

Arab Regional Fintech Working Group

## The Role of Fintech in Post-COVID Era



صندوق النقد العربي  
ARAB MONETARY FUND



مجلس محافظي البنوك المركزية ومؤسسات النقد العربية  
COUNCIL OF ARAB CENTRAL BANKS AND  
MONETARY AUTHORITIES GOVERNORS

No.  
176  
2021



مجلس محافظي المصارف المركزية ومؤسسات النقد العربية  
COUNCIL OF ARAB CENTRAL BANKS AND  
MONETARY AUTHORITIES GOVERNORS



صندوق النقد العربي  
ARAB MONETARY FUND

## **Arab Regional Fintech Working Group**

# **The Role of Fintech in Post-COVID Era**

**Arab Monetary Fund  
December 2021**

## Acknowledgement:

This document was produced within the Arab Regional Fintech Working Group (WG) mandate, which aims for the exchange of knowledge and expertise, continuously strengthening the capacity of the Arab regulators, as well as building a network of peer to peer between Arab and international experts from the public and private sectors to promote Fintech industry and foster innovation.

This report on “The Role of Fintech in Post-COVID Era” is prepared by Mr. Najib Choucair from Banque Du Liban in collaboration with Dr. Nouran Youssef from the AMF and based on contributions of ten Arab Central Banks and Monetary authorities as following:

Central Bank of Jordan

Central Bank of UAE

Central Bank of Bahrain

Central Bank of Tunisia

Saudi Central Bank (SAMA)

Central Bank of Oman

Palestine Monetary Authority

Qatar Central Bank

Central Bank of Kuwait

Banque Du Liban

Central Bank of Egypt

Banque Al Maghrib

Special thanks go to the Arab Central Banks and Monetary Authorities, members of the Arab Regional Fintech WG, for their insights and comments on the topic.

The opinions expressed in this vision paper are solely those of the writers and do not necessarily reflect those of entities they represent.

All rights reserved. © Arab Monetary Fund.

## Table of Contents

Introduction .....	4
Transformation into Cashless Channels .....	5
Advancement in Onboarding Methods .....	5
Facilitation of Financial Inclusion.....	6
The Use of Big Data.....	6
Collaborations for Swifter Digital Transformations .....	7
Advanced Cyber Security.....	7
Advances in Remote Customer On-Boarding and E-KYCs .....	8
Developments in Digitalization & Fintech Collaborations .....	9
Amendments in Digital Fees & Charges.....	10
Progresses in Implementing Tighter Security .....	10
Arab countries responses to mitigate COVID-19 repercussions.....	10
Conclusion.....	27
Sources .....	28



## Introduction

In the early stages of the Coronavirus outbreak, what seemed to be an isolated epidemic swiftly ushered in the start of a new historical era that has triggered a global economic meltdown. At the time of writing, countries and entire populations have been in pandemic mode for over a year, demonstrating how the world we live in is a tiny place. Despite the economic hurdles brought on by COVID-19 new opportunities take shape on the horizon for financial innovation. The pandemic crisis has given fintechs a unique opportunity to rapidly grow their user profile, geographical foothold, and reputation. The widespread adoption of digital financial solutions, which was previously expected to take years, was shortened to just a few months due to the global pandemic. Digitization will have leap-frogged several years with technologies having implemented and tested in a fraction of the time they would have taken in normal times. Despite the global financial turmoil, COVID-19 acted as a driver for economic growth across specific subsectors such as payments and Regtech, providing new and unexpected opportunities for fintechs. By reducing the dependence on physical financial interactions and the need for cash, FinTech can facilitate coordinated responses and enable secure ways for governments and providers to reach vulnerable populations quickly and efficiently. The pandemic will indeed have a lasting impact, and as life normalizes, consumers and businesses may not fully revert to past habits and practices.

The Fintech ecosystem continued to advance access to financial services during the COVID-19 pandemic—particularly in emerging markets—with strong growth in all types of digital financial services except lending, according to a joint study by the World Bank<sup>1</sup>, the Cambridge Centre for Alternative Finance at the University of Cambridge’s Judge Business School.

Furthermore, the demand in digital financial services witnessed a surge in demand as working practices and customer banking habits changed in the COVID-19 era. The arrival of digital financial services has created faster, more efficient, and typically cheaper banking compared to traditional financial services.

Investments in the Fintech sector have been enormous in the last decade and increased over 13 times in the past ten years from \$8 billion in 2010 to over \$110 billion in 2019, driven by venture capital funds and crowd funding, significantly contributing to the growth and success of Fintech globally.<sup>2</sup>

---

<sup>1</sup> CCAF, 2020. The Global Covid-19 FinTech Market Rapid Assessment Study – University of Cambridge and the World bank.

<sup>2</sup> WAIFC, 2020. Innovation and Fintechs in a Post-Pandemic world. World Alliance of International Financial Centers (WAIFC)- December 2020.

## Transformation into Cashless Channels

One of the most popularized technologies at the moment are mobile payments and digital wallets which substantially increased as a means of transaction without the need to be physically present thus disregarding another vector for transmitting the virus.

Physical cash payments have become less practical thus opening the door to an increase in digital payments and e-wallets. According to a MasterCard survey looking at the implications of the coronavirus pandemic, 82% of respondents worldwide viewed contactless as the cleaner way to pay, and 74% said they will continue to use contactless payment post-pandemic<sup>3</sup>. Though the use of cash was previously predicted to decline, COVID-19 has accelerated their use due to concerns over cash handling and human to human transmission of the virus. As a result of these technologies, users can conduct online purchases, check deposits, and money transfers from the convenience of their homes.

The COVID-19 outbreak has boosted the cashless payment industry globally, fuelling the shift from card payments at points of sale (POS) to contactless digital wallets. While this shift was already underway before the pandemic, the absence of a requirement to key in Personal Identification Numbers (PINs) or codes has made contactless payments more popular, particularly via digital wallets. That shift, in turn, will have implications for how we structure and implement digital ID systems in both the physical and online environments, which ultimately means more investment in new payment technologies.

More recently, the Fintech industry is discussing measures for these innovations in providing swifter services which focus on checks from the government stimulus package. Doing so will assist in mitigating the deteriorating economic and social impact of the pandemic. According to Deloitte, fintechs, in strategic partnerships with financial institutions, retailers and government sectors across jurisdictions, can help democratize financial services by providing basic financial services in a fair and transparent way to economically vulnerable populations.

## Advancement in Onboarding Methods

As online channels have been on an increase, advances in improved ‘know your customer’ services are being developed.

