

Financial Inclusion Report

2 0 1 8 - 2 0 2 0





الاشتمال المالي في الأردن
Financial Inclusion In Jordan

Financial Inclusion Report 2018-2020
2021 Central Bank of Jordan©

Amman, Jordan March, 2021

Published by:

Central Bank of Jordan (CBJ)
King Al Hussein Street 60
P.O. Box 37, Amman 11118, Jordan
T: +962 6 4630301
E: info@cbj.gov.jo
<http://www.cbj.gov.jo>

Prepared by:

Financial Inclusion Division
Payment Systems and Domestic Banking Operations and
Financial Inclusion Department
Central Bank of Jordan

Table of Contents

List of Acronyms and Abbreviations	4
Executive Summary	6
National Financial Inclusion Strategy	8
1. Overview	9
2. Financial Inclusion Action Plans	11
3. Monitoring and Evaluation	12
Recent Developments in Financial Inclusion in Jordan	13
1. Industries	14
1.1. Small and Medium-sized Enterprise Finance	14
1.2. Microfinance	16
1.3. Digital Financial Services	18
2. Enablers	21
2.1. Laws, Regulations, Instructions	21
2.2. Financial Consumer Protection	23
2.3. Financial Capabilities	24
2.4. Data and Research	26
Financial Inclusion Initiatives	27
1. The Fintech Regulatory Sandbox	28
2. Improving Access to Remittances and other Financial Services through Digital Solutions in Jordan (Digi#ancess)	29
3. Mobile Money for Resilience Initiative (MM4R)	35
CBJ Response to COVID-19	43
Next Steps	48
Appendices	49
I. Financial Inclusion Action Plan (FAP)	49
II. Endnotes	54

List of **Acronyms** and **Abbreviations**

ACC	Agricultural Credit Corporation
AML	Anti-Money Laundering
ATMs	Automated Teller Machines
BBA	Basic Bank Account
BMGF	Bill & Melinda Gates Foundation
BMZ	German Federal Ministry for Economic Cooperation and Development
BTC	Better than Cash Alliance
CBJ	Central Bank of Jordan
CBO	Community-Based Organization
CFT	Combating of Financing of Terrorism
COVID-19	Coronavirus Disease 2019
CRIF	Jordan's Credit Bureau
DFS	Digital Financial Services
eFAWATEERcom	Electronic Bill Presentment and Payment System
FIAP	Financial Inclusion Action Plan
FinTech	Financial Technology
FISC	Financial Inclusion Steering Committee
FITC	Financial Inclusion Technical Committee
FIU	Financial Inclusion Unit
G2P	Government-to-Person
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GLP	Gross Loan Portfolio
IFAD	International Fund for Agricultural Development
IRC	International Rescue Committee
JAF	Jordanian Armed Forces
JEDCO	Jordan Enterprise Development Corporation
JLGC	Jordan Loan Guarantee Corporation
JoMoPay	Jordan Mobile Payment Switch
JoPACC	Jordan Payments and Clearing Company
MCE	Military Consumer Establishment
MEDAL	Merchant Expansion through Digital Acceptance and Liquidity
MEPS	Middle East Payment Services
M&E	Monitoring & Evaluation
MFIs	Microfinance Institutions
MM4R	Mobile Money for Resilience

MoDEE	Ministry of Digital Economy and Entrepreneurship
MoE	Ministry of Education
MoPIC	Ministry of Planning and International Cooperation
mPSPs	mobile Payment Service Providers
MSMEs	Micro, Small and Medium Enterprises
NAF	National Aid Fund
NBFI	Non-Bank Financial Institution
NFIS	National Financial Inclusion Strategy
P2G	Person-to-Government
POS	Point of Sale
PSPs	Payment Service Providers
QR	Quick Response Code
QRF	Queen Rania Foundation
ROSCA	Rotating Savings and Credit Association
SDC	Swiss Agency for Development and Cooperation
SDGs	Sustainable Development Goals
SME	Small and Medium-sized Enterprise
UN	United Nations
USAID	United States Agency for International Development
WFP	World Food Programme
WIT	Water Innovations Technology

Executive Summary



Promoting inclusive finance wherein individuals and businesses have convenient access to and use affordable and suitable financial products and services that meet their needs and help to improve their lives, delivered in a responsible and sustainable way, has been a key priority for Central Bank of Jordan (CBJ) in contributing towards equitable and sustainable growth.

As of 2017, 67% of people in Jordan above the age of 15 years did not have access to the formal financial system in terms of account ownership; 38.0% of adults were excluded from any formal financial services and 24.8% of adults were completely excluded from any formal and informal financial services. The majority of MSMEs are financially constrained.

Since then, CBJ progress on financial inclusion has been governed by two objectives; the first is to increase financial inclusion from 33.1% in 2017 to 41.5% and the second is to reduce the gender gap from 53% to 35% by 2020. Also CBJ has invested significantly in building inclusive digital payments infrastructure, and created an enabling environment for underserved households and businesses to gain access to digital accounts, investments, and other financial tools needed to grow and prosper.

Thus, financial inclusion policies and actions in Jordan have been geared towards empowering the financially excluded and underserved. This was embodied in 2015 with CBJ's initiation of a national, multi-stakeholder policy process for enhancing the formal financial inclusion of the entire population, mainly among the youth, women, refugees, low-income segments and micro, small and medium-sized enterprises. In December 2017, CBJ launched the National Financial Inclusion Strategy for Jordan 2018-2020, in which 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 sustainable economic and social development aligned with the UN SDGs.

The NFIS succeeded in enhancing financial inclusion in Jordan to reach 50%, and reducing the gender gap to reach 29% at the end of 2020 (Figure 1). Moreover, Jordan ranked 4th in getting credit index up from 134 in 2019 according to the World Bank's 2020 Doing Business Report. These outcomes are a result of significant efforts of CBJ in improving the legal regulatory framework to expand access to financial services and increasing active usage, ensuring the presence of an effective financial consumer protection system, empowering women to be able to access and use financial services, and establishing the first private credit bureau in Jordan. Moreover, CBJ played a major role in promoting financial literacy to establish trust of people in the financial system, and providing affordable financial services and products.

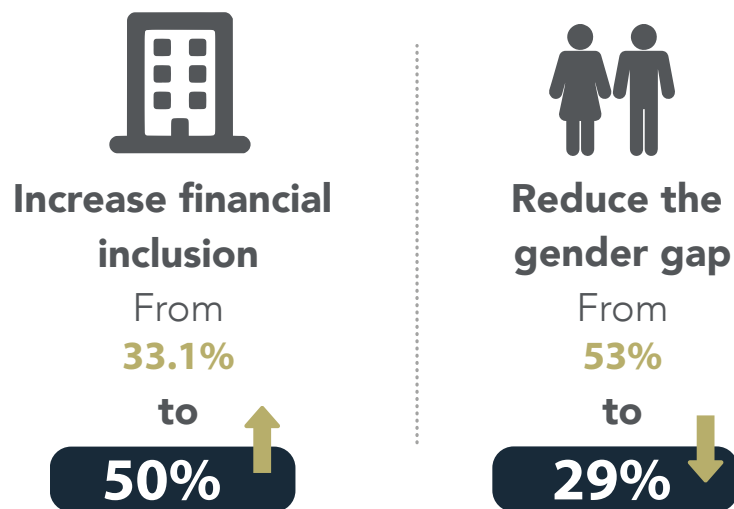


Figure (1): Financial Inclusion Achievements in Jordan

In light of the end of the implementation of the NFIS 2018-2020, CBJ puts in your hands this report that demonstrates the continuous efforts of CBJ and its partners towards achieving the NFIS's goals through building an enabling legal and regulatory framework and infrastructure to achieve a more inclusive financial system.

National Financial Inclusion Strategy



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 ownership¹. The rate, though the highest in the MENA region, is considered low when compared to other countries with the same income levels.

Therefore, Central Bank of Jordan (CBJ) developed the National Financial Inclusion Strategy (NFIS) as part of an inclusive and collaborative effort with the public, private, civil society, and development partners within a clear framework and governance to achieve a more inclusive economic growth and sustainable development, in alignment with the United Nations Sustainable Development Goals (SDGs)².



Framework for Financial Inclusion in Jordan

The NFIS for Jordan overall builds on a set core industry pillars: Small and Medium-sized Enterprise (SME) Finance; Microfinance, and Digital Financial Services. Four areas are considered cross-cutting enablers that are interconnected and support each industry in enhancing financial inclusion; Laws, Regulations, and Instructions; Financial Consumer Protection and Financial Capabilities; Data and Research, and Financial Technology.

