



**The Central Bank of Vision for Building and Implementing  
the National Financial Inclusion Strategy**

**2029-2025**

## TIMELINE OF THE STAGES FOR ACHIEVING THE OBJECTIVES OF THE NATIONAL FINANCIAL INCLUSION STRATEGY IN LIBYA

	Phase Activity	Timeframe
First Phase	Preparation Phase	2025 - 2026
Second Phase	Implementation, Monitoring, and Evaluation Phase	2026 - 2029

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## The Governor's Foreword



Financial Inclusion has become one of the most important topics attracting the attention of central banks, especially in developing countries, following the global financial crisis of 2008. It has become a key pillar among policymakers' priorities in building comprehensive development strategies due to its role in influencing a country's financial and social stability on one hand, and, on the other hand, in increasing productivity and achieving sustainable development. It contributes to reducing unemployment and poverty rates and improving living standards.

In light of its growing importance, the Central Bank of Libya has given significant attention to financial inclusion since 2017. The CBL issued directives to enhance financial stability and promote financial inclusion, aiming to achieve these goals in Libya through the establishment of specialized working teams and units focused on inclusion and financial stability, and conducted visits to regional central banks and international institutions, engaging with them to learn from their experiences and keep pace with the latest developments of these institutions and with regional and international advancements. Concurrently, financial products and services have experienced rapid advancements in terms of diversity, delivery methods, accessibility, and ease of access.

Through our vision, we will exert greater effort to provide a suitable and conducive environment that encourages individuals and micro and small enterprises in the informal sector to enter the formal sector, contributing to GDP growth. As well as facilitating the transition to a digital economy by raising awareness among individuals and motivating them to use technology in financial and banking transactions, thereby reducing the burden, effort, and time for both individuals and institutions—a factor that the International Monetary Fund considers one of the most important conditions for developing countries to enhance financial inclusion.

The Central Bank of Libya has set its priorities for increasing financial inclusion in the country by developing a vision to prepare and implement a financial inclusion strategy involving all relevant stakeholders. This will be a challenging journey full of uncertainties in light of instability, but through the cooperation of everyone, including the government, institutions, and society, we will, God willing, achieve the desired objectives.

**Naji Mohamed Eisa**

**Governor of Central Bank of Libya**

# Introduction

In the aftermath of the global financial crisis at the end of 2007, international attention on achieving financial inclusion increased, focusing on creating broad commitments among government authorities and implementing policies to enhance and facilitate access to financial services and products for all segments of society, enabling them to use these services. Additionally, it emphasized providing diverse and innovative financial services at low costs through service providers. Due to its importance, 60 countries took initiatives to develop a national financial inclusion strategy or enact legislation regulating its implementation.

Within the framework of developing a national financial inclusion strategy, the Organization for Economic Co-operation and Development (OECD) emphasized that each country should take into account its own specificities and local conditions, the level of financial literacy among its citizens, and the degree of development in its financial sector (1).

Considering the state of financial inclusion in the Arab region, indicators show a low level compared to other countries worldwide, with only about 37% of adults in Arab countries holding bank accounts—approximately 160 million Arab people. This means that 63% of adults are excluded from formal financial and financing services.

Despite the noticeable increase in account ownership in most Arab countries between (2011 - 2017), there is a significant variation among countries. In 2017, percentage of account ownership was particularly high in the United Arab Emirates, Bahrain, and Kuwait, at 82%, 83%, and 80%, respectively, while in Yemen, Djibouti, Sudan, Mauritania, Comoros, Iraq, and Syria, the figure did not exceed 25% (2).

This vision will cover an overview of financial inclusion, its definition, and its importance, as well as the state of financial inclusion in Libya. It will also present the main pillars of the National Financial Inclusion Strategy.

(1) Requirements for Adopting a National Financial Inclusion Strategy in Arab Countries, Arab Monetary Fund, 2015

(2) A Study on the State of Financial Inclusion in the Arab Region and the Role of Financial Technology in Enhancing It, Journal Published by the Arab Banks Federation, Issue 458 (January 2019)

## 1 - Overview of Financial Inclusion:

Financial inclusion first appeared as the opposite of financial exclusion in 1993 in a study by Leyshon and Thrift on financial services in Southern England (following the closure of a bank that effectively limited the local residents' access to banking services). In 1999, the term financial inclusion was used more broadly for the first time to describe the determinants of individuals' access to available financial services (3).

Here, it is necessary to distinguish between: (voluntary abandonment from seeking to use financial products and services due to lack of need or interest, and non-use resulting from unavailability or unaffordability).

Financial inclusion focuses on those who have been excluded or marginalized, aiming to find ways to overcome the factors that cause such exclusion. This means that those who have voluntarily chosen to exclude themselves from using financial products and services are not the primary concern. On the contrary, efforts will be made to create mechanisms and solutions to overcome the barriers preventing their entry into the formal financial sector.

The G20 has adopted financial inclusion as one of the main pillars of its financial and economic development agenda. The World Bank has also considered the expansion of financial services and the facilitation of access for all segments of society as a fundamental pillar in the fight against extreme poverty and in promoting shared prosperity.

Since 2010, more than 55 countries have expressed their readiness to expand financial inclusion, and over 60 countries have begun developing national strategies for financial inclusion. Malaysia was among the first countries in the world to develop and implement national financial inclusion strategies in 2003, aiming to shift from scattered efforts and individual initiatives to a unified framework that reduces costs.

India, which represents about 15% of the global population, is considered one of the most successful countries in the world in increasing the rate of financial inclusion during the period (2011–2018) from 35% among adults, to about 80% in 2017.

(3)The European Commission (2008)

In this context, the World Bank Group launched in 2013 (the Global Program for Harnessing Innovation through Universal Financial Access), with an additional focus on innovative payment systems and retail payments.

Several international institutions, such as the Consultative Group to Assist the Poor (CGAP) and the International Finance Corporation (IFC), also adopted programs aimed at promoting financial inclusion.

Subsequently, during the G20 Leaders' Summit on August 17, 2016, member countries committed to expanding financial inclusion globally and reaffirmed their dedication to developing the Principles for Digital Financial Inclusion.

The World Bank, for its part, considered financial inclusion a key driver in reducing poverty and fostering prosperity, and set ambitious global targets to expand financial inclusion by the year 2020.

The adoption of national financial inclusion strategies by countries serves as a strong driver for the development of financial legislation, telecommunication technologies, competition, and the educational level of individuals. This, in turn, leads to increased reforms and progress within those countries.

In parallel, more than a number of global financial institutions joined the Alliance for Financial Inclusion (AFI), and over 47 developing countries committed to the (Maya Declaration), pledging to enhance financial inclusion within their nations.

## **2 - Definition of Financial Inclusion:**

The G20 and the Alliance for Financial Inclusion (AFI) have defined financial inclusion as: "Enhancing access to and usage of financial products and services by all segments of society, including marginalized and poor groups, in a manner that meets their needs, provided fairly, transparently, and at reasonable costs."

According to the joint report by the Arab Monetary Fund and the Consultative Group to Assist the Poor (CGAP), the concept of financial inclusion refers to enabling individuals—including low-income earners—and businesses, including the smallest ones, to effectively access and benefit (at reasonable costs) from a wide range of high-quality formal financial services (payments, transfers, savings, credit, insurance, etc.). These services should be provided responsibly and sustainably by a variety of financial service providers operating within an appropriate legal and regulatory framework.

### 3 - Importance of Financial Inclusion:

Financial inclusion contributes to improving growth opportunities, enhancing financial and economic stability, and achieving social justice by reducing income inequality, combating poverty, increasing economic well-being, and creating job opportunities.

It also supports the achievement of nine out of the seventeen United Nations Sustainable Development Goals (SDGs) for 2030, foremost among them poverty reduction, the fight against hunger, and the creation of more employment opportunities.

Numerous experiences indicate that improving the quality of financial services and facilitating individuals' access to them promote equal opportunities, and help empower the poor, women, and youth to carry out their small productive investments. This, in turn, raises productivity, increases consumption, and stimulates economic activity.

In general, the importance of financial inclusion has a significant impact on the national economy, reflected in its ability to generate important effects on economic growth, income distribution, the stability of the financial system, and the ease of access to financial services during times of crisis, as outlined below:

#### 3-1 Impact on Economic Growth:

There is a great deal of scientific evidence proving that finance contributes to economic growth. Many studies have demonstrated this relationship at the level of countries, sectors, companies, and households, using various econometric methods.

Financial depth has been shown to drive growth (4); the higher the indicators of financial development, the more this is associated with relatively higher rates of GDP growth.

Financial inclusion affects growth through several channels. Financing contributes to economic growth by mobilizing savings and funds and channeling them into investment initiatives with varying degrees of risk. It also directs resources toward their optimal use in the most productive sectors.

Moreover, financial inclusion ensures the monitoring of funds in this domain and provides tools that help mitigate risks.

(4) The source below provides a comprehensive review of the findings of these studies. Levine, R., et al. (2000). Financial Intermediation and Growth: Causality and Causes. *Journal of Monetary Economics*, 46(1), 31–77.

### 3-2 Impact on Income Distribution and Poverty alleviation:

Finance also helps improve income distribution and reduce poverty through several channels. The economic growth increase that results from the development of financing instruments leads to higher income levels and the creation of new sources of income. Financial inclusion will also contribute to providing equal opportunities for both the business sector and households to access financing.

Many studies have provided evidence of a relationship between the levels of financing and changes in social equality and poverty, showing that financial development helps reduce poverty rates (5). The availability of financing and financial services to all segments of society and business sectors plays a key role in addressing unemployment issue and achieving more inclusive and sustainable economic growth. This should be considered a major concern for economic policymakers and decision-makers in a country like Libya, which suffers from high unemployment rates, particularly among young people.

### 3-3 Efficiency and Stability of the Financial System:

Improving the level of financial inclusion through the well-planned expansion of the use of formal financial services and products contributes to enhancing financial stability. Many studies have focused on examining the relationship between the level of financial inclusion and the stability of the banking sector (6).

The results of these studies indicated that higher levels of financial inclusion contribute to better financial stability for commercial banks, especially in countries characterized by sound institutional quality.

Targeting and attracting a large number of clients helps banks secure an abundance of low-cost retail deposits, which in turn facilitates the provision of microfinance at lower costs and reduced risks—particularly when supported by modern technology, political stability, and the rule of law.

(5) Beck, T., et al. (2007). Reaching Out: Access to and Use of Banking Services Across Countries. *Journal of Financial Economics*, 85, 234–266.

(6) Ahamed, M. M., & Mallick, S. K. (2019). Is Financial Inclusion Good for Bank Stability? International Evidence. *Journal of Economic Behavior & Organization*, 157, 403–427.

Moreover, financial inclusion enhances competition among financial institutions by diversifying their financial products and services and improving their quality in order to attract a larger customer base.

On the other hand, financial development contributes to the speed of financial transactions among various economic actors (public and private institutions, companies, and citizens), ensuring that financial services are delivered quickly and are easily accessible. From another perspective, financial development also enhances the efficiency of tracking financial transfers and strengthens financial oversight to curb financial and administrative corruption, as well as money laundering activities.

Achieving high rates of financial inclusion is fundamentally linked to the existence of a stable and efficient legal and institutional environment.

Numerous studies (research based on data from companies and small businesses) have shown that companies operating in countries with advanced financial systems face fewer challenges in accessing financing, and that banks operating in an environment characterized by the rule of law and contract enforcement will have greater flexibility in diversifying financing options while lowering costs and risks.

### **3-4 Financial Inclusion and Its Impact on Access to Financial Services During Times of Crisis (Pandemics and Wars)**

With the beginning of 2020 and the spread of the COVID-19 pandemic, the importance of banning gatherings and maintaining social distancing to avoid the risk of infection became clear. We saw the major challenges faced by authorities in some countries in implementing these precautionary measures, given the need to gather in front of banks and ATMs in countries suffering from low levels of financial technology use and difficulty accessing financial services. This could have been avoided under a modern financial system that relies on the use of electronic transfers and electronic payment cards for shopping, commercial exchange, and service purposes.

Fears of the spread of epidemics and viruses are also expected to lead to a decline in the use of paper money (banknotes). This digital development will help support smart solutions, and international institutions are also working to promote financial inclusion and achieve sustainable development goals.

Globally, many health and social habits have shifted following the outbreak of the coronavirus. This is also the case with financial behavior, which is expected to evolve toward the adoption of new, more efficient, and less harmful tools.

Demand for e-wallets and smartphone applications is expected to increase, and the COVID-19 pandemic will accelerate what private sector companies have failed to achieve in increasing societal adoption of smart payment solutions. In the case of Libya, it appears that the supply of advanced financial services still does not effectively keep pace with the growing demand for digital financial payment methods, such as smart applications on smartphones and digital payments via prepaid and credit cards.

