

MAY ABULNAGA_FINAL

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Robin: In 2016, fewer than one in five women in Egypt had access to a financial account. Less than a decade later, the proportion is more than 70%. On today's episode of Inside Financial Inclusion, we're uncovering the story behind the numbers and unpacking the decisions made inside the Central Bank that helped achieve this step change. We'll be asking, what does it take to advance women's financial inclusion at national scale, and what are the lessons for other countries striving to reach that goal?

Aban: Our guest today is May Abulnaga. May is the first sub-governor of the Central Bank of Egypt, and also the chair of the Gender Inclusive Finance Committee at the Alliance for Financial Inclusion. So, we'll speak to her not only about Egypt's story of women's financial inclusion, but also global progress on closing the gender gap in access to finance.

Welcome to the podcast, May.

May Abulnaga: Thank you so much, Aban and Robin. It's a pleasure [00:01:00] to be with you here.

Aban: May, let's start on a personal note. Do you remember your first personal interaction experience with formal financial services, walking into a bank or a financial service provider?

May Abulnaga: Yeah, actually I do. I was, um, was a teenager and we were abroad with my family, I entered when my father into one of the banks abroad and I was shocked at the level of security at the entrance. So, we had to enter one door and then stand in the middle somewhere, and we were locked in a place.

So, I got very scared. And then another door opened and we entered, and then there were numbers. It was kind of a scary experience, but, um, I thought it was an amazing place because of how they were organized, how they were dressed. They were so chic. So, um, I think that was, uh, the first experience with a, with a formal financial service.

Aban: Actually, that sets us [00:02:00] up very nicely for talking about access to finance and the image. Many people carry off, um, formal financial systems. Banks can be intimidating, scary places for some, and especially for disadvantaged groups. So, your story will resonate with many people out there. You started your career on the front lines of banking, serving and dealing directly with customers. What do you, what are your insights from that experience about how ordinary Egyptians interact with the financial system?

May Abulnaga: So, I started my career as a teller, uh, and I had to, I had to be a teller for two years. That was the deal. So, I, I, I go into bank and I had to stay like two years as a teller, and my job was, uh, interacting with the people that received remittances. Uh, and there were problems in those at the time because there were problems with Iraq, and I was, uh, paying them the remittances [00:03:00] and the transfer that came in from Iraq.

So, I was the highlight of the branch because all the customers came and there were queues and long queues that went endlessly that came to where I was seated uh, it was for me, um, meeting or seeing how people, like simple people trying to get their money and waiting for their money so desperately. um, know, even when the bank takes a little bit of charge, even if it was very little amount, they used to be very sad. Um, while at other ends, I, I, I paid transfer for, uh very rich people that had no issues that came to the bank that, were very comfortable dealing with me. So, I could see the exact difference between the,

the poor layer of the society, the uneducated, the ones that were, [00:04:00] not, um, well educated to deal with the bank.

And I had to really change my language and change the way I speak to them and be simple and try to be extra nice and calm them down. So really my frontline experience was the first, uh, experience I could, the best experience for financial inclusion, I would say.

Robin: My, that's really fascinating to hear how you had this very practical grounding in financial services, which I think is quite far from the image of central bankers that many people have, which is maybe of trained economists or lawyers parachuting straight into the institution without a real-world grounding.

Do you think this experience is something that has stayed with you and influenced you throughout your career in the Central bank?

May Abulnaga: When I entered banking, I, I did not realize initially that I was entering into a sector that is [00:05:00] so male dominated is so competitive. Actually, I was forced into banking. So, I didn't know what to do after university and my mom actually forced me, told me, you are going to work at the bank. I told her, I don't like banking.

She said, until you find what you want to really do, you are going to be working at the bank. And I've been there ever since. Working and moving to the credit area and credit risk within the commercial bank is what really influenced, uh, where I am now because it's, I, I had the interaction with direct corporate clients with SMEs, so I could really see the difference in education between a big customer that is very well established and can sit and have like three banks around the table and dictate his conditions to the credit officer, while another client who is really running after me, who's running, who's calling me every day to ask, did you get the approval? Did you get the loan?