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

2. UN Sustainable Development Goals

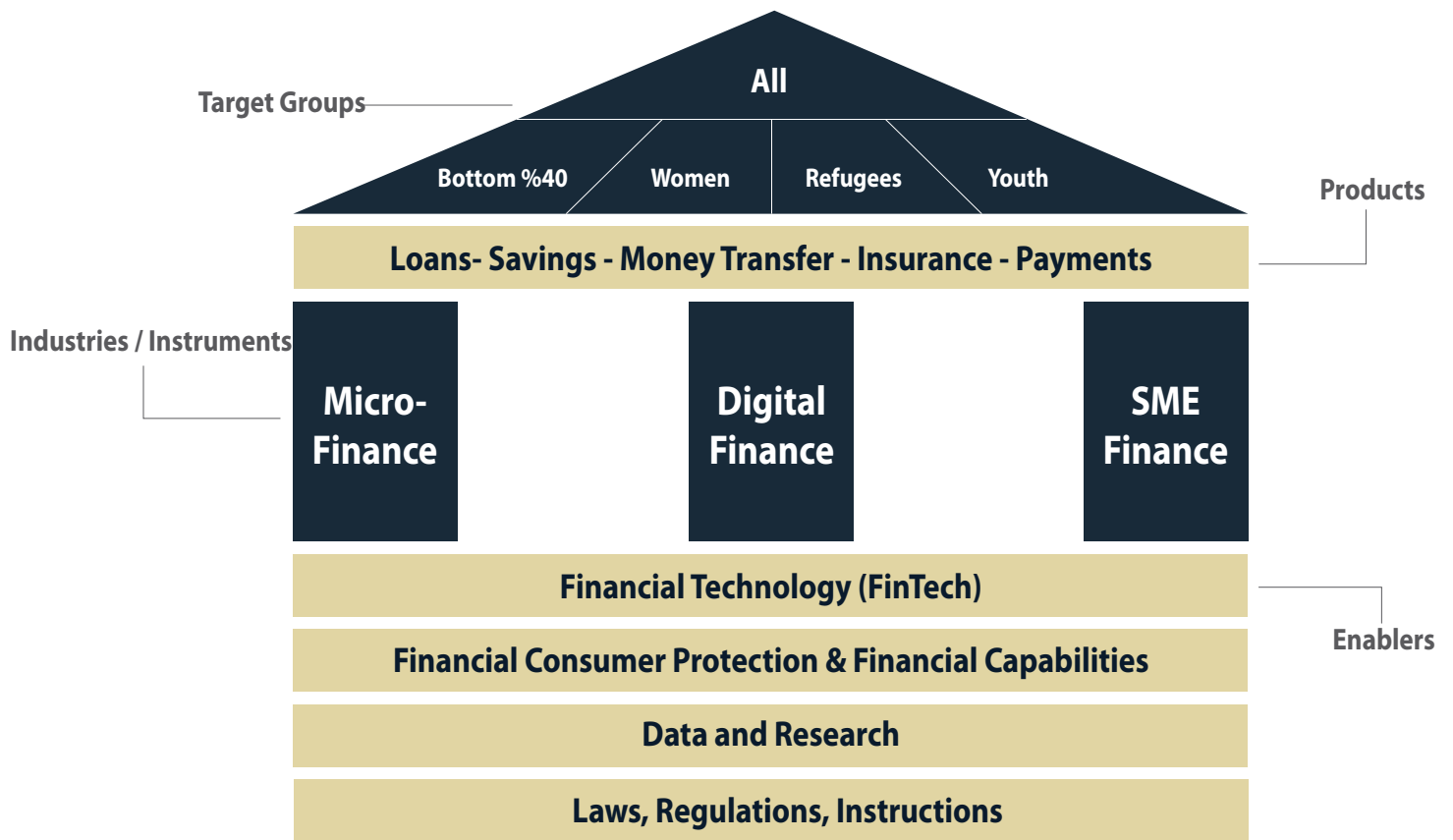


Figure (2): Framework for Financial Inclusion in Jordan

NFIS Goals

The National Financial Inclusion Strategy aims at achieving two overarching goals; to raise the level of financial inclusion, measured by the number of adults owning accounts in financial institutions, from 33.1% to 41.5% by 2020, and to reduce the gender gap from 53% to 35%.

NFIS Governance

The governance structure set up to implement the NFIS consists of a Financial Inclusion Unit (FIU), which is charged with coordinating the implementation of the NFIS through 6 working groups with the assistance of the Financial Inclusion Technical Committee (FITC) and guidance from the Financial Inclusion Steering Committee (FISC). There are three working groups focused on promoting the three sectors that the strategy identified as key to promoting financial inclusion: SME financing, Digital Financial Services, and Microfinance. The other three working groups focused on creating the enabling environment for financial inclusion are Consumer Protection, Financial Capabilities, and Data and Research.

NFIS Target Groups

While financial inclusion targets all segments of the population, the NFIS pays more attention to certain priority segments; the most vulnerable groups which traditionally have lower levels of financial inclusion, namely: 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).



Youth

15 to 24 year-olds
in general



Women



Households

The bottom 40% of
households in terms
of income



Refugees

2

Financial Inclusion Action Plans

In line with international practices, CBJ along with key stakeholders from various relevant sectors developed six action plans for all pillars of the strategy and identified responsibilities and timeframes as the following³:

- Action Plan for Micro, Small and Medium-Sized Enterprise Finance.
- Action Plan for Digital Financial Services.
- Action Plan for Microfinance.
- Action Plan for Consumer Protection.
- Action Plan for Financial Capabilities.
- Action Plan for Data & Research.

The NFIS action plans apply the 'theory-of-change'⁴ in connecting activities with the national overarching goals and set a detailed timeframe for actions, and assigned each responsible entity for each activity.

3. National Financial Inclusion Action Plans

4. Theory of Change



To assure impact and right strategic direction, a comprehensive Financial Inclusion Monitoring and Evaluation (M&E) system had been adopted and operationalized by CBJ Financial Inclusion Unit with technical assistance provided by GIZ and The World Bank to track progress, identify obstacles, and evaluate outcomes to achieve the overarching goals. This system facilitates the collection of data from the working groups on quarterly basis and monitor performance according to indicators (at the action / activity, outcome and national level).

giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH



THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP

Recent Developments in Financial Inclusion in Jordan



1.1. Small and Medium-sized Enterprise Finance

- 1.1.1.** The share of MSMEs loans granted by banks and MFIs is constantly increasing with annual growth rate 20%. In 2020, the share of SMEs in Gross Loan Portfolio (GLP) of banks reached 12.5%, while the share of micro and small enterprises in GLP of MFIs is 60%.
- 1.1.2.** CBJ increased the amount of the established fund by Jordan Loan Guarantee Company (JLGC) for guaranteeing start-up loans from JOD 50 to 83 million, and expanded the coverage of the program to target export sector (noting that the sectors currently covered by program are industry, tourism, agriculture, renewable energy, information technology, transportation, health, technical and vocational education and engineering consulting). In addition to the above, CBJ expanded the definition of small start-up enterprises within this program into officially registered small enterprises that started working for a period of no more than 5 years instead of 3 years.



TRANSPORTATION

RENEWABLE
ENERGYTECHNICAL AND
VOCATIONAL
EDUCATION

INDUSTRY



HEALTH

INFORMATION
TECHNOLOGY

TOURISM



AGRICULTURE

ENGINEERING
CONSULTING

- 1.1.3.** Furthermore, CBJ received a loan from the International Fund for Agricultural Development (IFAD) for \$3.1 millions to finance SMEs and individuals working in agriculture sector. This loan comes as part of the International Fund for Agricultural Development (IFAD) financing agreement (concessional loan and grants) with the Government of Jordan that was signed in 2017 for the financing of small-ruminant investment projects and combating poverty with a value of \$12.8 million.
- 1.1.4.** With respect to promoting entrepreneurship and combat unemployment, CBJ in 2019 allocated JOD 100 million to finance the National Self-Employment Program "INHAD". It aims to reduce the unemployment rate, and provide job opportunities for the youth by promoting self-employment rather than the employment approach, and enabling the youth to establish development projects that provide them with job opportunities and a permanent source of income.



- 1.1.5.** Banks continue to incorporate quantitative targets in their plans and estimated budgets related to achieve an increase in their loan portfolio of small projects by at least 13% annually.
- 1.1.6.** Commercial and Islamic banks established two investment companies with a capital of JOD 100 million and 25 million, respectively, to invest in the capital of medium enterprises for the purpose of expanding and developing their businesses.
- 1.1.7.** CBJ conducted a study on the feasibility and possibility of expanding its internal financing program to include more economic sectors to benefit from this program.
- 1.1.8.** CBJ along with key stakeholders from various relevant sectors conducted several training courses for banks and microfinance companies to build their capacity in dealing with small and medium enterprises, and managing their financing risk.
- 1.1.9.** An orientation office had been established by the Ministry of Planning and International Cooperation (MoPIC) to guide citizens/projects to the suitable financing fund/window.

1.1.10. The volume of loans disbursed to micro, small, and medium enterprises grew 23%, and increased by 560 millions (from JOD 2,474 million to 3,034 million). While the share of credit extended to MSMEs as part of credit facilities of banks and MFIs granted to private sector grew from 10% to 14%, and more than 14,000 job opportunities have been created by this sector.