#### **4 - Financial Inclusion from the Perspective of Central Banks:**

The Bank for International Settlements indicates that many central banks believe that it is important to include financial inclusion strategies within their mandate, about half of the countries that have not developed a strategy for financial inclusion explained that there is a need to develop a clear strategy for financial inclusion in their countries, and in fact, central banks can intervene on all levels to develop a clear agenda for financial inclusion, and can assess and measure financial inclusion in their countries and develop strategies or policies to develop financial inclusion, and then implement and monitor such policies. The Bank for International Settlements estimates that about 40% of central banks disclose some specific topics related to financial inclusion to the government, parliament, or to the national financial inclusion committee or council, and in some cases disclosure of financial inclusion in periodic reports in the form of data or policy analysis. An important feature of financial inclusion is that half of the central banks surveyed indicated that their operations of financial inclusion are decentralized processes, with several departments and units dealing with different features of financial inclusion. In some countries, governments establish a committee responsible for financial inclusion that is subordinate to the central bank, such committees can work on financial inclusion in a more focused manner, and raise awareness among various parties and stakeholders about the important for financial inclusion, and central banks can contribute to raising the level of financial inclusion through three methods: developing financial education, supervising financial services, and supporting initiatives to integrate segments of society that do not get financial services. In general, central banks have the capacity and authority to develop financial education and consumer protection, and this can be achieved by spreading financial education standards and disseminating clear information that helps protect users of financial services, this in particular is a key factor in supporting financial inclusion. Financial education helps individuals

understand the benefits that accrue to them from the use of digital payments and bank accounts when accessing financial services.

Central banks are responsible for supervising and controlling banking institutions, and through their supervisory role they will be able to:

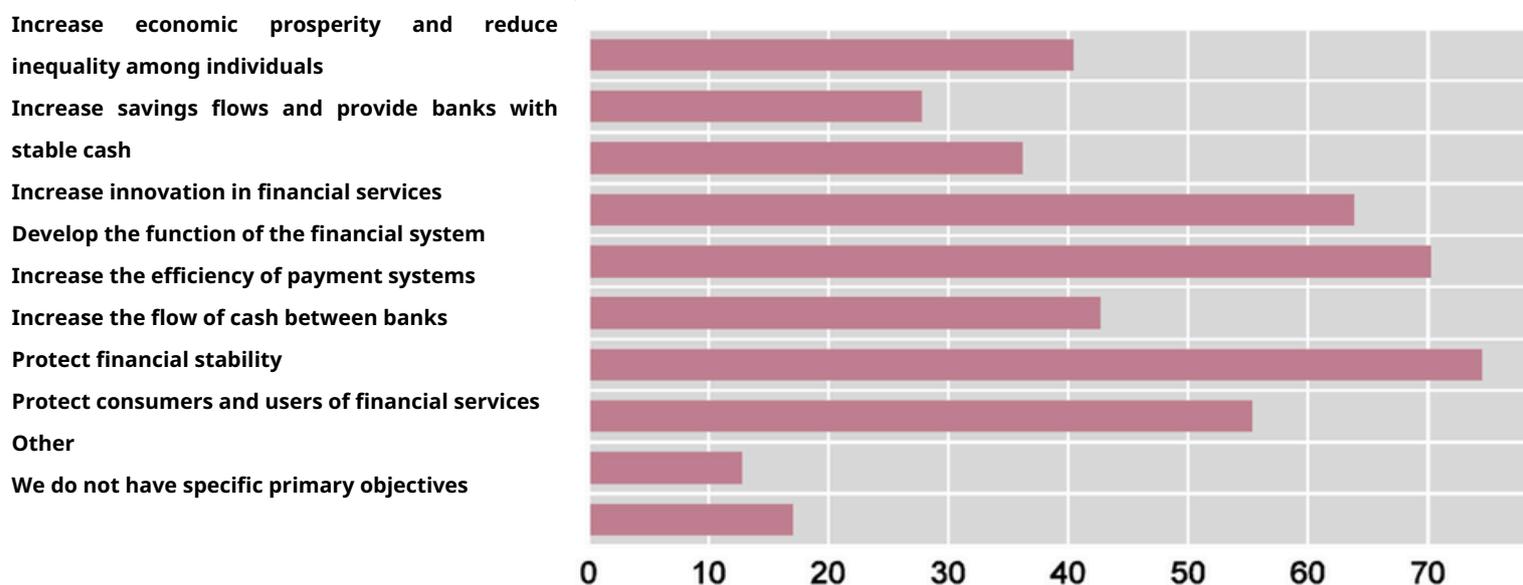
contribute to expanding the circle of financial inclusion by establishing a clear general framework for providing financial services, and ensuring clarity on how to obtain those services. For example, central banks in Europe are currently in the process of implementing the European Directive, to compare commissions related to payment services, and this directive is likely to lead to global development in financial payment services to all segments, and in the case of developing countries, the experience of the Mobile payments system in Kenya is considered a distinguished model in using the mobile as a gateway to financial services has helped expand the base of financial inclusion.

Based on the Bank for International Settlements' survey on the objectives that central banks want to achieve, shown in Figure (4-a) through the expansion of financial inclusion, it became clear that central banks contribute primarily through financial inclusion to achieve (protection of financial stability, increase the efficiency of payment systems, develop the function of the financial system, protect consumers of financial services). Therefore, most central banks believe that financial stability requires working to develop clear and transparent payment systems to develop its financial function and protect consumers of financial services. The role of central banks in protecting financial stability can contribute significantly to financial inclusion. The more efficiently and stably central banks perform their function, the more stable and financially stable the country is, and the more the base of financial inclusion increases so that it excludes no one in society. Therefore, the higher the level of financial inclusion in society, the more benefits it will bring, not only to individuals but also to the state level, so that we have a strong financial system and advanced infrastructure for the payment systems and the economy as a whole. Regarding obtaining data on financial inclusion, about 70% of the world's countries disclose financial inclusion data, and in most of these countries, the central bank or monetary authorities responsible for financial inclusion are the ones who collect this data, and in half of these countries, data is collected from different sources such as supervisory authorities or statistical offices, ministries, or private companies such as BILL & MELINDA GATES FOUNDATION. (7)

(7) BILL & MELINDA GATES FOUNDATION

"It is a private American company headquartered in Washington. It began its work in 2000 and is used by the World Bank and the Bank for International Settlements to conduct some surveys and investigation Studies

Figure (4-A)



## 5 - The Importance of Developing a National Financial Inclusion Strategy (8):

The importance of developing a national strategy for financial inclusion lies in defining the future visions and goals that are hoped to be achieved, which are represented in achieving financial inclusion for all segments of society. It also works to unify and frame initiatives and efforts to enhance financial inclusion under one umbrella, avoid duplication of exerted efforts and resources and achieve the desired goals to reach the largest possible segment of the targeted sectors, and this can only be achieved through the presence of strong and effective leadership with expanded powers that develop and build a national strategy of financial inclusion that includes all relevant parties concerned with achieving financial inclusion, the process of building a national strategy for financial inclusion is considered the first step towards achieving financial inclusion in any state.

(8) Working paper entitled: "Requirements for Adopting a National Strategy to Promote Financial Inclusion in Arab Countries," Arab Monetary Fund, 2015

The importance of developing a national strategy for financial inclusion is highlighted in several points, the most important of which:

1. Determine future goals to enhance financial inclusion in the country.
2. Identify strengths and weaknesses in topics related to financial inclusion.
3. Identify the obstacles facing the implementation process.
4. Identify ways and mechanisms to overcome obstacles and challenges.
5. Ensuring effective coordination between relevant parties and distributing roles among them.
6. Ensuring that official government parties adhere to the tasks and responsibilities assigned to them and following up on them.
7. Organizing and managing the relationship with the parties involved in strategy development in a way that facilitates the strategy development process.
8. Determining mechanisms for monitoring and measuring the performance and achievement of the strategy development.

## 6 - Financial Inclusion Indicators:

There are some indicators that would help in designing a financial inclusion strategy, the data available at the level of the state will help provide information on what are the urgent aspects of the reform plan and arrange them according to importance and implementation stages, as it will help the private sector adopt and design the required financial services and products. Financial inclusion is measured in three interrelated dimensions:

- A. Access to financial services.
- B. Use of financial services.
- C. Type of products and services provided

The core indicators of financial inclusion were proposed by the G20, and there are some sub-indicators for GIFI (Global Partnership for Financial Inclusion) There is a detailed table of these indicators (9), through which we note: Classify these indicators by individuals and by small and medium enterprises in order to measure access to and use of financial services as well as the quality of services provided.

(9) Financial inclusion indicators provided by the 20G and GIFI can be viewed through the following link: [https://DATABANK.WORLDBANK.ORG/DATA/DOWNLOAD/G20FIDATA/G20\\_FINANCIAL\\_INCLUSION\\_INDICATORS.PDF](https://DATABANK.WORLDBANK.ORG/DATA/DOWNLOAD/G20FIDATA/G20_FINANCIAL_INCLUSION_INDICATORS.PDF)

## 7 - The State of Financial Inclusion in Libya: In light of the Global FINDEX Database (2017):

Diagnostic field studies are one of the most important elements in building a national strategy for financial inclusion, as the results of the surveys contribute to field diagnostics diagnose and identify the gap in access to financial services and products by citizens, and field surveys are also considered a basic indicator and a starting point for those building the strategy, as they help them define objectives around facilitating access to financial services and products that meet the needs of society.

As a starting point for understanding the reality of financial inclusion in Libya, the Global FINDEX database can be used because it is the most comprehensive dataset in the world on how adults save, borrow, make payments, and manage financial risks, that is issued by the World Bank every three years since 2011.

The 2017 edition included, for the first time, data on Libya, which provides an overview of the reality of financial inclusion and the possibility of comparison with the status of financial inclusion in the regional and international environment. After that, Libya disappeared from the global financial inclusion index database.

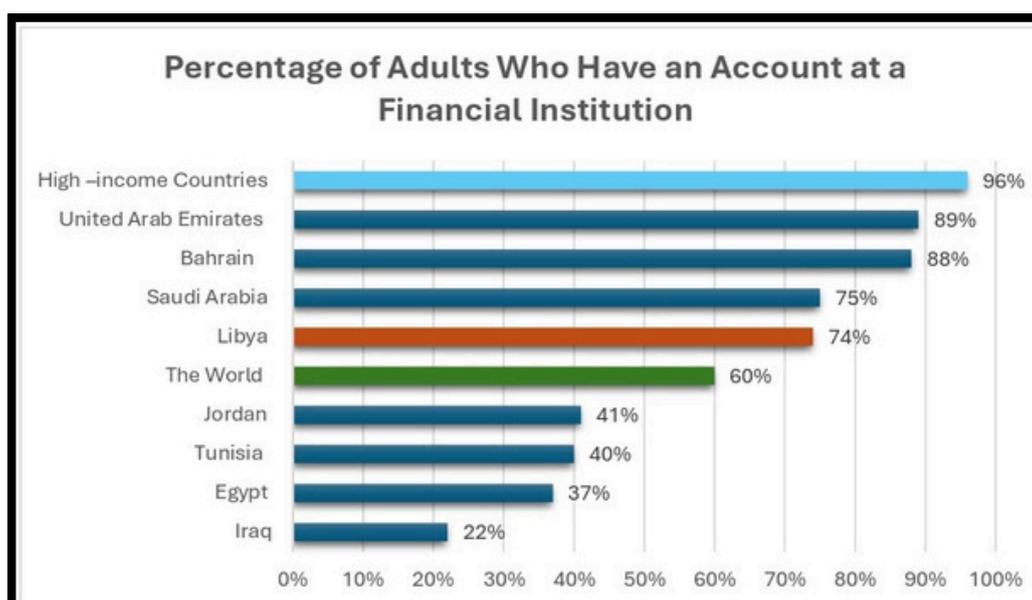
This edition of the Global FINDEX database includes updated indicators on the possibility for access to formal and informal financial services and their use. In addition, this edition contains data on the use of financial technology, including the use of mobile phones and the internet to conduct financial transactions. It is based on more than one thousand interviews conducted during the period 17-25 May 2017. The following is a brief graphic summary of the most important financial inclusion indicators in Libya, compared to the results of some Arab countries and the average of the world's countries, and the state of inclusion in developed countries, according to the World Bank data (2017 FINDEX) (10).