Traditional onboarding practices of being present in-person and using hard documentation is being replaced by secure and digital solutions which facilitate the remote onboarding process thus enhancing customer experience, lowering costs and becoming time efficient. Furthermore, the approach offers a solution to strict lockdown measures resulting from the COVID-19 pandemic.

---

<sup>3</sup> CCAF, 2020. The Global Covid-19 FinTech Market Rapid Assessment Study – University of Cambridge and the World bank.

Hence, with the contribution of fintechs, banks and Financial Institutions (FIs) are now capable of processing and onboarding customers through digital and remote means while undergoing the standardized compliance practices such as data and document collecting, screening against AML and other regulatory bodies, document proofing, and analyzing risk credentials.

These methods are essential to counter the rise in digital fraud and cybercrime. As more of the global economic and financial system continues to move online, cyber defenses will become even more critical for consumer protection.

## **Facilitation of Financial Inclusion**

As the global economy recovers from COVID-19, one particular area of focus for Fintech companies is financial inclusion. According to the World Bank, there are currently around 1.7 billion unbanked individuals worldwide, and fintechs are becoming a vital player in their efforts to integrate these people into the global financial system. For vulnerable segments of the population, access to and use of basic financial services is critical for poverty reduction, increased resilience, and improved economic growth. Fintech innovations are contributing to the reduction of costs associated with providing services, facilitating more reach, and reducing the need for face-to-face interactions, all of which are essential for keeping up economic activity during the pandemic.

## **The Use of Big Data**

As the financially underserved population is devoid of a veritable credit history due to lack of documentation and income instability, traditional banks face challenges facing this untapped demographic. Therefore, Fintech and payment enterprises seek to capitalize on this underserved segment by optimizing the best of technology and innovation.

The results of smartphone and internet penetration allow emerging Fintech companies to gather vast amounts of data through data analytics and Big Data. Data can be generated from social media platforms, search engines, and telecommunication providers. This approach is believed to be more inclusive as it provides the opportunity for tailor-made financial services to individuals with much lower costs per customer. Fintech companies are developing measures to attain behavioral patterns and optimize data collection.

Developments include combining big data with behavioral economics through the creation of credit scores by analyzing behavioral patterns of calls and text messages. An algorithm measures financial appetites and risks of defaults. The information generated also allows companies to gauge whether a person is likely to repay the loan on the established terms. This alternative data is highly effective in substituting the absence of valid documentation and tangible credit histories. It is further used for extending small packet loans for short periods that can empower this extant overlooked category.

Fintech companies such as Cignifi do that without relying on credit history while others use gamification or questionnaires to formulate psychometric scores. The technology allows for ‘administratively re-ordering’ borrowers based on the ‘moving target’ of changing behaviors. Data can then be used by either informing behavioral change strategies by lenders to “nudge” borrowers into adjusting their spending habits and behaviors.

## **Collaborations for Swifter Digital Transformations**

Prior to the outbreak, it was clear that Fintech would play a pivotal role in financial services going forward. COVID-19 has undoubtedly accelerated that process. Fintech companies demonstrated resilience and an ability to handle difficulties while remaining intact despite the ongoing pandemic. Their high level of equity finance, agile operations, and a willingness to embrace remote working, Fintech companies were able to withstand the disruption.

Established FIs, on the other hand, have been forced to expedite their digitalization plans to meet new demands. fintechs were ready to deliver innovative solutions while traditional banks were left behind still attempting to transform from legacy systems to agile and seamless deliveries. Automation and other digital services have become more important.

Therefore, digital transformation will be on top of the agenda for governments and regulators in months and years ahead, mainly because of the repercussions caused by the pandemic. Whereas previous efforts to integrate technology may have been limited in scope, many FIs are coming to the realization that in order to deliver an efficient, effective and sustainable banking service, they must adopt a more holistic approach to digital transformation, which includes utilizing Fintech.

## **Advanced Cyber Security**

With a global shift into digitalization, a main concern across all sectors is cybersecurity especially in the financial and banking industry which is subject to malicious fraudulent actions and cybercrimes.

It is recommended to create an ecosystem of resilience against cyber threats. It enables complex organizations to prepare for adverse events, to absorb the impacts of such threats and to keep operating under very challenging circumstances. Furthermore, it is fundamentally important to minimize cyber risk exposure by ensuring systems in place are “secure-by-design”, continuous testing, authentication safeguards, and following industry leading practices.

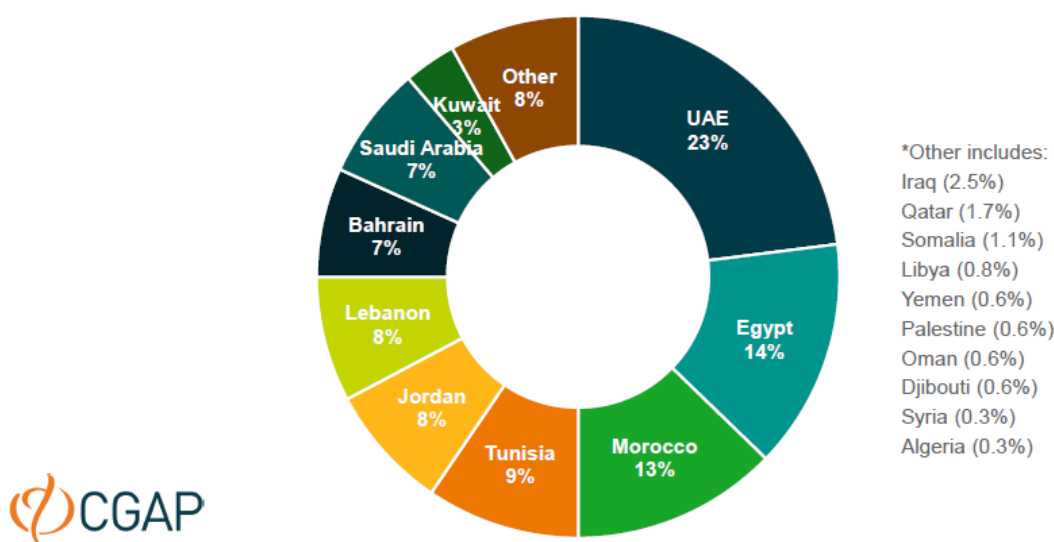


## The Region's Response

Regionally, the Middle East and North Africa saw strongest growth, up 40 percent, sub-Saharan Africa and North America, both up 21 percent. In general, emerging markets and developing countries experienced faster growth than developed markets. The MENA region's response through the pandemic to ensure security and continuity illustrates the region's quick-to-action response.

