work plan required for the design and implementation of the NFIS. It released the financial inclusion vision for Jordan in November 2016 and approved the National Strategy for Financial Inclusion in Jordan. The FISC oversees the policy process on country-level through the FITC and WGs, reviews and endorses FITC produced proposals based on WG consultations, and ensures the successful inter-agency coordination and cooperation between all relevant stakeholders.

8.2.2 Financial Inclusion Technical Committee

The FITC was established by the FISC and assembles the heads of the working groups. The FITC members guide the WGs throughout their regular consultations for the NFIS, assuring coordination and synergies of outputs across the priority policy areas throughout the strategy formulation and implementation phases. It continuously followed up on and assessed the progress throughout the phases of preparing the strategy. The FITC with the support of the FIU will continue to monitor the progress of the strategy implementation and submit progress reports to the FISC. The committee will review and approve any outputs from WGs and other relevant consultants before submitting consolidated proposal to the FISC.

8.2.3 Working Groups (Public, Private and Civil Society Stakeholders)

The WGs, established by the FISC upon the proposal of the FITC in September 2016, cover the six priority policy areas of DFS; Microfinance; SME Finance; Financial Capabilities; Financial Consumer Protection; and Data and Research. Under the leadership and coordination of the FITC, regular consultations of all WGs - including public, private and civil society players - contributed to the development of the Financial Inclusion Vision for Jordan and the development of the NFIS. Their contributions included, but was not limited to, interviews as part of a diagnostic of financial inclusion in Jordan; definition of challenges and identification of priorities, goals, targets and measures. The WGs will be responsible for operationalizing the NFIS priority policy areas and implementing it in accordance with tracking indicators.

8.2.4 Financial Inclusion Unit

The FIU serves as an internal project management unit for the financial inclusion strategy. It coordinates and facilitates the Central Bank activities within the governance framework, and ensures that all bodies are informed about and in alignment with the project work plan, and that the strategy formulation and implementation takes place within the overarching framework. It is also responsible for developing new initiatives; providing all necessary information to FITC and FISC to allow for effective operations; and serving as focal point within the CBJ and for external organizations. It exercised the four core functions of (i) internal policy advice; (ii) data collection and analyses; (iii) supporting coordination and reporting; and (iv) communications (corporate communications; public relations).

8.3 Formulation Process

The NFIS for Jordan has been prepared over two years in a consultative multi-stakeholder policy process involving the key public, private and civil society stakeholders as well as extensive research and technical assistance provided by GIZ.

On November 19, 2015 following the regional High-level Policy Forum on "Financial Inclusion and Employment" at the Dead Sea in Jordan, the Prime Minister of the Hashemite Kingdom of Jordan formed the national Financial Inclusion Steering Committee (FISC) and called upon the CBJ to lead the process for developing and implementing the NFIS for Jordan.

In April 2016, Jordan, represented by the CBJ, became a member of the AFI network. CBJ quickly established itself as a regional leader for financial inclusion policy and a valuable addition to the network of over 110 financial inclusion policy-making regulatory institutions from 95 developing and emerging countries around the world, covering up to 85% of the world's unbanked.

On July 13, 2016 the Financial Inclusion Steering Committee, under the chair of the CBJ, convened for its inception meeting and endorsed the governance structure, a concept paper, and roadmap.

On September 9, 2016 on the occasion of the AFI's Global Policy Forum for financial inclusion on the Fiji Islands, the CBJ released its Maya declaration committing to two national goals for financial inclusion, namely: to increase the level of financial inclusion from 24.6% of the adult population to 36.60% by 2020 and, over the same time, to reduce the gender gap from 53% to 35%.[80] The CBJ committed furthermore to nine targets to achieve these goals.

On September 25, 2016 the CBJ launched the six working groups for continued multi-stakeholder consultations with all members, i.e. public, private and civil society stakeholders, within the priority policy areas of Digital Financial Services, Microfinance, SME Finance, Financial Capabilities, Financial Consumer Protection, and Data and Research.

On November 22, 2016 on the occasion of the regional policy forum on "Advancing Women's Financial Inclusion in the Arab World" carried out at the Dead Sea under the patronage of H.M. Queen Rania Al Abdullah, the CBJ released the Financial Inclusion Vision for the Hashemite Kingdom of Jordan.