(10) DEMIRGÜÇ-KUNT, ASLI, LEORA KLAPPER, DOROTHE SINGER, SANIYA ANSAR, AND JAKE HESS. 2018. THE GLOBAL FINDEX DATABASE 2017: MEASURING FINANCIAL INCLUSION AND THE FINTECH REVOLUTION. WASHINGTON, DC: WORLD BANK . REF: LBY\_2017\_FINDEX\_V02\_M. ACCESSED AT [HTTPS://MICRODATA.WORLDBANK.ORG/] ON [20/08/2020]

## 7-1 Percentage of Adults with an Account at a Formal Financial Institution:

Having an account in a financial institution such as a bank is one of the primary indicators of access to financial services, although it does not indicate the relative size, quality and diversity of available financial products. According to this indicator, Figure (7-A) shows that Libya recorded a relatively high rate among middle- and low-income countries in the Middle East, the percentage of respondents who had a bank account was about 74%, which means that 24% of adults (16 years and above) are considered financially excluded in Libya. It is noteworthy that high-income countries, whether the group of developed countries or some of the Arab Gulf countries such as Bahrain and the United Arab Emirates, have achieved high rates of financial inclusion in this field, with percentages exceeding 88%.

Figure (7-A)

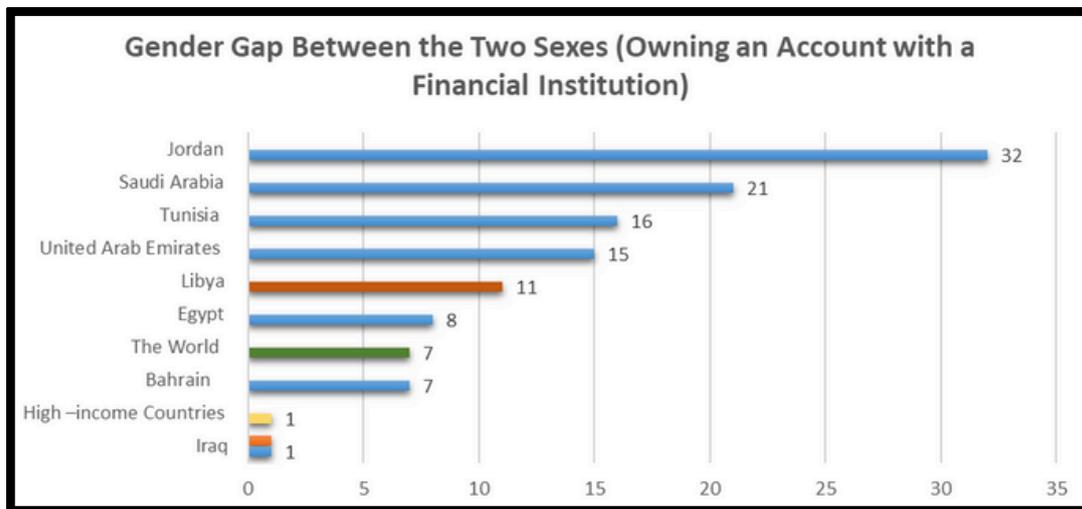


Data source: World Bank (2017 FINDEX)

## 7-2 Gender Gap in Owning an Account at a Formal Financial Institution:

The gap between males and females can be determined by the difference between the percentages of account ownership for each gender, as noted from Figure (7-B) that this gap is still relatively large in the case of many Arab countries, and in the case of Libya 77% of men have bank accounts compared to 66% of women, so there is a gap of 11 points.

**Figure (7-B)**

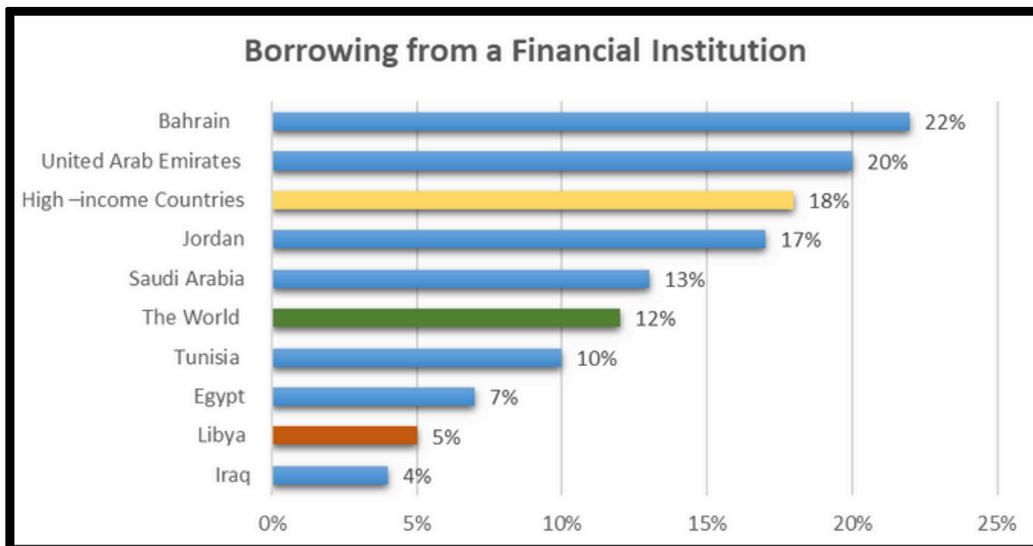


**Data source: World Bank (2017 FINDEX)**

### 7-3 Borrowing and Saving Through Formal Financial Institutions:

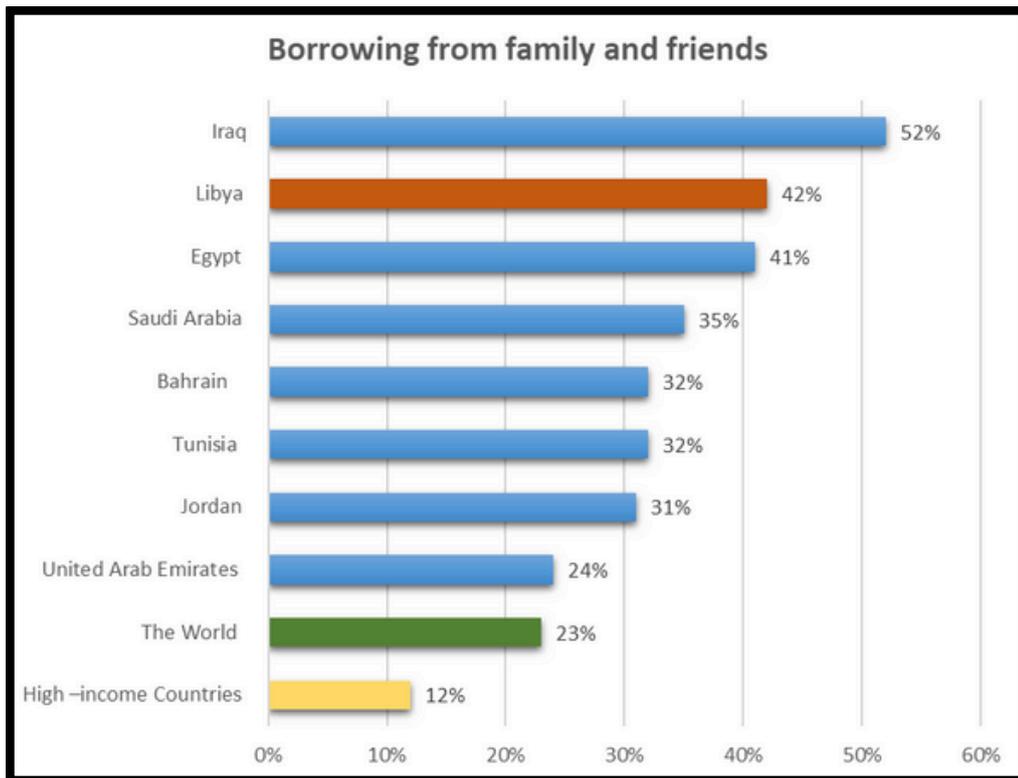
Although Libya has an above-global average rate of bank account ownership, this indicator alone does not reflect an improvement in the level of financial services and products. If we look at the borrowing ratio, for example, we will find that it is very low in the case of Libya (5%) as shown in Figure (7-C), compared to the global average (12%) and the borrowing rate in Developed Countries (22%). The same is the case when asking about real estate loans (for the purpose of buying a house or a plot of land), in the case of Libya, the percentage of beneficiaries of real estate loans did not exceed 6%, and in contrast to official borrowing from financial institutions, we find that borrowing from informal channels (such as family and friends) is the alternative borrowing pattern. According to the data in Figure (7-D), we find that countries with low rates of borrowing from official financial institutions are the same countries that have achieved rates in terms of informal borrowing, including in Libya, where it was found that the percentage of those who borrowed from family or friends in Libya has exceeded 42%, which is a high percentage compared to the global average (23%).

Figure (7-C)



Data source: World Bank (2017 FINDEX)

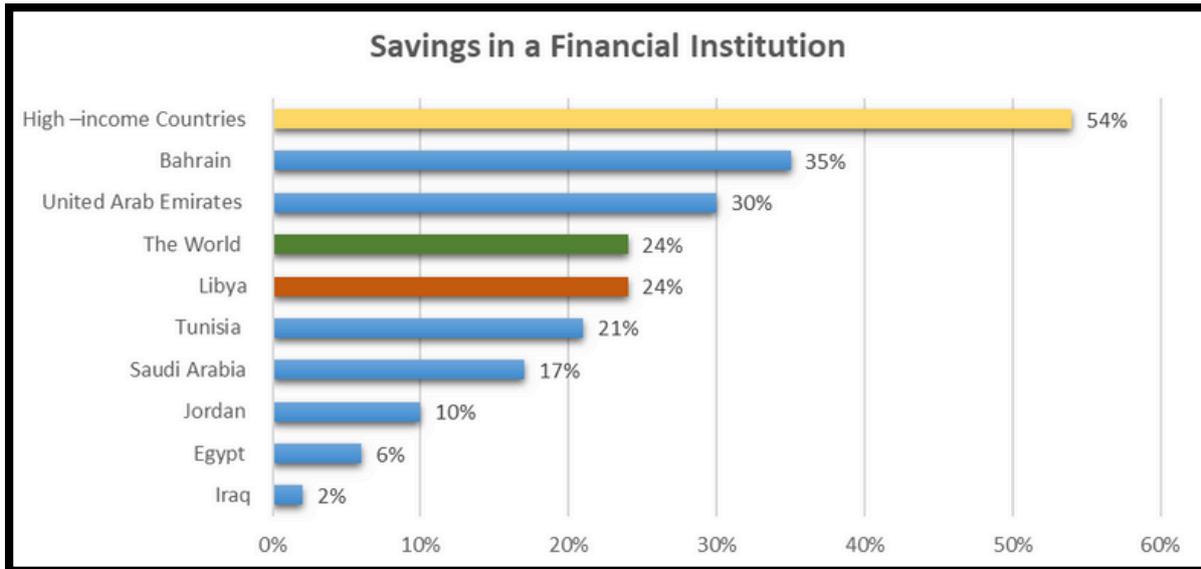
**Figure (7-D)**



**Data source: World Bank (2017 FINDEX)**

When asking about savings, we note that the percentage of those who answered that they saved money with an official financial institution in Libya amounted to 24%, which is equal to the global average as shown in Figure (7-E), although this does not express the existence of official savings vessels as much as it may reflect the fact that many are forced to keep part of their income in current accounts due to the high cost of obtaining cash as a result of the liquidity crisis that commercial banks in Libya have been suffering from for several years and which reached its peak the year of the study 2017.

Figure (7-E)

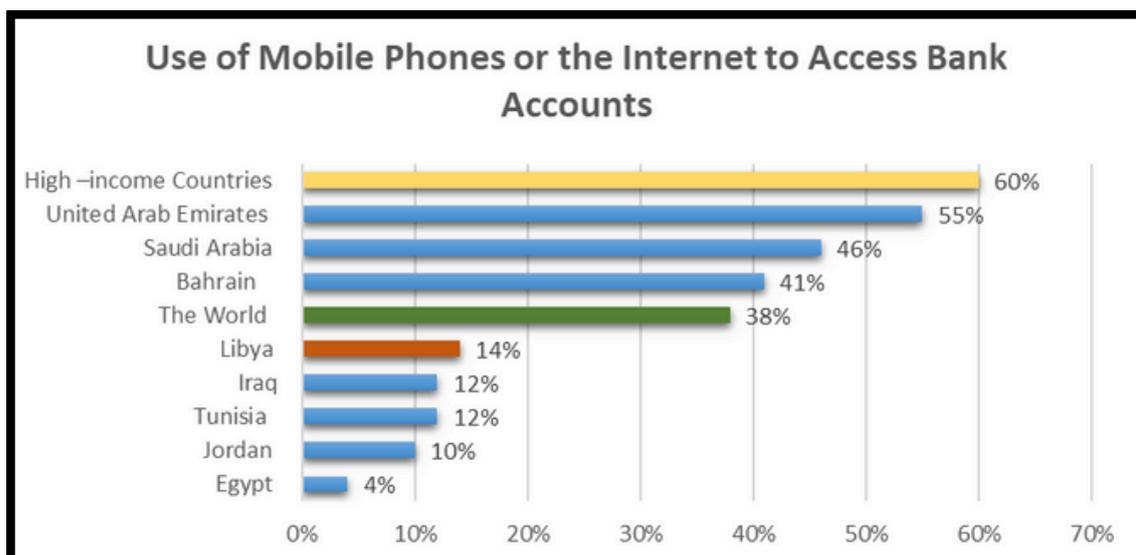


Data source: World Bank (2017 FINDEX)

#### 7-4 Use of Mobile Phones or the Internet to Access Bank Accounts:

Looking at Figure (7-W), we find that 14% of adults who have bank accounts in Libya used a mobile phone or the Internet to access their bank accounts. This percentage is very low compared to the global average (38%) and also compared to some Arab countries, which reflects the low level of financial technology in Libya, which makes the goal of developing the financial infrastructure one of the main objectives when developing the national strategy for financial inclusion.

