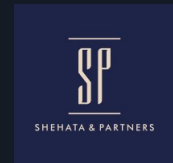


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This country-specific Q&A provides an overview of fintech laws and regulations applicable in Egypt.

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Egypt: Fintech

1. What are the sources of payments law in your jurisdiction?

While fintech has been part of the market for some time, only recent initiatives by Egyptian regulatory bodies and legislation reflect its recognition as an advanced and disruptive financial technology tool. These measures aim to promote and achieve economic growth through the integration of innovative financial technologies. Initially, banking practices in Egypt involved the use and development of various e-banking products, including internet banking, mobile banking, and e-payments. The old banking law No. 88 of 2003, did not establish a specific legal framework for e-banking solutions or products. Consequently, banks relied on written agreements with customers to govern the use of these e-banking products and their underlying technology.

In light of the above, fintech activities in Egypt lacked tangible regulatory oversight until the passing of Banking Law No. 194 of 2020 (referred to as the "**Banking Law**"), along with its accompanying decrees, regulations, and circulars. This legislation comprehensively addresses the regulation of diverse fintech sectors, including digital banks, cryptocurrency, and e-payments.

Then, in February 2022, the newly enacted "**Fintech Law**," embodied in Law No. 5 of 2022, took effect with the primary goal of facilitating the smooth integration of technology into non-banking financial services. This law introduces a tailored regulatory framework specifically crafted to support non-bank financial services, covering areas such as microfinance, insurtech, artificial intelligence, mobile applications, and digital platforms.

Additionally, several pieces of legislation are relevant to payments and fintech in Egypt. These include, *inter alia*, the following:

- The Non-Cash Payment Law No. 18 of 2019;
- The Telecommunications Law No. 10 of 2003;
- The E-Signature Law No. 15 of 2004;
- The Data Protection Law No. 151 of 2020;
- The Cybercrimes Law No. 17 of 2018; and
- The Egyptian Commercial Code No. 17 of 1999 and its Executive Regulation.

2. Can payment services be provided by non-banks, and if so, on what conditions?

Payment services in Egypt may be furnished by both banking and non-banking entities. Non-banking financial services are those provided by a licensed non-banking financial institution in the field of capital markets, securitization, venture capital, financial leasing, factoring, real estate finance, consumer finance, micro-finance, investment funds and brokerage services in financial securities (referred to as the "**Non-Banking Financial Activities**"). These activities are regulated and supervised by the Financial Market Authority (referred to as the "**FRA**").

The Fintech Law regulates the Non-Banking Financial Activities using financial technology (**FinTech**). In this regard, the term "**Financial technology**" is defined as "*a mechanism that uses modern and innovative technology in the non-banking financial sector to support and facilitate financial activities and services, in addition to financing and insurance activities and services through applications, programs, digital platforms, artificial intelligence or electronic records.*"¹

In light of the above, Non-Banking Fintech Activities encompass the use of a number of technology activities, such as digital platforms, digital applications, blockchain, digital contract and digital ID. In this regard, Non-Banking Financial Activities generally require the prior issuance of one of the following permits or licenses from the FRA.

- **Fintech Permit:** These could be granted directly to companies already licensed from the FRA to carry out Non-Banking Financial Activities or through concluding an outsourcing agreement with a technology services provider that is registered with the FRA. In addition to the FRA license for Non-Banking Financial Activities, obtaining the FRA fintech permit would necessitate meeting the following conditions:²
- The applicant possesses the necessary information technology systems and security equipment in accordance with the FRA board requirements;
- The applicant is not in breach of the law regulating its activity; **and**
- The necessary fees have been paid, which will

be equivalent to half of the license fee.

- **Fintech License:** By contrast, a license to undertake Non-Banking Fintech Activities will require that the applicant company only carries out the licensed activities to establish clear shareholding structure depicting the direct and indirect ownership interests and the concerned parties thereto, and that it is equipped with the proper technology infrastructure and security means to carry out these activities pursuant to the FRA board requirements in this respect.

Compliance: In addition to the regulatory compliance requirements applicable to Non-Banking Financial Activities pursuant to the Capital Markets Law No. 95 of 1992 (“**Capital Markets Law**”), the Fintech Law further refers to a number of general compliance requirements specifically for companies carrying out Non-Banking Fintech Activities, which are to be decided by the FRA board. These requirements include:³

- The conditions that should be met in the corporate structure and the necessary professional expertise of the managers of the entity;
- The criteria and features of technology applications used in the activity;
- Technology equipment and security means;
- Corporate governance and disclosures; and
- Anti-money laundering and anti-terrorism requirements (i.e., *observing the anti-money laundering and anti-terrorism unit instructions in this respect*).

FRA Temporary License: the Fintech Law enables the FRA to issue a temporary license for start-ups in the Non-Banking Fintech Activities for -up to two- years, to enable start-ups to test their fintech with real consumers under the supervision of the FRA.⁴ In this respect, the FRA Decree No. 268 of 2023 delineates the crucial procedures for the incorporation and licensing of Non-Banking Financial Activities companies delving into the realm of financial technology. This regulatory framework, coupled with insights from FRA Decree No. 58 of 2022, establishes the groundwork for companies operating in specific financial activities, including real estate finance, SMEs finance, microfinance, financial leasing, factoring, and consumer finance. This decree has lowered the minimum capital requirement for startups wishing to obtain the FinTech License (as described above).

Contract Requirements: in addition to the requirements set forth in the Capital Markets Law (as applicable), the Fintech Law has specified a number of terms that should

be included in contracts concluded between Non-Banking Fintech Activities service providers and their customers. These terms include:⁵

- Detailed information of the parties in the contract;
- The amount of the facility;
- The duration of settlement;
- The number, amount and conditions of the instalments;
- The applicable interest rate; **and**
- The guarantees obtained by the financing entity.