In November 2020, CGAP identified 400 fintech solutions in the Arab region. With 44% of these solutions being payment products, and half of those offering store of value. 75% of these solutions were located in just 6 countries: the UAE, Egypt, Morocco, Tunisia, Jordan and Lebanon. If the latter countries were to expand access to financial services to 50% of the untapped market there, it would generate 7 billion \$ in revenues.

Fintechs operate primarily in the GCC, followed by North Africa and Levant



## Advances in Remote Customer On-Boarding and E-KYCs

“Valify” is an Egyptian digital identity solution which formed part of the Central Bank of Egypt’s regulatory sandbox on e-KYC. Their solution allows digital onboarding in a three step solution of information extraction, facial recognition and authentication.

Morocco’s advances in remote onboarding include allowing banks to use technologies to proceed e-KYC for account opening; payment institutions to proceed with remote opening of a “Level 2 Payment Account” with only a valid phone number and copy of national ID are required; Simplified merchant onboarding where only a national ID and commercial number were required for Merchant onboarding.

Similarly, Tunisia set a national electronic database which resulted in the opening of vast amounts of digital wallets remotely, thus responding to safety precautions and lockdown parameters. Moreover, recent developments include the submission of a Fintech into the country's regulatory sandbox. The company is based on Artificial Intelligence (AI) technologies which aim at facilitating the cell phone customer onboarding process.

### **Developments in Digitalization & Fintech Collaborations**

Besides the increased acceptance of remote working, over 83% of FIs in Jordan plan to prioritize digital capabilities expansion over branch expansion. The crisis and the shift to digital finance, both by clients and Financial Service Providers (FSPs), have yielded the unanticipated benefit of expediting the digital transformation process in the financial sector. On another front, nearly 64% of FIs intend to put a crisis management framework in place to be better prepared for similar unforeseen situations. Following the pandemic, over 50% of the FIs are keen to introduce new products and services targeting new customer segments and increase the distribution of financial services to all governorates.

In Morocco, the country put in place stricter oversight over payment services to secure bank cards against fraud, Bank Al Maghrib implemented a set of requirements which payment institutions must comply with. These requirements include the establishment of a fraud alert and monitoring system for transactions, equipment of anti-skimmers for ATMs, and enhancing card security standards.

In the case of Tunisia, the pandemic assisted in accelerating the digitalization of financial services in the country. The Central Bank of Tunisia published Circular No. 2020-11 in May 2020 with aimed at promoting a favorable ecosystem for the development of digital payments and promoted security of mobile payment transactions.

Bahrain's acceleration in digital transformation and digital partnerships was achieved by establishing a Fintech Hub which supports integration between FIs and Fintech start-ups; an open banking framework through an Application Programming interface (API) sandbox which allows fintechs to develop, test and deploy solutions; and e-KYCs allowing banks and Fintech companies to verify customers through their digital channels; they also amended regulatory frameworks to support digital finance.

Palestine's response to the increased collaborations with fintechs was the development of an internal strategic framework to promote financial technologies which include a section for financial inclusion. Furthermore, licenses were granted to companies that provide electronic wallet services, prepaid cards, and additional services.

## **Amendments in Digital Fees & Charges**

The UAE's response to the pandemic included increasing cap limits for contactless payments, promoting awareness campaigns and the suspension of CBUAE's payment fees. Similarly, Bahrain increased the limits for digital payments by amplifying the volume limit of contactless Near Field Communication (NFC) transactions.

## **Progresses in Implementing Tighter Security**

The UAE mandated higher level of security under "Circumstances of Remote Operations" where security risk assessments are conducted for new technologies developed for the purpose of remote operation. This allows an enhancement in control capabilities, better authentication, data security, and other security precautions.

## **Arab countries responses to mitigate COVID-19 repercussions**

### **Jordan**

- Recommending the use of e-wallets through mobile phones, and enabling payment companies to provide the service of opening e-wallets for clients, stores and companies remotely and without any costs aiming at enabling clients to make transfers and receive salaries and aid related to the National Aid Fund and any other governmental programs electronically, in addition to enabling them to implement payment and transfer operations with no limitations in terms of place or time.
- Providing electronic channels for enabling clients to send financial transfers abroad in a completely electronic manner from anywhere and at any time away from using banknotes and without the need of the client's actual presence at the financial institutions.
- Providing the supportive modern technologies for accepting electronic payments within points of sale located with merchants and retail business sectors such as the QR code; based on the standard issued by the EMVCo (Europay, Mastercard, and Visa) international committee, using these technologies aims at enabling merchants and retail business sectors to receive the values of their sales from clients electronically instantly and remotely ,away from using cash, to limit the spread of Coronavirus.
- Enabling clients to implement cash deposit and withdrawal operations from e-wallets through ATMs of some banks that are the most widespread in the kingdom without the need to use the card for that (Cardless).

### **UAE**

The UAE response to the pandemic includes increasing cap limits of contactless payments, promoting awareness campaigns and suspension of CBUAE's payment fees.

Furthermore, the UAE mandated higher level of security under “Circumstances of Remote Operations” where security risk assessments are conducted for new technologies developed for the purpose of remote operation. This allows an enhancement in control capabilities, better authentication, data security, and other security precautions.

## **Digital Payments**

- Temporary suspension of CBUAE’s processing fees in payment systems operated by the CBUAE till end of year 2020.
- Increase the cap limit of contactless payments from AED 300 to AED 500.
- Execution of awareness campaigns to encourage contactless channels on banking channels .

## **Cyber Security**

- Mandated higher level of Information Security under Circumstances of Remote Operations to security risk assessments are conducted for any new technology being introduced for the purpose of remote operations, Intensify monitoring capabilities, Inventory of endpoints enabled for remote access scenarios, Data Loss Prevention capabilities, Use Multi-factor authentication, Prevent unauthorized access to resources, remote access should be managed and maintained at all times via e.g. AV update, MDM, MAM, security hardening, disk encryption etc. and other related security precautions.
- Provide ATMs with an intrusion detection system (IDS) and Consider cancelling some ATMs, which are rarely used and located in high-risk areas.

## **ATMs**

- All ATMs must be sanitized at frequent intervals; Hand sanitizers for customers should be kept near all the ATMs; and Disposable latex gloves should be provided for customers use for ATMs in the bank’s premises and other places, and these gloves to be restocked frequently.
- Requirement of filling the ATMs with new banknotes during this critical period and providing new banknotes to customers for all over the counter cash withdrawals.

## **Branch Operations**

- Changing working hours or temporary closing of branches located in commercial centers, shopping malls or crowded places.
- Multiple decision and mandates communicated to Banks included (e.g. should allow only the critical staff necessary for the continuation of these services to work from the bank’s premises, Limit the number of staff at clearing and counter services, Closing selected smaller branches on a temporary basis, Limiting the types of transactions that can be provided by the branches, Determine the eligible staff categories to work from home, Institutions should use Virtual Meeting Rooms and video conferencing, and other related).