Figure (7-W)

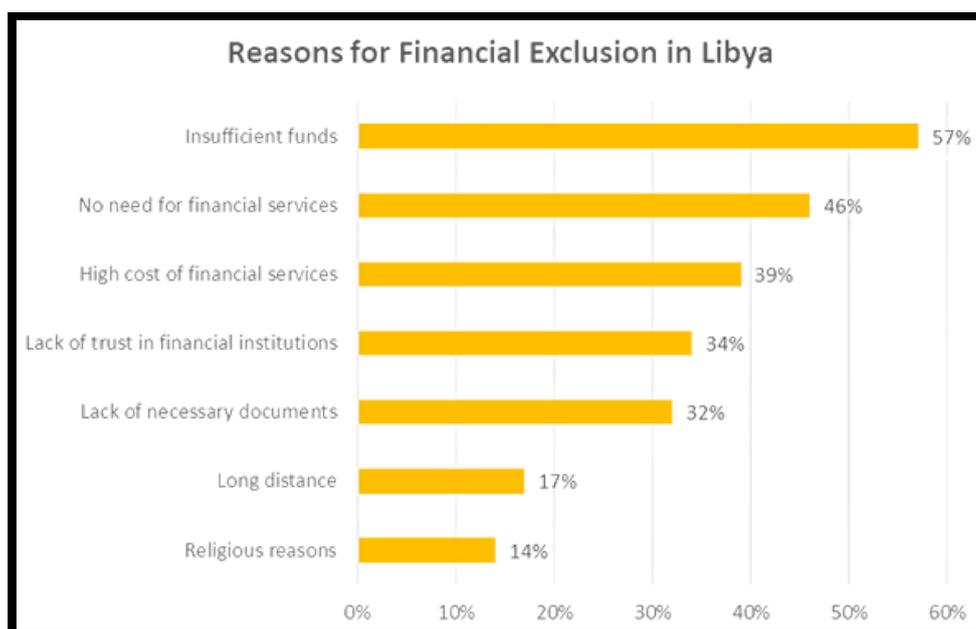


Data source: World Bank (2017 FINDEX)

## 7-5 Main Reasons for Financial Exclusion in Libya:

When asking about the main reasons behind financial exclusion in Libya, it was found that the most important of them is the lack of credit (57%), followed by the voluntary abandonment of the need for financial services (46%). As we also note that among the important reasons for exclusion is the high cost of financial services (39%), then the low confidence in financial institutions (34%) as shown in figure (7-Z).

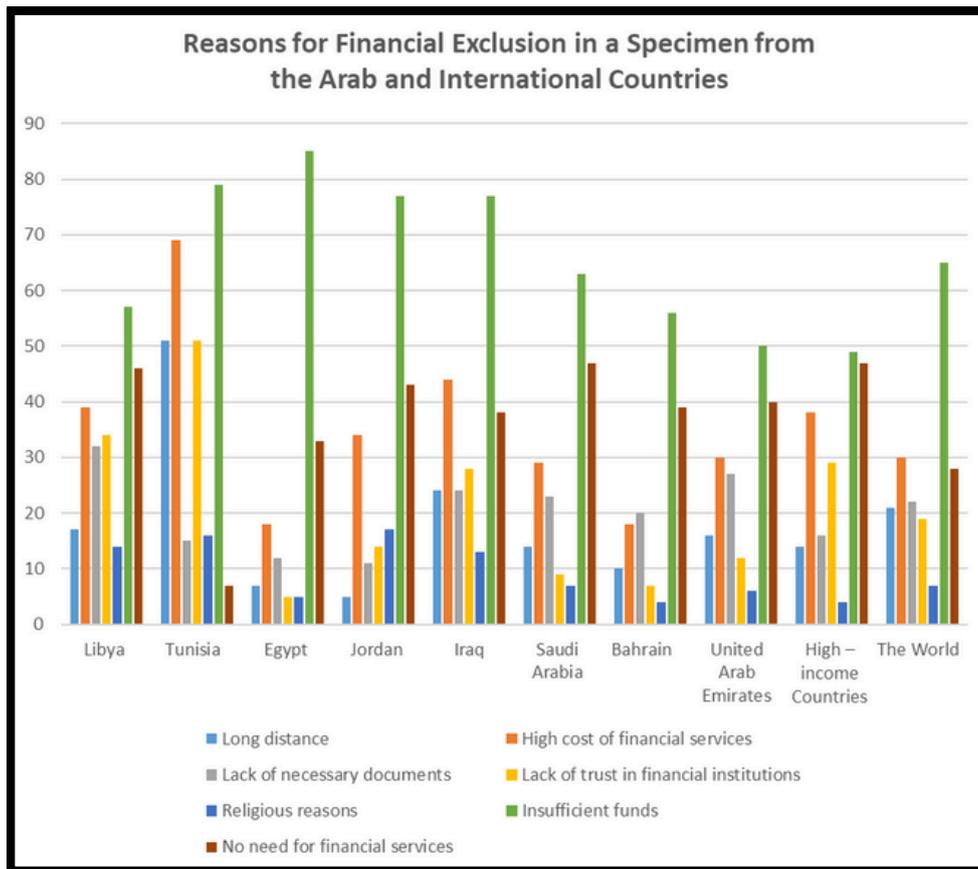
**Figure (7-Z)**



**Data source: World Bank (2017 FINDEX)**

When comparing the reasons behind financial exclusion in Libya with other Arab countries, we note the relative increase in the importance of the trust factor in financial institutions as a reason for exclusion in both Libya and Tunisia when compared with the selected Arab countries, as well as the case with the factor of high cost of financial services, as shown in Figure (7-H).

Figure (7-H)



Data source: World Bank (2017 FINDEX)

## **Based on the above indicators, the following observations can be drawn:**

1. The increase in the index of owning bank accounts in Libya by (74%), although it does not indicate the necessity of financial development and diversification of financial products, it is a good foundation upon which to build to achieve the goals of financial inclusion. In addition, raising this percentage is also among the goals of any national strategy for financial inclusion.
2. The methods of accessing financial services (the most important of which is owning an account with a financial institution) should include all segments of society, males and females. Thus, financial inclusion takes into account reducing the gender gap in access to financial services and their use. In the case of Libya, the gender gap (11 points) when it comes to owning a bank account, it expresses a gap that is not large and can be reduced in a short period within a national strategy that gives importance to equality between sexes.
3. Looking at the aspect of borrowing from financial institutions in Libya, the data confirmed a significant decline in the efficiency of the financial system, and the near-absence of the financial mediation role of commercial banks, due to many and varied reasons, some of which are related to the nature of the banking system and the problem of public ownership of most financial institutions, including what is related to economic, political and legislative conditions in Libya which affect the investment climate and credit risks in a way that does not encourage savings, investment and granting loans of various types, and this requires a comprehensive national strategy for reform and development.
4. The data showed low levels of use of electronic financial services in Libya, as the average use of mobile phones and the internet to manage bank accounts did not exceed 14% in an era in which financial technology is witnessing a global expansion in all countries (world average 38%).
5. When extrapolating the potential factors of financial exclusion in Libya, excluding the income factor (or lack of financial balance), several factors emerged, Perhaps the most important of which is the low level of awareness of the need for financial services, the lack of trust in official financial institutions, and the rise in costs, from which we deduce the importance of having a national strategy that enhances financial inclusion, including enhancing confidence in official financial institutions and raising the level of financial education of citizens as well as setting standards to enhance consumer protection in this regard for financial services.

## 8 - Indicators of Financial Inclusion in Libya (2020-2023):

Enhancing financial inclusion is one of the most important goals of countries to achieve their financial and economic development and stability, which through it, all segments of society are invited to come under the umbrella of banking care and support, especially the financially excluded groups from accessing the financial services. The financial inclusion comes at the top of the priorities of the Central Bank of Libya within the framework of achieving financial stability, and the sustainable development goals, and this was reinforced by granting permission to banks to open more branches and agencies in various regions and Libyan cities, granting licenses to new banks; and issuing legislation and regulations that govern banking work in Libya.

In this context, the Central Bank directed the banking sector to increase points of sale and electronic services and encourage the service of mobile payment. Modern financial technologies have played a major role in raising the rate of financial inclusion, as electronic cards transactions have increased, as well as the electronic points of sale have also increased. Many banks have also introduced mobile payment technologies.

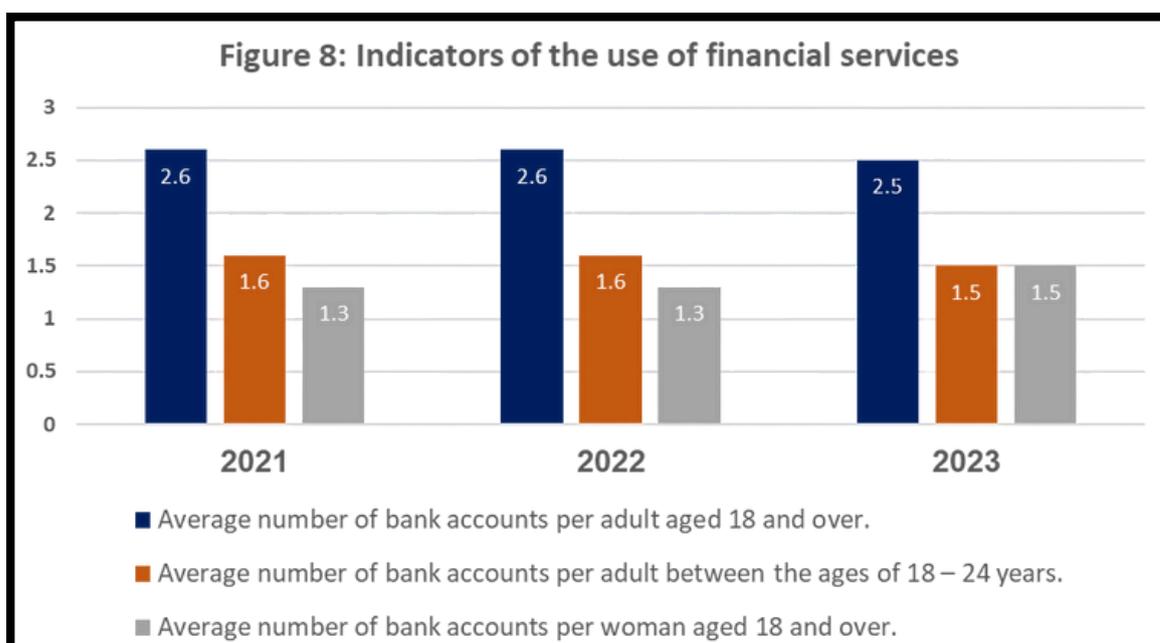
**Table No. 1**  
**Financial Inclusion Indicators in Libya During the Period: 2021-2023**

No.	Description	2021	2022	2023
<b>Financial Access Index</b>				
1	Number of banks operating in Libya	20	20	20
2	Number of branches and agencies	565	580	650
<b>Financial Services Use Index</b>				
3	NUMBER OF CUSTOMER ACCOUNTS (IN MILLIONS)	11.6	12.8	13.0
4	NUMBER OF CLEARED ACCOUNTS FOR ADULTS AGED 18-24 YEARS	2.6	2.6	2.5
5	NUMBER OF CLEARED ACCOUNTS FOR ADULTS AGED 18-24 YEARS	1.6	1.6	1.5
6	NUMBER OF CLEARED ACCOUNTS FOR ADULTS (YEARS AND OVER 25)	3.0	3.2	2.7
7	NUMBER OF BANK ACCOUNTS FOR EACH ADULT FEMALE (AGED 18 YEARS AND ABOVE)	1.3	1.3	1.5
<b>Financial Services Use Index</b>				
8	Average time to process files submitted for Financial Services (in days), such as: (opening an account, issue a checkbook, deposit, withdrawal...etc.	3	3	2

Data source: Central Bank of Libya

**Table No. (1) indicates the financial inclusion indicators in Libya during the period: (2021-2023), we explain this briefly as follows:**

- The number of bank accounts at banks, across all their branches and agencies, reached 13.0 million bank accounts at the end of 2023, most of which are individual accounts, with an increase of 1.6% compared to what it was at the end of 2022, which amounted to 12.8 Million bank accounts.
- The average number of bank accounts per adult (aged 18 and over) was 2.5 bank accounts at the end of 2023. As shown in Figure (8).
- The average number of bank accounts per adult between (18-24 years) was 2.0 bank accounts at the end of 2023, as shown in Figure (8).
- The average number of bank accounts for those aged 25 and above was 2.7 bank accounts at the end of 2023, as shown in Figure (8).
- The average number of bank accounts for women aged 18 and over was 2.0 bank accounts at the end of 2023 as shown in Figure (8).
- The average processing time for files submitted to request financial services is two (2) days at most, such as: (opening an account, issuing a checkbook, depositing, withdrawing, etc., it also depends on the nature of the service requested by the customer.