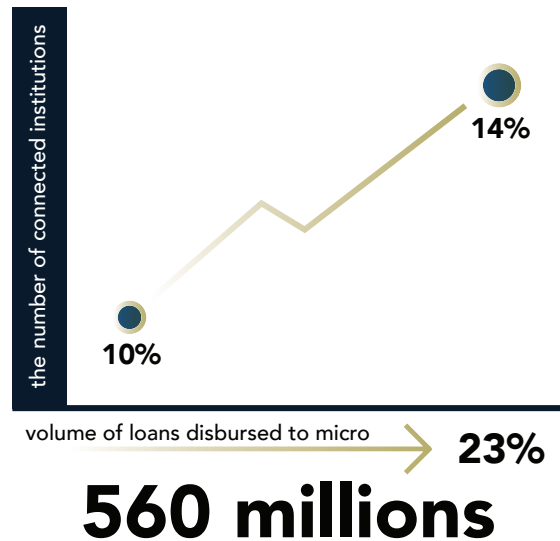


Figure (3): MSMEs Credit

1.2. Microfinance

1.2.1. Within CBJ's endeavor to include the microfinance sector within the formal financial system, CBJ licensed 9 Microfinance Institutions (MFIs) and developed offsite and onsite supervision tools to oversee their operations, and ensure the stability of the microfinance and financial sector as a whole. In addition to the above, CBJ issued several instructions that govern the microfinance sector such as the Financial Consumer Protection for Microfinance Sector Instructions and the Internal Control Systems Instructions.

1.2.2. To enhance the creditworthiness assessments for MFIs clients, several MFIs signed Credit Information Service Agreements with CRIF Jordan, a private shareholding company that obtained a credit bureau license by Central Bank of Jordan in 2015. These agreements allow the MFIs to obtain credit information on their customers through the CRIF Jordan Credit Reporting System.



- 1.2.3.** Moreover, to enhance the financial consumer protection framework in the microfinance sector, all MFIs have established a Complaint-handling Unit and adopted relevant policies for treating their customers fairly and transparently.
- 1.2.4.** In addition, CBJ developed the eligibility criteria for allocating loans to MFIs and determined lending terms for loans obtained through the Central Bank to enable a sustainable growth environment of the microfinance sector.
- 1.2.5.** Towards empowering entrepreneurs and start-ups in Jordan, six MFIs have allocated a portion of their credit portfolio to support registered startup projects. By the end of 2020, the total percentage of the credit provided to startup projects by these MFIs reached 7.5%.
- 1.2.6.** In order to develop and diversify the targeted microfinance products and services for rural areas and agricultural sector, the following has been made:
- CBJ in collaboration with the Ministry of Planning and International Cooperation (MoPIC) and Jordan Enterprise Development Corporation (JEDCO) have designed a program to provide technical support to microfinance institutions in the field of agricultural lending.



- During 2018 to 2020 the MFIs were able to develop new products that meet the needs of those who lives in rural areas and whom working in the agriculture sector. As a result, the share of loans granted to rural areas and agriculture sector from MFIs reached to 28.6%, and by the end of 2020, the percentage of the borrowers from governorates outside Amman reached to 20%.
- 1.2.7.** In terms of using the digital financial services in microfinance sector, five of MFIs are disbursing / collecting loans via mobile accounts to approximately 36K clients comparing to 14K clients in 2018.

1.3. Digital Financial Services (DFS)

- 1.3.1.** In line with REACH2025⁵ CBJ and the Ministry of Digital Economy and Entrepreneurship (MoDEE) are working together to accelerate the digital transformation for the Jordanian economy. CBJ and MoDEE are working together on digitizing person-to-government (P2G) payments for all government entities in Jordan.
- 1.3.2.** Moreover, in the beginning of 2018, CBJ issued a circular to all banks operating in the Kingdom regarding compulsory government payments through (eFAWATEERcom), the electronic bill presentment and payment system. In light of this circular, the number of connected institutions to eFAWATEERcom was 48 at the end of 2020 compared to 21 institutions in 2017, where 149 new government services were developed and provided through the same system during 2018-2020, so the number of government services became 203 services at the end of 2020.

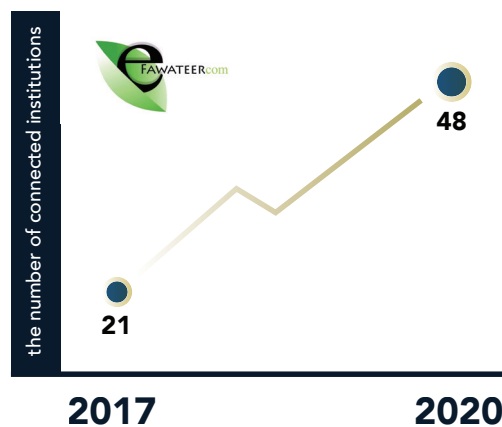


Figure (4): Institutions connected to eFAWATEERcom

- 1.3.3.** Additionally, CBJ in cooperation with the United Nations Better than Cash (BTC) Alliance hosted a high-level workshop for the ministries and the governmental institutions on digitizing government's payments and its impact on the achievement of broader socio-economic goals. The workshop served as a platform for sharing experiences and good practices with government ministries regarding the digitizing of government's payments. In this regard, the Prime Minister issued a resolution to form a committee to digitize government-to-person (G2P) and person-to-government (P2G) government payments and the committee developed action plans to digitize the payments of each ministry.

**BETTER THAN CASH
ALLIANCE**

1.3.4. During 2018 - 2020, the total number of licensed Payment Service Providers (PSPs) increased from 5 to 8 PSPs, meanwhile the PSPs agents network had significantly grown from 274 agents with 676 access points in 2018 to 842 agents with 1,537 access points at the end of 2020.

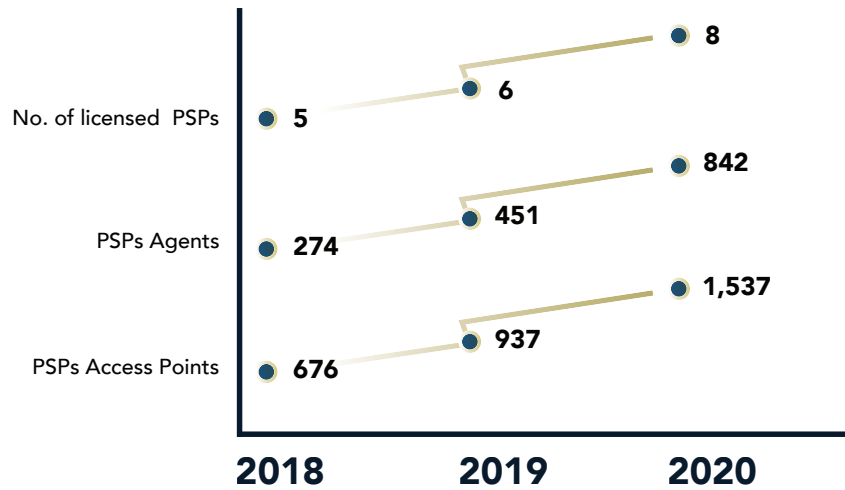


Figure (5): PSPs Agents Network

1.3.5. During 2020, the uptake of the mobile wallets had significantly increased as the number of mobile money (E-wallets) accounts had exceeded 1.2 million by end of 2020 in comparison of 360K e-wallets on 2018 (Figure 6), while the share of adult population having one or more mobile wallet grew by 7.6% (from 3.49% to 11.1%) during the same period.

This exponential growth in mobile wallet was a result of the continuous efforts and measures taken by CBJ and the related stakeholders during the period of 2018-2020. Moreover, during the COVID-19 pandemic many governmental and non-governmental entities adopted mobile wallets for money transfer and salaries. Most importantly the digitization of social payments programs run by the National Aid Fund (NAF).

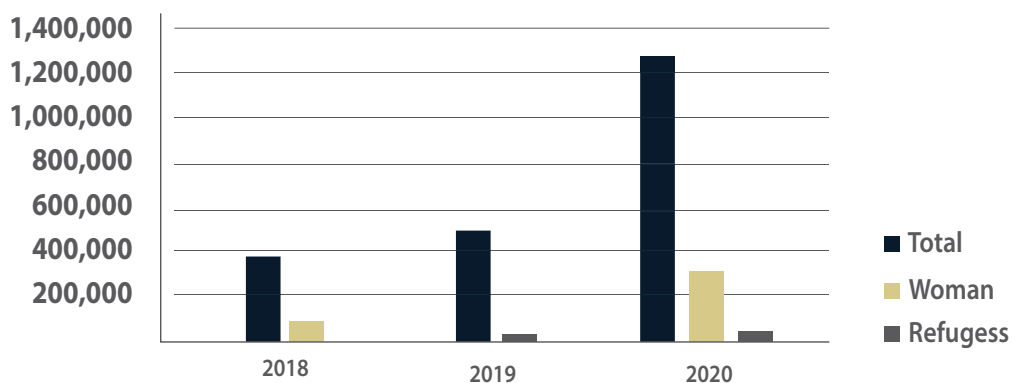


Figure (6): Number of Registered E-wallets

1.3.6. In 2020, the number of payment cards (debit, credit & prepaid cards) issued grew by 20.6 % (from 3.6 million in 2018 to 4.3 million in 2020). While the share of adult population with one payment card or more also grew by 5% (from 35% to 40%)."

