





Executive Summary:

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

Financial access and use of financial products and services is very important at macro levels in strengthening inclusive growth and economic development, increasing employment, reducing extreme poverty and inequality, and increasing the financial stability and integrity. At individuals and businesses levels, it facilitates day-to-day lives, helps to save and invest, and helps in planning for the future. Overall, financial inclusion underpins and promotes sustainable economic and social development.

In light of the above, financial regulators and policymakers in an increasing number of developing and emerging market countries have embraced financial inclusion as a priority policy objective to attain inclusive and sustainable growth.

Jordan has recognized financial inclusion as an important pillar in sustainable growth and development and embarked on a process to build a robust infrastructure along with an enabling regulatory and legal framework to achieve an inclusive financial system. The Central Bank of Jordan has assumed a leadership role with various public and private sector stakeholders to ensure inter-agency coordination and cooperation in formulating and implementing a number of key initiatives in this regard.

Today we are delighted to convey Jordan's strategic vision for inclusive financial system to the general public and key stakeholders in public and private sectors to ensure that the vision is shared by everyone. The vision articulated here is aligned with the development pillars of our National Agenda and the strategic directives.

We have identified five key pillars for our National Financial Inclusion Strategy (NFIS): financial education; consumer protection; small and medium-enterprises (SMEs); microfinance services; and digital payments. In addition, data collection, measurement and analysis and evidence-based financial inclusion policies and targets are incorporated as cross-cutting pillars to make each of the above five pillars more robust.

Rationale for the NFIS

The rationale for a NFIS for the country is derived from a number of factors. First, the general level of financial inclusion at 24.6 % of adults is low when compared with that of in most peer countries with similar level of income across the globe, although it is relatively higher than most peers within the MENA region. This means a large proportion of the adults remain excluded from the formal financial system without an opportunity to participate actively in the development process and benefit from it.

Addressing this flaw in the formal financial system is essential to ensure inclusive economic development. Active participation of the majority of the population in the formal financial system primarily as savers and borrowers leads to greater efficiency of financial intermediation through mobilizing domestic savings for investment and financing activities which in turn results in better allocation of limited resources and greater economic growth, reducing poverty and inequality.

Considering the growing volume of financial products and services, financial exclusion becomes a real hurdle for capturing income generation opportunities and achieving economic welfare. The exclusion is disproportionately high among women, youth, and migrants in particular.

Our three-year strategy (2018-2020) will focus mainly on unserved and under-served adults consisting of low-income and marginalized people, micro, small and medium enterprises (MSMEs), the youth, women, non-nationals and refugees.

The NFIS will establish and strengthen strong link between financial inclusion and the Sustainable Development Goals (SDGs) for 2030 announced by the UN General Assembly.

The Policy Priorities

The formulation and implementation of the NFIS will be a collaborative process wherein the key public and private stakeholders will feed into the work and implement their parts within a robust coordination framework under the monitoring of the implementation by the CBJ who will be providing sufficient assistance and necessary secretariat.

Gender equality is another goal and priority within our NFIS. We are committed to enhance women's financial inclusion in accordance with the Denarau Action Plan, endorsed at the 2016 Global Policy Forum of the Alliance for Financial Inclusion by its membership. As in most developing and emerging countries, gender gap is a burning issue in Jordan and addressing this issue effectively requires a systematic approach.

As the payment system is an essential part of the financial infrastructure in a market economy, the CBJ has put in place a developed and modern payment system that is safe and efficient, with equal opportunity for all stakeholders to capitalize on the gains that accrue in terms of reduced costs, risks and increased efficiency as well as accessibility, and to provide full packages of digital financial services.

In Jordan, the economy is driven almost entirely by the small and medium- sized companies that not only contribute to broad-based economic growth but also to employment generation. About (95%) of all businesses in Jordan are classified as SME's and micro enterprises. Yet they face barriers and obstacles in access to finance. Our NFIS focuses on SMEs' access to finance and implementation programs are in place where all relevant stakeholders are working rigorously to create an echo system that is conducive to SMEs financing.

Recognizing the strong nexus between providing responsible access to finance, and financial literacy and consumer protection, we will ensure that our NFIS will place a heavy accent on measures necessary to build a comprehensive financial consumer protection framework. This process is already in motion: we have prepared a Financial Consumer Protection Action Plan and have started our Financial Education program in the kingdom.

We recognize that data and measurement are essential for advancing financial inclusion and having evidence-based policies and targets can strengthen the process. Accordingly, we will work on strengthening the national statistical capacity to achieve reliable and consistent data sources and to improve the quality of data.

We ensure that The National Financial Inclusion Strategy (NFIS) and implementation will maintain proportionality between four main objectives of financial inclusion (I), financial stability (S), financial integrity (I), and financial consumer protection (P) (collectively I-SIP).

Lastly, we will pay special attention towards innovative tools and technology revolutions to foster greater financial inclusion for all and in compliance with the G20 Principles for Innovative Financial Inclusion and action plan.

Strategic Pillars of Jordan NFIS