**Data source: Central Bank of Libya**

**Table No. (2) Development of Electronic Banking Services Provided by the National Distributor During the Period: (2020-2023)**

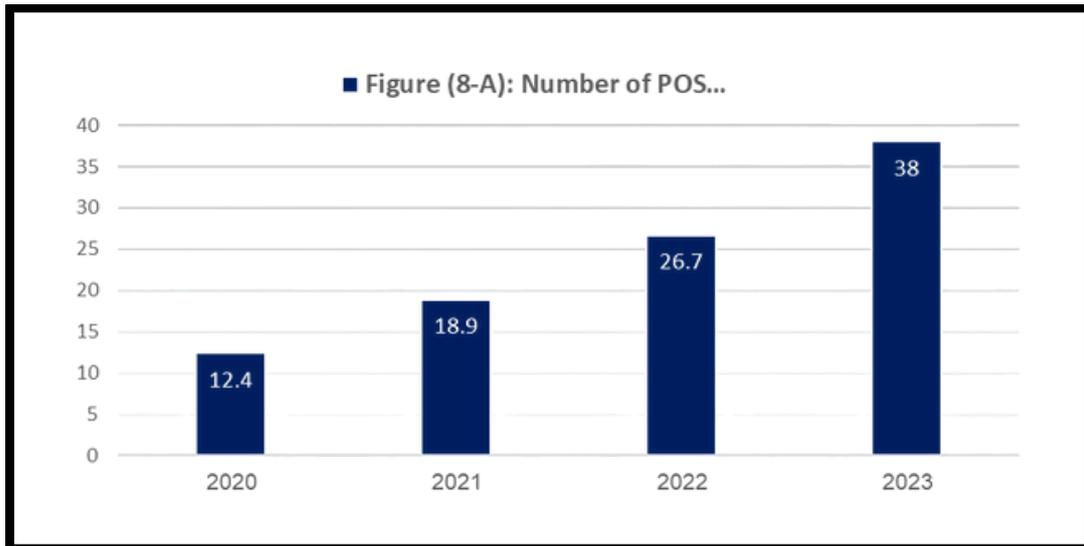
No	Electronic Banking Services	2020	2021	2022	2023
1	Number of POS Devices	12,448	26,745	26,745	38,029
2	Number of Transactions on POS (in millions)	15.7	26.4	26.4	46.4
3	Number of Active Cards	537,210	1,297,950	1,297,950	3,412,040
4	Number of ATMs	661	760	967	1,249
5	Number of ATMs per 100,000 adults	14	15	19	24
6	Number of EFA Cards for Each Unemployed Female Aged 18 Years and Above	-	-	1,164,269	1,286,790

**Data source: Central Bank of Libya**

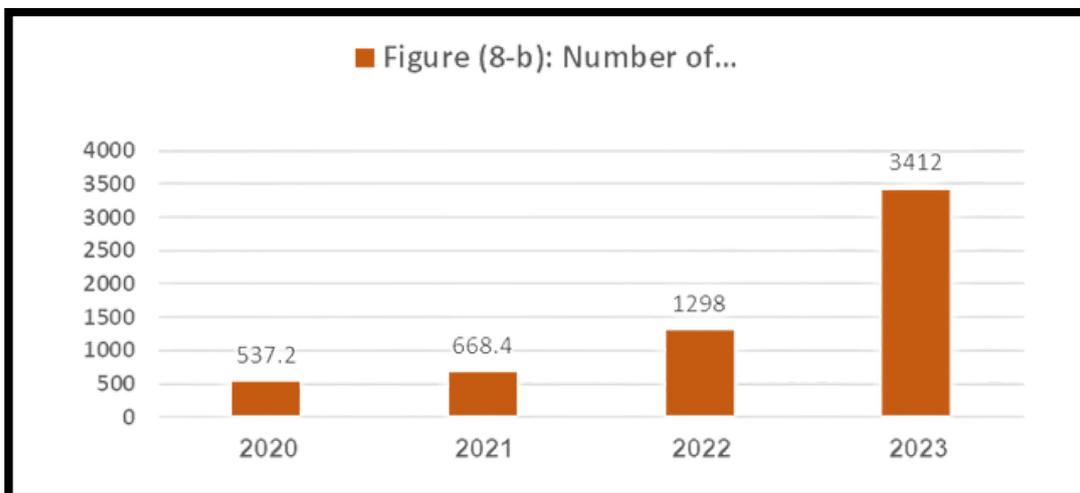
On the other hand, the electronic banking financial services provided, as shown in Table No. (2), through the national distributor, witnessed a remarkable development, which can be summarized in the following points:

The number of point-of-sale (POS) devices increased by 11,284 in 2023, reaching 38,029, with an increase of 42.2%, compared to what it was in 2022 at 26,745 POS devices, the number of transactions at points of sale increased by 20 million transactions, by an increase of 75.8% in the year 2023 compared to what it was in the year 2022, as shown in Figure (8-A). As for the geographical distribution of the number of POS devices at the end of 2020, as shown in Table No. (3) and Figure No. (8-c), and despite the fact that there was a noticeable increase in the number of points of sale, but the concentrations and geographical disparities were as follows (87% in the Western Region, 7% in the Eastern, and 6% in the Southern, which requires strengthening and directing the banking financial sector towards paying more attention to the regions. (East and South Libya) and achieving the principle of justice and financial equality. Meanwhile, active cards increased by 2,114,090 cards, or 162.9%, to reach 3,412,040 cards in 2023, compared to what it was at 2022, which amounted to 1,297,950 cards, as shown in Figure (8-b), indicating an increase in Citizens preference to use electronic cards to obtain their needs and requirements for goods and services.

The number of EFA cards specially for women (non-working) aged 18 years and above reached 1,286,790 cards at the end of 2023, with an increase of 122,521 cards, representing 10.5% of what it was at the end of 2022, which contributed to increasing the number of Libyan women who have access to formal financial services.



Data source: Central Bank of Libya

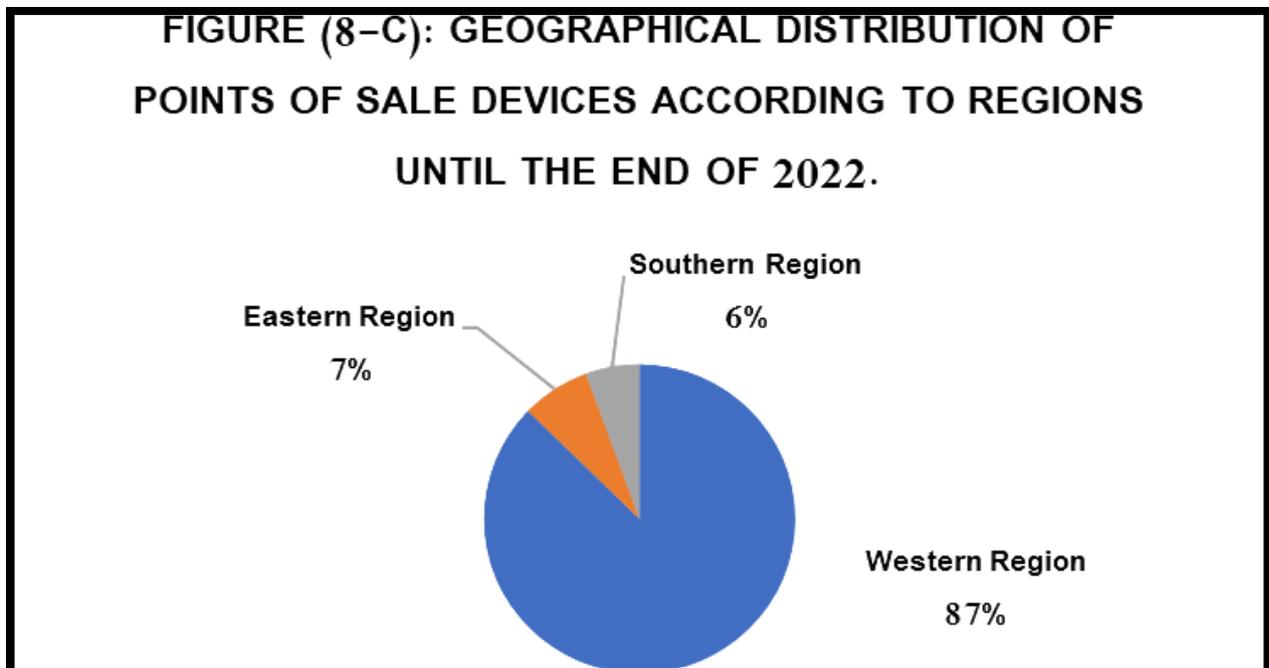


Data source: Central Bank of Libya

**Table No. (3) Geographical Distribution of POS Devices in Libya: (2019-2022)**

YEAR	2019	2020	2021	2022
WESTERN REGION	7999	11183	16,983	23,348
EASTERN REGION	674	720	1,018	1,899
SOUTHERN REGION	321	585	854	1,498
TOTAL	8,994	12,488	18,855	26,745

Data source: Central Bank of Libya



Data source: Central Bank of Libya

The electronic financial services provided by private sector companies for electronic payment in Libya also witnessed, as shown in Table No. (4) and Figure No. (8-D) which show a noticeable development, which can be summarized in the following points:

**First: Cards:**

The number of cards increased in 2023 by 81,337 cards, with an increase of 19%, to reach 499,352 cards compared to what it was in 2022. The number of POS devices increased by 796 in 2023, reaching 10,925 POS devices, with an increase amounted to 8% compared to what it was in 2022, which amounted to 10,129 POS devices, while the number of transactions (operations) decreased at points of sale by 1,043,823 transactions, with a decrease of 40% in 2023 compared to what it was in 2022.

**Second: Electronic wallets:**

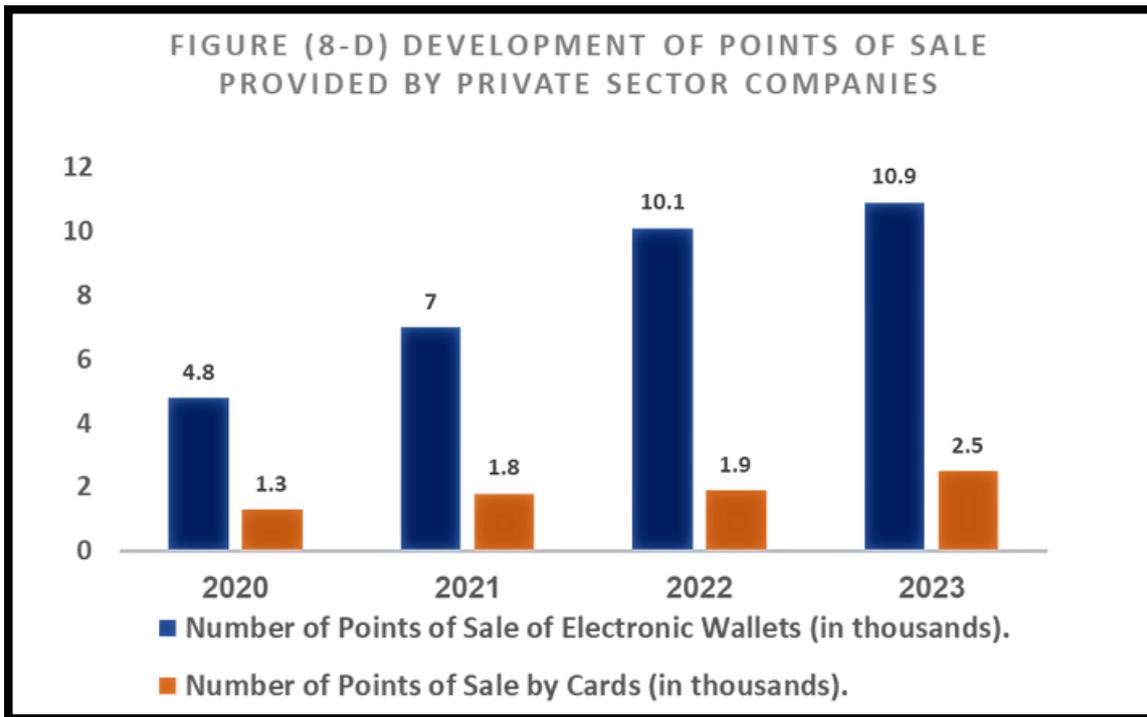
The number of electronic wallets increased by 2,126 wallets, with a 2%, to reach 139,937 wallets in 2023, compared to what it was in 2022, amounting to 137,811 wallets.