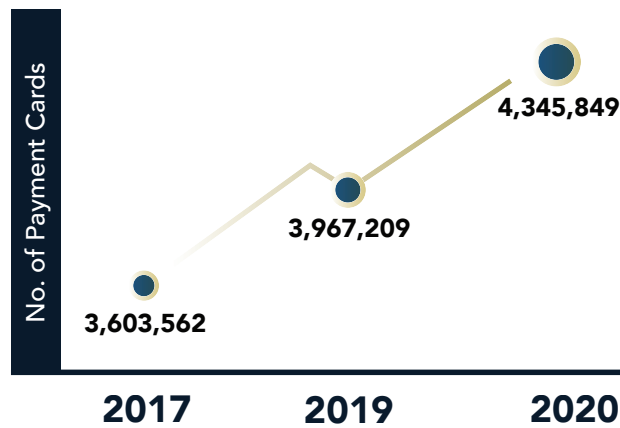


Figure (7): Payment Cards

1.3.7. In the same context, the following shows developments in DFS that will increase the use of DFS and result in the opening of new DFS accounts:

- The Basic Mobile Wallet Instructions were introduced in 2019 to enable all qualified citizens, especially those in the governorates and its subordinate regions in which financial and banking services are not adequately spread, to open a basic electronic wallet with simplified procedures, the maximum of which is one hundred JOD and does not require the need for the actual presence of the customer.
- By April 2020, all private sector billers on eFAWATEER.com absorbed payer transaction fees, and a growing number of government organizations are no longer accepting cash.
- The Regulatory Framework for Cross-border Remittances was launched in October 2020 to enable licensed exchange companies and payment service providers to provide cross-border remittances in an integrated electronic form.



2.1. Laws, Regulations, Instructions

2.1.1. In February 2019, CBJ issued the Basic Bank Account Instructions that obligated all banks operating in the Kingdom to open a Basic Bank Account (BBA) for all legally qualified and financially excluded citizens. The BBA is a low-cost account available to individuals that do not have a bank account and are willing to dealing with banks within limits and costs that suit their income and abilities. These instructions included a number of terms, the most important of which are simplified procedures for opening the account, no requirement of a minimum balance, exempting the client from certain types of commissions and fees, and the availability of basic banking services such as withdrawals, deposits, wire transfers and electronic banking services. As a result, the number of Basic Bank Accounts opened increased gradually since issuing the BBA instructions in 2019, reached more than 29,188 account at the end of 2020, of which 12,548 were held by women (Figure 8).

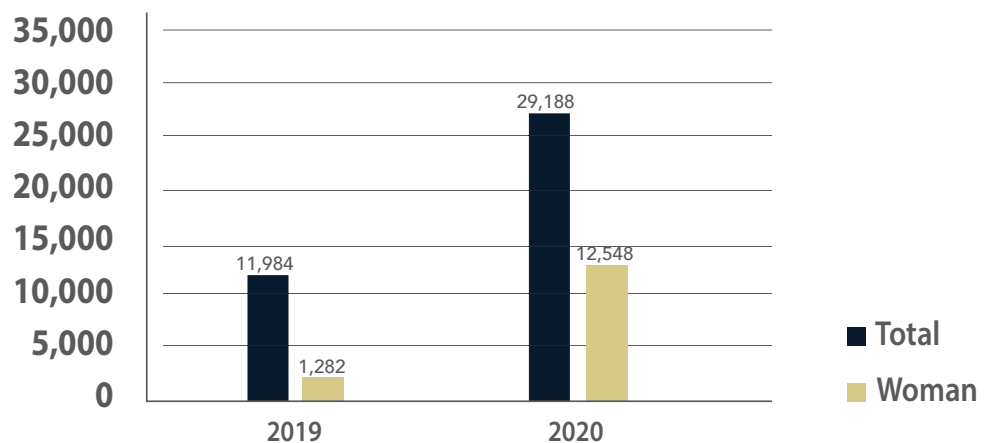


Figure (8): Number of Basic Bank Accounts

2.1.2. In September 2019, CBJ issued the Instructions for financing projects within the National Self-Employment Program “INHAD” for all banks operating in the Kingdom. CBJ decided to provide JOD 100 million financing for banks with an interest rate of 1%, to relend the money to eligible youth with a certificate to join the program at affordable costs and terms. “INHAD” is a national program dedicated to financing entrepreneurs’ projects by promoting self-employment rather than relying on the employment market. The program enables young entrepreneurs to establish development projects that provide a permanent source of income and creates job opportunities.



2.1.3. In March 2020, the Lower House of Parliament endorsed the Insurance Activities Draft Law that was prepared by CBJ in cooperation with the Ministry of Industry and Trade and the instructions of the law were prepared in cooperation with the Jordan Insurance Federation, the Jordan Association for Medical Insurance and other relevant institutions. The Draft Law regulates the practicing insurance business and aims to create a progressive environment that ensures the CBJ’s the ability to supervise insurance activities efficiently and effectively.

2.1.4. In April 2020, CBJ enacted the amended instructions of the CBJ’s program to finance and support economic sectors. These instructions were issued in the context of the CBJ measures to alleviate the repercussions of the COVID-19 pandemic on the national economy, and to maintain the functioning of various economic sectors and enable them to retain their workforce. The amended instructions expanded the purposes to apply to include financing operational expenses and working capital including salaries and wages of employees.

2.1.5. In December 2020, CBJ issued a circular to all mobile Payment Service Providers (mPSPs) to open merchant wallet for unlicensed small merchants and home-based businesses with a grace period of three months to become licensed. This circular aims to address the challenges that regulations pose to merchant acquisition by allowing only licensed businesses to open merchant e-wallets, hence, CBJ will be able to strike a better balance between inclusion and integrity of the financial system.

2.1.6. The Microfinance Institutions and Credit Bureaus Supervision Department within CBJ is currently drafting instructions for Crowd-Funding, Leasing, and Factoring in cooperation with different related parties.

2.2. Financial Consumer Protection

- 2.2.1.** The Financial Consumer Protection Department in CBJ has issued a number of instructions to protect the consumers' right, such as the Financial Consumer Protection for Clients with Disabilities Instructions to remove all physical and behavioral environmental barriers that hinder or impede access to banking and financial services by clients with disabilities. In addition, the draft instructions for "Rewards for Savings Accounts with Banks" have been completed. They aim at promoting real competition among banks and build the culture of saving among individuals while guaranteeing their right to receive suitable returns on their accounts.
- 2.2.2.** CBJ published on its website a report on complaints, it included complaints from clients of banks and non-bank financial institutions that are subject to the supervision and oversight of the CBJ.
- 2.2.3.** On-site and off-site supervision of banks and non-banking financial institutions was mobilized in terms of reviewing individual contracts and determining any terms against the financial consumer. CBJ established the Supervision and Inspection Division of Non-bank Financial Institutions by the end of 2018.
- 2.2.4.** In April 2020, the Financial Consumer Protection Department launched an awareness campaign (Financial Literacy Campaign) to spread the financial literacy for students of a number of Jordanian universities as a first step towards promoting financial literacy among all segments of society. Several brochures were also prepared and made available to the public detailing the role of the CBJ in protecting the financial consumer. The Financial Consumer Protection Department gave interactive lectures to a number of university and school students to raise their financial literacy.

2.3. Financial Capabilities

2.3.1. Back in 2014, CBJ along with key stakeholders from various relevant sectors initiated a project to spread and deepen financial literacy in the Kingdom. The project targeted several major sectors in the society through several programs. Financial education curriculum in schools were prepared and launched in collaboration with the **Ministry of Education and INJAZ**, and below are the main achievements in this regard:

- Printing the first edition of financial education material for grade 10.
- Implementing the financial education program for grade 10, and for the first time developing and printing a new program for grade 11.
- Printing the second edition of financial education material for grade 8 and 9.
- Train the supervisors of the financial education material in the Ministry of Education.
- Train the teachers of the financial education material for grade 10.
- An assessment was conducted on financial education curriculum and its extent of achieving the general framework.



2.3.2. Moreover, several training workshops for women were conducted by CBJ and its partners to ensure gaining adequate financial capabilities to form well informed financial decisions.



2.3.3. In the context of designing programs to enhance financial literacy and awareness for business entrepreneurship, the following programs have been developed:

SONBOLA:

A program to enhance the social entrepreneurship in public schools. This program is funded by Al-Hussein Fund and implemented by Al-Jude and Parachute in coordination with the Ministry of Education (MoE) to cover 100 public schools all over the Kingdom.



How to Start and Run a Successful Business:

An online course for entrepreneurs and SMEs to cover basic concepts about entrepreneurship and the establishment of businesses. This course is available on Edraak platform, an open online course platform launched by the Queen Rania Foundation (QRF).



2.3.4. On the Arab Financial Inclusion Day, CBJ conducts a set of activities each year, as follows:

- Yearly financial literacy campaign in universities under the name of "Toward a Financially Literate Youth", the campaign conducted in 2018 and 2019 in six different universities across governorates.
- Developed several financial awareness videos.
- Organized visits for school students to CBJ and provide lectures on financial inclusion and other financial concept in cooperation with INJAZ and the Ministry of Education (MoE).
- Organized activities for a whole week with the Children Museum for kids and their parents in cooperation with Al Hussein Fund for Excellence.



