Robin: [00:00:00] Six years ago, in the midst of the Global Pandemic, one country of 11 million people took the brave decision to launch an instant payment system spurred on and not deterred by the crisis unfolding around them. 18 months later, they upgraded that system further allow real time transfers between bank accounts and mobile wallets.

A breakthrough that most countries in the world have not yet achieved. that system is connecting millions of residents, including one of the world's largest refugee populations per capita to digital payments. country was Jordan. This is Insight Financial Inclusion.

Aban: Our guest today is her Excellency, Maha Bajo, CEO of Jordan Payments and Clearing Company, or JoPac. Maha has been at the heart of Jordan's Digital Payments Transformation, helping to build a modern payments ecosystem that is not only efficient and innovative, but also increasingly inclusive. [00:01:00] someone who brings a clear belief that innovation should serve people and that financial systems should work for everyone.

Not just a few. And today's conversation, we'll explore her work at jopac, what sits behind Jordan's progress in digital payments, and why all of this matters for financial inclusion. Welcome to the podcast Maha.

maha bahou: Hi everyone. I'm really glad to be here today.

Aban: Um, Maha, tell our listeners about what is JoPac for those who may not know, why has it mattered so much for building an inclusive financial system in Jordan?

maha bahou: The decision came because it's not wise for the central banks to operate retail payment systems. It's better to give it to the private sector with the agility flexibility . Uh, though, the, mandate of JoPac or the main goal is to serve The national goal of digital [00:02:00] financial inclusion, and we stopped talking about just access to bank accounts or access to formal financial services.

We are talking more about usage and adoption and the flexibility and, leaving no one behind and, doing whatever is required to serve those who were underserved.

Aban: We will come back to some of the things you talked about, the model that you have, the public private partnership, as well as what is needed to make such systems a success. But I think, uh, Robin and I were also a little bit curious about your personal journey here because you spent, um, you know, I think nearly 30 years working at the Central Bank of Jordan before moving to JoPac.

So what was it about, uh, building this institution that, uh, made you take this leap and make this move?

maha bahou: I always loved working for the Central Bank of [00:03:00] Jordan, and I believe, uh, being public servant is something really with high benefits because you feel satisfied serving people, not serving your bank account. After the 30 years, uh, when they established JoPac, was offered to start the company. At the early stage, I started looking for someone to do this job because I wanted to stay at the Central Bank. I found no one can maybe do it the way I want, so it should be my baby. It's the continuation what I have been doing at the Central Bank of Jordan, I wanted to start something that has full sustainability looking for the public benefits, not making profits. And now, after eight years, I always focus on making the services [00:04:00] that touch people's lives, to make it really affordable for everyone.

Aban: Maha, you, uh, talked about, this balance between inclusion and sustainability. So you have almost like a double bottom line here where it's not one or the other, but both have to be achieved, uh, simultaneously. And then you, um, chose this path for JoPac where it's a public private partnership. So, I mean, I would imagine that there would be, if you are talking about the.

Public interest, it would be more towards the bottom line of inclusion and the private interest would be towards profitability. So as someone who has to, navigate this, uh, stakeholder ecosystem where there may be sometimes, one pulling in the one direction, um, is, is it, is it true that there is friction?

And how do you navigate and ensure that that balance is maintained when you take decisions or when the organization [00:05:00] takes, um, strategic choices.

maha bahou: So the good faith or the good intention usually is contagious. once you make others believe in that, they become the advocates for what you do. So the balance is contained. Another factor for that balance is having Central Bank of Jordan a partner, and the chairman is it the governor himself. This would help us to become the executive arm for the Central Bank of Jordan Jordan. In the execution of financial inclusion, even the mandate of drawback expanded Now. Two years ago by adding not only payments and clearing our mandate in includes as well financial services, FinTech innovations that serve different, themes, individuals, MSEs Green [00:06:00] FinTech.

Robin: Thank you. Maha, for, for setting that out. I'd like to go back to what I think was one of the, the breakthroughs in digitizing payments, within Jordan, which really came with the interoperability you achieve by connecting Cliq the instant payment system Jomo Pay, the mobile wallets. Could you just set out, for the benefit of listeners, why was this an important breakthrough and what has that really meant for the everyday Jordanian in terms of how they can transact digitally?

maha bahou: Yeah, Robin, when I started my mandate. I paid the visit to Kenya and Philippines I, once I landed, I opened the wallet. I tried to transact. I found it not interoperable.

And the same in Philippines. You need to hold two mobile devices with two sims so the same telecom [00:07:00] provider, the same wallet provider, they only do the payments within each other. I said the system lacks digital liquidity. It became only like a place to save, but not that efficient for transaction. Although for their country it was amazing. in Jordan, I said. Once we have one platform, I can ensure two functions. One is the business of transactions, the other is the full interoperability. I became the idea of having a standard platform where everyone can connect. that time, I tried to induce the banks to connect to Jomo Pay. had at the time, only five banks. out of 24 banks, couldn't the full interoperability. So there was a limitation, although we invented like cash out from [00:08:00] Atns and I ensured interoperability with the bill presentment and payment system and with the micro financial institutions, but still. There was nothing that really satisfied ambition to do that.