The number of point of sale devices increased in 2023 by 561 devices, reaching 2,498 devices, with an increase of 29% compared to what it was in 2022, which amounted to 1,937 point of sale devices, while the number of transactions (operations) at points of sale decreased by 151,823 transactions, a decrease of 24% in 2023 compared to what it was

**Table No. (4) Indicators of Electronic Payment Through Private Sector Companies**

Description	2020	2021	2022	2023
Number of Cards	174,966	201,689	418,015	499,352
Number of POS	4,778	6,964	10,129	10,925
Number of Transactions (Operations)	4,182,051	3,989,187	2,637,087	1,593,264
Number of Electronic Wallets	128,499	135,929	137,811	139,937
Number of POS	1,328	1,783	1,937	2,498
Number of Transactions (Operations)	776,138	1,123,542	629,857	478,034

Data source: Central Bank of Libya

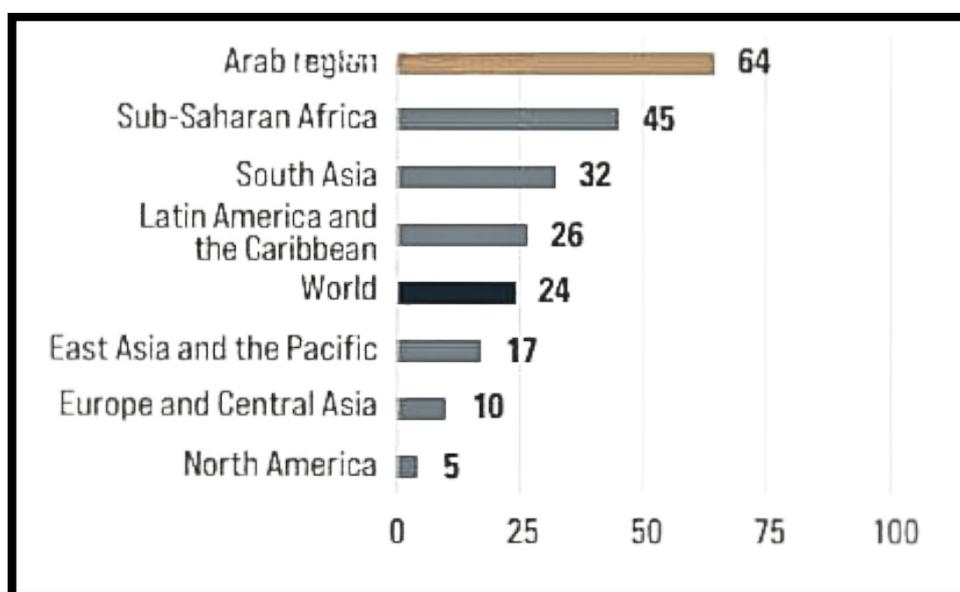


**Data source: Central Bank of Libya**

## 9- The Status of Financial Inclusion in the Arab Region (2025) (11):

In the 2025 Annual Review Report of the Sustainable Development Goals (Financial Inclusion in the Arab Region) prepared by the United Nations Economic and Social Commission for Western Asia (ESCWA), the report provided a comprehensive analysis of financial inclusion in the Arab region, it combines statistical insights, a study of policy frameworks and the contributions of financial institutions, based on the Financial Inclusion Index of the United Nations Economic and Social Commission for Western Asia (ESCWA) and other data sources. The report stated that the Arab region faces major challenges in achieving financial inclusion, due to the shortcomings of official financial institutions in providing the required services, compared to other regions of the world. In 2021, there were 197 million people, representing 64% of adults in 22 Arab countries are excluded from financial inclusion, a percentage that far exceeds the global average of 24%. As shown in Figure (9).

**Figure (9): Percentage of Adults Who Do Not Have an Account at a Financial Institution and Have Not Used a Mobile Money Service, by World Regions and Country groups in Arab Region, (2021 in percentage)**

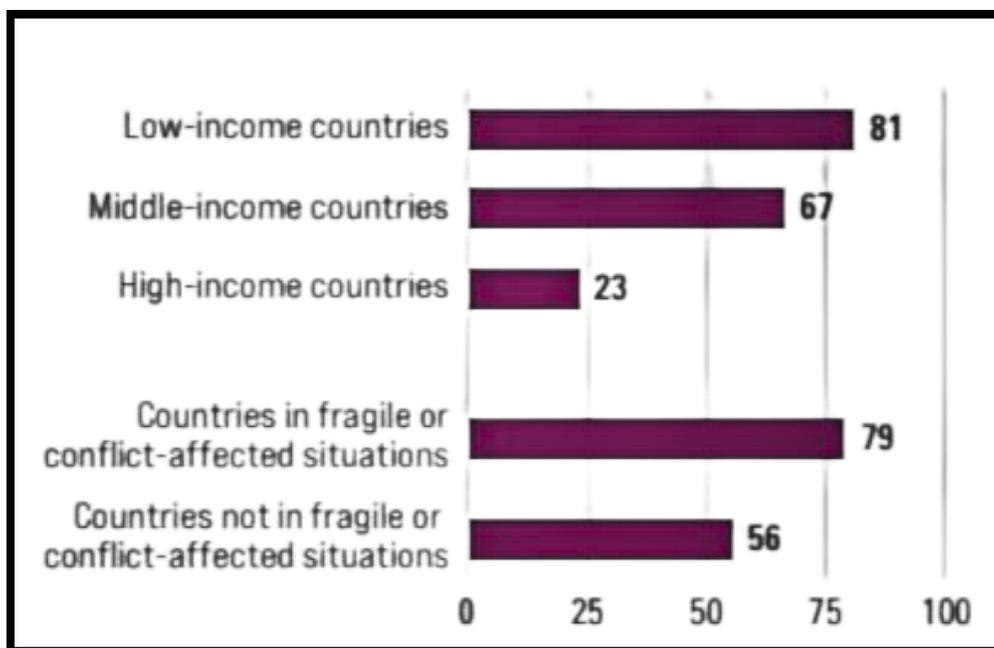


**Data source: DATABASE FINDEX GLOBAL and ESCWA accounts**

(11) UNITED NATIONS ECONOMIC AND SOCIAL COMMISSION FOR WESTERN ASIA (ESCWA). (2025). 2025 ANNUAL REVIEW OF THE SUSTAINABLE DEVELOPMENT GOALS (FINANCIAL INCLUSION IN THE ARAB REGION)

Forms of financial exclusion vary greatly within the Arab region, reflecting disparities in income levels and stability. In low-income countries such as the (Syrian Arab Republic, Sudan, Somalia, and Yemen), and in middle-income countries such as (Jordan, Tunisia, Algeria, Comoros, Djibouti, Iraq, Lebanon, Libya, Egypt, Morocco, Mauritania, and the State of Palestine), financial exclusion is still remarkably high, where 81% and 67% of adults, respectively, not having a transaction account in 2021. High-income countries, however, reported much lower exclusion rates, with the proportion of adults who were financially excluded reaching 23%. Financial exclusion is evident in countries exposed to instability or affected by conflicts such as (the Syrian Arab Republic, Somalia, Iraq, the State of Palestine, Lebanon, Libya, and Yemen), where 79% of adults are excluded from the formal financial system, compared to 56% in more stable contexts. The conflict exacerbates financial exclusion by raising risk premiums and reducing credit ratings and increased transaction costs as shown in Figure (9-a).

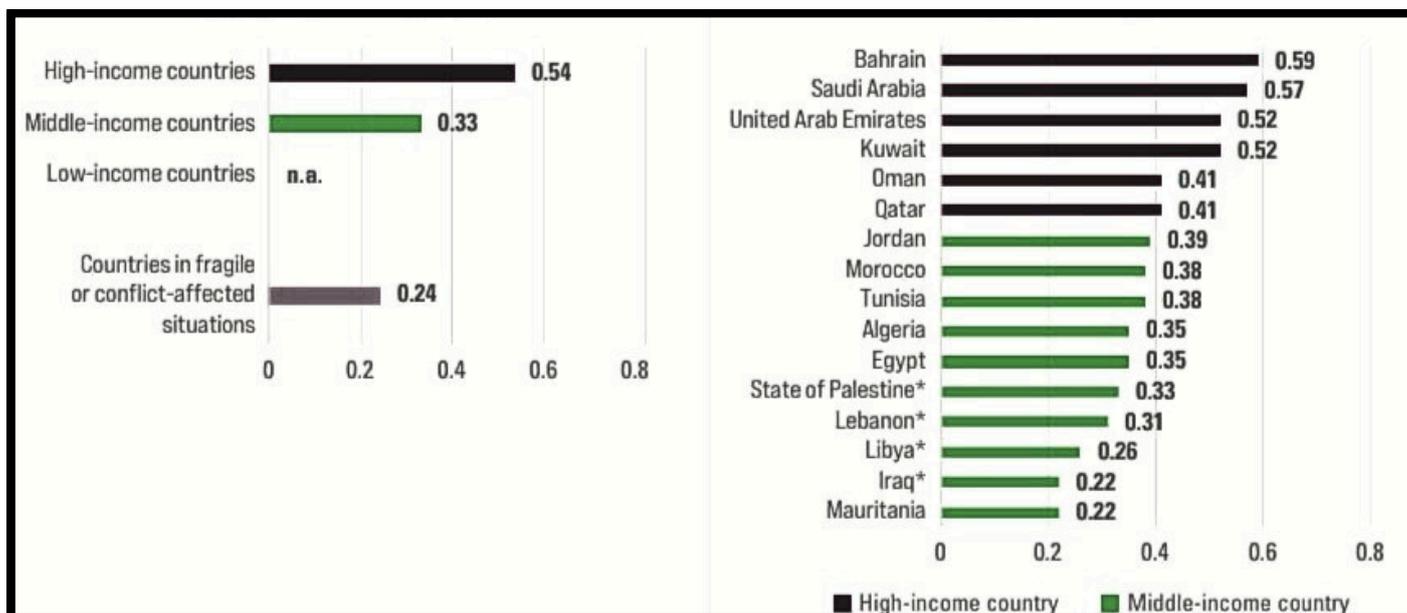
**Figure (9-a): Percentage of Adults Who Do Not Have an Account at a Financial Institution and Have Not Used a Mobile Money Service, by Country Group in the Arab Region, (2021 in Percentage)**



**Data source: DATABASE INDEX GLOBAL and ESCWA accounts**

The level of financial inclusion varies among national income groups in the Arab region, as shown in Figure (9-b). The performance of High-income Arab countries, whose overall index is 0.54, are much better than other countries in the region, and are approaching from the performance of East Asia and the Pacific and Europe and Central Asia. As for the middle-income Arab countries (no data were available for the Comoros and Djibouti.) It recorded much lower results, with the overall index reaching 0.33, which is below the global average of 0.42, and much lower of Middle-income countries in South Asia, Latin America and the Caribbean. Financial inclusion is particularly weak in the four middle-income countries exposed to instability or affected by conflicts, namely (Iraq, the State of Palestine, Lebanon and Libya), which reached a result of 0.2).