2.3.5. CBJ established a Financial Awareness and Literacy Division within the Financial Consumer Protection Department.

2.4. Data and Research

2.4.1. CBJ is working on developing an Electronic Data Platform to facilitate and improve the process of data collection, analysis, and reporting in CBJ. This platform will play a significant role in collecting supply-side financial inclusion data from departments within CBJ as well as from financial institutions.

2.4.2. The Financial Inclusion Division built a comprehensive framework for financial inclusion data collection, and set financial inclusion indicators. These indicators measure access, usage, quality, and assess the state of financial inclusion in Jordan.

FINANCIAL INCLUSION INITIATIVES



Central Bank of Jordan realized the necessity for innovation and development in the FinTech sector, and the need to incentivize digitization to enhance digital financial inclusion, and support a digital economy through e-government. Therefore, to keep pace with the rapid developments and continue to provide a conducive environment to promote innovation and financial inclusion, Central Bank of Jordan launched official guidelines for a FinTech regulatory sandbox to promote innovation and financial inclusion in **January 2018**, and at the beginning of **2019**, CBJ launched FinTech Regulatory Sandbox.

CBJ's regulatory sandbox helps to boost Jordan's international reputation for fostering a consistent and reliable framework for entrepreneurs looking to incubate, accelerate and eventually test financial innovations and related technological solutions in a live-market. In parallel, it supports CBJ in developing a deeper understanding of the risks and opportunities from FinTech and suitably calibrate the legal, regulatory and policy framework.

CBJ's FinTech Regulatory Sandbox opens a **30-day** application window once a year for applicants to apply with new innovations to enhance the financial sector. The sandbox is open for applications from all financial institutions licensed in CBJ, as well as unlicensed financial institutions, FinTech entrepreneurs already established in the market, FinTech companies / innovators in partnership with financial institutions, as well as international entities in collaboration with companies headquartered within Jordan. Once accepted into the Sandbox, experimentation stage can last for a maximum of **9 months** before either an extension, exit or entry into the market is required.

For now, the Sandbox's window opened twice and has received **18 applications**, **eight of them were accepted**.



Digi#ances

The Central Bank of Jordan (CBJ) and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) are jointly implementing the project “Improving Access to Remittances and other Financial Services through Digital Solutions in Jordan” (Digi#ances). The project started in **October 2015** with the aim of increasing the rate of financial inclusion by facilitating the development of digital financial services, including cross-border remittances, for the unbanked segments of the population.

The Digi#ances project has been promoting financial inclusion of low-income Jordanians and Syrian refugees without bank accounts on three different levels, as follows:

I. Support for developing the national Digital Financial Service (DFS) ecosystem

In the field of action “Development of digital financial services”, the aim of the Digi#ances project was to pilot needs-based digital financial services. The measures in the field of action aim to support the creation of an ecosystem for digital financial services in Jordan that are in line with the National Financial Inclusion Strategy (NFIS) and can be used by both refugees and Jordanians.

From **2018 to 2020**, humanitarian organizations and mobile payment providers were supported as part of a holistic value chain approach in the development of new payment modalities using digital wallets. The respective target groups were informed about the advantages, their rights and responsibilities. During that period, three digital offers for national money transfers using mobile wallets have been piloted and two further pilots for digital cross-border payments (remittances) have been initiated.

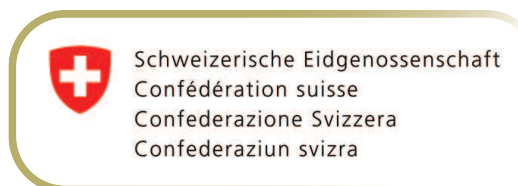
• Private sector:

A Development Partnership with Dinarak, a payment service provider, led to the development of appropriate products, build an agent network and thereby facilitated the uptake and usage of digital services by refugees and Jordanians without bank accounts from the supply side. Dinarak was selected through a competition for ideas. Under this partnership, which formally ended at the end of 2018, Dinarak received support to develop its business strategy, enhance its internal capacity, advance its agent network, and develop awareness and marketing materials. The partnership was successful in many aspects. Over 86,000 Jordanians and 6,000 Syrians, mostly in the three northern governorates which the Digi#ances project targeted, have opened a Dinarak mobile wallet.

In July 2018, Digi#ances launched the initiative “Closing the Gap: Women Empowerment through Digital Financial Services in Jordan”, which was selected as one of the ten initiatives of the Inequality Challenge, a fund by the German Federal Ministry for Economic Cooperation and Development (BMZ). This initiative was scheduled for a term of one year with the aim of tackling the gender gap in financial inclusion through developing women agents and female merchant network in Jordan. Members of the network were female, small and micro-entrepreneurs who provided access to digital financial services to other members in their communities and received training on how to be mobile money agents as well as building entrepreneurial skills and competencies. The initiative thus empowered women by giving them an active role in advancing their financial and economic inclusion and closing the gender gap with their own hands.

In 2020, as a result of a competitive bidding process, Digi#ances collaborated with Dinarak on the “SMS-Awareness & Cash-back-Campaign”. This pilot aimed at increasing active usage of mobile wallets by raising the awareness amongst low-income and unbanked Jordanians in hosting communities and Syrian refugees in Jordan about the benefits of potential use cases. Dinarak developed, designed and implemented a comprehensive SMS awareness campaign with a cash-back-system and impact assessment mechanisms, targeting 3K people which 50% of women and 40% of Syrian.

Furthermore, Digi#ances collaborates with the Swiss Agency for Development and Cooperation (SDC) on implementing a co-financing project entitled “Improving Access to Remittances and other Financial Services through Digital Solutions for Migrant Workers in Jordan”. Under this agreement with (SDC), Digi#ances initiated a pilot with partners from the private sector to develop, design, and implement all necessary activities to offer a fully digital and needs-based solution for outbound cross-border-remittances between Jordan and Bangladesh.



To further develop Jordan’s digital financial services market, in December 2020 Digi#ances supported Jordan Payments & Clearing Company (JoPACC) to implement the MEDAL Facility Program “Merchant Expansion through Digital Acceptance and Liquidity”. The purpose of this program is to encourage licensed mPSPs in Jordan to develop current applications to generate and accept dynamic QR code as a payment tool through the JoMoPay system. The implementation of this program will be carried out in 2021.



• Humanitarian sector:

After analyzing the plans and strategies of all larger organizations in the sector, in 2019 the project decided to cooperate with the World Food Programme (WFP) in order to enable mass-payments of aid via mobile wallets. The project provided support by developing training materials for the beneficiaries and on how to use the digital infrastructure best.



II. Support for enhancing the regulatory and supervisory framework for DFS

This area aims at enhancing the regulatory and supervisory framework for Digital Financial Service (DFS), including mobile wallet-facilitated cross-border remittances. The resulting regulatory framework is expected to comply with international standards in the areas of consumer protection, Anti-Money Laundering and Combating of Financing of Terrorism (AML/CFT), and eventually to facilitate channeling international remittance flows through digital channels, such as mobile wallets.

• Regulatory framework:

Digi#ances Project contributed to the fine-tuning of the regulatory framework for mobile payment services in Jordan. It provided two up-front analytical studies on aspects of supply and demand to be considered for market development, as well as technical assistance to the Central Bank of Jordan (CBJ) in the areas of consumer protection and AML/CFT.

The project also supported an assessment of options and models for cross-border remittances involving mobile wallets, which resulted in a first pilot of cross-border payments through mobile wallets. In addition, an assessment of the regulatory framework for (digital) cross-border remittances was carried out which confirmed that the overall framework is broadly suitable, with the exception of some pending definitions and implementation guidance which were addressed by CBJ.

Since the beginning of 2018, Digi#ances has also provided technical assistance to the “Oversight and Supervision of National Payment Systems” Department, which was then recently created within the CBJ to help put operating procedures in place. Later on, further focus on developing risk assessment methodology was supported and staff’s building capacity was also conducted.

Furthermore, Digi#ances supports the Compliance Committee for the Digital Payment Service Providers (PSPs) which is chaired by the Oversight department and membered by compliance officers/manager of all PSPs. In collaboration with the Institute of Banking Studies, certified training program on (Regulatory Compliance Specialist) was provided to the committee’s member in 2020.

• Public Private Dialogue and Communication:

Digi#ances launched the DFS Council as a consultative body for DFS related reforms. Overall, 15 high-level DFS Council meetings have been conducted by the end of 2020, with around 30 member organizations participating. The meetings discussed draft regulations (i.e. Consumer Protection, AML / CFT) and topics relevant to market Development (i.e. a DFS roadmap for awareness-building and guidelines for responsible payments, Digital Cross-Border Remittance and Merchant Payment).



In addition, 12 DFS “Dialogues” and knowledge exchanges were organized to cover emerging topics such as linking humanitarian aid programs with mobile wallets. Furthermore, a field trip to Irbid and Mafraq was carried out to help high-level executives understand the needs and concerns of refugees and lower-income Jordanians.