## Bahrain

Bahrain increased limits for digital payments by amplifying the volume limit of contactless NFC transactions.

Additionally, the country accelerated digital transformation and digital partnerships by establishing a Fintech Hub which supports integration between FIs and Fintech start-ups; an open banking framework through an API sandbox which allows Fintechs to develop, test and deploy solutions; and e-KYC's allowing banks and Fintech companies to verify customers through their digital channels; and amended regulatory frameworks to support digital finance.

### Fintech Hub 973

Launched in October 2020, create collaborative ecosystem in the Fintech sector by establishing a gateway for investment opportunities.

1. Supporting integration between financial institutions and Fintech startups.
2. Offers: Open API sandbox, Fintech marketplace, crowdsourcing platform
3. Cloud-based open innovation platform.

Offer an open banking API sandbox that enables Fintech startups to develop, test and deploy Fintech solutions.

The eligibility criteria for an application to be admitted:

- Innovation: Offer a new use for existing technologies.
- Customer benefit: Identifiable benefits to customers (e.g. improved security, customer experience, lower prices, etc.) supported with quantifiable estimations/demonstrations where possible.
- Technical Testing for existing Solutions/Products or services: Results of the technical testing made available to the CBB. Alternatively, independent external validation from third party of the technical soundness of the solution must be obtained.
- Readiness for regulatory testing: Show well-developed regulatory testing plans and sufficient safeguards to protect volunteer customers. Key risks of the solution and how they can be mitigated must be separately highlighted.

### Open Banking Framework

In October 2020, CBB launched the Bahrain Open Banking Framework (Bahrain OBF) to ensure holistic implementation of Open Banking services by the industry.

Framework includes:

1. Detailed operational guidelines
2. Security standards and guidelines
3. Customer experience guidelines
4. Technical open API specifications
5. Overall governance framework to protect customer data
6. Follows rules on Open Banking previously issued in December 2018.

7. Developed in consultation with retail banks /other financial institutions in Bahrain.
8. Open Banking services entail the provision of two broad categories of services.
9. “Account information service” which provides customers with access to all bank account information in an aggregated manner through a single platform.
10. “Payment initiation service” which allows licensed third parties to initiate payments on behalf of customers while allowing seamless transfers between different customer accounts through a mobile based application.
11. In line with CBB’s vision with regards to digital transformation and attracting Fintechs.

### National eKYC<sup>4</sup>

Launched in January 2021, the national eKYC platform, targets retail banks, financial services providers and money exchange networks.

- Operated by BENEFIT in collaboration with the Information and eGovernment Authority (IGA) and under the supervision of the CBB.
- Provides a national digital identity database for financial institutions to securely verify the identities of their customers, validate their information and share data digitally before providing products and services.
- This includes retrieval of customer data from governmental entities including IGA.
- API for the platform allows seamless integration with financial institutions core systems, digital channels and mobile apps.
- Provides an opportunity for banks/Fintech companies to verify customers’ identities through their online and mobile applications.
- Implementing eKYC API integration with digital channels and mobile apps.

### Tunisia

#### Enabling digitalization

The pandemic assisted in accelerating the digitalization of financial services in Tunisia. The Central Bank of Tunisia published Circular No. 2020-11 in May 2020 with aimed at promoting a favorable ecosystem for the development of digital payments and promoting security of mobile payment transactions.

Regarding **customer onboarding**, the process was based on the submission of a national ID number accompanied by a valid phone number. The country set a national electronic database which resulted in the opening of vast amounts of digital wallets remotely, thus responding to safety precautions and lockdown parameters. Moreover, recent developments include the

---

<sup>4</sup> Source: Central Bank of Bahrain. Fintech Developments During COVID-19 and Financial Stability Implications. February 4<sup>th</sup>, 2021.

submission of a Fintech into the country's regulatory sandbox. The company is based on AI technologies which aim at facilitating the cell phone customer onboarding process through:

1. Data collection
2. Document proofing and anti-impersonation checks
3. Risk credentials
4. Bank AML checks
5. Account activation

### **KSA**

The Saudi Central Bank (SAMA) has taken different procedures to mitigate the impact of Covid-19 pandemic on economy and to encourage people depend more in cashless payment ways as preventive procedure during that period.

It is worth noting that The Central Banks awarded the Saudi Central Bank the Business Continuity Award for the best initiative for the year 2020. This is based on the committee's evaluation by ensuring that the award criteria are applied which includes creativity and innovation for business conduct, in addition to applying international standards for the business continuity program through which the Central Bank was able to continue doing its business without interruption or influence.

For the Saudi Central bank's business continuity efforts, The Central Bank provided the technical capabilities that contributed to remote work, which was implemented during the Coronavirus pandemic and access to internal services and systems safely and easily, in addition to effective communication with employees and stakeholders.

Moreover, Saudi Central Bank has taken Fintech solutions during the pandemic including the following:

#### **1. SAMA's private sector financing support program**

As part of SAMA's role in activating the available monetary policy tools and enhancing financial stability, including enabling the financial sector to support the growth of the private sector, and supporting the efforts of the government in combating the Coronavirus (COVID-19) and mitigating its expected financial and economic impacts on the private sector, especially on SME sector, SAMA has announced the introduction of Private Sector Financing Support Program with a total value of about SAR 50 billion. The program aims at supporting and enabling the private sector to promote economic growth through a package of measures that includes Supporting SME Finance, Deferred Payments Program, and Funding for Lending Program, Loan Guarantee Program in addition, Supporting Fees of POS and E-Commerce.

## **2. Using Blockchain technology in money transfers with the local banks**

SAMA has Deposit a part of the liquidity to the banks by blockchain technology as part of its measures aimed at enhancing the sector's potential. It should be noted that the Saudi Central bank is one of the first central banks to experiment with using blockchain technology in remittances, which is one of the innovative initiatives launched by the corporation, as part of its efforts to empower and develop financial technologies in the Kingdom.

## **3. Support for POS operations and e-commerce fees**

This is accomplished via supporting payment fees of all stores and entities in the private sector. The program aims to mitigate the expected financial and economic impacts on the private sector in light of the Covid-19 circumstances and to Support participants in the payments ecosystem in the Kingdom, and ensuring the continuity of growth and continuous expansion in providing safe and effective payment services.

