



**Press Release issued by:**

**The Secretariat of the Council of Arab Central Banks and Monetary Authorities’  
Governors**

**Arab Day for Financial Inclusion - April 27, 2022**

**Under the overarching theme: “Importance of the social responsibility of financial and banking institutions in increasing financial inclusion”**

**Call on to:**

**Raising awareness on the concept of social responsibility of financial and banking institutions and the fundamentals of sustainable finance**

**Adopting measures that encourage the inclusion of social and environmental responsibilities in the financial and banking policies**

**Developing mechanisms and tools for measuring the social performance of financial and banking institutions**

**Building consumer confidence in the social responsibility of financial and banking institutions**

**Launching social responsibility programs for financial and banking institutions and reflecting them in periodic reports**

**Urging financial and banking institutions to develop services and products that enhance social responsibility**

**Targeting non-financially included groups by applying appropriate credit policies**

The issue of enhancing access to finance and financial services in the Arab countries is receiving growing attention from the Council of Arab Central Banks and Monetary Authorities’ Governors, in recognition of the potential and significant opportunities that can be achieved by increasing financial inclusion to support inclusive and sustainable economic development, address unemployment challenges and achieve equality. There is no doubt that the repercussions and challenges for the financial and banking sector during the recovery phase from COVID-19 crisis clearly highlight the pressing need to enhance sustainable finance and the social responsibility of financial and banking institutions to serve sustainable development.



In this context, the application of environmental, social, and governance standards issued by the United Nations is receiving increasing attention from the international community and regional and international financial institutions. Arab central banks realize the importance of promoting social and environmental responsibilities, as they seek to develop frameworks that help in adopting and implementing these standards by financial and banking institutions operating in their respective jurisdictions. The Arab Monetary Fund is also intensifying its efforts in publishing several studies, reports, and guidelines to contribute to addressing priority issues, especially in terms of boosting sustainable finance and social responsibility in the Arab region.

Considering this, the Council of Arab Central Banks and Monetary Authorities' Governors has called on to celebrate the “Arab Day for Financial Inclusion”, which is due to be held on April 27 of each year, under the overarching theme of: “**Importance of the Social Responsibility of Financial and Banking Institutions in Increasing Financial Inclusion**” for the events of 2022. In this context, it is worth emphasizing the importance of adopting a strategy of social responsibility that aims at pursuing additional development and empowerment of community members in the Arab region, and supporting the financial and banking sector to strengthen the impact of social responsibility on financial inclusion, in addition to using appropriate tools and mechanisms to verify the inclusion of social and environmental responsibility in the strategies and policies of financial institutions, and verifying the progress of indicators in this regard and highlight them in the periodic reports drawn up by these institutions. Arab central banks and monetary authorities are keen to support the efforts of the international community in increasing sustainable finance and financial inclusion. In the foreground comes the support for the implementation of the sustainable development goals issued by the United Nations and their close relationship to the issues of social and environmental responsibility, and the support for the efforts of the Group of Twenty (G20), which has adopted the pillar of financial inclusion as one of the main pillars to support the sustainable development goals and enhance financial stability. The G20 pays special attention to supporting the access of youth, women, and micro, small and medium enterprises (MSMEs) to financial services, and to grow awareness and community financial literacy that enhance the success of efforts and policies in this regard.



Given the increasing importance of the issues of promoting social and environmental responsibility in financial services, the Council appreciates the activities included in the “Financial Inclusion for the Arab Region Initiative” (FIARI), that focus on the social responsibility of financial and banking institutions in increasing financial inclusion in 2022, and the attention that the partner institutions in the FIARI pay to enhance the awareness of social responsibility of financial and banking institutions and apply the fundamentals of sustainable finance, and build consumer confidence in the social responsibility of financial and banking institutions. The measures taken by the monetary and financial authorities in the Arab countries to advance the social and environmental responsibility of the financial and banking institutions should be commended to promote the transition towards sustainable finance, based on considering the environmental risks resulting from climate change when formulating financial and monetary objectives.

In a related context, Arab countries work to develop and integrate national action plans that contribute to enhancing the social and environmental responsibility of financial and banking institutions and support economic development to achieve inclusive and sustainable growth. Welcoming, in this regard, the adoption by several central banks in the Arab region of the guiding principles issued by the Arab Monetary Fund for “**Central Banks to Address the Impact of Natural Disasters and Climate Change on Banking System and Financial Stability**”.

