

Central Bank of Egypt releases the new version of the regulations governing Mobile Payment Services to expand their usage

Lobna Helal: the new regulations and procedures constitute a new approach in the banking sector and a paradigm shift towards financial inclusion.

In its session of 29 November 2016, the CBE's Board of Directors has approved the new version of "Mobile Payments Regulations". This decision coincides with the issuance of the "Customer Due Diligence Procedures for Mobile Payments" by the Egyptian Money Laundering and Terrorist Financing Combating Unit (EMLCU). The new package of regulations and procedures are by all means a positive step towards the expansion in the use of mobile payment services, with a view to incorporate more individuals and micro enterprises under the financial services umbrella.

Mrs. Lobna Helal – the Deputy Governor – highlighted that the introduction of the new regulations is part of the continuous efforts by the Central Bank of Egypt to develop sustainable financial services, with the ultimate aim of shifting towards a less-cash economy. Mrs. Helal pointed out that mobile payment service is considered the most efficient financial services tool to achieve financial inclusion proficiently, given the noticeably evident wide spread of mobile phones nationwide. This mechanism will allow all socioeconomic strata to tap into the financial services market, including low-income individuals, youth and residents of remote locations, in a fast, affordable and around-the-clock manner.

She added that the new regulations and procedures constitute a new approach in the banking sector and a paradigm shift towards financial inclusion. Under such regulations, banks will be able to employ agents in numerous services, mainly in establishing and verifying customer identity. Additionally, micro enterprises, organizations and merchants will be able to pay or collect funds through their mobile accounts.

Mrs. Helal concluded that the new regulations allow customers to receive cross border family remittances into their respective mobile accounts in a simple, convenient and fast way.

Moreover, money transferred can be disbursed by beneficiaries through agents that are spread across the country.

On the other hand, Eng. Ayman Hussein – Assistant Sub-Governor for Payment Systems and Business Technology sector - pointed out that the mobile payment services was launched 3 years ago, since then and up to October 2016, the volume of subscribers for mobile payment accounts have reached around 6.2 million, with a growth rate above 60%, for the period December 2015 till October 2016.

He added that the new regulations stipulated the activation of interoperability among the different payment schemes. Now, it shall be possible to let a customer of a particular mobile payment scheme to make a payment to a customer associated with any other mobile payment schemes. Banks licensed by CBE to provide mobile payment services have been given a six-month grace period for availing the interoperability service to their customers. Additionally, the new regulations have reconsidered the limits of withdrawal, deposit and balance related to mobile accounts. Under the new regulations, a customer is also permitted to transfer funds between his mobile account & his other accounts held within the same bank.

Mr. Ayman highlighted that the new regulations secure larger benefits to customers, making the mobile payment service a key platform for the provision of all types of electronic payment and collection services in Egypt, which will open the door for a wide array of new financial services, such as payroll, bill payment, collection of microfinance installments, in addition to government payments.

He also pointed out that the new regulations were founded on a number of critical pillars, mainly: cyber security, monitoring of fraudulent activities, and protection of consumer's rights; and added “At the Central Bank of Egypt, we are so keen to maintain a balanced approach between our desire to achieve financial inclusion and the measures necessary for providing a safe banking service”.

Mr. Ayman concluded his statement, ensuring that the new package of regulations and procedures is a result of the continuous cooperation between the Central Bank of Egypt, Egyptian Money Laundering and Terrorist Financing Combating Unit (EMLCU), and National Telecom Regulatory Authority (NTRA).