What do you need more? Do you need a guarantee? So was able to see [00:06:00] the difference between this type of a client, and that type of a client. That experience was the influence in my career.

Aban: My, I want to pick up on something you just said. You mentioned that when you entered the banking industry, you didn't know how or realize how male dominated, uh, the sector is, and now you've, you know, spent your career and lifetime, uh, working in this sector. Tell us how you've navigated this environment as a woman and now as a woman leader. Uh, what can some of the young listeners take away from your experience?

May Abulnaga: That's a lot really. When I started, I didn't really understand the competitiveness of the sector where I worked. So, my target was to do work well, perfect every piece of work that I did. To be good at what I do and to be known to be good at it. [00:07:00] So this really was the motto of, of my work all through my career. Again I've, I've had, um, some challenges throughout my career. Um, it wasn't an easy journey. I mean, I'm married, I have two kids, two boys, the, the, the early, early stages of my, my marriage where I had young children was really challenging the balance and, and how to divide your time properly between home and work. I was personally lucky to have, uh, my husband as a, as a supporter. It's not easy for, in our culture, for, uh, an eastern man to accept that the woman goes home at 10 o'clock every day. Somewhere along the line, I was too stressed, especially when I moved from being the head of, uh, prudential regulation on banking supervision to the governor's office.

I was moving from a very small scope to a very big scope. Suddenly I had to give advice to the governor on topics that I did not know about. So, I really pushed [00:08:00] myself too hard that I felt sick. I was sick for a year. I was getting treatment for one year, but all through that year I reflected so much on what I did wrong for myself and how I put myself beyond certain boundaries and limits. And I realized I'm not superwoman. I cannot do everything. There has to be a balance. I came back from my medical journey I

came back more mature. I came back knowing my priorities, where I really should focus, what is important, and what is not. Honestly, along with the importance of career, is the importance of the family and friends.

And because this gives the positive energy that drives the career as well. So, while I was sick, I was thinking, will I be attending the wedding of my son or not? I thought my life ended. Thank God I'm, I'm back. Uh, but it, it was [00:09:00] really a turning point, so don't ever push yourself too hard. There are limits. It is important to take care of yourself along the very hard career.

Robin: Thank you for sharing that. I think that's going to be really inspiring for many of the, the listeners. You mentioned your, your family has been critical.

I'm interested how about. Within the central bank as well, especially as, as a woman perhaps coming into quite a male dominated, um, environment. Did you have, uh, mentors as you were moving up through the Central Bank? Did you have a women's, uh, network? Um, what was the sort of working environment that you found there, and did you have, um, adequate support?

May Abulnaga: Yeah, so I was lucky with my bosses at work. I was lucky with, with my colleagues. As I mentioned before, I never realized how male dominated the sector was until I was at the Central Bank, and [00:10:00] I was able to see the leadership at the, at the banks and, and to attend meetings. And I used to, at certain points in time, go in a meeting and be the only woman there and feel intimidated and feel shy to speak. I used to be afraid that when I talk, they would laugh. And lot of times I would consult at home with my husband. I have this meeting and I want to say this and that, and I had to, with myself, rehearse a lot before I go into meetings. Um, I'm also, um, liked so many women, I women have this lack of self-confidence. We know so much and we work so well and we prepare ourselves so well and we are so diligent, but we tend to step back somehow at certain points in time and not speak up. So, one of the things that really boosted my confidence in being in a [00:11:00] room full of men Was that I was, um, I had to teach at the Egyptian Banking Institute, the training arm of the Central Bank. I had to teach, um, bankers, the regulation that we issued, for example, the governance regulation, internal control regulation.

So, I had to come in in a room. I looked young at the time; I didn't have the grey hair. So, uh, I went into the room. I found those old bankers that really, uh, looked at me. Oh, what is this young girl you want to explain to us? What does she want to teach us? What does she know that we do not? And uh, uh, when I started off, I used to shake, I, the pen used to shake in my hands.

My voice used to shake, and I saw it in their eyes. You know the, this sarcasm that, oh, you are so afraid, poor girl. Yet by being on top the information that I have. Going through my [00:12:00] slide solidly, answering the questions. By the end of the first day, they realize, oh, she's experienced, she knows what she's uh, saying, and by the second day, we're best friends.