Digital Contracts: e-contracts were originally introduced under the E-Signature Law, which recognized e-signatures and established the evidence standard for electronic contracts to produce legal effects in civil, commercial and administrative dealerships. The Fintech Law, by contrast, has provided that the FRA board will issue the relevant regulations in connection with verifying the digital ID and digital contracts requirements for Non-Banking Fintech Activities service providers.⁶

Blockchain: The FRA board of directors has the authority to establish the criteria for creating, licensing, and overseeing digital ledger technology (blockchain) and the methods for securing and verifying data on this ledger. In line with this authority, the FRA has issued Decision No. 140 of 2023, outlining the compliance requirements for digital identity, digital contracts, blockchain, and the utilization of financial technology in conducting Non-Banking Financial Activities.⁷

According to the FRA Decree No. 53 of 2018, the licensing conditions for non-banking financial entities are as follows:⁸

1. A technical and economic feasibility study for the proposed services or products.
2. Legal persons must hold at least 50% of the founding capital; the entity or qualified investors should hold a minimum of 25%.
3. Disclosure of the ultimate beneficiaries among the shareholders.
4. The charter must mandate cumulative voting for board elections to ensure proportional representation.
5. A minimum of 25% female representation on the board of directors.
6. Incorporation to be completed within six months from FRA license approval, with a possible three-month extension.
7. Licensing requirements to be satisfied within three months of commercial register

registration.

8. Business operations to commence within six months following FRA licensing, with possible extensions.
9. Completion of the FRA's capital source disclosure form by founders and shareholders.
10. Founders, shareholders, ultimate beneficiaries, or board members must not be on any sanction lists.

Footnotes:

¹ Article (1) of the Fintech Law.

² Article (5) of the Fintech Law.

³ Article (7) of the Fintech Law.

⁴ Article (9) of the Fintech Law.

⁵ Article (10) of the Fintech Law.

⁶ Article (11) of the Fintech Law.

⁷ Article (11) of the Fintech Law.

⁸ FRA Decree No. 53 of 2018

3. What are the most popular payment methods and payment instruments in your jurisdiction?

The payment landscape undergoes continuous evolution in Egypt, witnessing the daily introduction of new payment methods, some of which gain more popularity than others. The online payment scene in Egypt has experienced rapid changes, marked by emerging trends and a notable surge in mobile and online payments since the Covid-19 crisis in 2022. This growth reflects a broader trend towards more secure and convenient payment practices.

Several payment methods have garnered significant popularity in Egypt, each catering to diverse preferences:⁹

Cash: Cash remains the predominant payment method in Egypt, widely favored for day-to-day transactions due to its widespread acceptance and easy accessibility. Given that a substantial number of individuals lack bank accounts, cash emerges as a more secure payment method. Moreover, cash is readily accessible for routine transactions, including activities like street vending.

Credit and Debit Cards: Credit and debit cards also enjoy widespread acceptance in Egypt across various

platforms, including online channels, rendering them a convenient payment method for customers. The digital payments trend has prompted an increasing number of businesses to embrace card payments, enhancing convenience for both local residents and tourists.

Bank Transfers: Bank transfers are commonly employed for larger transactions, such as business-related transactions. Banks in Egypt offer various channels for money transfers, including online banking and mobile banking services, facilitating efficient financial management.

Mobile Wallets: The adoption of mobile wallets has seen a substantial rise in recent years. Services like Vodafone Cash and Orange Money empower users to make payments, transfer funds, and settle bills using their mobile phones.

This dynamic payment landscape showcases Egypt's adaptability to evolving trends, with an increasing emphasis on digital and mobile payment solutions for enhanced security and convenience.

In summary, the principal payment methods and instruments used in Egypt include:

1. Cash transactions.
2. Non-cash payments, as defined by the Non-Cash Payment Law, including transactions like deposits, transfers, direct debits, and payments via cards, mobiles, or other approved methods.¹⁰
3. Commercial papers such as bills of exchange, promissory notes, and checks.¹¹

Footnotes:

⁹ [Top 5 Payment Methods in Egypt That Your Business Needs To Know \(inai.io\)](https://inai.io)

¹⁰ Article (1) of Non-Cash Payment Law No. 18 of 2019.

¹¹ Egyptian Commercial Code No. 17 of 1999 and its Executive Regulation.

4. What is the status of open banking in your jurisdiction (i.e. access to banks' transaction data and push-payment functionality by third party service providers)? Is it mandated by law, if so, to which entities, and what is state of implementation in practice?

Open banking in Egypt is an evolving paradigm facilitated

by the Central Bank of Egypt's endorsement of the Instant Payment Network (IPN) in October 2021. As per the regulations, IPN is the designated network ensuring interoperability among various banks. It facilitates the seamless execution of instant transfers and provides additional services for both banks and their customers, operating 24 hours a day, seven days a week. This innovation enables customers to execute instantaneous electronic transfers across bank accounts via mobile devices.¹²

A. Licensing Requirement:

According to the Central Bank of Egypt's Rules Regulating Services for Instant Payment Network (IPN) inside the Arab Republic of Egypt, banks are mandated to secure a license from the Central Bank of Egypt prior to joining the IPN, ensuring a regulated framework for open banking operations. To do so, they are obligated to adhere to specific regulations and meet various technical specifications outlined in the regulations.

The licensing requirements will differ based on how the bank will operate through the IPN, either:

1. As an issuer bank, that is, the bank responsible for managing customers' accounts and approving their financial transactions via authorized digital payment tools; or
2. As a Payment Service Provider ("PSP") Bank, that is, the bank responsible for contracting with and operating payment service providers, thus making their services available to the customers of the IPN and activating their digital distribution channels such as internet and mobile banking.

It is important to note that, a bank wishing to obtain a license to participate in the IPN shall take into account the following:

- Comply with the rules issued by the Central Bank of Egypt, as amended.
- Adhere to the rules issued by the IPN, as updated.
- Commit to the technical specifications of the technical connection and the operational rules of the IPN, as updated.

Additionally, the IPN service providers that are licensed to work with banks as a payment service provider may only provide payment services via its mobile applications to its customers once an approval is obtained from the Central Bank of Egypt.

B. Implementation of IPN:

In March 2022, the launch of InstaPay digital application marked a significant milestone as the first PSP application authorized by the Central Bank of Egypt to function over the IPN. In this regard, InstaPay enables comprehensive access to bank accounts, allowing instantaneous fund transfers across accounts at any time, including during non-business days.