**Figure (9-b): ESCWA Financial Inclusion Index by Country Groups and Individual Countries in the Arab Region, 2023**



**Data source: DATABASE FINDEX GLOBAL and ESCWA Accounts (\*) refers to countries exposed to instability or affected by conflicts, including (Libya)**

**Below is a summary of the most important statistical and inferential data on the status of financial inclusion in the Arab region, based on the 2025 Sustainable Development Goals Annual Report issued by ESCWA, as follows:**

- 197 million people, representing about 64% of adults in the Arab region, were financially excluded in 2021, the highest rate globally compared to the global average of 24%.
- Women: who have a bank account or use mobile financial services are at 29%, the lowest rate globally, with a gender gap of 13 percentage points.
- Small and medium-sized enterprises: The Arab region faces a significant financing gap. The region's borrowing or credit line ratio is less than half the global average of 29%, the lowest rate of any region globally, with only 14% of small businesses have a loan or line of credit.
- People with Disabilities: National data on financial inclusion for persons with disabilities in the Arab region remains scarce, and the barriers to financial inclusion for persons with disabilities are numerous. The most prominent of these are physical barriers, such as inaccessible ATMs and bank branches without ramps, elevators, or signage. Digital financial services are often not compatible with assistive technologies, such as screen readers or voice commands, limiting their usability by People with disabilities. As well as procedural barriers.
- Digital technology. The World Bank has identified different types of digital payments, made or received, through mobile phones, online or at merchants, to measure the growth of financial technology, where financial technologies are considered a means of enhancing financial inclusion, and in the Arab region in 2021, the percentage of adults who pay or receive digital payments reached 36%, which is lower than the global average of 67%.
- Financial literacy: Lack of financial literacy represents a significant barrier to financial inclusion, hindering the use of financial products and services, and increases risks of irresponsible use. If individuals in the region who do not have an account at a financial institution choose to open one, more than 60% of them will require assistance using it. This reality indicates a significant lack of financial knowledge that must be addressed.

## 10- Main Pillars of the National Financial Inclusion Strategy:

The Central Bank of Libya will work to prepare and implement the financial inclusion strategy in Libya through the following pillars:

**1-Financial Culture Pillar:** It is considered the most important main pillar for promoting financial inclusion in Libya, as it will include the following activities:

- Disseminating financial culture among school, institute and university students and developing their capabilities and skills.
- Spreading financial culture among small and medium-sized enterprise owners.
- Preparing and implementing programs, workshops, and seminars, and coordinating with visual and audio media to reach the largest possible segment from the community.
- Preparing and implementing the national program for financial education and literacy.
- Communicating with relevant international institutions and benefiting from the experiences of countries that have made progress in their programs and activities.

**2-Consumer Financial Protection Pillar:** It is considered the second most important principle that will be focused on in the national strategy for inclusion in Libya because of its importance, so it will include the following activities:

- Establishing a unit to financially protect the consumer with its legal and regulatory framework in line with local and international standards and under the principle of disclosure, transparency, fairness and protection.
- Enhancing and establishing a general framework for consumer financial protection for all banking and non-banking financial institutions subject to the authority of Central Bank of Libya.
- Enhancing cooperation with relevant regulatory institutions to monitor non-banking financial institutions and creating mechanisms for cooperation to financially protect consumers.

**3- Research and Data Pillar:** With the scarcity of data and research, the National Strategy for Financial Inclusion in Libya will work to cooperate with research centers and data production centers to create a database through which data is analyzed and research and reports are prepared to help in formulating policies and strategies.

**4- Electronic Payment Pillar:** It will be of great importance to focus on the electronic payment system in Libya through the following activities:

- Expanding the use of digital payment systems by having the government adopt digital payments as a tool for all governmental payments to individuals, obligating governmental institutions to adopt electronic payments as a reliable channel for electronic transactions.

- Developing and reviewing the infrastructure and legislation.

Through this pillar, all legislation, laws and circulars regulating the work of financial and services providing institutions will be reviewed.

**5- Micro, Small and Medium Enterprises Pillar:**In line with previous efforts made by the government through legislation, regulatory frameworks and supervising institutions of these projects, and the efforts of the Central Bank of Libya by directing the banking financial sector towards supporting these projects, then this pillar will focus on:

- Improving the regulatory and legislative framework to enhance access to finance.

- Strengthening the role of supervision and oversight over these projects, improving their capacity, and providing a supportive environment to achieve sustainable growth.

- Enhancing financial and human capabilities that help develop financial services and products for these projects.

In light of the continuous and rapid changes that the global and local economy is going through in a world full of multiple crises aspects, the Central Bank of Libya has taken into account these variables and has developed a strategic advantage to hedge and deal with them. The Central Bank of Libya had previously set these variables, which are represented in two additional pillars (Disasters and Crises – Artificial Intelligence).

**6- Disasters and Crises Pillar (Climate Change - Epidemics - Wars):**Despite the increasing severity and patterns of climate shocks, extreme weather events, and increased risks to financial stability Such as (physical risks - credit risks - insurance underwriting risks - operational risks - transition risks), the main objective of linking financial inclusion to climate change: Responding to the increasing climate risks to some sectors, the nature of financial services related to financial inclusion is about finding solutions to climate change through adaptation, resilience, mitigation of impacts and ensuring sustainability compatible with climate change, it has become necessary for the Central Bank of Libya to develop strategies and work policies to limit or adapt to the manifestations of climate change and to develop legislations related to any climate shock that affects the safety and flow of financial services, especially banking, through:

- Enhancing the importance of awareness of the repercussions of climate change on the financial system, targeting financial institutions, their human resources, customers and companies sector, and raising awareness of the importance of green banking and financial activities.

-Enabling financial institutions to provide financial services in the most affected areas and ensuring their continuity.

- Supporting economic growth and guaranteeing credit.

- Building and strengthening human capacities and infrastructure based on the policy of adapting to the impact of climate change.
- Support efforts to improve the management of risks resulting from climate change or the transition to a low-carbon economy.
- Increase financial flexibility in the face of climate shocks.

**7- Artificial Intelligence Pillar:** The AI tools and the people who will use them are key variables that financial institutions and central banks must have. Forecasts indicate that financial institutions will double their spending on Artificial Intelligence by 2027, this pillar will focus on activating the role of artificial intelligence and its impact on enhancing financial inclusion through:

- Activating access to financial products for individuals and companies and analyzing the behavioral model to improve financial services.
- Bridging the awareness gap about the importance of artificial intelligence. - Improving the role of financial innovation using artificial intelligence.
- Develop and design ethical principles for trustworthy AI, taking into account six dimensions (safety and robustness – non-discrimination and fairness – interpretation – privacy – accountability – environmental welfare) encompassing the three perspectives (technical – user – social).
- Preparing and designing the financial sector readiness index for artificial intelligence, based on the pillar of financial sector readiness and the Technology, Data and Infrastructure Sectors).

# Annex I

## Detailed Framework for the Timetable for Implementing the Objectives - Activity - Entity - Time Frame for Implementation Implementation Schedule

The table below presents suggested measures to address the factors and themes identified in the strategy. Procedures, timetables and priorities will be determined by the technical committees assigned to relevant areas, which will also provide further details

**PRIORITY LEVEL:**

**VERY HIGH**

**HIGH**



## First Theme: Financial Culture

The Goal	Activity / Work	Leadership Roles	Timetable for Implementation								
			2025-2026			2026-2029					
<b>Spreading awareness and financial culture for all segments of society</b>	Implementing phased awareness and educational programs on national level covering the role and importance of financial services provided by the formal financial sector, such as digital payments, income planning in old age, voluntary retirement plans, insurance, different types of credit and credit guarantee plans, finance warehouses and Islamic finance	- Libyan government - Financial Institutions - Development Partners									
	Promoting financial culture and financial awareness among women.	- National Program for financial education - Central Bank - Ministry of Education - Civil society									
	Disseminating financial culture to all students in Libya, including school and university students and technical institutes	- National Program For financial education - Central Bank - Ministry of Education									
	Building the financial capacity of workers in the micro, small and medium-sized enterprises sector	- National Program for financial education - Central Bank - The government									
	Preparing and implementing programs to raise financial capabilities for entrepreneurs	- National Program for financial education - Central Bank - The government									
	Promoting financial culture for all segments of Libyan society through e-learning and means of visual and audio media	- National Program for financial education - Central Bank - The government									

## Second Theme: Consumer Financial Protection

The Goal	Activity / Work	Leadership Roles	Timetable for Implementation													
			2025-2026					2026-2029								
<b>Ensuring that individuals and companies have access to full and transparent information about services and financial products</b>	Request standard methodologies for calculating total costs, revenues, and disclosure	- Central Bank -Securities Commission and stock exchange														
	Determine the minimum content of the terms and the provisions	- Central Bank - The Government														
<b>Ensuring minimum consumer Protection standards for clients of all microfinance providers</b>	Assessing and implementing institutional arrangements, appropriate and practical to address gaps in consumer protection for non-financial microfinance banking and expansion of minimum standards for microfinance institutions	- Central Bank - The Government														
<b>Ensuring the development of Islamic finance in accordance with consumer protection standards</b>	Identify guidelines that address Code of Conduct, Consumer Financial Protection, and compliance with Sharia for institutions that provide Islamic finance services as recommended.	- Central Bank - The Government														



## Fourth Theme: Supporting Electronic Payment

The Goal	Activity / Work	Leadership Roles	Timetable for Implementation											
			2025-2026					2026-2029						
<b>Enhancing Digital Payments</b>	Reducing transaction costs	- Central Bank - Commercial Banks												
	Gain membership in relevant organizations and work with them to transform Government payments to digital	- Ministry of Finance												
<b>Achieving a broad range by pushing the largest part through electronic platforms</b>	Transfer payments (from government to individuals) to digital payments	- Libyan Government - Development Partners												
	Transferring the majority of company payroll payments (from the government to Company) (from companies to government) to digital platforms	- Libyan Government - Commercial Banks												
<b>Expand and diversify access points</b>	Reaching interoperability agreements between service providers	- Commercial Banks												
	Design a plan to expand the device network ATM	- Commercial Banks												

## Follow the fourth Theme: Financial Infrastructure

The Goal	Activity / Work	Leadership Roles	Timetable for Implementation										
			2025-2026				2026-2029						
<b>Create a framework Strong structure Infrastructure for transactions</b>	Issuing a law for transactions in accordance with International best practices	- Libyan Government - Parliament - Central Bank											
	Create an electronic guarantee register accessible by any small and micro enterprises	- National database and registration											
	Adoption of legal amendments required to improve real estate mortgage efficiency	- Central Bank - Ministry of Justice - Ministry of Finance											
	Enhancing the capacity of banking competent courts to grant exemption in the right time for insured creditors	- Banking Courts - Development Partners											
<b>Improving the legal and regulatory framework For payment systems</b>	Establishing a regulatory framework for payment services and payment systems	- Libyan government - Central Bank											
<b>Strengthening retail payment systems</b>	Developing infrastructure to support Low-value credit and debit operations between banks and group payments and instant transfers.	- Central Bank											
<b>Enhancing commercial finance for Finance institutions</b>	Establishment of the Libyan investment company in .microfinance	-Libyan government -Low-Income and Poor Fund - Development Partners											

## Fifth Theme: Financing Micro, Small and Medium Enterprises

The Goal	Activity / Work	Leadership Roles	Timetable for Implementation												
			2025-2026					2026-2029							
<b>Creating a political environment that encourages market-based development</b>	Ensuring the government's commitment to transforming the government's role from interventionist to a comprehensive, market-based	- The government -Central Bank													
	Evaluate the effectiveness of current interventions and assess the need for targeted interventions with an appropriate monitoring and evaluation framework.	- The government - Central Bank - Commercial Banks - Development Partners													
	Design and launch an enhanced partial guarantee scheme to enhance lending to micro, small and medium enterprises	- The government - Central Bank - Commercial Banks - Development Partners													
<b>Increase the capacity of banks and microfinance institutions to develop products and channels for micro, small, and medium enterprises by exploring new business models based on digital payment platforms and strategic alliances</b>	Capacity building and expertise development in the field of financing micro, small, and medium enterprises (MSMEs), particularly through the use of alternative models such as value chain financing, lending programs, women-focused services, cash lending, and the provision of non-financial support services (technical assistance) for business development.	- Commercial Banks - Other Financial Services Providers - Central Bank - Development Partners													
	Ensuring senior management commitment to a strategic perspective on MSME lending	- Central Bank Commercial Banks													

## Follow the Fifth Theme: Financing Micro, Small and Medium Enterprises

The Goal	Activity / Work	Leadership Roles	Timetable for Implementation									
			2025-2026				2026-2029					
<b>Improving business skills, Infinitesimal Small and medium Project capabilities</b>	Design new capacity building efforts or Expand it, focusing on areas of interest. Priority (i.e., the organized sectors that are likely to benefit immediately from access to finance)	- Related parties										
	Strengthening value chain linkages and borrowers' access to clusters	- Related parties - Commercial banks - Microfinance Institutions										

