

Chapter 10

Globalization and Digitalization Role in Promoting Digital Inclusion in Egypt

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ABSTRACT

Digital financial inclusion intersects with globalization through digital technologies and represents a vital tool in expanding financial access while overcoming the challenges of poor basic physical infrastructures. Egypt's resilient population of over 100 million represents challenges due to limited resources and the presence of unbanked and underserved citizens. This population growth has spurred Egypt to redouble its efforts to promote affordable digital financial inclusion. This chapter investigates the Egyptian government's efforts to promote digital financial inclusion, focusing on adopting digital financial inclusion. The study used a logical description methodology. This study shows Egypt's adoption of Fintech has seen significant growth, especially in digital assets and payments, contributing positively to financial inclusion and economic development. The findings of this research hold substantial implications for policymakers, government administration, and the private sector, underlining the importance of their role in fostering digital financial inclusion in Egypt.

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INTRODUCTION

Digital financial inclusion, a subset of globalization, ensures access to and use of appropriate financial products and services primarily through digital channels. As technology connects people globally, digital financial services become more accessible across borders. However, it's essential to balance the benefits of globalization with its potential adverse effects on vulnerable populations. Previous literature has shown the indirect link between globalization and digitalization through cost reduction in digital technology. The availability of affordable digital technology has led to increased global adoption of digital financial inclusion, providing cheap financing to the disadvantaged everywhere, regardless of the availability or poor basic infrastructure. This chapter explicitly investigates the Egyptian government's efforts to promote digital financial inclusion in their territory. The study, conducted using a logical descriptive methodology, provides insights into these efforts and their impact.

With its resilient population of over 100 million, Egypt has seen an increase of more than 7 million since the 2017 census.¹ While this population growth presents challenges due to limited resources and the presence of unbanked and underserved citizens, it has also spurred Egypt to redouble its efforts in promoting affordable digital financial inclusion. These initiatives, which encourage private sector intervention, are a testament to the resilience and determination of the Egyptian people.

Playing a proactive role, the private sector in Egypt has been instrumental in adopting financial technology, mainly through smartphones and instant payment applications. Establishing an online Fintech portal (Fintech Egypt) by the Central Bank of Egypt is a clear example. These initiatives and other private sector efforts drive financial inclusion by digitalising start-up businesses and investors' financial corporations. The private sector's active involvement in creating an effective Fintech ecosystem is a source of optimism, underscoring the potential of digital financial access in Egypt.

Complementing the private sector's efforts, the public sector in Egypt has also taken significant steps towards digital financial inclusion. One such initiative is the development of new e-payment systems for domestic use within the country's territories. In collaboration with national Egyptian banks, the central bank regulates this new system, demonstrating the government's commitment to digital financial inclusion. To ensure the effectiveness of the e-payment system, regulatory law number 18 was released in 2019² These government and private sector fintech initiatives pave the way for Egypt's financial technology adoption and implementation. This technology's potential to positively transform the lives of the country's unbanked and financially unreachable citizens is immense, underscoring the importance of digital financial inclusion in Egypt's future.

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