It is worth noting the interest of the “Arab Financial Inclusion Task Force” in the issues related to the social responsibility of financial and banking institutions and its importance in increasing financial inclusion, in addition to its role in developing policies and procedures related to promoting financial inclusion and studying ways to improve its indicators, working to help Arab countries apply international standards and principles, and strengthening cooperation among various national institutions and authorities concerned with financial inclusion issues and between them and the relevant international institutions. Undoubtedly, there is a need to continue working to improve the financial inclusion indicators, as recent statistics published by the World Bank reflect the Arab countries’ efforts to enhance access to financial services.



These statistics reveal that the percentage of the adult male population in the Arab countries who have access to formal financing and financial services has risen, on average, to 48 percent, 26 percent for women, and 28 percent for low-income groups. Although these statistics conceal disparities in this regard among sexes and Arab countries, they still highlight the great potential opportunities – especially for financial and banking institutions – that can be exploited to support access to financial services in the Arab communities by strengthening the social responsibility of these institutions and targeting groups that are not financially included through the adoption of appropriate policies. That said, it is worth noting the efforts of the Arab countries that have implemented the statistical surveys in the field of financial inclusion and to emphasize the importance of following up its implementation by the remaining countries, which helps improve the quality of financial inclusion indicators according to the circumstances of each country.

The importance of sustainable finance in expanding the financing base and empowering all community categories, especially youth, women, entrepreneurs, and the sector of MSMEs, which constitutes between 90 and 99 percent of the total number of enterprises operating in the formal sector, contributes about 45 percent of the GDP and provides about a third of the workforce in the formal sector in the Arab region, to appropriately access finance in line with their needs and capabilities, which ultimately leads to improving living conditions, thus contributing to achieving inclusive and sustainable economic growth. Arab central banks and monetary authorities are looking forward to continuing to improve financing indicators for all community categories, as surveys reveal that the borrowing rate for adults from formal financial institutions in the Arab region has reached 5 percent, while it has reached 9 percent in developing countries and 11 percent globally. In relevance to these indicators, the importance of taking the necessary measures to enhance borrowing from formal financial and banking institutions, with the aim of limiting financing from informal parties, should be considered. It should be noted that the concerned Ministries especially those of Education, Culture, Higher Education, Solidarity Economy and Communication in the Arab countries can contribute to strengthening efforts to spread and deepen the culture of access for individuals and entrepreneurs to funding sources provided by formal financial and banking institutions, thus avoiding the risks of funding from informal entities.



Within the framework of the efforts made by central banks, commercial banks, and financial institutions in the past years celebrating the “Arab Day for Financial Inclusion” and organizing the activities and events on this day, which contributed to spreading awareness and financial literacy among all community categories, it is important to intensify the related events and expand the scope of community participation, by implementing activities that enhance knowledge of social and environmental standards and issues of sustainable and green finance. Arab central banks and monetary authorities are also federating the participation of the other supervisory authorities, such as ministries of finance, capital market authorities, insurance supervisory authorities, bank unions, and all financial, banking and investment institutions, in celebrating the events of the “Arab Day for Financial Inclusion” in 2022.

On this occasion, the Director General Chairman of the Board of the Arab Monetary Fund, H.E. Dr. Abdulrahman Al-Hamidy, stressed the importance and the role of financial inclusion in addressing the economic challenges that affect economic growth, by mobilising resources to increase investments and create new job opportunities. Dr. Al-Hamidy also praised the increasing attention being paid to issues related to increasing financial inclusion by policymakers in the Arab countries, which would help to address the challenges of poverty, unemployment, and social justice. He commended the efforts of the Arab central banks and monetary authorities in giving priority to issues of increasing financial inclusion and access to quality financial services at reasonable costs. Dr. Al-Hamidy also lauded governors for giving appropriate importance and priority to such issues as part of their economic policies, enhancing awareness of the social responsibility of financial and banking institutions, spreading the culture of sustainable finance in the banking sector, making use of Fintech in providing financial services, developing legislation, regulations and supervisory frameworks that help improve the spread of financial and banking services and encourage innovation in this field, following up efforts to develop relevant financial and banking infrastructure systems, encouraging the expansion of non-banking financial services, developing policies and programs that enhance transparency in the financial and banking transactions, as well as urging financial and banking institutions to develop services and products that boost social and environmental responsibility.



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Finally, Dr. Al-Hamidy thanked the Central Banks, financial and banking institutions, and the banking associations of the Arab countries for their efforts in launching activities on the “Arab Day for Financial Inclusion”, as they are important in achieving the desired objectives of the occasion.