I don't remember that I ever had women in my sessions. There were only men in suits and they were always there. There was always this male, intimidating character that wants to prove me wrong.

But, uh, that was an exercise, that was a training and I went through it and it gave me a lot of confidence. Uh, and it showed me that trust your knowledge, trust what you know, in most of the times, you know your stuff much better than around the people around you. So just speak about what you know.

Robin: I'd like to ask you about Egypt's own, strategy for including women within the financial system. I highlighted at the top of the episode some of the really striking statistics in the progress you've, you've achieved in quite a short [00:13:00] period of time. Um, and I think the whole AFI network will want to know just how have you done that? What have been the most significant, um, policies, the most

significant levers, um, that as a central bank, uh, you've been able to, to wheel to drive, uh, women's financial inclusion forward in Egypt?

May Abulnaga: I was very determined and I had a lot of discussions with my team that I did not want to wait for the strategy. I wanted us to start immediately with implementation and let the strategy take its own pace, let it, um, be done properly and once the strategy is out, it fine tunes.

So, we realized very early on that a big number of the women in Egypt are working in informal sector. They are getting paid in [00:14:00] cash. And even when they have, bank accounts, it's a personal account where they put the money of their businesses in. And this causes compliance issues. So, what can we do? I, I insisted that I wanted something between a personal account and a corporate account.

They told me there's nothing like, as such. I told them, no, there is. We can create an account that is opened by the national ID as a person, we call it something else because it'll have, it'll be an economic activity. So, someone who has no papers, who has no documentation, will be able to tell you I'm doing an economic activity, but I'm, I'm using my personal identification on a simplified KYC basis. And this really, uh, this, this economic activity opened Pandora's Box. It helped and assisted the banks in a lot of compliance issues because they used to close a lot of accounts, personal accounts that received funds that they could not justify. So now, women are able, and, and a lot of them, uh, informally open an account with the, with the id receiving their, their money electronically and start building credit history.

Another project that we worked on very early on is the Village Lending and Saving Associations. This project, when we started in 2017, in cooperation with the National Council for Women gave us the on the ground experience of what are the real problems of, of women. They have the task of economic empowerment, political empowerment, social empowerment of women, and they have the outreach.

So that was a tool that we used very well. And very nicely to understand what's on the ground.

So, as you mentioned, Robin, the figures that you started with. Yes. We went up from 19.1% in 2016. 10 years after we're at 71.4%. That's [00:16:00] almost four times. And this happened because we worked on the ground.

Aban: sounds very odd for a central bank. You know, like you said, mostly central banks work on monetary policy and, um, going out and looking at Village Association sounds where at odds with Central Bank mandates, was there a battle you had to fight internally to, to do such initiatives or, um, was this welcomed wholeheartedly? Uh, how did you manage to bring about such strong partnerships?

May Abulnaga: I mean, it was a struggle. Since 2012 or 2013, I've been talking financial inclusion and, um, deputy governors and governors were there... They really - and I understand, they had so many pro economic problems that they had to resolve, and they just didn't grasp the concept of, of financial inclusion, and I kept talking about it.

When we started to, when we were members in, in AFI, [00:17:00] in, in, in 2014, I saw what other countries do. I saw that governors attend, the afi, deputy Governors attend. So, I saw the pattern and how people are interested in financial inclusion. And when I used to travel to attend the GPF, I remember my bosses used to tell me, oh yeah, go play financial inclusion. Go play. Play, play, travel, and enjoy your travel until we, uh, we finish the problems that the country is facing. And then. Um, the trigger was that we actually hosted the AFI GPF in Egypt. It was under the sponsorship of the president. We invited ministers, we invited, uh, parliamentarians, we invited the banking sector.

We invited, and we had all the countries present, this really was the turning point in Egypt. It was understood that financial inclusion is a target for the [00:18:00] central bank is an important target. It

helps formalize and to bring in all those people, and it helps with the GDP. It helps with money and circulation.

It helps with everything that they, they, they worry about. It helps with stability issues. And after that, really the, the, the ball started rolling. Even the government took financial inclusion as, as part of the mandate. Uh, I worked very hard to change our banking law. And our banking law was issued in 2020, giving the central bank the mandate of, financial inclusion.