## **4. Increasing purchase limit for Mada Atheer to SAR 300 with no pin required**

SAMA has decided to increase the purchase limit of atheer-enabled cards (supporting NFC technology) from SAR 100 to SAR 300 for a single transaction with no need to enter PIN. This step comes in line with SAMA's supervisory and regulatory role and its pursuit to implement the precautionary and preventive measures issued by the competent authorities to stop the spread of the novel coronavirus (COVID-19).

## **5. Raising e-wallet top-up monthly ceiling limit up to 20,000 SAR**

SAMA has decided to raise the allowed top-up of the monthly ceiling limit for e-wallets up to (20,000) SAR. This is based on SAMA's supervisory and regulatory role and is in line with the goal of boosting the digital payment transactions, in accordance with the prudential procedures taken to prevent the spread of the corona virus (COVID-19). This contributed to the hygiene of the users of the digital payments, and smoothen their payment transactions via e-wallets applications provided by those PSPs.

## **Oman**

1. CBO waived all transaction fees on the banks for the payment systems it operates including RTGS, ACH, MPCSS, Cheque Clearing etc. to encourage the use of electronic transactions.
2. On boarding policy for the MSMEs by the banks for using various payment systems was published to encourage the use of electronic transactions by the customers of these MSMEs.



3. Merchant Service Fee for e-commerce transactions were fully waived during the period from April to September 2020. Generally, the customers of Money Exchange Entities (MEEs) used to carry out remittance transactions by physically visiting the branches. However, due to the movement restrictions due to Covid-19 pandemic and our waiver of MSF for 6 months saw a huge jump in online remittances. The average number of online transactions during the period of waiver increased by **1157 %** and their value increased by **1251%**.
4. CBO permitted MEEs to digitally onboard new customers for undertaking online transactions during the period from April to July 2020.
5. Advised banks to consider reducing existing fees related to various banking services and to abstain from introducing new ones during year 2020 and 2021.
6. CBO has waived fees and charges that are charged to banks on POS transactions, and accordingly banks were directed to waive the fees levied by them to the customers for such transactions with an aim reduce cash transactions.
7. Banks were advised to encourage customers to use mobile/net banking/online services and avoid dealing with Banknotes.
8. Banks and PSPs were advised to open wallets with light KYC norms including the e-KYC to avoid the physical visit of persons to branches or outlets.
9. CBO and banks waived all transaction fee charged on the RTGS, ACH, MPCSS and Cheque transactions during the pandemic period.
10. Banks were advised to augment the IT infrastructure in view of the likely increase in demand for online/electronic/digital banking, etc.
11. To reduce reliance on physical cash and facilitate digital transactions, CBO has revised/increased various limits prescribed, earlier, for transactions carried out on mobile banking/mobile wallets/prepaid cards, and also increased the “No CVM limit” for contactless card transactions from OMR 20 to OMR 40.
12. Banks were advised to instantly credit beneficiary for all ACH inward transactions after completing the necessary validations, even before the settlement taking place in RTGS at CBO.
13. CBO has put many efforts in digitizing the salary payments in the country by collaborating with Ministry of Finance and Ministry of Labour, with almost all the salary payments now being digitally processed.
14. With the aim of E-payments services expansion in Oman, CBO directed all licensed banks and PSPs to provide the e-payment service to private sector entities, without charging any setup cost, equipment cost or any other charges and fees. Banks and PSPs are only allowed to charge the Merchant Service Fees (MSF) specified by CBO.
15. As regards the ‘loan deferment programmes’ for ‘Covid affected borrowers’, CBO had advised banks to disseminate the information related to the said programmes

through electronic means and had also permitted to obtain the needed documents digitally.

16. The licensed institutions (banks, FLCs and MEEs) were advised to implement ‘work-from-home’ concepts, with controls, whenever there were disruptions due to mobility restrictions so as to provide banking/financial services without any interruption to the customers/public.

## **Palestine**

Since the Palestinian market is an open market that accepts change, the current crises led to the increase in its collaborations with Fintechs, PMA developed an internal strategic framework to promote financial technologies which include a section for financial inclusion.

PMA launched a Financial Inclusion Account in addition to “Light Wallet”.

Additionally, it has been working on strengthening the infrastructure for the usage of modern alternatives that support the shift towards payments and e-commerce through:

1. Granting licenses to companies to provide electronic wallet services, prepaid cards, and additional services.
2. Issuing instructions to regulate the business of payment service companies
3. Accomplishing the requirements for developing a project for linking payment services companies with PMA's databases in order to facilitate entry into this sector and raising the levels of financial inclusion.
4. Launching the electronic clearing system ECC as an alternative to the ACH clearing system.
5. Accomplishing Preparations for the implementation of the Bill Presentment project.
6. Preparations for the implementation of the Mobile Payment Switch project
7. Executing tests with banks to verify the passage of all transactions of payments using debit cards through POS through the national switch and to carry out clearing and final settlement operations locally.

## **Qatar**

### Financial inclusion: One-stop-shop for payment solutions in Qatar

When the COVID-19 restrictions were put in place in Qatar, demand for cashless and contactless payment drastically increased, largely fuelled by the need to stay physically distant as a precaution for mitigating the spread of the virus. CWallet rolled out its first service at this point to respond to the needs of the businesses and individual customers across Qatar to go cashless by using a package of comprehensive online payment tools available free of cost to all users through its application that is easily and freely downloadable on smartphones. The service is designed in a way that provides quick, cost-effective solutions for everyone in the community to use. Businesses have already started using the service as petty cash to pay off their low-cost internal and external transactions. It has been used to pay

freelancers as businesses dropped the idea of using physical cheques. Schools started to use CWallet credit to have kids purchase groceries from the school canteens instead of using cash, and with hospitals making payments by cards mandatory, another set of opportunities presents itself for the firm to explore in the coming future.