Once we started the Cliq. Main thing that made it, achievable.

The latest ISO the standardization of the data, the system was like, wow for everyone, and the wallets were upgraded within Cliq to ensure full interoperability. Now people can transact easily without asking you, is it a wallet or a bank account? We have almost 2.9 million users of mobile wallet while 2.6 million of click. And, the active, transactions and the digital liquidity is now by far much more. I don't even use the ATM my debit [00:09:00] card, I don't use it at all. I don't even have the pin.

Aban: What has been achieved in Jordan with JoPac and the building, this ecosystem is quite remarkable. And it's all I like you said, driven by the national goals around digital financial inclusion. I think some would argue that this digital inclusion is creating new kinds of exclusion for some segments.

So do you think that this push towards digital, are there segments which might be left behind? What do you see in Jordan and how do we take care that financial inclusion, for them remains relevant and that they remain included?

maha bahou: I don't believe digital payments cause exclusion because it's not like I don't have option They have the option still. They are free, 95% of the businesses and merchants, they are willing to accept cash from these [00:10:00] people. they have the option to use cash, to use cars, to use click, to use mobile wallets. you ensure resilience for people, not only financial inclusion, if you provide them with options. For many of the people at the early stages, when we launched the bill present and payment system with transaction fees, many of people started to raising their voice.

You are trying to make profits from us. We don't have to pay later on these people, although the basic services are free from day zero. They start later on to calculate the cost. If you want to move to the physical place of your service provider to make the payment, it's even more costly. So people, by the time discovered that the cost of cash is by far than the cost of digital, uh, transactions. And when we started. [00:11:00] Like real Jomo pay in 2014. cost of smart devices is, is not like today the cost of internet and data is not like today. So people at that time who were not, uh, able to cover the coast of digital payments now it became, uh, something part of their life. It's no longer a luxury. I don't believe in that they have to convince me. I don't have to convince them that digital payments is really a cornerstone for further and deeper financial inclusion. it wouldn't lead to exclusion unless if the associated costs of digital transactions are higher than the cost of traditional transactions.

Robin: Maha, you've mentioned already the importance of, uh, international lessons in your, your journey. You [00:12:00] went to Kenya, you went to Philippines, and I think critically you took back not only what was working, but also maybe what was not working. So while, um, also and, um. Made adaptations as a result of that. More, more broadly? Uh, I think Jordan's in a very interesting location for, for many reasons. You have the explosive growth in mobile money in Africa. On one side you have the FinTech boom in Asia on the, the other side. How catalytic, um, do you think that international pl learning between different jurisdictions in these sort of technical areas can be and how much room, uh, needs to be left at the same time for, for country context and for detailed, um, diagnostic and tailoring to your own circumstances?

maha bahou: I still believe till this moment that the most important thing is to contact your peers, to learn from them. Try to find the areas where you have [00:13:00] common, uh, features and learn from others. At the end of the day, you can come out with a holistic approach. We contact everyone. Even when we, launched our first, self-assessment versus the p fmis, we contacted many of payment system operators in the world to, to learn from them. Peer learning is the most important thing. you asked me before Robin about the balance between public private partnership, where the sector is even more involved in JoPac than. Public sector, what makes me feel really sad? Many of the countries, even those who visited us and listened to us came up to the model that the payment system operator and the clearing house is fully owned by the central back of If you want to ensure governance [00:14:00] integrity, you have to leave the other market participants to really judge JoPac. You cannot escalate against the regulator. There's a huge conflict of interest.

We're under supervision and we are under oversight. investigate us and we must be subject to penalties as well. That's how you create real ecosystem where everyone is accountable responsible.

Robin: So you almost have to let go a little bit if you see

maha bahou: Yeah, so peer learning, back to your core question, peer learning is. Assessing your market, then learn from others,

Aban: I think, uh, we are seeing a real global momentum around instant payment systems. Every country seems to want one today. Uh, either they're already in process or they're chasing one.

And you already talked about one of the factors for success that is getting [00:15:00] the model right. there any other preconditions that you think are essential before a country starts to work on an instant payment system?

Not just to launch it, but to see the kind of outcomes we are seeing in Jordan in terms of efficiency, usage, and inclusion.

maha bahou: They have to ensure. that the system has robust infrastructure because any failure, especially at the early stages, will create negative impact to ensure full protection of people's money, because as I said, first impression is the most important. People will start adoption gradually. They don't believe the operator, might not believe. The regulator, but they believe each other. No, I tried and my money is safe. Look, now I will send you, for example, one jd. You will receive it instantly. You can transact instantly. put all the required investments in security and efficiency, even if [00:16:00] it didn't seem economic feasible. But on the other hand, it's more feasible because I don't, reap the benefits today, but I am putting the foundation for future success. try to focus on youth because they are good ambassadors in what you do, and they are more of tech savvy. They can convince their parents who are more reluctant. They transact in small amounts, so these systems fit them well according to gender needs. Some countries they need some kind of a privacy.

