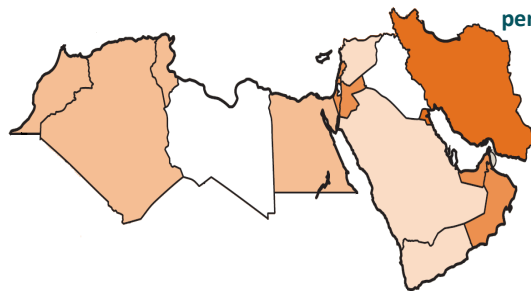


DEPOSIT SERVICES & FINANCIAL INCLUSION

Deposit Account Penetration. In the Middle East and North Africa (MENA) there are 818 bank accounts per 1,000 adults, compared with 635 bank accounts per 1,000 adults in developing countries. There is a wide variation among countries in the region in terms of deposit account penetration, from 104 bank accounts per 1,000 adults in Yemen, to 1,751 bank accounts per 1,000 adults in the United Arab Emirates. Average deposit size per capita is much higher in MENA (at 260 percent) than in developing and high-income countries.

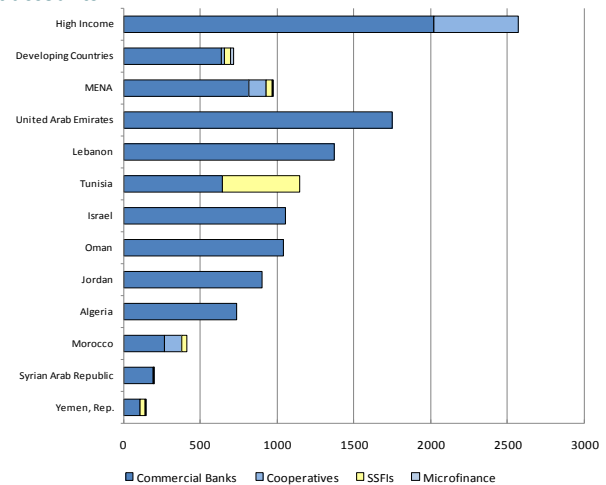
MENA had a lower median growth rate in the number of accounts per 1,000 adults, compared with both high-income and developing countries. However, Morocco had a high positive growth rate at 8 percent. Most deposits are held in commercial banks in all reporting MENA countries. Tunisia, however, has a significant proportion of deposit accounts in microfinance institutions (MFIs), and Morocco was the only country to have reported deposit accounts held in cooperatives and credit unions.

Number of deposit accounts per 1,000 adults



% of households with a deposit account in a formal financial institution

- 0-25
- 25-50
- 50-75
- 75-100
- NO DATA



Financial Inclusion Mandates—Role of the Main Financial Regulator.

Consumer protection, financial literacy, microfinance promotion, and small and medium enterprise (SME) finance promotion are the four areas of the financial inclusion agenda that most frequently fall under the responsibility of the financial regulator in MENA.

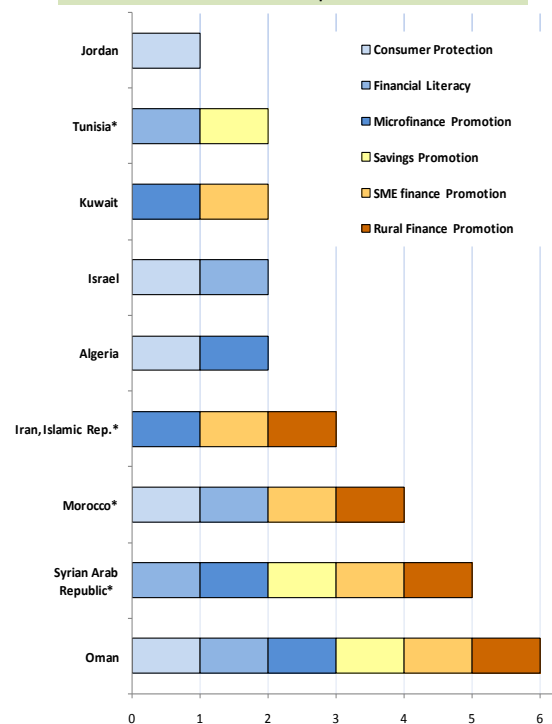
Regulators in 56 percent of the MENA countries reporting to *Financial Access 2010* are responsible for the above four areas—a higher percentage than developing countries in SME finance promotion, and a higher percentage than high-income countries in all four areas.

Most MENA countries report being responsible for only two areas, and Jordan is the only one responsible for consumer protection. Also, only three MENA regulators report being responsible for savings promotion. However, Syria and Oman report being responsible for five and six financial inclusion topics, respectively.

Where the main financial regulator has a strategy document for financial inclusion, more topics tend to fall under the regulator's purview and there are more resources dedicated to carrying out those mandates.

The average number of reforms in MENA in 2008-09 was 4.2 out of a maximum of 10, which is higher than high-income OECD (Organisation for Economic Co-operation and Development) and Europe and Central Asia.