Throughout 2017, a diagnostic of financial inclusion in Jordan was conducted covering a supply-side and demand-side study to assess the state of access to, usage and quality of financial services, the regulatory, physical and commercial barriers thereto and the gender, socio-economic, demographic and geographic usage specifics and needs.

Throughout the NFIS formulation phase regular consultations with all Working Groups, regular coordination by the Financial Inclusion Technical Committee, and regular oversight by the FISC were conducted

80 According to account ownership as indicated by Global Findex data.

Appendices

I. Core Indicators for Financial Inclusion

Deposits and savings	Source	Value
Has account at financial institution	Demand	33.1%
Has bank account	Demand	32.0%
Has mobile wallet account	Demand	0.9%
Has postal savings account	Demand	1.1%
Has informal savings account	Demand	13.1%
Has debit card	Demand	27.2%
Saved money at financial institution in past year	Demand	9.3%
Bank deposit accounts per 1,000 adults	Supply	504.0
E-money accounts per 1,000 adults	Supply	1.5
Credit	**Source**	**Value**
Borrowed from financial institution in past year	Demand	9.9%
Borrowed from bank in past year	Demand	4.3%
Borrowed from MFI in past year	Demand	4.2%
Borrowed from any source in past year	Demand	21.6%
Has credit card	Demand	4.8%
Outstanding bank loans per 1,000 adults	Supply	170.2
Outstanding MFI loans per 1,000 adults	Supply	63.2
Total outstanding loans per 1,000 adults	Supply	233.4
Payments and remittances	**Source**	**Value**
Made or received digital payments	Demand	18.3%
Received wages or government transfers into account in past year	Demand	11.8%
Made payment using debit card	Demand	2.8%
Used internet to pay bills or buy things	Demand	5.5%
Received or sent formal domestic remittances in past year	Demand	23.4%
Received or sent formal domestic remittances in past year	Demand	42.3%
Mobile money transactions per 1,000 adults	Supply	1.4
Retail cashless transactions per 1,000 adults	Supply	13,337.8
Debit cards per 1,000 adults	Supply	366.1[81]
Insurance	**Source**	**Value**
Had any type of insurance in past year	Demand	29.9%
Had health insurance in past year	Demand	27.0%
Had life insurance in past year	Demand	2.9%
Insurance policies per 1,000 adults	Supply	315.6
Infrastructure	**Source**	**Value**
Branches of commercial banks per 100,000 adults	Supply	13.9
Branches of commercial banks per 1,000 km2	Supply	10.0
Branches of MFIs per 100,000 adults	Supply	2.7
Branches of MFIs per 1,000 km^2	Supply	2.0
ATMs per 100,000 adults	Supply	25.6
Agents of payment service providers per 100,000 adults	Supply	0.3
Mobile agent outlets per 100,000 adults	Supply	4.3
POS terminals per 100,000 adults	Supply	496.0

81 2015 data reported

II. Financial Inclusion Indicators

II.I Supply Side

The comprehensive list of financial inclusion indicators are classified under supply indicators, which are based on 2016 data mostly from the CBJ, or demand indicators, in which case the data stems from the 2017 CBJ/GIZ study. The G20 recommended financial inclusion indicators are marked as such.