Footnotes:

¹² [ipn-services-regulations_en.pdf \(cbe.org.eg\)](#)

5. How does the regulation of data in your jurisdiction impact on the provision of financial services to consumers and businesses?

Personal data regulation in Egypt, particularly concerning financial services, is primarily governed by the Data Protection Law No. 151 of 2020. Under the aforementioned law, the collection, processing, disclosure, or exposure of personal data is restricted, necessitating explicit consent from the data subject or statutory permission.¹³

Furthermore, in accordance with the Fintech Law, individuals engaged in Non-Banking Financial Activities utilizing financial technology, as governed by the provisions of the Fintech Law, along with the managers, advisors, and employees associated with these entities, are mandated to uphold absolute confidentiality for their clients. They are prohibited from disclosing any information about clients or their transactions to third parties without prior written or electronic consent, strictly within the bounds of this authorization.¹⁴

It's noteworthy that entities under the Central Bank of Egypt's oversight are exempt from the Data Protection Law and are instead subject to the Banking Law's specific data protection regulations.¹⁵ In this regard, Article (140) of the Banking Law impose stringent confidentiality obligations to safeguard customer data. The article specifies that all customer data, including accounts, deposits, trusts, and safe deposit boxes held in banks, as well as transactions associated with them, are to be treated as confidential. It is strictly prohibited to access or disclose this information, either directly or indirectly, unless written permission is obtained from the account, deposit, trust, or treasury owner, or from one of their heirs, legatees, legal representatives, agents, or through a judicial ruling or an arbitration award. This provision is applicable to all individuals and entities, including those authorized by law to access or acquire

documents or data whose confidentiality is restricted by the provisions of the Banking Law. Importantly, this prohibition persists even if the relationship between the customer and the bank is terminated for any reason.

Footnotes:

¹³ Article 2 of Data Protection Law No. 151 of 2020.

¹⁴ Article (13) of the Fintech Law.

¹⁵ Article 3, para. 6 of Data Protection Law No. 151 of 2020.

6. What are regulators in your jurisdiction doing to encourage innovation in the financial sector? Are there any initiatives such as sandboxes, or special regulatory conditions for fintechs?

In compliance with the general policy of the Egyptian government to attract investments towards Egypt, the Banking Law has charged the Central Bank of Egypt with aiding the development of the fintech sector. The National Payments Council (NPC) is also currently working in co-ordination with the Central Bank to help develop and expand the fintech industry.

As part of its role as a catalyst for change and supporter of the fintech industry, the Central Bank of Egypt launched its **"Regulatory Sandbox"** in May 2019, which serves as a testing environment for fintech businesses developing new business models facing challenges from stringent authorization requirements and regulatory uncertainties.¹⁶ The Regulatory Sandbox functions as a virtual and well-defined space, providing applicants with the opportunity to experiment with their innovative fintech solutions. This experimentation occurs within a live, relaxed regulatory environment for a limited duration, on a small scale, and under precisely defined parameters. The sandbox is designed to contain challenges and risks to the financial system and ordinary fintech consumers, ensuring a controlled testing environment. The primary goal of the Regulatory Sandbox is to integrate compliance into the fintech ecosystem at its early stages. By doing so, it enables fintech innovators to concentrate on refining their core offerings while simultaneously safeguarding consumers and other market participants from adverse effects related to regulatory uncertainties stemming from disruptive fintech activities.

The Central Bank of Egypt has also introduced the **"FinTech & Innovation Strategy"** in December 2019, with the aim of fostering Egypt's fintech ecosystem and establishing the country as a recognized hub in the

region. This strategy, centered on Egypt's fintech landscape, is expected to have a broader impact by generating employment opportunities and empowering Egyptian youth to develop skills that are essential for the future, blending both business and technology expertise.¹⁷

A program called **"FinYology"** have been also launched by the Central Bank of Egypt in February 2020, which is launched in collaboration with universities, banks and the Egyptian Banking Institute, in order to educate younger generations about financial technology, and aims to scout new talent.¹⁸

Additionally, the Central Bank has announced its intention to make Egypt a recognized fintech hub in the Arab World and in Africa. To that effect, the CBE has launched a platform called the **"GRID FinTech & Innovation Hub"** in 2022, which is a unified platform meant to connect all fintech players, including start-ups, financial institutions, regulators and service providers. It is a one-stop shop that enables the collaboration of fintech start-ups, mentors, service providers and financial institutions. It would also serve as a connection between fintech start-ups and potential investors.¹⁹

Further, "FinTech Egypt" an initiative by the CBE, has introduced the **"FINTEKRS"** initiative in December 2022, as part of the Central Bank of Egypt's efforts to boost entrepreneurship and innovation in financial technology. This initiative encourages startups across all Egyptian governorates to develop innovative solutions that facilitate banking services and enhance access to financial products. Aligned with the Central Bank's FinTech & Innovation Strategy, the initiative collaborates with Egyptian banks and aims to transform Egypt into a regional fintech and innovation hub. It offers training courses, acceleration cycles, and real business experiences to selected fintech startups in different governorates.²⁰

Beyond that, in line with the Central Bank of Egypt's FinTech & Innovation strategy, "FinTech Egypt" has launched Egypt's first **"Digital Academy"** in 2023. The academy aims to empower employees in the banking, financial, and fintech sector, aligning with Egypt's 2030 vision. This initiative supports the development of fintech talent, a crucial pillar for achieving the strategy and promoting financial inclusion. The Central Bank envisions the academy becoming a Center of Excellence (COE) for the industry, fostering upskilling to adapt to digital transformation and technological advancements. The Digital Academy offers internationally accredited training programs, starting with "The Innovator Programme" in collaboration with the Egyptian Banking Institute and the

Centre for Finance, Technology, and Entrepreneurship. The 6-month intensive program covers fintech foundation, artificial intelligence in finance, open banking, and digital payments, with live-streamed online workshops presented by high-profile academics and leading fintech experts. This initiative builds on the Central Bank's commitment to supporting young talent and enhancing digital financial literacy, including the "FinYology" initiative as outlined above.²¹

In March 2023, Egypt introduced its first FRA authorized sandbox, called "**CORBEH Sandbox**", to facilitate the testing of fintech applications. This regulatory sandbox, established with the authorization of FRA, involves a collaboration with Egypt Securities Exchange. The framework aims to balance innovation promotion and risk management by providing a controlled environment for experimentation. It is governed by the Fintech Law and related FRA decisions. Key features include adaptable licensing and capital flexibility, involvement of authorized founders' agents, compliance obligations, ongoing monitoring and reporting, and a focus on consumer protection and risk mitigation. The core ongoing obligations within CORBEH stress establishing governance structures, ensuring compliance, and maintaining transparency.