III. Support for increasing awareness and literacy about digital financial services

Digi#ances aims to familiarize Syrian refugees and Jordanians without bank accounts with the use of digital financial services. To achieve this, broad-based awareness campaigns are expected to reach 20,000 refugees and 30,000 Jordanians and targeted training programs should be provided to 10,000 refugees and 10,000 Jordanians, of which 50% will be women.

After developing specialized training materials on digital financial literacy showing the use and how to make use of digital financial services, Digi#ances conducted around 675 workshops in which trained 12,601 individuals, while the awareness campaigns reached more than 356,055 individuals through many activities include awareness sessions and events, awareness campaigns through social media and other.

In addition, CBJ and GIZ launched a "Roadmap on Digital Financial Services Literacy" to streamline these measures among stakeholders, which was formalized through a Memorandum of Understanding with currently has 20 signatories from the financial sector, non-profit sector, and donor agencies. The objective of the Roadmap is to provide unbanked Jordanians, Syrian refugees and other non-nationals residing in Jordan with the know-how to responsibly use digital financial services. To accomplish this, the Roadmap provides the framework and tools to reach potential clients of digital financial services in a cost-efficient and unbiased way.



During Coronavirus crisis in early 2020, a collaboration with Tahfeez Association for leadership Development, which is a community-based organization (CBO) in Irbid, resulted in creating a helpdesk to provide real time assistance to Irbid's local community members during the lockdown on how to open and responsibly use the e-wallet. Digi#ances conducted this initiative as response to COVID-19 pandemic, because many needs emerged during such crisis and perhaps the most urgent of which is digital financial transactions, especially that cash is one of the primary causes of carrying the virus.



3 Mobile Money for Resilience Initiative (MM4R)



At the end of 2017, the Bill & Melinda Gates Foundation (BMGF) and the Central Bank of Jordan (CBJ) launched the Mobile Money for Resilience (MM4R) initiative to improve the quality of life of Jordanians and refugees impacted by the Syrian crisis. Established as a permanent committee within CBJ, MM4R aims to build the resilience of vulnerable populations by equipping them with the financial tools to withstand and recover from economic shocks.



**BILL & MELINDA
GATES foundation**

Three years since its launch, MM4R has demonstrated significant impact on digitization of government and humanitarian cash assistance programs, financial inclusion, and development of the Jordanian digital finance ecosystem. MM4R has also strengthened the readiness of government and humanitarian systems to quickly disburse aid in crisis contexts, as demonstrated by the use of mobile money for COVID-19 response. Most importantly, by promoting the use of digital financial services (DFS) for uses cases such as social protection payments, MM4R has enabled low-income Jordanians and refugees to access assistance funds more conveniently, safely, and cost-effectively.

MM4R mission, objectives, and activities:

MM4R was born out of two interrelated objectives: the drive to accelerate financial inclusion of unbanked and underserved populations through DFS and the need to improve the efficiency and effectiveness of humanitarian response programs. Figure (9) presents MM4R's mission, objectives, and tools for implementation.



Figure (9): MM4R mission, objectives and tools for implementation

While MM4R is a natural extension of CBJ’s financial inclusion mandate, CBJ’s tools for implementation are unique given the partnership between a central bank and a funder such as **Bill & Melinda Gates Foundation**. As a central bank, CBJ can leverage its traditional tools to effect change, specifically regulations, policies, and moral suasion among DFS actors and government and humanitarian agencies.

As the owner and operator of **JoMoPay** before spinning off the payment system to the Jordan Payments and Clearing Company (JoPACC), CBJ also has in-depth market and technical knowledge of DFS. This has proved critical to facilitating partnerships between government / humanitarian agencies and payment system actors.

Finally, as a partner of **BMGF**, CBJ has grant funding to support pilots that expand digital financial inclusion of refugees and Jordanians. The CBJ is already actively engaged in moving the market to be more inclusive and innovative through its **Fintech Regulatory Sandbox** and role in financing and loan guarantee funds for start-ups and small businesses. Grants under **MM4R** add another tool to CBJ’s toolbox to catalyze the development of an inclusive DFS.

MM4R initiatives

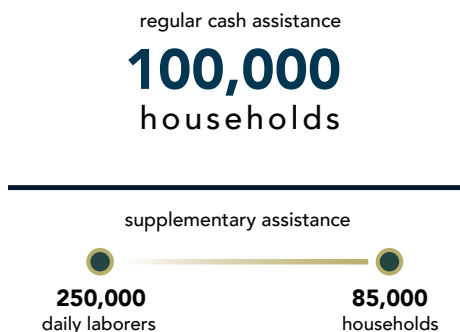
With these tools in hand, MM4R has worked with stakeholders across Jordan over the past three years to promote financial inclusion for low-income Jordanians, refugees, and host communities.

Textbox (1) provides a snapshot of MM4R initiatives to date.

Driving large scale adoption of digital accounts through government payments

National Aid Fund: Using DFS for social protection payments

The National Aid Fund (NAF) is the Jordanian government agency that provides social payments to protect vulnerable Jordanians. With support from MM4R, NAF is gradually shifting its payments from physical cash, checks, and pre-paid cards to e-wallets and basic bank accounts. MM4R has helped NAF to successfully pilot e-wallets and bank accounts in two locations (Azraq and Jerash), train NAF staff to administer digital payments, and conduct digital financial awareness campaigns for NAF recipients. Digitization of NAF payments is central to financial inclusion in Jordan since NAF serves over 100,000 households with regular cash assistance; 85,000 households with supplementary assistance; 250,000 daily laborers with Covid-19 relief; and over one million beneficiaries with bread subsidies. The successful pilots have demonstrated the viability of digital government payments, resulting in the scale-up of digitization efforts across other NAF programs. For example, for all new NAF programs, digital payments are the sole means by which beneficiaries can access their aid payments.



Military Consumer Establishments and Middle East Payment Services (MEPS): Using DFS for military payments

Military Consumer Establishments (MCE) is a Jordanian government agency that manages a network of shops catering to the Jordanian Armed Forces (JAF), including current personnel, their families, and retirees. In partnership with Middle East Payment Services (MEPS), MM4R is helping MCE to provide e-wallets and companion cards to JAF personnel and enable MCE shops to accept digital payments. The e-wallets can be used to access discounts at MCE locations and receive pensions, salaries, and allowances, in addition to all other e-wallet use cases (e.g., person to person transfers, bill payments, merchant payments). Between July and October 2020, MEPS and MCE have activated over 110,000 e-wallets, with a target of reaching 1 million JAF personnel. Since many army personnel come from lower-income households and do not have access to formal financial services, this initiative is providing a critical boost to digital financial inclusion.



Creating additional use cases for digital accounts

Souq-Jo: Launching an e-commerce platform for small home producers

MM4R is funding and supporting Souq JO⁶ (<https://web.souqjo.net/>), an online marketplace for handicrafts, home goods, other products produced by home-based businesses. There is a large home-based manufacturing industry in Jordan, run primarily by women and low-income households – both Jordanians and refugees. Souq JO provides training to business owners on how to market their products online, a platform to sell their products, and access to e-wallets to receive payments for e-commerce sales. Since February 2020, Souq JO has onboarded 3,000 businesses. The initiative is important for promoting e-commerce, encouraging innovative fintech start-ups, and strengthening livelihood opportunities for home-based businesses.



6. Souq Jo: <https://web.souqjo.net/>

Mercy Corps and Dinarak: Digitizing loans for water innovations technology

Mercy Corps is implementing a USAID-funded Water Innovations Technology (WIT) project, which provides loans to households to purchase water-saving technologies. Loans flow through community-based organizations (CBOs), which manage loan approvals, disbursements, and repayments. The original process involved payments through physical cash, but MM4R helped to digitize loan payments through e-wallets in partnership with Dinarak, a payment services provider (PSP). MM4R also supported the on-boarding of CBOs as mobile money agents. The initiative has been important for demonstrating how DFS can increase transparency and efficiency of the payment process, as well as support livelihoods development by providing small businesses such as the CBOs with an additional income stream.



Tanda: Digitizing rotating savings and credit associations

Rotating Savings and Credit Associations (ROSCAs), or informal groups for saving and borrowing, are common across socioeconomic segments in Jordan. MM4R is funding the development of Tanda⁷, an innovative mobile application that facilitates the formation of digital ROSCAs (<https://www.tandasmart.com/>). Tanda uses e-wallets for payments between ROSCA members. With an estimated 1.1 million adults that participate in ROSCAs in Jordan, the opportunity to promote digital payments through this initiative is vast.



7. Tanda: <https://www.tandasmart.com/>

Expanding DFS access points

Digitization of large payment streams is necessary to increase account adoption, but people must also have a place to access and spend their funds. To this end, MM4R is supporting the expansion of agent and merchant networks across Jordan. Examples of implementation partners and initiatives are described below.