The main financial regulator is responsible for the following financial inclusion topics:



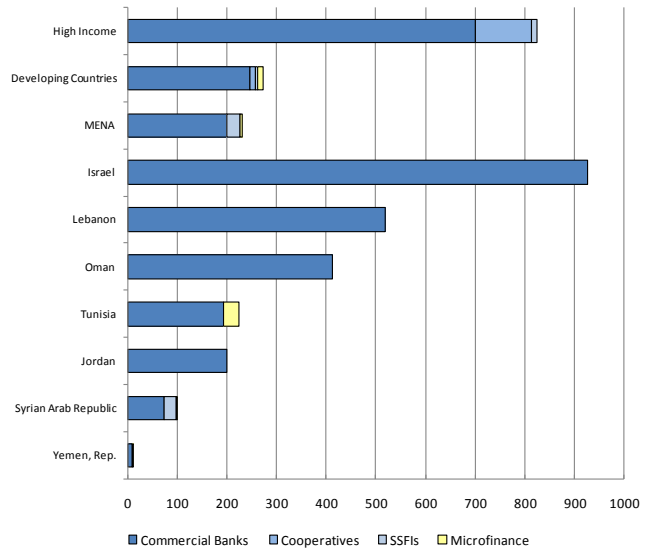
* main financial regulator has a financial inclusion strategy document

CREDIT SERVICES & CONSUMER PROTECTION

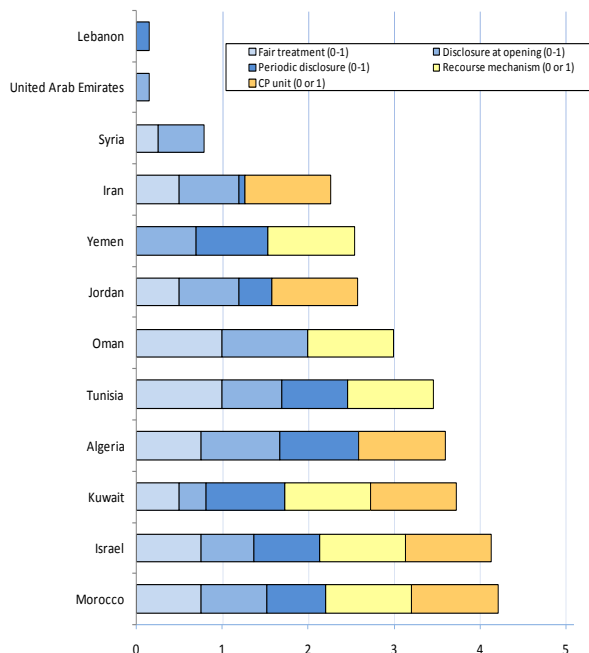
Access to Credit. In MENA there are 201 bank loans per 1,000 adults compared with 245 bank loans per 1,000 adults in developing countries. There is a wide variation among countries in the region in terms of loan account penetration, from 926 bank loans per 1,000 adults in Israel to only 8 bank loans per 1,000 adults in Yemen. Nonbank financial institutions (NBFIs) target lower income segments, but limited data do not allow for a comprehensive assessment of the role of NBFIs. The change in the number of accounts on average in MENA was 12 percent, higher than the average increase in high-income countries. The number of loans per 1,000 adults increased the most in Lebanon at 13 percent, but decreased in Israel by 2 percent.

The volume of loans as a percentage of GDP decreased by 18 percent on average in the MENA region, which is similar to the average for all developing countries. Volume of loans decreased in all MENA countries, except for Tunisia where it increased by 4 percent. All reported loan accounts are held in commercial banks in MENA countries, except for Tunisia, which holds a small proportion of its loan accounts in MFIs. The ratio of the volume of loans to individuals to total volume of loans in commercial banks (at 26 percent) is lower in the MENA region than the averages for both developing and high-income countries.

Number of loan accounts per 1,000 adults



Consumer Protection: From Legislation to Enforcement



Consumer Protection Regulations in Middle East and North Africa.

The recent financial crisis highlighted the importance of effective consumer protection and adequate levels of financial literacy for the sustainability of the entire financial system.

Basic consumer protection requirements are on the books in most MENA countries. Eighty-three percent of MENA countries (10/12) have laws and regulations addressing at least some aspects of financial consumer protection. Seventy-five percent have some sort of fair treatment legislation restricting unfair selling practices. On average, MENA countries require the most periodic disclosure requirements surveyed by *Financial Access 2010* out of every region, tied with Latin America and the Caribbean.

Enforcement mechanisms are weaker than legislative requirements. Nine MENA countries require financial institutions to implement procedures for resolving customer complaints, and only six MENA countries have at least one dispute resolution mechanism. Onsite inspection is the only compliance monitoring mechanism that exists in more than half of MENA countries, and issuing warnings to financial institutions and imposing fines are the only enforcement actions that are taken by regulators in more than half of MENA countries.

Institutional structures are the weakest. Two-thirds of MENA financial regulators who said they were responsible for some aspect of financial consumer protection have a dedicated unit to work on these issues.