Finally, Seamless North Africa 2023, a two-day event hosted by the Central Bank of Egypt, concluded on July 18th, 2023. Governor Hassan Abdalla highlighted the conference's alignment with national efforts to transition to a digital economy and enhance Egypt's fintech ecosystem. The second day featured a startup competition won by Supply Chain Finance (Cayesh), receiving a USD 50,000 award from VISA International. Governor Abdalla committed to supporting the winning startup's project launch, reflecting the Central Bank's dedication to nurturing talent and promoting financial inclusion. Additionally, "**FinTech Got Talent**" competition was launched in collaboration with "FinTech Egypt" initiative. The competition recognized top ideas from university students, fostering future collaborations. Governor Abdalla acknowledged participants in the FinYology initiative, emphasizing the Central Bank's commitment to supporting young talents in FinTech.

In conclusion, it is safe to say that, despite the absence of comprehensive legislative measures, the Central Bank of Egypt is earnestly committed to positioning Egypt as a fintech hub. Efforts are underway to educate the broader audience, encompassing consumers, entrepreneurs, and investors, about fintech, emphasizing its significance and vast potential.

Footnotes:

¹⁶ [Microsoft Word – CBE – Regulatory Sandbox May – Revised.docx](#).

¹⁷ [Financial Technology \(cbe.org.eg\); 814-central-bank-of-egypts-fintech-strategyv15-1.pdf \(cbe.org.eg\)](#)

¹⁸ [Fintech Egypt News and Events|Fintech Egypt \(fintech-egypt.com\)](#)

¹⁹ [FinTech & Innovation Hub \(cbe.org.eg\)](#)

²⁰ [FinTech Egypt Launches the "FINTEKRS" Initiative To Encourage Startups To Develop and Implement their Innovative Financial Solutions Across All Governorates \(cbe.org.eg\)](#)

²¹ ["FinTech Egypt" Launches the First Digital Academy to Upskill the Workforce Skills in the Banking, Financial, and FinTech Sector \(cbe.org.eg\)](#)

7. Do you foresee any imminent risks to the growth of the fintech market in your jurisdiction?

Certain risks may pose challenges to the burgeoning fintech market. As this dynamic sector continues to evolve, it faces a range of uncertainties that have the potential to impact its trajectory. It is crucial for industry participants, regulatory bodies, and stakeholders to remain vigilant and proactive in addressing these challenges. From regulatory complexities to cybersecurity threats and competition dynamics, a comprehensive understanding of these risks is essential to foster a resilient and sustainable fintech ecosystem. In light of the foregoing, several risks merit attention:

Regulatory Challenges: Changes in regulations or the introduction of new regulatory requirements can impact the fintech sector. Striking the right balance between fostering innovation and ensuring consumer protection may pose challenges.

Cybersecurity Threats: The increasing reliance on digital financial services makes the sector more susceptible to cybersecurity threats. Fintech companies need robust security measures to protect sensitive customer data and maintain trust.

Access to Funding: The growth of fintech companies often relies on access to funding. Economic uncertainties or difficulties in attracting investments might impede the development of new fintech solutions.

Consumer Trust: Fintech success is closely tied to consumer trust. Any major security breaches, data leaks,

or fraud incidents can erode trust in digital financial services, hindering the adoption of fintech solutions.

Infrastructure and Connectivity: In certain regions, challenges related to infrastructure and internet connectivity could limit the reach of fintech services, particularly in rural areas.

Competition and Market Saturation: Increased competition within the fintech sector may lead to market saturation, making it challenging for new entrants to differentiate themselves and gain market share.

Financial Inclusion Barriers: While fintech has the potential to enhance financial inclusion, there may be barriers related to literacy, access to smartphones, or the reluctance of certain demographic groups to adopt digital financial services.

Global Economic Factors: Global economic conditions, such as economic downturns or currency fluctuations, can have indirect effects on the fintech market in Egypt.

Furthermore, as outlined in the Central Bank's Fintech Landscape Report (2021), there exist significant challenges and operational obstacles that could potentially hinder the growth trajectory of the fintech landscape in Egypt. The survey findings, as detailed in the report, provide insights into the most critical concerns among fintech startups in the region:²²

A. Most Demanded Support Areas from Startups:

Startups in Egypt have identified specific support areas crucial for their growth. The top demands include:

- **Building Partnerships:** Nearly half of the surveyed startups emphasized the importance of forging strategic partnerships for their success.
- **Regulatory Compliance:** Startups view regulatory compliance as a key element requiring endorsement to establish and expand their operations.
- **Raising Equity:** Access to funding through equity is identified as a significant need.
- **International Expansion:** Many startups expressed a desire for support in expanding their operations globally.
- **Customer Adoption:** Overcoming challenges related to customer adoption emerged as another critical area for support.
- **Tax Incentives & Government Support:** Startups also seek specified incentives and government support to facilitate their growth.

B. Operational Challenges Faced by Fintech Startups:

Operational challenges reported by fintech startups further highlight impediments to their growth:

- **Attracting Qualified Talents:** Nearly half of the startups find attracting qualified talents as the most challenging aspect hindering their growth and success.
- **Product Development:** About 29% of startups report challenges in product development, emphasizing the need for innovation and efficient product offerings.
- **Creating Sustainable Systems and Efficient Processes:** The availability of technology and skills to develop sustainable and profitable products is identified as the third significant challenge.

Footnotes:

²² [Egypt-FinTech-Landscape-Report-2021-1.pdf \(afi-global.org\)](#).

