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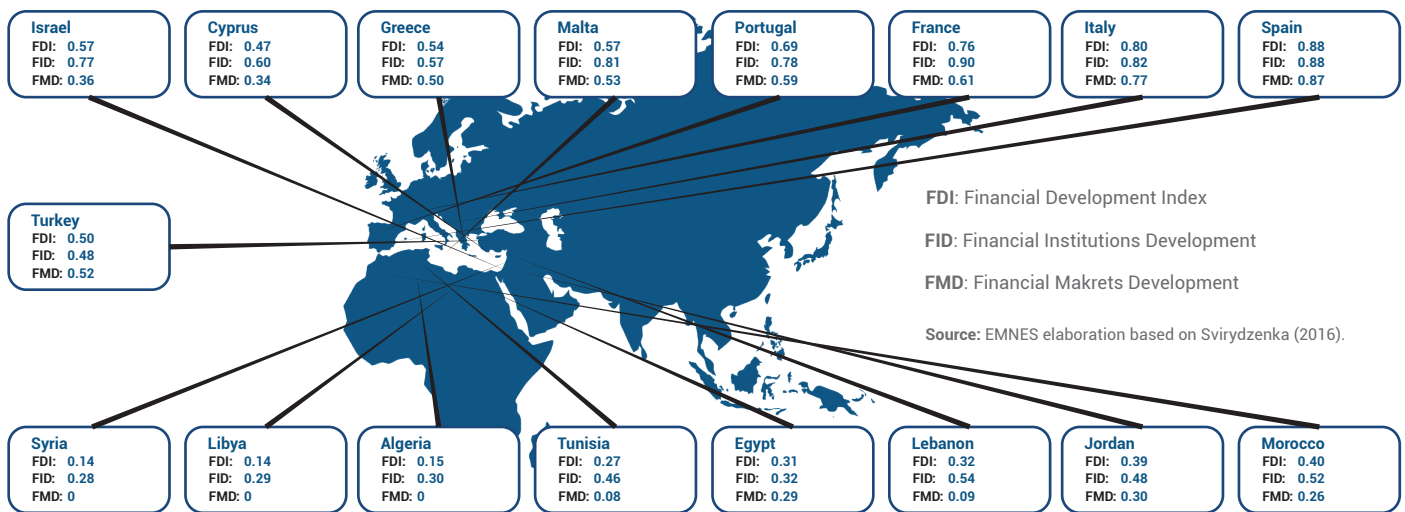
# What Policy agenda for inclusive, job-creating financial development in the Southern and Eastern Mediterranean?

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## Critical Issues:

- South and Eastern Mediterranean Countries (SEMCs) are substantially less financially developed than EU-Med Countries
- Financial markets in the SEMCs are underdeveloped in terms of depth, access and efficiency

## Financial development as of 2016



Financial intermediation is dominated by the banking sector.

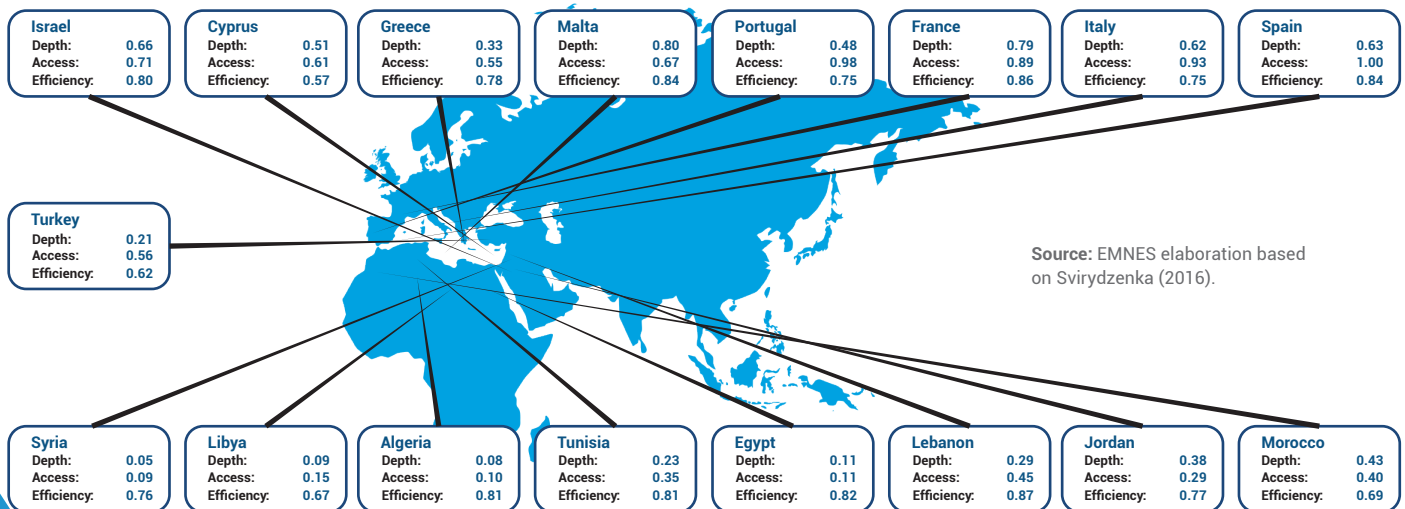


Financial development suffers from the absence of institutional diversity, great inefficiency and prohibitive lending costs.



Households and micro, small and medium-sized enterprises (MSMEs) have very poor access to financial services.

## Financial markets development attributes (2016)



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There is a huge opportunity amongst SEMCs for radical reform towards more developed financial markets.

Sustainable financial market development must be associated with financial inclusion and job creation.



## Policy Proposals

### Achieve macro and financial stability by:



Ensuring sustainable government finances.



Ensuring monetary stability by targeting low inflation.



Tackling the high level of non-performing bank loans.

### Increase financial system diversity and enhance lending efficiency via:



Financial market development (private bond issuance, private placements, equity and IPO markets, etc.).



Developing legislative regimes to encourage alternative financial structures and adopting new financial technologies.

### Widen access to affordable financial services for households and MSMEs by:



Developing credit registries and guarantee schemes for MSMEs.



Developing and promoting digital financial services and increasing the role of postal offices to provide basic financial services for households.



Requiring banks and insurers to offer basic financial services to households.



Investing in enhanced financial literacy for the low skilled.