Consortium of Payment Service Providers (PSPs): Expanding merchant acceptance of e-wallets

In the wake of the Covid-19 pandemic, the CBJ launched a Challenge Fund to accelerate merchant acceptance of digital payments. A consortium of seven mobile PSPs (Zain Cash, Orange Money, Al Hulool, Dinarak, Aya, MEPS, and Gadha) submitted a joint application to the Fund. Key activities have included harmonizing processes for dispute resolution, conducting joint marketing campaigns, and providing incentives to merchants to accept digital wallets using QR codes. In strengthening DFS acceptance infrastructure, the Challenge Fund initiative has also been important to minimize disruptions to payment flows in the event of another Covid-19 lockdown.



JoPACC and Jordan Post:

Building the capacity of Jordan Post as a PSP agent

With JoPACC, MM4R is helping the Jordan Post Company upgrade its systems and capacity to serve as an agent for PSPs. Since Jordan Post has historically served as the main distribution point for NAF payments, enabling Jordan Post as an agent accelerates the shift from cash to digital. The pilot under MM4R involves 10 post office locations in Mafraq and paves the road for 171 of Jordan Post locations across the Kingdom to facilitate digital financial transactions.



Dinarak and International Rescue Committee (IRC):

Building an agent network in refugee camps

In partnership with Dinarak and the IRC, MM4R is supporting the development of an agent network in refugee camps. Currently, all payments in camp settings are cash-based, which poses security risks to both payers and recipients, and results in high transaction costs associated with cash handling. With established agent networks inside refugee camps, humanitarian organizations can make payments via mobile money, thereby minimizing the risks associated with physical cash payments.



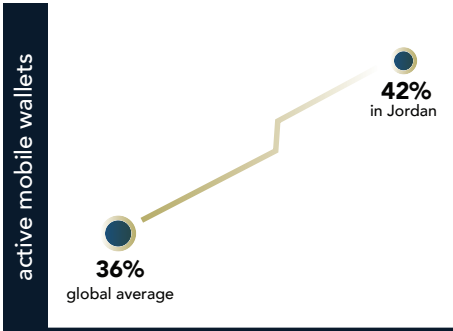
**World Food Programme (WFP) and MEPS:
Expanding merchant acceptance of e-wallets**

MM4R is also working with the World Food Programme (WFP) and MEPS to expand merchant acceptance of mobile money across WFP’s network of 200 retailers. This initiative will help to significantly expand access points for e-wallets, which allow people to spend their funds digitally rather than withdrawing and transacting in physical cash.



MM4R Results

The financial inclusion and DFS landscapes in Jordan have evolved substantially over the past three years, in large part due to the efforts of MM4R and its partners. As of October 2020, there were over 1.2 million registered mobile wallets in Jordan, 42 percent of which are active. This active rate is high considering the global average of 36 percent, which reveals not only considerable account uptake but also high usage. The number of active mobile wallets has also increased over 10 times since 2017, reflecting sizable market growth since MM4R was launched.



1.2 million
mobile wallets in Jordan

Figure (10): MM4R Results

The impact on financial inclusion of refugees has also been considerable. Of the registered wallets, nearly 46,000 or 4 percent are owned by Syrian refugees. Considering that refugees represent 15 percent of Jordan’s total population, there is still a large refugee population without access to formal financial services, but notable progress has been made in three years.

CBJ response to COVID-19



Central Banks and financial regulators around the world endeavored to introduce policies and measures that will soften the blow of the COVID-19 crisis on local, regional, and international economies. Consequently, CBJ decided to take a set of precautionary procedures and implemented a bundle of measures aiming to contain the negative repercussions of the COVID-19 pandemic crisis on the local economy, as follows:

1. Postponing the credit facilities installments granted to the economic sectors clients (companies and individuals) affected by the spread of the COVID-19 pandemic crisis, as follows:

- 1.1. Allowing banks to postpone the due installments on the affected companies, this procedure should not be considered a loan restructuring, and should not affect the credit rating of these companies with CRIF Jordan. In addition, banks should not charge these companies any commission or delay interest as a result of this procedure.
- 1.2. Allowing banks to conduct scheduling of clients' debts to whom the scheduling conditions applies without any down payment and without charging them any delay interests.
- 1.3. Postponing the retail customers' installments including credit card payments, housing loans and personal loans without charging them any commissions or delay interests.

2. Injecting additional liquidity to the banks with in the amount of JOD 550 million

Central Bank of Jordan has decided to reduce the compulsory reserve ratio on deposits with banks from 7% to 5%. This measure provides additional liquidity to banks for JOD 550 million, and enables banks to reduce the interest rates they charge on the facilities granted by them to all economic sectors, including individuals and companies.

3. Reducing the financing costs of the Central Bank's refinancing program, that targets small and medium size projects, as follows:

- 3.1. Reducing the program's interest rates to 1.00% instead of 1.75% for projects inside Amman governorate and 0.5% instead of 1% for projects in the other governorates.
- 3.2. Banks should reduce interest's rate on existing loans at the same rate.
- 3.3. Increase the maximum maturity available for advances for all the targeted sectors in the program within the capital and unify them with the other governorates to become 10 years, including two years as a waiver period for those who wish.

- 3.4. Increasing the advances limit for all sectors to JOD 3 million , while maintaining the limit for the renewable energy and transportation sectors at JOD 4 million.
- 3.5. Expand the coverage of the program to target export sector (noting that the sectors currently covered by program are industry, tourism, agriculture, renewable energy, information technology, transportation, health, technical and vocational education and engineering consulting).

4. Support the procedures of the Jordan Loan Guarantee Corporation by reducing loan guarantee commissions and increasing the coverage of the local sales guarantee program:

- 4.1. Reducing the guarantee commissions of the industrial and services finance program from 1.50% to 0.75% for all loans that will be granted from this date until the end of the current year 2020.
- 4.2. Reducing the start-up loans guarantee commission from 1% to 0.75% for loans to be granted from this date until the end of the current year 2020.
- 4.3. Increasing the insurance coverage percentage of the local sales guarantee program from 80% to 90%.

5. Updating procedures and guidelines for dealing in cash:

CBJ issued a guide to citizens and guests of Jordan to maintain their safety when dealing with cash. Binding instructions have been issued to licensed banks and exchange companies to keep the cash clean, sterilize cash containers, bags, counting and sorting machines, and places for its preservation, and provide the necessary protection for employees dealing with cash and citizens.

6. Continuity procedures for the ATMs and points of sale operation:

CBJ issued a circular in which it emphasized that banks, PSPs and exchange houses should continue to provide basic financial services to customers without interruption. These companies should be certain of their information technology infrastructure readiness through the availability of business continuity sites, and ensuring the continuity of providing payment services, especially ATMs and points of sale (POS) for merchants, and the maintenance of these devices and feeding them with sufficient cash after they were duly processed to meet the needs of the public without any interruption.

7. Supporting SMEs in the amount of JOD 500 million.

A JOD 500 million soft financing program for supporting small and medium-sized companies (SMEs) was prepared. The program, aiming to assist SMEs in retaining business and protecting jobs, serves craftsmen, individual firms, and small and medium enterprises in a wide range of sectors, including industrial, trade, agricultural, services, construction ²³ and operational sectors. The program intends to ensure the maintenance of salary and wage payments, operational expenses, purchased goods and working capital. The interest rate for this facility was capped at 2% and the repayment grace period was set at one year, with an 85% loan guarantee. Over 5,200 loan applications were received by mid-July, where 3,942 applications were accepted with a total value of JOD 380.8 million. The average value of loans was nearly JOD 100,000, and the biggest share of loans was granted to the retail and wholesale sectors. A portion of the loans disbursed through this program covered 64,000 workers' salaries. The program was implemented in collaboration with all banks in Jordan who processed loan applications and assessed applicants' solvency and credit worthiness, and subsequently processed payments.

8. In addition to the above, CBJ decided to reduce interest rates by 100 basis points on all monetary policy instruments, and by 75 basis points on the overnight deposit window as of Tuesday March 17, 2020, as follows:

8.1. Reducing the Re-Discount Rate from 4.50% to 3.50% annually.

8.2. Reducing Interest Rates on overnight Repurchase Agreements from 4.25% to 3.25% annually.

8.3. Reducing the CBJ main rate from 3.50% to 2.50% annually.

8.4. Reducing the Overnight Deposit Window from 2.75% to 2.00% annually

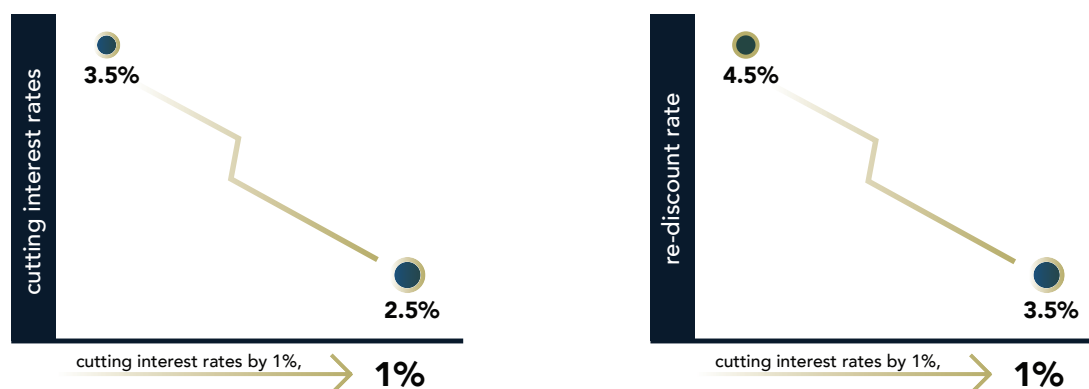


Figure (11): Interest Rates During COVID- 19

9. Moreover, CBJ announced postponing loan installments for the Agricultural Credit Corporation (ACC) for two months in an effort to assist farmers overcome the burdens incurred by the pandemic.