8. What tax incentives exist in your jurisdiction to encourage fintech investment?

In the context of Egypt's current regulatory framework, it's worth noting that there are no specific tax incentives designed exclusively for fintech investment. However, companies operating in the technology sector, including fintech, fall under the purview of Egypt's Investment Law No. 72 of 2017. Investment projects established under this law can benefit from general incentives that aim to foster economic growth and attract investment. Here are the key incentives provided by the Investment Law:²³

Exemption from Stamp Duty and Authentication Fees: Investment projects, including those in the fintech sector, can enjoy exemption from stamp duty and authentication fees related to the registration of articles of association, credit facilities, and mortgages for the first five years following the date of registration in the commercial registry.

Exemption from Certain Costs: Companies can benefit from exemptions, including stamp duty and authentication fees, associated with the registration of lands allocated for the project's incorporation.

Unified Custom Duty Rate: Investment projects, which may involve the import of equipment, machinery, and devices necessary for their establishment, can take advantage of a unified custom duty rate set at a flat rate

of only 2% of the value of these assets. This can significantly reduce the cost burden on importing essential equipment.

While these incentives are not fintech-specific, they provide a supportive environment for technology-related ventures, including fintech companies, by reducing initial setup costs and providing exemptions during the early stages of operation. Fintech investors and entrepreneurs should carefully consider these general investment incentives provided by the Investment Law when planning their business ventures in Egypt. Additionally, it's advisable to stay informed about any updates or changes to the regulatory landscape that may impact the fintech sector.

Footnotes:

²³ Article (10) of Investment Law No. 72 of 2017.

9. Which areas of fintech are attracting investment in your jurisdiction, and at what level (Series A, Series B etc)?

In Egypt, the fintech landscape has witnessed substantial investment growth, particularly in later stages, during the first half of 2022, as outlined in the Central Bank's Fintech Investment-Focused H1 2022 Landscape Review.²⁴ The majority of investments, comprising 90% of total funding, were directed towards Series A and above funding rounds, indicating a maturing fintech ecosystem.

Within the fintech sub-sectors, "Payments and Remittance" emerged as the predominant focus, attracting 58% of investments in H1 2022. Following closely, the "Lending & Alternative Finance" sector secured a significant portion, representing 26% of the total investments during the same period. "Wealth Management & Savings" also garnered notable attention, accounting for 12% of the total investments in H1 2022.²⁵

Beyond these primary sub-sectors, the remaining 6% of investments were diversified among various other sub-sectors, including B2B Marketplace, Data Analytics, InsurTech, Payroll & Benefits, and more. This diversified investment landscape underscores the dynamic and expanding nature of the fintech ecosystem in Egypt, with a focus not only on established segments like payments and lending but also on emerging areas and innovative solutions across multiple sectors.

Footnotes:

²⁴ Why-Egypt-is-a-promising-market-for-FinTech-

Investments-Report (1).pdf

²⁵ Why-Egypt-is-a-promising-market-for-FinTech-Investments-Report (1).pdf

10. If a fintech entrepreneur was looking for a jurisdiction in which to begin operations, why would it choose yours?

A fintech entrepreneur seeking an optimal jurisdiction to initiate operations would find compelling reasons to choose Egypt. The country exhibits several key indicators that make it an attractive destination for both foreign and local investments in the fintech sector.

Investment Climate:

Egypt ranks as the 4th African country and the 2nd in the MENA region in terms of investments in fintech, as outlined in the Central Bank's Fintech Landscape Report (2021). This positioning underscores the country's vibrant fintech ecosystem and its appeal to investors.

Market Significance:

Additionally, as outlined under the Central Bank's Fintech Landscape Report (2021), Egypt commands a noteworthy portion of fintech transactions in the MENA region. Capturing 23% of deals and 21% of funding amounts, Egypt's fintech industry assumes a pivotal position in the overall regional landscape.

Regulatory Reforms:

Egypt's commitment to fostering a conducive business environment is evident in its ranking. The country holds the 114th position in ease of doing business globally and is among the 42 nations that implemented regulatory reforms. These reforms span key areas such as starting a business, tax payment, and protection for minority investors.

Efficient Company Registration:

Entrepreneurs benefit from a streamlined process for registering and incorporating companies in Egypt. The standard timeframe for this procedure is approximately seven days, demonstrating efficiency. Moreover, the fast-track governmental route further accelerates this process, reducing the timeline to just one day.

Governmental Support:

The Egyptian government actively supports and encourages entrepreneurial endeavors, particularly in the

fintech sector. This support includes initiatives to streamline regulatory procedures and create an environment conducive to innovation and growth.

Strategic Location:

Situated in the MENA region, Egypt provides strategic access to diverse markets. Its geographical location serves as a bridge between Africa and the Middle East, offering fintech entrepreneurs access to a broad customer base.

Growing Ecosystem:

The thriving fintech ecosystem in Egypt indicates a supportive network of stakeholders, including regulatory bodies, financial institutions, and tech-savvy consumers. This ecosystem fosters collaboration and growth opportunities for fintech ventures.

In conclusion, Egypt emerges as an appealing jurisdiction for fintech entrepreneurs due to its substantial investments in the sector, regulatory reforms, efficient business registration processes, and the government's commitment to creating a conducive business environment. These factors collectively position Egypt as a hub for fintech innovation and growth in the MENA region.

11. Access to talent is often cited as a key issue for fintechs – are there any immigration rules in your jurisdiction which would help or hinder that access, whether in force now or imminently? For instance, are quotas systems/immigration caps in place in your jurisdiction and how are they determined?

While our jurisdiction welcomes talent acquisition, it is essential to be aware of specific limitations:

A. The Investment Law No. 72 for 2017 outlines a maximum limit of foreign employment in investment projects, with the possibility of extension under specific circumstances. Article (8) of this law grants investment projects the right to employ foreign employees, constituting up to 10% of the total workforce, and this percentage may be increased to a maximum of 20% if the utilization of national workers with the required qualifications is impractical. Such adjustments are subject to the controls and rules established in the executive regulations of the law. Moreover, in strategic projects of special importance, exceptions to these percentages may be granted by a decision of the Supreme Council, with a requirement to prioritize the

training of national workers. Foreign workers in investment projects also have the right to transfer all or part of their financial dues abroad.