So, it took me like four years to just set up a department at the Central Bank just to set up a department for finance inclusion, the memo to go for the board to set up this department.

Uh, I printed that memo like 50 plus times so that it would, it would go through. So, no, it was not an easy journey and, and I was, um, persistent that I wanted [00:19:00] this to happen and very happy where we landed now because somehow, you know, you know, now everybody in the country is interested in financial inclusion.

Robin: And on the private sector side, my, would you say that the financial institutions now see the commercial case and don't see financial inclusion just as a sort of developmental or social objective?

May Abulnaga: I think. until very recently, um, banks thought of it as a social, as a social target. Uh, we've been, we've been giving them, a lot of pressure, wearing the hat of the developmental Central Bank, not the supervisor and the enforcement action. You know, having worked so long with them, they saw the profitability, they saw the business case. They saw that actually, when you finance SMEs, the MPLS are so low, the women are much better at repayment than men.

Robin: We [00:20:00] know that countries in the network have quite different contexts, maybe especially. So, when it comes to this challenge of, of gender inclusion, how do you see, so the role of. Policy guidance produced, by the network versus leaving sufficient room for countries to tailor and adapt to their own circumstances

May Abulnaga: I would say, um. Every, every country knows its specificities. They know their nature, the, the drawbacks, the limitations, the coordination with the entities within one country. So, it's not one size fits all. It's actually that you take the experience and you tweak it around to suit your own conditions.

So, uh, in our case, for example, uh, when we worked on, uh, uh, on the Village Saving and Lending Association, [00:21:00] we were not able to open an account for, for the women because it was like, uh, uh, a cooperative. So, we had to work for years with our legal people and with the legal people of, at the banks to put together something new that, that they accept.

So, I mean, other countries did it on the spot. They had no issues. We had issues when it comes to inheritance, for example. Uh, so there are 25 people owning this account. Who's going to inherit? There were legal issues that drove us crazy because we had laws in place that prevented us from just taking something off the shelf.

Aban: Uh, my, um, the au action plan that AFI members endorsed back in 2016. was really a key turning point, I think, for networks and the central banks and regulators that are [00:22:00] part of a feed. priorities, set the direction and really galvanized, the whole community around the importance and relevance of including women in the financial sector. As the chair of the. Gender inclusive finance committee. As someone who leads, uh, work with passion on women's financial inclusion, what would your wish be for the next 10 years of women's financial inclusion? What would success look like for

May Abulnaga: I think we should not obsess about the gap. I think we should all look in the future about just progress. Where, was I? How many women did I include? How many are remaining still? Because that's my target. would want the target to change from just obsessing about the gap to looking at progress.

My other point is that I would like to see a future to benefit more from technology. Technology now is giving us, uh, a [00:23:00] very easy and simple tool to reach those women where they are in their own houses. We can reach them. They don't even need to go to the bank and stand there and be afraid to enter and be afraid to be kicked out or to be too badly.

They can, they have the mobile, they have the, the wallets. They are very bright and very intelligent. They are entrepreneurs by nature, so just empower them with electronic tools and they will excel.

Aban: I mean personally I have found this conversation so inspiring, and you know, you come across as someone who truly believes in the mission and who is a fighter, and you've spent your career fighting for other women's financial inclusion. While also fighting for your own place at the table. And I'm sure this is a lot of pressure to always be strong, to always be the one pushing who's holding the flag up and, uh, pushing the boundaries. So how do you keep going on [00:24:00] days that you don't feel invincible or days that you feel, I'm not a superwoman.

May Abulnaga: I've learned, I really learned that I need my downtime. I, uh, not every day will be motivated. There's a lot on my, on my plate. So, when financial inclusion and women empowerment come to my table, I just. Leave all the other efforts while I focus there because this is real passion. And I try my best, to find the me time to do something for me that would give me the power and the energy to come back the next day to work.

Uh, happy and able to give some more.

Robin: Wonderful. Uh, well, this has been a truly extraordinary conversation. Thank you so much sub-Governor May for your generosity, uh, your candour today and your time as well.

May Abulnaga: It has been a great pleasure really. Thank you so much.