### **Kuwait**

The Central Bank of Kuwait (CBK) encouraged its regulated entities to apply and utilize the latest digital technologies to achieve financial inclusion. To that end, below are the most important measures taken towards achieving growth in the E-Payment sector in a consistent manner:

- Nine local banks have been permitted during 2020 to provide point-of-sale payment service through digital wallets such as Apple Pay, Fitbit, Samsung Pay and Garmin.
- During the years 2020 and 2021, the Central Bank of Kuwait (CBK) received a number of innovative products and services within the Regulatory Sandbox. These innovative products are being evaluated and tested in a safe environment, in order to support innovative business modules, whether those related to electronic payment or other products and services that could improve the financial services in the state of Kuwait.
- The CBK issued a circular to all regulated entities to take the necessary measures regarding the approval of the Kuwait Mobile ID (Hawyti) application issued by the Public Authority for Civil Information, which represents a secure national digital identity that can be used in many governmental and non-governmental electronic transactions, including financial services.
- The Central Bank of Kuwait allowed the increase the limit for contactless payments (TAP/NFC) from 10 KD to 25 KD during the lockdown periods to promote the use of electronic payments and encourage social distancing measures, ensuring safety to combat the coronavirus pandemic.
- The CBK endeavor to take advantage of latest technologies towards providing banking services around the clock. In this regard, a number of regulated entities were permitted to provide the Chat-Bot service, which is a solution based on conversational middleware programs that relies on Artificial Intelligence (AI) and Machine Learning (ML) technologies. When integrated on a knowledge base system, the solution allows for response to inquiries that may seem seamless to the customer in order to enable a communication channel with their client base during the time of curfew.
- A circular was sent out to all banks including K-Net (the Shared Electronic Banking Company) to provide hand sanitizers at all Automated Teller Machines (ATMs) and Point of Sale (POS) machines.
- Banknotes are being isolated and stored for four weeks to ensure their safety prior to market recirculation. Moreover, the CBK is disinfecting its vaults, bank note counters and sorting machines to protect the public.
- CBK ensured the continuity of banking services through electronic channels and points of sale.

- CBK mandated that no charges or fees for POS transactions, ATM withdrawals and online banking for 6 months starting on the 13<sup>th</sup> of March 2020.
- CBK introduced the Eidity (Eid gift money) service during the 2020 Eid Al-Fitr, which was an initiative to minimize the use of cash during the COVID-19 pandemic, as CBK did not issue new bank notes during that period. The Eidity service, is a free service which functions as an e-wallet that facilitates sending Eid gift money from and to any mobile number registered in the state of Kuwait. The “Eidity” application allows the public to send and receive Eidiyah electronically easily and quickly.
- CBK currently is moving forward with open banking initiative that concentrate on issuing an Open Banking Framework that mandates incumbent financial institutions regulated by CBK, which includes Banks/ Electronic Payment Infrastructure Providers (EPIPs), to allow data to be accessed by other banks, Fintechs / Third Party Service Providers (TPSPs) and Electronic Payment Agents (EPAs).
- Diraya awareness campaign that was initiated by the Central Bank of Kuwait and the Banking Association to highlight customer rights and banking awareness in the area of banking fraud, information security and cyber awareness.

### Lebanon

Measures taken by Banque du Liban (BDL) as response to COVID-19, the BDL has been always striving to develop electronic banking and banking services technologies, and to launch consumer protection programs in terms of dealing with electronic banking.

In fact, BDL was heading towards a cashless economy, but unfortunately the sequence of events that Lebanon went through lately was pushing more towards the use of cash.

Lebanon has been living multiple shocks in the past few months, starting with the liquidity crisis that erupted in the last quarter of 2019, followed by the government’s decision to discontinue payments on all its outstanding US dollar-denominated Eurobonds in March 2020, the COVID-19 pandemic imposing lockdowns in the country starting the second quarter of 2020, and the Beirut port explosion in August 2020 which caused major destruction in the Lebanese capital and led to the resignation of the government.

In the midst of these challenging circumstances, BDL has been deploying all measures to help the economy survive, and it has taken a series of initiatives including those related to FinTech and Digital Payments activities.

The BDL Intermediate Circular number 539 on electronic banking and financial operations issued on January 2020 is one of the steps towards digital transformation. This circular allows customers of different banks in Lebanon holding bank accounts or payment cards such as Visa Card and MasterCard to make instant financial transfers via the use of mobile devices and appropriate applications, and this was not allowed previously. Accordingly, in application of this circular, bank customers can make immediate transfers between each other at a very low cost, as the commission ceiling for these immediate transfers does not exceed

0.5% of the transfer value. Through this circular, customers of different banks can use the appropriate applications to make instant transfers between them or to pay merchants and self-employed persons. This circular will contribute to reducing the use of banknotes as a means of payment, as it adds a safe and fast electronic payment method that meets the necessary standards. (*Intermediate circular 539 dated January 17, 2020 that amends Basic Circular 69 on electronic banking and financial operations*).

Moreover, the BDL is planning to launch its own digital currency in Lebanese pounds. In a statement dated November 2020, the Central Bank Governor announced a plan to introduce a digital currency in 2021 “to restore confidence in the banking sector and to make a transition into a cashless system”. Its goal is to ease payment methods, to activate monetary technologies and to lower the costs borne by consumers.

In an effort to control the parallel foreign exchange market, BDL has established an electronic platform for exchange operations that includes BDL, banks and money exchange houses. On April 15, BDL invited banks and exchange houses to attend a training session before launching the platform operations.

### **Egypt**

The Central Bank of Egypt (CBE) has acted proactively as first movers to withstand the economic shocks of the Covid-19 pandemic from various perspectives, in terms of flexibility in regulations, digital infrastructure enablement and electronic payment incentives.

#### Regulations:

The CBE issued multiple regulations on March 15, 2020 to maximize the banking sector’s contribution in implementing the State’s plan to deal with the potential consequences of the Covid-19 pandemic. The newly issued regulations’ objective was to stimulate the use of electronic means and payments channels and facilitate conducting financial transactions for citizens while limiting the spread of the virus. Said regulations focused on the precautionary measures and procedures that banks must implement in order to ensure the safety and security of the banking sector and ensure the banks’ ability to continue carrying out their various businesses and activities to meet customer needs; and in coordination with the AML Unit with regard to customer due diligence.

#### A. Mobile Wallets:

To facilitate registration & utilization of mobile wallets, the CBE mandated issuance of Mobile wallets to be free of charge for a period of 6 months extended till end of June 2021 & have increased the maximum wallet limits to become EGP 30,000 for individuals & EGP 40,000 for merchants daily, which led to increasing of the volume of mobile wallet transactions by 300% in 2020 compared to 2019.

Additionally, and starting from 15th March to 30th September banks were allowed to onboard and verify new bank customers by any electronic means that the bank deems

appropriate, including but not limited to obtaining his/her national number and mobile phone number in an electronic way and verifying the customer's ownership of the mobile phone number used during the registration process via the NTRA platform.

Customers had to complete the necessary KYC process to comply with the due diligence procedures within 3 months from the date of wallets opening. In case the customer did not complete the required procedures, the bank shall close the account, provided that the customer shall be able to recover any outstanding balance after his/her account is closed.

### B. Prepaid Cards:

The following measures have taken place to promote contactless cards & “Tap & Go” transactions to limit the spread of the virus:

- 1- Issuance of prepaid contactless cards free of charge for a period of 6 months extended till end of June 2021.
- 2- Raising the limit of “Tap & Go” transactions without requiring Pin for authorization from EGP 300 to EGP 600.
- 3- Increasing the maximum daily cards transactions to become EGP 30,000 for individuals & EGP 40,000 for merchants daily.