B. As per the Egyptian Labour Law, obtaining a work permit is a mandatory prerequisite for a foreign employee to engage in employment within Egypt. It's crucial to note that these permits are not permanent and must be renewed upon expiration. Nevertheless, companies established under the Investment Law within free zones are permitted to employ foreign workers, provided their number does not exceed 20% of the total workforce in the company. This offers a certain degree of flexibility for companies operating in these designated areas.

C. Moreover, as detailed in the Central Bank's Fintech Landscape Report (2021), operational challenges faced by fintech startups include the difficulty of attracting qualified talents. Nearly half of the startups identify the attraction of skilled professionals as the most challenging aspect impeding their growth and success.²⁶

In conclusion, while our jurisdiction provides avenues for talent acquisition, it's imperative to navigate specific constraints. Understanding and adhering to these regulations are vital for businesses seeking to harness international talent while complying with the stipulated legal frameworks in our jurisdiction.

Footnotes:

²⁶ [Egypt-FinTech-Landscape-Report-2021-1.pdf \(afi-global.org\)](#).

12. If there are gaps in access to talent, are regulators looking to fill these and, if so, how? How much impact does the fintech industry have on influencing immigration policy in your jurisdiction?

To mitigate talent gaps, exemptions from work permit requirements have been introduced for certain categories such as foreign investors, as outlined in the 2019 Minister of Manpower Decree.²⁷ In this context, Article (7) stipulates that individuals from foreign countries are required to secure a work license from the competent ministry, its manpower directorates, or designated offices for this function in other regions before engaging in employment. Additionally, they must be duly authorized to enter the country and reside for work purposes. Notably, Article (8) carves out an exception to this requirement, highlighting that a foreign investor holding an "investor residency" in accordance with the pertinent law governing such matters is exempted from obtaining

the mentioned license.

Footnotes:

²⁷ Para. 8 of Article (2) of the Minister of Manpower and Immigration Decree No. 146 of 2019.

13. What protections can a fintech use in your jurisdiction to protect its intellectual property?

In Egypt, fintech providers can safeguard their intellectual property rights by leveraging the encompassing legal framework provided by the Intellectual Property Law No. 82 of 2002. This protection becomes effective upon official registration with the competent intellectual property office.

Trademark protection is a key aspect of this legal landscape. Registration bestows a 10-year protection period, with the option for extension upon the owner's request.²⁸ The registered trademark is duly published in an official Gazette, marking its formal acknowledgment. Trademark owners, armed with registration, hold the right to prevent unauthorized usage, sale, distribution, or other forms of exploitation. In the event of infringement, owners can file claims before the competent court, seeking prohibitory measures. Penalties for trademark infringement may involve imprisonment and/or fines.

In the realm of copyright protection, holders enjoy exclusive rights to authorize or prevent the exploitation of their work. This safeguard extends throughout the lifetime of the owner and an additional 50 years after their demise. Infringement of copyright is met with penalties, including imprisonment and/or fines.

Fintech innovators are strongly encouraged to promptly register their intellectual property to harness the full scope of these legal protections, creating a secure environment for the flourishing of their inventive creations.

Footnotes:

²⁸ Article 48 of Intellectual Property Law No. 82 of 2002.

14. How are cryptocurrencies treated under the regulatory framework in your jurisdiction?

In accordance with Article 206 of the Banking Law, the trading, issuing, and promotion of cryptocurrencies are explicitly prohibited without obtaining a license from the Central Bank of Egypt, adhering to the standards set forth by the Central Bank. However, contradicting this stance,

in September 2022 and March 2023, the Central Bank reiterated its warning against cryptocurrencies, emphasizing their prohibition and emphasizing that they lack backing from any governmental authority. The prohibition is attributed to concerns related to e-piracy, significant market volatility, and the potential misuse of cryptocurrencies in financial crimes. The Central Bank outlined stringent penalties for violations, including imprisonment and/or fines ranging from not less than EGP 1,000,000 to a maximum of EGP 10,000,000.

Despite the regulatory restrictions and warnings, there exists a degree of optimism among certain individuals who anticipate a future scenario where cryptocurrency activities might be permissible in Egypt. An illustrative example of this optimism is reflected in media reports from 2019, suggesting that around 1.7 million Egyptians were holding cryptocurrencies in offshore accounts at that time.

15. How are initial coin offerings treated in your jurisdiction? Do you foresee any change in this over the next 12-24 months?

The landscape surrounding Initial Coin Offerings (ICOs) in Egypt is currently marked by ambiguity, presenting challenges for both issuers and investors. At present, Egypt lacks specific regulations governing ICOs, contributing to a sense of uncertainty regarding the legal implications of such fundraising mechanisms. Additionally, the Central Bank of Egypt issued multiple cautionary warnings since 2018, emphasizing the associated risks with ICOs and virtual currencies. These warnings reflect a stance of regulatory prudence rather than a comprehensive regulatory framework.²⁹

A notable aspect of the current situation is the mixed approach adopted by some local startups, which have ventured into ICOs. However, this has raised concerns regarding potential scams and the need for enhanced investor protection measures. Despite these challenges, there are indications of a growing interest from the government in exploring blockchain technology, suggesting a potential shift towards regulatory measures within the crypto space.

Looking ahead to the next 12-24 months, several foreseeable changes may shape the ICO landscape in Egypt. Regulatory clarity is likely to emerge, encompassing specific licensing requirements, investor protection mechanisms, and guidelines to curb fraudulent activities. Regulatory bodies are expected to intensify scrutiny, leading to potential crackdowns on illegal or non-compliant ICO projects. It's plausible that ICOs may

be initially confined to specific sectors or subject to high entry barriers, aiming to shield investors from high-risk ventures.

Additionally, several external factors may influence the outcome, including global trends in ICO regulation and investor sentiment, Egypt's economic goals emphasizing innovation and financial inclusion, and the development of the local blockchain ecosystem and expertise. It's crucial to recognize that these insights are speculative, and the actual changes in ICO treatment in Egypt will depend on the unfolding dynamics of these factors in the coming year.

Footnotes:

²⁹ [Warning Statement \(cbe.org.eg\); The Fourth \(4th\) Warning Statement on Cryptocurrencies \(cbe.org.eg\)](#)

16. Are you aware of any live blockchain projects (beyond proof of concept) in your jurisdiction and if so in what areas?