SUPPLY SIDE INDICATORS	G20	2016	2015	2014
ACCOUNTS/DEPOSITS				
Bank deposit accounts per 1,000 adults	Y	504.0	485.2	513.7
E-money accounts per 1,000 adults	Y	1.5	n/a	n/a
E-money accounts and bank accounts linked to JoMoPay per 1,000 adults		10.5	n/a	n/a
CREDIT				
Outstanding bank loans per 1,000 adults	Y	170.2	149.9	149.4
Outstanding MFI loans per 1,000 adults		63.2	59.2	58.6
Total outstanding loans per 1,000 adults		233.4	209.0	208.0
Active MFI borrowers per 1,000 adults		60.7	57.2	56.4
Credit cards per 1,000 adults			50.6	43.2
Volume of bank SME loans to total loans			7.3%	8.5%
Getting credit: distance to frontier	Y	0	0	0
PAYMENTS				
Mobile money transactions per 1,000 adults	Y	1.4	n/a	n/a
Retail cashless transactions per 1,000 adults	Y	13,337.8	n/a	n/a
- Checks		2,663.7	n/a	n/a
- Transfers		232.2	n/a	n/a
- Payment cards		9,707.9	n/a	n/a
- e-money		734.1	n/a	n/a
Debit cards per 1,000 adults	Y		366.1	475.0
Percentage of bank accounts linked to JoMoPay		1.8%	n/a	n/a
INSURANCE				
Insurance policies per 1,000 adults	Y	315.6	314.2	321.3
- Life insurance	Y	5.1	17.9	3.4
- Medical insurance		3.2	3.0	2.9
- Other		307.4	293.3	315.0
- Total non-life	Y	310.6	296.3	317.9
INFRASTRUCTURE				
Branches of commercial banks per 100,000 adults	Y	13.9	13.9	14.6
Branches of commercial banks per 1,000 km2		10.0	9.8	9.5
Branches of MFIs per 100,000 adults		2.7	2.6	2.7
Branches of MFIs per 1,000 km2		2.0	1.9	1.7
ATMs per 100,000 adults	Y	25.6	24.2	24.6
Agents of payment service providers per 100,000 adults	Y	0.3	n/a	n/a
Mobile agent outlets per 100,000 adults	Y	4.3	n/a	n/a
POS terminals per 100,000 adults	Y	496.0	n/a	n/a
Interoperability of ATM and POS networks	Y	1	n/a	n/a
MARKET CONDUCT AND CONSUMER PROTECTION				
Disclosure index	Y	2	n/a	n/a
Dispute resolution index	Y	2	n/a	n/a

II.II Demand Side

DEMAND SIDE INDICATORS	G20	2017	2014
ACCOUNTS/DEPOSITS			
Has account at a financial institution	Y	33.1%	24.6%
- Female		27.2%	15.5%
- Youth (15-24)		20.4%	12.4%
- Youth aged 15-17		9.6%	n/a
- Youth aged 18-24		23.6%	n/a
- Non-Jordanian		9.5%	n/a
- Refugees		7.0%	n/a
- Poorest 40%		19.3%	16.4%
- Primary education or less		19.9%	18.2%
- Rural		38.0%	25.4%
- MSME	Y	n/a	n/a
Has bank account		32.0%	n/a
Has mobile wallet account		0.9%	0.5%
Has postal savings account		1.1%	n/a
Has informal savings account		13.1%	n/a
Saved money in past year		n/a	29.2%
Saved money at FI in past year	Y	9.3%	3.8%
- Female		8.1%	2.5%
- Youth (15-24)		4.9%	1.8%
- Youth aged 15-17		5.9%	n/a
- Youth aged 18-24		4.5%	n/a
- Non-Jordanian		3.9%	n/a
- Refugees		2.3%	n/a
- Poorest 40%		4.4%	1.8%
- Primary education or less		3.8%	2.5%
- Rural		5.9%	2.7%
- MSME		n/a	n/a
Made withdrawal from bank account in past year (% of adults with bank account)		84.2%	81.1%
Makes 3 or more withdrawals from bank account in typical month	Y	5.4%	4.6%
CREDIT			
Borrowed from financial institution in past year	Y	9.9%	13.6%
- Female		12.1%	10.3%
- Youth (15-24)		4.1%	1.7%
- Youth aged 15-17		0.0%	n/a
- Youth aged 18-24		5.4%	n/a
- Non-Jordanian		1.9%	n/a
- Refugees		1.4%	n/a
- Poorest 40%		5.6%	10.8%
- Primary education or less		5.8%	16.1%
- Rural		19.4%	11.4%
- MSME		n/a	n/a
Borrowed from any source in past year		21.6%	32.2%
Borrowed from informal source in past year		13.3%	n/a
Has credit card		4.8%	2.3%
Used leasing product		1.1%	n/a
Used Islamic financial product		1.5%	n/a