Others they don't have this concern.

In Jordan, for example, we have a huge number of refugees and forcibly displaced people. The segment, even if they were not huge, they should receive the full consideration it doesn't only [00:17:00] depend on. of It's about how you ensure the dignity and how to, satisfy their needs. And at the same time, for the regulators, it's even safer because, transacting in the formal ecosystem would. Ensure full integrity and respect of the financial ecosystem. So we took it into consideration. We paid different visit to refugee camps. We conducted different surveys. We even, conducted the special, awareness campaigns for them, visiting them, conducting, workshops for women in the camps or outside the camps from the forcibly displaced people. The segments should never be left behind because they are maybe the most in need. Uh, another segment for me where. Extremely important to pay attention to those who are around [00:18:00] or below the poverty threshold. they received benefits and financial aids from the government. Although most of them very old maybe have some mobility, disablement, others, might not be educated or illiterate. And living in remote areas. So how to reach them, how to provide them with digital financial services, to, enhance or educate them and raise their awareness. we did it. You learn from your people how to succeed if you honor their needs and their requests.

Robin: It's wonderful. Um, Maha, I think the refugee inclusion story is really important here because as we know, the numbers of forcibly displaced persons are growing every year due to the increasing number of conflicts around the world, climate change as well. But this is [00:19:00] maybe also an area where it takes you outside of the purely technical domain as a, as a regulator.

There's political factors as well, I'm sure. So did you navigate that broader, context, within your work to make sure that, refugees were included to the same extent as Jordanian residents?

maha bahou: Jordan as a country has always been generous and decent in, uh, dealing with refugees. the challenges that we faced, maybe financial inclusion before was not an issue. But that issue became very critical for the Syrian refugees during the Arab Spring, or what is called Arab Spring, when we suddenly were faced by huge influx of displaced people and refugees. The blessing was from the Central Bank of [00:20:00] Jordan, the governor himself, who was a true believer.

Although, believe me, many of managers and executives at the Central Bank of Jordan at the time were not true believer in the, uh, importance of including refugees within the financial ecosystem. You know, the balance between integrity and A-M-L-C-F-T, all these. political concerns from the, uh, interior affairs, for example, from the intelligence department, all these would make it difficult. But they need to transac. No matter what they would do, people, they need to live in order to live to live, you need to pay and to receive money. So if they transact in the formal financial ecosystem, it's even safer. You have to keep on convincing others and educating them. of the refugees they need to receive from the relatives outside the region because they are in a position where they [00:21:00] can help their friends and relatives. So you have to ensure safe corridor for the recipients and official corridor For the regulator, it wasn't easy open even. What the unique identifier that should be used for the refugees? Is it. uh, identification given by U-N-H-C-R or should be another parallel identification from the hosting country. later on, gradually it took us, time. It was the most challenging I have to admit. But once you have the donors and the international organizations as advocates. the central bank is a true believer, you can achieve it.

Aban: I think that's what has set Jo Pak apart. Uh, not just in terms of technology and innovation, but the firm belief in the mission. I think that's really incredible. and I think maybe we are coming on time, so I will ask [00:22:00] you one last question, I've picked up from your, uh, intervention so far.

It seems that the role of the central bank and the regulator. Enabling successful outcomes can be very key for payment system providers. So my question to you, Maha, is you look forward 10 years, 20 years, um, so much innovation, new types of players, new technologies, new opportunities, new risks.

What is your expectation from central banks and regulators? What role do they need to play to make sure, like you said, that we reach the least common denominator and not just serve those who are easy to serve?

maha bahou: You asked me like 10 years or 20 years from now, I cannot even predict what might happen three years from now. That's why I always, I don't even have five years plan. The maximum I can have three, four years because technology is emerging in a pace that we [00:23:00] cannot cope with. How about the regulators? It's the private sector like frog leaping and the uh, uh, central banks like elephants, but they mo cannot move as fast as the private sector. They need to build more agility. They need to connect more with the market to learn as, to keep the pace of the improvements. They have to open the doors for more of innovation. you have good relationship with other players in the market, as a central bank, you are within. The system. Embrace them within your regulatory sandbox. Try to see what they can do. Don't put hurdles.

Robin: Thank you. I think that's such a wonderful place to finish on the importance of adaptable mindsets and the public and private sectors coming together under a shared mission. That's really been, I think, the red through. [00:24:00] Add through, um, this whole conversation today

maha, thanks for your sharing . Uh, we wish you the best with your mission and we'll be seeing you soon. I'm sure.

maha bahou: Thank you very much, uh, Rob and, uh, And Ome. Uh, this was a great, uh, honor for me.