There are numerous operational blockchain initiatives in Egypt extending beyond the conceptual stage, addressing diverse sectors. Here are notable instances:³⁰

Supply Chain and Traceability:

- AbuErdan: This cloud-based solution utilizes blockchain to proficiently manage and trace poultry production, ensuring quality and safety for consumers.
- PASS Inc.: PASS employs blockchain for secure and contactless mobile access control in various settings, ranging from buildings to events.

Identity and Credentials:

- iconnect technology: Offering a distinctive digital identity solution, this platform enables individuals to securely store and manage credentials such as diplomas and medical records.

Other Sectors:

- NFT Art Generator: Enabling users to create unique and collectible NFTs (non-fungible tokens) based on their artwork.
- TOURISTOKEN: This initiative establishes a digital token ecosystem for the tourism industry, streamlining payments and offering loyalty rewards to travelers.

These examples represent a fraction of the vibrant Egyptian blockchain landscape, which is in constant evolution. Various entities, including the Egyptian government, actively explore blockchain's potential for innovation and efficiency enhancement across industries. As a rewarding step towards the practical implementation of blockchain technology in Egypt, the FRA recently issued Decision No. 140 of 2023, outlining the compliance requirements for digital identity, digital contracts, blockchain, and the utilization of financial technology in conducting non-banking financial activities. Therefore, the country exhibits a growing interest in harnessing this technology for innovative advancements across diverse sectors.

Footnotes:

³⁰ [Top Blockchain companies and startups in Egypt | F6S Companies – Egypt | F6S](#)

17. To what extent are you aware of artificial intelligence already being used in the financial sector in your jurisdiction, and do you think regulation will impede or encourage its further use?

In Egypt, the financial sector is currently undergoing a notable transformation driven by the increasing integration of Artificial Intelligence (AI). This surge in AI adoption is attributed to government initiatives and the recognized potential of AI in enhancing efficiency, accessibility, and risk management within the financial landscape.

A significant milestone in this trajectory is the enactment of the Fintech Law, specifically regulating the use of financial technology in Non-Banking Financial Activities. This legislation acknowledges the role of artificial intelligence as one of the innovative mechanisms in financial technology. Consequently, companies engaged in Non-Banking Financial Activities utilizing AI are now mandated to secure a license from the FRA, with specific conditions outlined in the FRA Decree No. 58 of 2022.³¹

Furthermore, the Egyptian government's commitment to fostering AI is evident through the establishment of the National Council for Artificial Intelligence in November 2019. This council operates as a collaborative effort between governmental bodies, academic institutions, and leading industry practitioners in the field of artificial intelligence. The council's responsibilities encompass the following:

- Development of a national strategy for AI;

- Setting priorities for AI applications;
- Proposing policies; and
- Providing recommendations on technical, legal, and economic frameworks for AI applications.

It also identifies AI applications that offer smart, secure, and sustainable solutions, in addition to reviewing international protocols and agreements related to AI.

Considering these regulatory developments and the proactive approach taken by the government, it is our assessment that regulations will serve as an encouragement rather than an impediment to the utilization of artificial intelligence across various sectors, including the financial domain. This regulatory framework not only acknowledges the importance of AI but also sets the groundwork for its responsible and strategic integration, fostering innovation and technological advancement in the financial sector.

Footnotes:

³¹ Article 3 of the FRA Decree No. 58 of 2022

18. Insurtech is generally thought to be developing but some way behind other areas of fintech such as payments. Is there much insurtech business in your jurisdiction and if so what form does it generally take?

Insurtech in Egypt is primarily represented by insurance brokerage companies licensed by the FRA. While it is in the early stages compared to more mature markets, the insurtech landscape in Egypt is gradually evolving. This transformation is fueled by factors such as a growing population with a penchant for technology, increased internet accessibility, and governmental initiatives promoting digitalization. Despite being in its nascent phase, the Egyptian insurtech sector shows promising signs of rapid growth, with projections estimating its value to reach \$2 billion by 2025.³²

Various forms of insurtech have emerged in Egypt, exemplified by licensed entities engaging in innovative practices. Digital insurance platforms like Amenli have become instrumental in offering online channels for the purchase and management of diverse insurance products, enhancing accessibility and convenience for consumers. Additionally, companies such as bringy Inc. are revolutionizing the insurance experience, allowing users to obtain and claim insurance within minutes through a user-friendly mobile app that guides them through the entire process, from onboarding and

quotations to payment and digital policy issuance.³³

Another facet of insurtech in Egypt involves advancements in claims processing and fraud detection. Companies like EG InsurTech leverage artificial intelligence and data analytics to automate claims processing, mitigate fraud risks, and enhance operational efficiency for insurance companies. This multifaceted approach reflects the dynamic evolution of insurtech in Egypt, showcasing its potential to reshape the insurance landscape in the coming years.

Footnotes:

³² [Egyptian Insurtech Startup Amenli Raises \\$1 Million Equity Funding to Fuel Growth – Empower Africa](#)

³³ [Top InsurTech companies and startups in Egypt | F6S Companies – Egypt | F6S](#)

19. Are there any areas of fintech that are particularly strong in your jurisdiction?

The fintech landscape in Egypt is marked by a robust and diverse ecosystem that extends its influence across various sub-sectors. Notably, the "Payments and Remittance" sector has taken center stage, capturing a substantial 58% of investments in the first half of 2022. Close on its heels, the "Lending & Alternative Finance" sector has secured a significant share, representing 26% of total investments during the same period. Additionally, attention has been directed towards the "Wealth Management & Savings" sector, contributing to 12% of the total investments in H1 2022.

Beyond these primary sub-sectors, the fintech investment landscape in Egypt exhibits a healthy diversification, with the remaining 6% of investments spread across various other segments. These include InsurTech, B2B Marketplace, Data Analytics, Payroll & Benefits, and more. This diversification underscores the dynamic and expanding nature of Egypt's fintech ecosystem, highlighting a strategic focus not only on established segments like payments and lending but also on emerging areas and innovative solutions across multiple sectors.³⁴

Footnotes:

³⁴ [Why-Egypt-is-a-promising-market-for-FinTech-Investments-Report \(1\).pdf](#)

20. What is the status of collaboration vs disruption in your jurisdiction as between fintechs and incumbent financial institutions?