### C. Digital Acceptance:

Banks that had a license for digital acquiring services were mandated to promote digital acceptance through the following:

- 1- Activation of payments through QR codes and "Request to Pay" service for all merchants who have points of sale "POS".
- 2- Complying with the simplified KYC procedures for merchants and micro-enterprises according to the clause 5.3.2 of the due diligence procedures for mobile payment customers issued in March 2019.

### D. Internet Banking:

In order to limit the customer's visits to the banks premises during the pandemic to apply for internet banking services, CBE has applied the following measures:

1. The bank may register its existing customers over a period of 6 months extended till end of June 2021 through the verification of the customer's identity using the usual electronic verification methods commonly used for any of the banks products.
2. The customers are required to comply with the bank's procedures to enroll to the internet banking service within the period of 6 months.

### E. Service Fees Exemption:

The CBE has also taken further measures to entice the customers to use different digital payments channels, by exempting certain fees over a period of 6 months extended till end of June 2021 for POS & QR codes, ATM transactions, and Mobile payment services, thus eliminating the access barrier to customers allowing further market penetration.

## **Digital Infrastructure Enablement:**

In light of the paramount importance to endorse digital financial infrastructure to withstand the unprecedented effects of Covid-19 and thus ensure an easier, safer and more flexible access to various Digital Financial Services (DFS) for citizens across all governorates and more specifically the underserved segments, the CBE has acted proactively through its newly launched initiative in June, 2020 to expand the number of ATMs by about 6,500 machines as a first stage, to reach a total of 20,000 ATMs distributed across Egypt within the coming year, with prioritization to more dense areas that lack access of financial services. The initiative aims to overcome the challenges faced by banked customers in conducting their financial and banking transactions due to the pandemic, through facilitating access to appropriate financial services and thus reduce the burden on operating bank branches, while adhering to social distancing norms.

## **Electronic Payment Incentives:**

Besides the precautionary measures the CBE has taken to counter the repercussions of Covid-19, it is crucial to work on a simultaneous expansion and spread of various electronic acceptance channels that support contactless transactions, across all governorates, by targeting merchants who currently do not have electronic acceptance channels as Point of Sales (POS) or digital acceptance through QR code.

The challenges faced in electronic payment acceptance in Egypt, including but not limited to:

- The need to expand number of Point of Sales (POS) machines.
- The need to rely more on digital acceptance through QR codes.
- Taking in account geographical distribution of electronic acceptance channels.
- The need to raise awareness and motivation of consumers and merchants towards usage of various electronic payments channels.

Within this framework, the CBE funded the initiative to increase the number of electronic acceptance channels with an estimate budget of EGP 1 billion with the intend to reach 300,000 electronic POS machines and to support the digital acceptance through QR code to reach 200,000 new QR codes.

## **Informal Workforce Grants Initiative**

As part of CBE's role to support the mostly affected citizens in the emerging pandemic, CBE, in collaboration with governmental entities, has facilitated the national initiative conducted for informal and irregular workforce sector of a monthly grant of 500 EGP through disbursement of amounts on their cards or mobile money wallets, ensuring that citizens comply with social distancing standards.

## **Covid-19 Innovation Sprint**

The COVID-19 innovation sprint was hosted by the Central Bank of Egypt, in collaboration with the British Embassy, the FRA and organized by DFS Lab and FSD Africa. This initiative objective is to match the Egyptian Banks and Financial Institutions with FinTech startups who have ready-made solutions that can solve the pandemic-related challenges which arouse due to COVID-19. The sprint targets the development of FinTech solutions through an innovation sprint for relief to immediate COVID-19 challenges faced by Banks and Financial Institutions. A three days' sprint was done followed by a demo day where the selected FinTech Startups showcased their prototyped solutions.

## **Recov-Tech Sprint**

The aim of the project is to develop public-private prototype FinTech solutions which may help advance an inclusive, resilient economic recovery on the African continent post the Covid-19 pandemic shock. It is implemented by: BFA Global / Catalyst Fund and in collaboration with the British embassy. The project consists of 4 main participant countries: Egypt, Kenya, South Africa, Nigeria and 3 main phases:

- Phase 1: consists of roundtable sessions with the aim to come up with feasible problem statements.
- Phase 2: consists of 2 virtual Tech-sprint with the aim to develop prototypes of solutions to the problem statements of phase 1.
- Phase 3: will be a physical event for participants to meet and to assess and evaluate the different prototype solutions developed.

Phase 1 of the project is already completed where 3 roundtable sessions were held between private and public entities in Egypt to formulate and consolidate feasible problem statements to be addressed in the Tech-sprint stage.

## **Morocco**

Morocco's advances in remote onboarding include:

- Banks are able to use technologies to proceed with e-KYC for account opening.
- Payment institutions are allowed to proceed with remote opening of a "Level 2 Payment Account" with only a valid phone number and copy of national ID are required.
- Simplified merchant onboarding where only a national ID and commercial number were required for Merchant onboarding.

In response to the increase in digitalization, the country put in place stricter oversight over payment services to secure bank cards against fraud, the Bank Al Maghrib implemented a set of requirements which payment institutes must comply with. These requirements include the



establishment of a fraud alert and monitoring system for transactions, equipment of anti-skimmers for ATMs, and enhancing card security standards.

## **Specific Measures for Electronic payment (Covid-19 Crisis) Taken by Bank Al Maghrib:**

### **1. Measures for Payment systems and Payment services:**

Since the start of the health crisis in Morocco, the use of financial innovations has never aroused so much debate and interest especially about adopting e-KYC and Mobile Payment channel to deliver government aid:

- With the Lockdown measures taken by the government, Bank Al Maghrib quickly put in place the necessary flexibility in order to lighten conditions of account opening including the possibility remote account opening:
  - Banks are able, temporarily, to use new technologies to proceed e-KYC for bank account opening:
    - Payment institutions are allowed to proceed to remote opening of a Level 2 payment account (capped to \$ 500) without face to face requirement (only a valid Phone Number and a photo of the National ID card are required).
    - Merchant onboarding were also simplified to National ID and Commercial number (Patent) in order to enhance merchants' enrolment and widen the electronic payment acceptance.
- **For Financial Market Infrastructures (FMI) Bank Al-Maghrib has:**
  - Assisted all in implementing the necessary measures for their continuity of business, particularly in the management of critical human resources involved in the payment and settlement processes.
  - Deliver a specific assistance to retail payment systems, namely the ACH and the switch, which are functionally critical to maintain public confidence in the use of scriptural payment instruments and to enable the distribution of social assistance to the poorest in the best possible conditions.