SMEs with outstanding loan or line of credit	Y	n/a	n/a
% of SMEs required to provide collateral on last bank loan	Y	n/a	n/a
PAYMENTS			
Made or received digital payments	Y	18.3%	n/a
Made payment or sent money using mobile phone	Y	0.6%	0.2%
Made payment or sent money using the internet	Y	5.5%	2.5%
Made payment using debit card	Y	2.8%	n/a
Made payment using credit card		n/a	1.8%
Received wages or government transfers into account	Y	11.8%	n/a
Received wages into account		6.7%	7.9%
Received government transfers into account		5.8%	0.7%
Has debit card		27.2%	19.1%
- Female		19.3%	10.8%
- Youth (15-24)		17.5%	9.0%
- Youth aged 15-17		4.6%	n/a
- Youth aged 18-24		21.4%	n/a
- Non-Jordanian		8.2%	n/a
- Refugees		6.5%	n/a
- Poorest 40%		13.8%	10.7%
- Primary education or less		13.9%	9.7%
- Rural		31.8%	20.9%
- MSMEs		n/a	n/a
Received domestic remittances		33.9%	9.5%
- Female		31.5%	9.7%
- Youth (15-24)		33.4%	8.6%
- Youth aged 15-17		32.6%	n/a
- Youth aged 18-24		34.0%	n/a
- Non-Jordanian		35.5%	n/a
- Refugees		31.0%	n/a
- Poorest 40%		29.9%	7.7%
- Primary education or less		34.5%	7.8%
- Rural		21.1%	7.5%
- MSMEs		n/a	n/a
Received domestic remittances through formal channels		14.9%	n/a
Sent domestic remittances		25.2%	11.4%
- Female		17.5%	6.9%
- Youth (15-24)		23.4%	14.6%
- Youth aged 15-17		22.0%	n/a
- Youth aged 18-24		23.7%	n/a
- Non-Jordanian		28.8%	n/a
- Refugees		21.0%	n/a
- Poorest 40%		21.5%	5.2%
- Primary education or less		21.6%	6.1%
- Rural		13.8%	10.4%
- MSMEs		n/a	n/a
Sent domestic remittances through formal channels		14.7%	n/a
Sent or received domestic remittances		42.3%	n/a
- Female		35.7%	n/a
- Youth (15-24)		40.5%	n/a
- Youth aged 15-17		35.6%	n/a
- Youth aged 18-24		42.4%	n/a

- Non-Jordanian		46.4%	n/a
- Refugees		39.8%	n/a
- Poorest 40%		39.8%	n/a
- Primary education or less		42.1%	n/a
- Rural		23.8%	n/a
- MSMEs		n/a	n/a
Sent or received domestic remittances through formal channels		23.4%	n/a
Share of MSMEs that have a POS terminal	Y	n/a	n/a
INSURANCE			
Has any type of insurance		29.9%	n/a
- Female		31.5%	n/a
- Youth (15-24)		28.3%	n/a
- Youth aged 15-17		24.8%	n/a
- Youth aged 18-24		29.2%	n/a
- Non-Jordanian		11.8%	n/a
- Refugees		10.2%	n/a
- Poorest 40%		26.3%	n/a
- Primary education or less		21.7%	n/a
- Rural		40.4%	n/a
- MSMEs		n/a	n/a
Had health insurance		27.0%	n/a
Had life insurance		2.9%	n/a
Had auto insurance		8.4%	n/a
Had property insurance		1.8%	n/a
FINANCIAL LITERACY & CAPABILITY			
Financial knowledge score	Y	2.55	n/a
- Female		2.49	n/a
- Youth (15-24)		2.55	n/a
- Youth aged 15-17		2.59	n/a
- Youth aged 18-24		2.52	n/a
- Non-Jordanian		2.54	n/a
- Refugees		2.49	n/a
- Poorest 40%		2.46	n/a
- Primary education or less		2.37	n/a
- Rural		2.40	n/a
- MSMEs		n/a	n/a
Simple interest question correct		30.7%	n/a
Compound interest question correct		37.6%	n/a
Risk diversification question correct		31.3%	n/a
Simple inflation question correct		86.9%	n/a
Complex inflation question correct		60.3%	n/a
Deposit insurance question correct		8.6%	n/a
All 6 questions correct		0.0%	n/a
First 5 questions correct		0.6%	n/a
Savings is main source of emergency funds (1/25 of GDPPC)	Y	12.9%	n/a
CONSUMER PROTECTION			
Knows costs of bank account (% of a adults with a bank account)		42.2%	n/a
Knows costs of loan (% of adults that borrowed in past year)		47.3%	n/a
Lender made costs and conditions of loan clear before signing (% of adults that borrowed in past year)		70.9%	n/a
Reads all conditions of contracts before signing (% of adults that signed a contract)		85.3%	n/a