The interaction between FinTechs and incumbent financial institutions (IFIs) in Egypt is characterized by a dynamic interplay of collaboration and disruption, influencing the financial landscape in significant ways:

Collaboration:

Programs like the "Here2Hear" roundtable discussions and the "FinTech Hub", backed by the Central Bank of Egypt, highlight the regulatory endorsement for collaborative efforts. Furthermore, the National Payment Council, formed through Presidential Decree No. 89 of 2017 to bolster the national payment system and foster competitiveness, serves to enhance mutual understanding between the fintech and traditional financial sectors. Further, Many IFIs are actively engaging in partnerships with fintech companies to harness their innovative technologies and expand their reach to new customer segments. This collaboration often involves co-developing products, utilizing fintech APIs, or integrating AI-powered solutions. Some IFIs are also demonstrating a proactive approach by investing in and, in some cases, acquiring promising fintech startups. This strategic move allows them to access the expertise and talent within the fintech ecosystem.

Disruption:

Fintechs are introducing innovative products and services that challenge traditional banking models, including mobile wallets, peer-to-peer lending, and alternative credit scoring. Additionally, the rise of fintechs has intensified competition, compelling IFIs to enhance their digital offerings and customer service to remain competitive in the evolving landscape. Further, while regulations are evolving, some existing rules may pose barriers to entry for fintech startups, potentially impeding disruptive innovation.

In summary, the current trend points towards a "co-opetition" model, where collaboration and disruption coexist. The specific balance is contingent on various factors such as the impact of a particular fintech niche on traditional business models, the willingness of IFIs to embrace collaboration and innovation, and the adaptability of the regulatory environment to changes.

Additional factors to take into account include the government's commitment to financial inclusion, which may serve as a catalyst for increased collaboration between fintechs and IFIs seeking to extend their services

to unbanked populations. Moreover, a growing emphasis on data privacy and security may pave the way for partnerships between fintechs possessing expertise in these areas and IFIs. As technologies such as blockchain and artificial intelligence continue to advance, there is the potential for significant disruption in existing financial services, shaping the landscape for new forms of collaboration and competition between the two sectors.

While predicting the future is challenging, the evolving relationship between fintechs and IFIs in Egypt is expected to continue shaping the country's financial sector.

21. To what extent are the banks and other incumbent financial institutions in your jurisdiction carrying out their own fintech development / innovation programmes?

In Egypt, banks and other incumbent financial institutions are taking substantial strides in fintech development and innovation through diverse initiatives. Major banks have established dedicated fintech hubs, focusing on incubating and accelerating internal innovation. These hubs delve into exploring emerging technologies, creating digital solutions, and fostering collaborations with startups. In this regard, Commercial International Bank (CIB) has forged a strategic partnership with AUC Venture Lab to provide support to startups and entrepreneurs focusing on fintech solutions. The collaboration aims to address the specific requirements of fintech startups by offering swift and agile solutions through the CIB Innovation Lab. This innovation hub serves as a focal point for fintech and entrepreneurship within Egypt's banking sector.³⁵

Further, commercial banks have increasingly recognized the significance of digital finance and are actively participating in this evolving landscape. Earlier this year, three prominent national banks in Egypt, namely Banque Misr, National Bank of Egypt, and Banque du Caire, joined forces with Global Ventures, a leading venture capital firm, to establish "Nclude." With an initial funding of \$100 million, Nclude aims to accelerate fintech development and invest in emerging innovators. The fund has initiated initial investments in several companies, namely:³⁶

- Paymob: A digital payment provider contributing to the fintech landscape.
- Mozare3: Supporting small farmers with input financing, market access, and technical assistance.
- Lucky: Providing consumers with installment options, cashback rewards, and credit

facilities.

Moving forward, Egyptian banks must sustain and enhance this integration between fintech and traditional banking. It is crucial for them to navigate this new environment adeptly and concentrate on delivering optimal services to their clients. This involves simplifying access to financial services, aligning with the preferences of the younger demographic, extending services to historically underserved segments of the population, and embracing digital solutions.

Footnotes:

³⁵ [The Digital Transformation Pioneer Achieves Exponential Growth in Online Banking Services \(cibeg.com\)](#)

³⁶ [Fintech ascending: why Egypt's banks should embrace change | Backbase; Egypt state banks setting up \\$85 million fintech innovation fund | Reuters; Egyptian fintech report shows a strong focus on bank partnerships | TechCabal](#)

22. Are there any strong examples of disruption through fintech in your jurisdiction?

There are several strong examples of disruption through fintech in Egypt, across various areas of the financial services landscape:

Vodafone Cash (VodaCash): With over 40 million registered users, VodaCash has become a ubiquitous mobile money platform, enabling peer-to-peer transfers, bill payments, and even online shopping, significantly enhancing financial inclusion and convenience.

ValU: As a digital lending platform, ValU uses social networks and transaction data to offer flexible credit options for individuals and small businesses, simplifying

the loan application process and boosting financial inclusion.

Fawry: Fawry acts as a one-stop solution for various bill payments, including utilities, transportation, and subscriptions, through a network of physical agents and online channels. They also offer other services like mobile top-up, online shopping, and government payments, simplifying how people manage their finances.

Paymob: Paymob provides businesses with integrated payment gateways, allowing them to accept online payments, credit card transactions, and mobile wallets conveniently. They also offer value-added services like data analytics and fraud prevention.

These examples represent a glimpse into the ever-evolving landscape of fintech disruption. In addition to banking, fintech is reshaping industries such as insurance, trade finance, and financial literacy. The effectiveness of these fintech solutions stems from their ability to:

- Serve segments overlooked by traditional banks, providing convenient, accessible, and affordable financial services.
- Incorporate AI, big data, and mobile technology, automate processes, personalize financial services, and extend their reach to new customers.
- Prioritize enhancing customer satisfaction by focusing on user-friendly interfaces, straightforward onboarding processes, and seamless digital experiences.

While challenges like regulatory obstacles and limited financial literacy persist, the ongoing growth and success of these disruptive fintech entities underscore the transformative potential of innovation within the Egyptian financial sector.

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