10. Measures related to cheques and their settlement

CBJ decided not to add the clients whose cheques are rejected for financial reasons within the list of nonpaying clients and not to charge them with commissions that apply to bounced cheques, for the cheques returned during the period March 18th, 2020 until April 15th, 2020.

11. Financial awareness during COVID-19

CBJ contributed to raising the digital financial awareness through its online channels; the official Facebook page & website by publishing information about how to access and use the digital financial services, use of the digital wallets through mobile phones, and how these digital channels enable the users making payment transactions, money transfers, receive salaries and aids from the National Aid Fund and any other government aid programs electronically. In addition to holding online awareness sessions on the digital wallets in coordination with GIZ, within the Digi#ances project.

Next Steps

After the successful completion of the NFIS implementation, the FITC developed a Financial Inclusion Action Plan (FIAP) for 2021(see Appendix (1)) to resume CBJ's journey in empowering the financially excluded and underserved segments, and enhancing their ability to reach and use formal financial services.

CBJ has mandated a national level financial inclusion diagnostic study to be carried out during 2021 to measure the current state of financial inclusion in Jordan, capture impact of the above-mentioned NFIS, and use the outcomes as basis to form a new term strategy. This study will feed into forming an evidence based NFIS by defining areas for further development and policy reform that will facilitate fair access to financial services in Jordan. The primary objectives of the study are as follows:

- Evaluate the level of financial inclusion in Jordan both qualitatively and quantitatively.
- Develop a time series database of financial inclusion indicators, including the results of the previous study (2016-2017) and new study in 2021.
- Analyze and explain the changes and trends since the Financial Inclusion Diagnostic Study of 2017, in particular considering the impact of the National Financial Inclusion Strategy, as well as considering the impact of Covid-19 on these indicators.
- Identify barriers and constraints to financial inclusion and present actionable recommendations to improve financial inclusion in the future.

The study will explore related topics that influence financial inclusion such as financial literacy and education, financial behavior and household budgeting, access to finance in remote areas, consumer protection, regulation and supervision, gender, poverty reduction, financial technology (fintech), innovation, and Islamic finance. In addition, it will focus on new areas related to financial inclusion were either not addressed or addressed only briefly in the previous study, such as Insurance, the COVID-19 pandemic and green finance.

Meanwhile, CBJ is currently conducting a vast 360 Financial Inclusion Awareness that will run through 2021 using both channels; offline and online channels, and will cover various financial topics, such as: SMEs Financing, Digital Financial Services, Microfinance and Consumer Protection among others.

I Financial Inclusion Action Plan (FAPI):



PILLAR	ACTIVITY	START DATE	END DATE	RESPONSIBILITY
Small & Medium Enterprises (SMEs)	Studying the credit facilities granted by banks and micro-finance institutions (MFIs) to micro, small and medium enterprises.	Q1 2021	Q4 2021	Small & Medium Enterprises (SMEs) Working Group
Digital Financial Services (DFS)	Continue to enhance and enable the legislative environment for DFS and mobile money.	Q1 2021	Q4 2021	CBJ - Financial Inclusion Unit
	Advocating with the donors (internal, external) of Mobile Money for Resilience Initiative (MM4R) to raise the project fund from \$3 to \$5.5 million.	Continuous		
	Launching at least two workshops to discuss ways of cooperation with public and private sector and international organizations under the umbrella of Mobile Money for Resilience Initiative (MM4R)	Q1 2021	Q4 2021	

Digital Financial Services (DFS)	Measuring the impact of COVID-19 pandemic on the performance of payment system in Jordan.	Q1 2021	Q2 2021	CBJ - Oversight and Supervision on National Payments System Department
	Studying applications for licensing companies that provide electronic payments and transfer of funds services and branching inside and outside the Kingdom, and providing proper recommendations concerning these companies.	Q1 2021	Q2 2021	
	Conducting workshops to promote digitization of SME sector	Q2 2021	Q3 2021	Financial Capabilities Working Group
Microfinance	Expanding CBJ's supervisory umbrella to include non-bank financial institutions that undertake financing activities.	Q1 2021	Q4 2021	Microfinance Working Group
	Developing social performance indicators for microfinance sector.			
Financial Consumer Protection	Obtaining a Helpdesk System Service Manager to support handling Central Bank of Jordan's inbound traffic of consumers' of banks' and NBFIs' complaints in the most effective and efficient manner.	Q1 2021	Q4 2021	Financial Consumer Protection Working Group
	Issuing Financial Consumer Protection Report on annual basis. The issuance of this report comes in light of our continuous efforts to maintain a sound financial consumer protection system in Jordan.	Q2 2021	Q4 2021	

**Financial
Consumer
Protection**

Issuing Financial Consumer Protection Instructions for Money Exchange Companies clients.	Q1 2021	Q2 2021	Financial Consumer Protection Working Group
Issuing Financial Consumer Protection Instructions for Electronic Payment and Money Transfer Companies.	Q1 2021	Q2 2021	
Reviewing the "Dealing with customers fairly and transparently" Instructions, and modify its name to become " Financial Consumer Protection for banking consumer instructions"	Q1 2021	Q4 2021	
Rolling out comprehensive training program for Banks and Non-Bank Financial Institutions (NBFIs) on handling consumer complaints efficiently and effectively	Q1 2021	Q4 2021	
Issuing Consumers' Complaints Report of Banks and Non-Bank Financial Institutions (NBFIs) on semiannual basis, it analyses clients' complaints to underscore negligence aspects with regard to financial services' consumers, and identifies improper practices towards them.	Q3 2021	Q1 2022	
Continuing the studies related on enhancing the financial consumer protection framework in the microfinance sector.			Microfinance Working Group
Continuing the implementation of the Financial Education Program at schools	Q2 2021	Q4 2021	Financial Capabilities Working Group
Enhancing financial awareness through social media channels.	Q2 2021	Q4 2021	

Financial Capabilities

Conducting a 360 Financial Inclusion campaign	Q2 2021	Q4 2021	CBJ - Financial Inclusion Unit
Launching a National Saving Initiative to promote saving culture in the Jordanian society and encourage financial institution to provide more attractive saving products, in addition to developing new innovative saving products.	Q2 2021	Q4 2021	
Organizing the saving accounts prizes to enhance real competition between banks and promoting saving culture among individuals within an integrated framework of fairness and transparency	Continuous		Consumer Protection Working Group
Enriching the CBJ's website with various educational materials covering to most important aspects of financial education for customers of different society strata.	Continuous		
Publishing educational videos and awareness messages on key financial literacy topics through the CBJ's official Facebook page.	Continuous		
Launching electronic financial awareness campaigns (3 campaigns in the first half of 2021).	Q1 2021	Q2 2021	Small & Medium Enterprises (SMEs) Working Group
Continuing managing and monitoring the Financial Education Program at schools	Q1 2021	Q4 2021	
Conducting workshops to schools and university students about the National Payment System in Jordan.	Q1 2021	Q4 2021	CBJ - Oversight and Supervision on National Payments System Department

Data & Research	Issuing the Annual Financial Inclusion Report (2018-2020)	Q1 2021	Q4 2021	CBJ - Financial Inclusion Unit
	Conducting a Financial Inclusion Diagnostic Study (2021)	Q2 2021	Q1 2022	
	Measuring and issuing report of the impact of COVID-19 pandemic on the Financial Inclusion and Green Finance in Jordan.	Q1 2021	Q2 2021	
	Developing a sequential electronic database for the 2017 & 2020 Financial Inclusion indicators.	Q2 2021	Q1 2022	
	Continuing the implementation of the Electronic Data Platform in the CBJ (which will include financial inclusion data)	Q1 2021	Q2 2021	CBJ - Oversight and Supervision on National Department



1. CBJ/GIZ Financial Inclusion Diagnostic Study in Jordan, 2017.
<https://www.cbj.gov.jo/EchoBusv3.0/SystemAssets/PDFs/2018/Financial%20Inclusion%20Diagnostic%20Study%20in%20Jordan%202017.pdf>
2. UN Sustainable Development Goals. <https://sdgs.un.org/goals>
3. National Financial Inclusion Action Plans. <https://www.cbj.gov.jo/Pages/viewpage.aspx?pageID=366>
4. Theory of Change, https://dimewiki.worldbank.org/wiki/Theory_of_Change
5. REACH2025: Jordan's Digital Economy Action Plan. <http://www.reach2025.net/>
6. Souq Jo: <https://web.souqjo.net/>
7. Tanda: <https://www.tandasmart.com/>