All of these measures aim to promote the use of digital financial services in the best conditions and support Financial Inclusion development.

### **2. Challenges for financial inclusion policies:**

Anticipate the consequences of the crisis on the living conditions of the various segments of the population and adopt the necessary adjustments to the target populations to be prioritized by our policies:

- Development of adapted channels to guarantee the accessibility of financial services (Mobile Payment, Low Cost Service....).
- Maintain the effectiveness of Central Bank actions and the alignment of these orientations at the national level.
- provide adequate assistance to enable financial institutions as part of the country's anti-covid strategy, to meet the needs of citizens, cope with the costs generated by their new services and guarantee their sustainability:

As part of efforts to reduce the effects of the crisis caused by the Covid-19 epidemic and its implications for businesses, Morocco's Economic Vigilance Committee, which includes the Bank Al Maghrib, has decided to take a series of measures:

- New guarantee mechanism called "DAMANE OXYGENE" by the "Caisse Centrale de Garantie" to mobilize financing resources for small, small and medium-sized enterprises whose treasury has been affected by the decline in their activity.
- Deferring the payment of loan to enterprises, especially small, small and medium-sized enterprises, until June 30, without penalties for delays, and suspending the payment of social costs.
- Creating additional operational lines of credit for crisis-affected businesses with a repayment period of 5 years.
- Establish an interest-free loan for self-employed entrepreneurs affected by the Covid-19 crisis, which will be repaid over three years, with a grace period of up to one year.

Bank Al-Maghrib, for its part, has adopted a set of monetary and prudential policy measures to support access to bank credit for the benefit of businesses and households. Indeed, these measures aim to allow banks to raise their refinancing capacity with Bank Al-Maghrib through the reduction of the central bank rate, access to a set of instruments in dirham and foreign currency, the extension to a very wide range of securities and bills accepted by the Central Bank in return for the refinancing granted and the extension of the duration of these refinancing.

### **Financial education**

- Strength and coordinate efforts of public and private actors in favor of proactive financial education targeting the segments whose revenues have been impacted by COVID-19.
- Support them by disseminating good practices to adopt, explain how they can benefit from Government aids, protect themselves against fraud etc.
- Ensure financial inclusion promotion during this period by using the digitalization of financial services as well as financial education programs. Given that a large

proportion of the vulnerable population is not familiar with this method, it appears essential to provide specific measures to encourage the use of digital services.

- Establishing a trust relationship between institutions and target segments, Media channels such as television and radio can play an important role in this context.

Financial education is very important at this stage if we want to move from cash aid delivery to electronic one.

### 3. Risks and Challenges during this Crisis

As part of its oversight of means of-payment, and in order to secure bank cards against fraud, bank and payment institutions must comply with a set of requirements dictated by The Bank Al Maghrib, which is concerned in particular with enhancing the safety of platforms established for electronic payment services and for withdrawals from ATM.

#### The following conditions relate:

- Equipping ATMs with anti-skimmer filters;
- Raising the card's security standards by migrating to the EMV “Smart card” standard;
- The establishment of procedures for daily checks of ATMs to ensure that no fraud device is installed;
- The establishment of a fraud alert and monitoring system for transactions carried out by cards, both for payments and for withdrawals;
- Informing customers, by appropriate means of communication, of the basic security measures to be adopted when using bank cards.

The use of new financial technologies, especially in this context, will necessarily be accompanied by risks to which financial institutions and consumers are exposed to such as:

- Risk of fraud in particular for those who never used DFS;
- Cybersecurity risk
- Consumer protection and personal data
- Money laundering and financing terrorism
- Operational risks
- Compliance risks
- Risk of reputation

COVID-19 is undoubtedly accelerating the digital transformation in the FinTech domain, completely changing consumer and business behaviors. But this swift digitalization across all business processes coupled with the widespread adoption of remote working and cloud has brought the inevitable risk of increased cyber-attacks. Cybercrime has increased during these challenging times, and cyber attackers have successfully breached major entities.

Therefore, it is necessary to strengthen the task of monitoring payment systems and means, raising the level of vigilance and supervision of actors using financial technologies.

### **Conclusion**

As witnessed with the current global pandemic, fintechs are essential in providing sustainable financial services as they are agile, digital, and can withstand shocks that have disrupted traditional banking service providers. The Fintech industry will further expand as technologies continue to evolve, thus accelerating investments in digitalization and innovation. The reach goes beyond digital KYC's, online payments, or bank reconciliations thus disrupting the way that financial services operate, changing customers' expectations.

Despite the tremendous amount of improvements contributed by fintechs, they face challenges such as security issues, remaining in line with regulations, and organizing Big Data in alignment with data governance laws. However, the main challenges are presented as the entrenched incumbents and high barriers to entry for fintechs.

From the statements presented in this paper, it is evident that Fintech companies provide an array of services crucial for the financial service sector to remain resilient against external shocks. It is also evident that a digital eco-system and establishment of digital-focused delivery channels is key for traditional banks to remain relevant as consumer tastes have shifted. Hence, collaborations between banks, fintechs is inevitable and more importantly, a favorable regulatory environment is essential in nurturing these collaborations from the promotion of digitalization.

### Sources:

- *Kebede et al., 2020. Lockdown but not shutdown: The impact of the covid-19 pandemic on financial services in Jordan - October 2020.*
- *CGAP, 2020. Fintechs Across the Arab World – A look into the region’s 400+ fintechs and their multi-billion-dollar opportunity to advance financial inclusion – December 2020.*
- *CCAF, 2020. The Global Covid-19 FinTech Market Rapid Assessment Study – University of Cambridge and the World bank.*
- *WAIFC, 2020. Innovation and Fintechs in a Post-Pandemic world. World Alliance of International Financial Centers (WAIFC)- December 2020.*

**Copies of publications issued by the Arab Monetary Fund  
may be requested from:**

**Arab Monetary Fund**

**P.O. Box 2818**

**Abu Dhabi, U.A.E.**

**Tel. : (+9712) 6215000**

**Fax : (+9712) 6326**

**E-mail: [publications@amfad.org.ae](mailto:publications@amfad.org.ae)**

**\*Available in PDF format at: [www.amf.org.ae](http://www.amf.org.ae)**



<http://www.amf.org.ae>



**صندوق النقد العربي**  
**ARAB MONETARY FUND**



**مجلس محافظي البنوك المركزية ومؤسسات النقد العربية**  
**COUNCIL OF ARAB CENTRAL BANKS AND**  
**MONETARY AUTHORITIES GOVERNORS**