OTHER			
Access to mobile phone or internet at home	Y	94.3%	n/a
- Female		92.7%	n/a
- Youth (15-24)		90.8%	n/a
- Youth aged 15-17		86.4%	n/a
- Youth aged 18-24		92.3%	n/a
- Non-Jordanian		97.2%	n/a
- Refugees		96.9%	n/a
- Poorest 40%		90.7%	n/a
- Primary education or less		90.3%	n/a
- Rural		93.4%	n/a
- MSMEs		n/a	n/a
Access to internet at home via computer		16.7%	n/a
Access to internet at home via mobile device		70.7%	n/a
Has mobile phone		92.1%	n/a
Has smartphone		76.5%	n/a

III. Stakeholders within the Financial Inclusion Governance Structure

Financial Inclusion Steering Committee
Governor, Central Bank of Jordan (CBJ) (Chair)
Deputy Governor, Central Bank of Jordan (CBJ)
Secretary General, Ministry of Planning and International Cooperation (MoPIC)
Secretary General, Ministry of Finance (MoF)
Secretary General, Ministry of Education (MoE)
Secretary General, Ministry of Labour (MoL)
General Manager, Development and Employment Fund (DEF)
General Manager, Jordan Loan Guarantee Corporation (JLGC)
Chairman, Association of Banks in Jordan (ABJ)
Chairman, Tanmeyah

Financial Inclusion Technical Committee
Deputy Governor, Central Bank of Jordan (CBJ) (Chair)
Executive Manager, Payment Systems, Domestic Banking Operations and Financial Inclusion, (CBJ)
Executive Manager, Financial Stability, (CBJ)
Executive Manager, Financial Consumer Protection (CBJ)
Executive Manager, Microfinance Institutions and Credit Bureaus Supervision (CBJ)
General Manager, Al Hussein Fund for Excellence (HFE)

Financial Inclusion Unit (Secretariat)
Financial Inclusion Division, (CBJ)

Working Group: Digital Financial Services
Executive Manager, Payment Systems, Domestic Banking Operations and Financial Inclusion(CBJ) (Chair)
Al Hulool
Motamayiza (Zain Cash)
Madfo3atcom (eFAWATEERcom)
Jordan Post
Microfund for Women
Military Credit Fund

Working Group: Microfinance
Executive Manager, Microfinance Institutions and Credit Bureaus Supervision (CBJ)(Chair)
Tanmeyah
Development and Employment Fund (DEF)
Ministry of Planning and International Cooperation (MoPIC)
Ethmar
Injaz
Jordan Enterprise Development Corporation (JEDCO)

Working Group: SME Finance
Executive Manager, Financial Stability (CBJ)(Chair)
Jordan Enterprise Development Corporation (JEDCO)
Jordan Loan Guarantee Corporation (JLGC)
Association of Banks in Jordan (ABJ)
Tanmeyah
Injaz
Tamweelcom

Working Group: Financial Capabilities
General Manager, Al Hussein Fund for Excellence
Ministry of Education (MoE)
Ministry of Higher Education and Scientific Research (MoHE)
Ministry of Planning and International Cooperation (MoPIC)
Abdul Hameed Shoman Foundation
Injaz
Association of Banks in Jordan (ABJ)
Jordan River Foundation (JRF)
Tanmeyah

Working Group: Financial Consumer Protection
Executive Manager, Financial Consumer Protection (CBJ)(Chair)
Association of Banks in Jordan (ABJ)
Insurance Management
Tanmeyah
Ministry of Justice (MoJ)
Ministry of Planning and International Cooperation (MoPIC)
Development and Employment Fund (DEF)

Working Group: Data and Research
Executive Manager, Payment Systems, Domestic Banking Operations and Financial Inclusion(CBJ) (Chair)
Research Department(CBJ)
Banking Supervision Department (CBJ)
Department of Statistics (DOS)
Ministry of Finance (MoF)