## Sixth Theme: Disasters and Crises (Climate Change - Epidemics - Wars)

The Goal	Activity / Work	Leadership Roles	Timetable for Implementation												
			2025-2026						2026-2029						
<b>Guarantee of Financial Services</b>	Enabling financial institutions to serve Individuals and businesses in the most affected areas	<ul style="list-style-type: none"> <li>- Central Bank</li> <li>- Libyan Government</li> <li>- Financial institutions</li> <li>- International and regional partners</li> <li>- National Financial Literacy Program</li> <li>- Civil society</li> </ul>													
<b>Support Economic Growth</b>	Create easy and flexible means of access to Sources of funding under adaption in the areas most affected by disasters and epidemic	<ul style="list-style-type: none"> <li>- Central Bank</li> <li>- Libyan Government</li> <li>- Financial Institutions</li> <li>- National Financial Literacy Program</li> </ul>													
<b>Credit Guarantee</b>	Establish credit guarantee programs (policies-tools) for Post-Recovery Response From crises and disasters	<ul style="list-style-type: none"> <li>- Central Bank</li> <li>- Libyan Government</li> <li>- Financial Institutions</li> <li>- National Financial Literacy Program</li> <li>- International and Regional Partners</li> </ul>													
<b>Capacity building and enhancement</b>	Drawing up precautionary policies and procedures (Macro-Micro) to enhance the capabilities of institutions in Confronting Crises and achieving the Principle of Continuity	<ul style="list-style-type: none"> <li>- Central Bank</li> <li>- Libyan Government</li> <li>- Financial Institutions</li> <li>- National Financial Literacy Program</li> </ul>													
	Financial instruments for disaster response (extension of insurance against disasters and crises)	<ul style="list-style-type: none"> <li>- Central Bank</li> <li>- Financial Institutions</li> <li>- National Financial Literacy Program</li> </ul>													

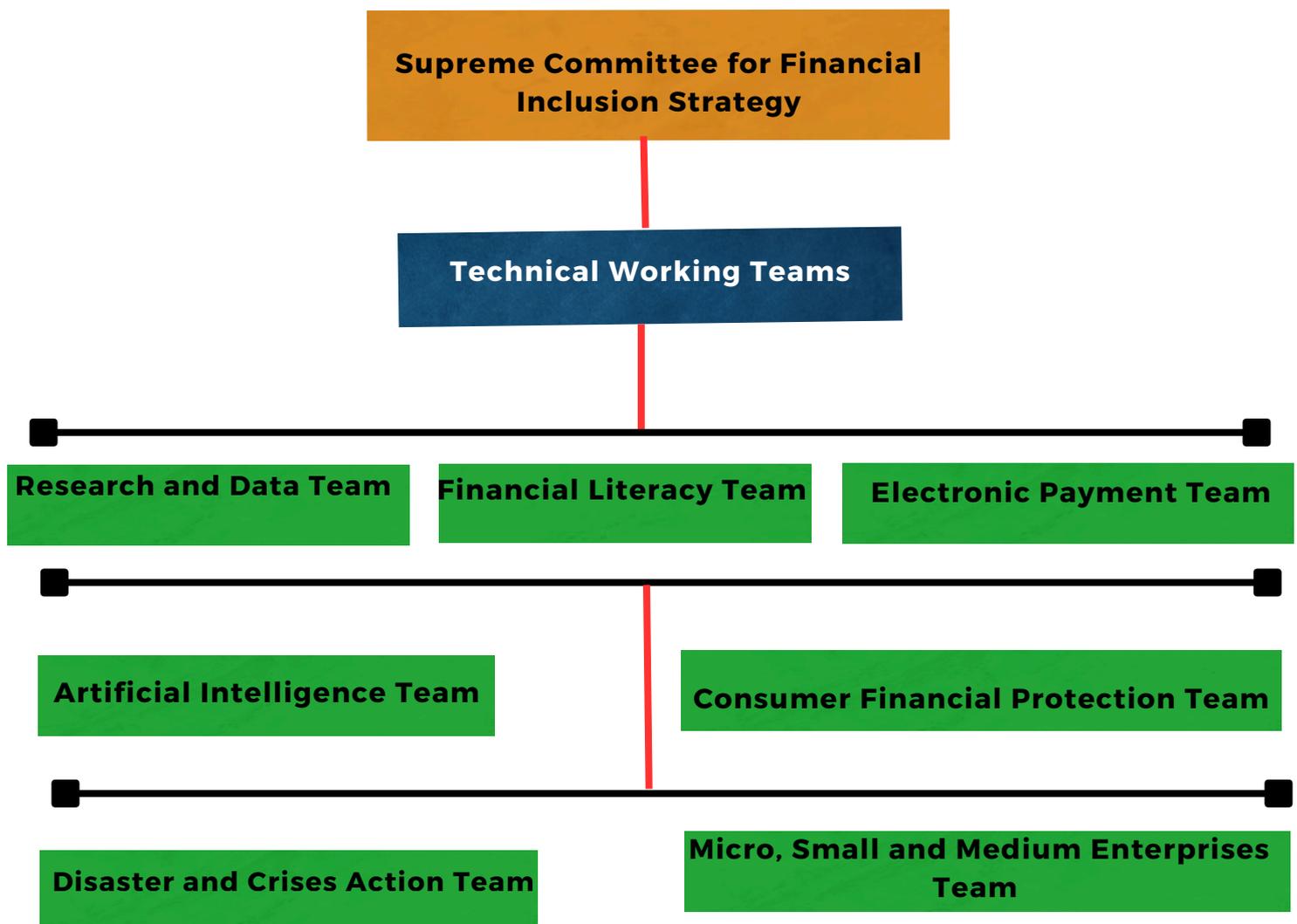
## Seventh Theme: Artificial Intelligence

The Goal	Activity / Work	Leadership Roles	Timetable for Implementation																	
			2025-2026					2026-2029												
<b>Improving customer service model</b>	Create interactive applications that use artificial intelligence to communicate and handle customer requests and needs, whether through conversations (text or voice)	- Central Bank - Financial Institutions National Financial Literacy Program																		
<b>Anti-Money Laundering and Counter-Terrorist Financing, and Fraud Monitoring</b>	Establishing AI-based systems that are flexible, accurate and fast.	- Central Bank - Financial Institutions - International and Regional Institutions National Financial Literacy Program																		
<b>Developing and enhancing human capabilities</b>	Training employees on the mechanisms and techniques of financial technology and artificial intelligence	- Central Bank - Financial Institutions National Financial Literacy Program																		
<b>Improving the quality of financial service</b>	Using smart financial services using artificial intelligence applications	- Central Bank Libyan - Government - Financial Institutions - National Financial Literacy Program																		
<b>Regulating the use of artificial intelligence</b>	Establishing a law to regulate artificial intelligence	- Central Bank - Libyan Government - Regulatory and Legal Authorities - Research Centers - National Financial Literacy Program																		

## 11 - Structuring Technical Committees and Working Teams to Follow up and Supervise the Implementation of the Strategy:

The various initiatives necessary to achieve the vision of financial inclusion in Libya are implemented by the Supreme Committee for the Financial Inclusion Strategy issued by Decision No. (513) of 2024 of His Excellency the Governor to achieve the goals of the National Strategy for Financial Inclusion. The coordination structure consists of two administrative levels:

- 1- The Supreme Committee for the Financial Inclusion Strategy.
- 2- Technical Working Teams.



**Their work will be supported by technical cadres from the Central Bank of Libya, local, regional and international expertise, and cooperation with consultancy firms. The following will define the objectives, activities and responsibilities of each administrative level to implement the strategy.**

## 11-1 Supreme Committee for Financial Inclusion Strategy

The Supreme Committee is entrusted with the following activities and responsibilities:

- 1) Adoption and launch of the National Financial Inclusion Strategy in Libya. 2) Directing and implementing key legislative and policy reforms necessary to achieve Libya's national financial inclusion goals.
- 3) Leading efforts to coordinate with relevant institutions and entities, and to unify and consolidate efforts under the umbrella of the Supreme Committee.
- 4) Ensuring that budget allocations provide sufficient resources to implement reforms within the framework of the National Financial Inclusion Strategy.
- 5) Monitoring and evaluating the implementation of the National Financial Inclusion Strategy, including tracking progress on reform measures and monitoring indicators and results achieved.
- 6) The committee shall meet at least once a month in the year to evaluate the progress made in the national financial inclusion strategy and to conduct Necessary corrections and guidance.
- 7) Submitting the minutes of the meetings and the report to His Excellency the Governor to present the progress made and the results related to the National Financial Inclusion Goals in Libya.

## 11-2 Technical Working Teams:

The technical working teams are assigned the following activities and responsibilities according to each pillar:

### 11-2-1 First Pillar Working Team (Financial Culture):

To achieve the main objectives and achieve and enhance financial inclusion in Libya, the working team is entrusted with the following tasks:

- Supervising, following up on the implementation and monitoring of all strategies and projects related to the bank's financial culture and taking all necessary measures that ensure the implementation of strategies and projects in accordance with the bank's objectives.
- Disseminating financial culture among schools, institutes and universities students and developing their capabilities and skills.
- Disseminating financial culture among small and medium-sized enterprise owners.
- Preparing programs, workshops, and seminars, and coordinating with visual and audio media to reach the largest possible segment of the society.

In order to support the implementation of the pillar and what is required to achieve the tasks and objectives, the team must prepare a strategy in accordance with International Standards.

- Seeking the help of experts and consulting firms.
- Review all initiatives and projects (financial and technical offers), prepare an executive position, and develop the necessary visions for this.
- Preparing a semi-annual work plan, including (preparation - implementation - follow-up - evaluation).
- Proposing the formation of specialized sub-work teams to ensure the team's tasks are completed efficiently and effectively, with roles distributed according to expertise and the skills required for each task.

## 11-2-2 Second Pillar Working Team (Consumer Financial Protection):

To achieve the main objectives and achieve and enhance financial inclusion in Libya, the working team is entrusted with the following tasks:

- Establishing a Consumer Financial Protection unit with its legal and regulatory framework in line with local and international standards and under the principle of disclosure, transparency, fairness and protection.
- Strengthening and establishing a general framework to financially protect the consumer for all banking and non-banking financial institutions subject to the authority of Central Bank of Libya.
- Enhancing cooperation with relevant regulatory institutions to monitor non-banking financial institutions and creating mechanisms for cooperation to financially protect the consumer.
- In order to support the implementation of the pillar and the tasks and objectives required to achieve them, the team shall prepare a strategy in accordance with international standards.
- Seeking the help of experts and consulting firms.
- Review all initiatives and projects (financial and technical offers), prepare an executive position, and develop the necessary visions for this.
- Preparing a semi-annual work plan, including (preparation – implementation – follow-up – evaluation).
- Proposing the formation of specialized sub-teams to ensure the team's tasks are completed efficiently and effectively, with roles distributed And the skills required for each task.

### 11-2-3 Third Pillar Working Team (Research and Data):

To achieve the main objectives and achieve and enhance financial inclusion in Libya, the working team is entrusted with the following tasks:

- Cooperating with research centers and data production centers to create a database.
- Data analysis and preparation of indicators to measure financial inclusion in Libya through surveys.
- Preparing research, reports, studies, workshops and conferences.
- In order to support the implementation of the pillar and the requirements for achieving the tasks and objectives, the team shall prepare a strategy in accordance with international standards.
- Seeking the help of experts and consulting firms.
- Review all initiatives and projects (financial and technical offers), prepare an executive position, and develop the necessary visions for this.
- Preparing a semi-annual work plan, including (preparation - implementation - follow-up - evaluation).
- Proposing the formation of specialized sub-teams to ensure the team's tasks are completed efficiently and effectively, with roles distributed in accordance with expertise and the skills required for each task.

#### 11-2-4 Fourth Pillar Working Team (Electronic Payment):

To achieve the main objectives and achieve and enhance financial inclusion in Libya, the working team is entrusted with the following tasks:

- Expanding the use of digital payment systems by having the government adopt digital payments as a tool for all Government payments to individuals and obligating government institutions to adopt electronic payments as a reliable channel for electronic transactions.
- Developing and reviewing the infrastructure and legislation.
- Reviewing all legislation, laws and circulars regulating the work of financial institutions and the provision of services.
- In order to support the implementation of the pillar and the requirements for achieving the tasks and objectives, the team shall prepare a strategy in accordance with international standards.
- Seeking the help of experts and consulting firms.
- Review all initiatives and projects (financial and technical offers), prepare an executive position, and develop the necessary visions for this.
- Preparing a semi-annual work plan, including (preparation - implementation - follow-up - evaluation).
- Proposing the formation of specialized sub-teams to ensure the team's tasks are completed efficiently and effectively, with roles distributed in accordance with expertise and the skills required for each task.

### 11-2-5 Fifth Pillar Working Team (Micro, Small and Medium Enterprises):

To achieve the main objectives and achieve and enhance financial inclusion in Libya, the working team is entrusted with the following tasks:

- Improving the regulatory and legislative framework to enhance access to finance.
- Strengthening the role of supervision and oversight over these projects, improving their capacity, and providing a supportive environment to achieve sustainable growth.
- Strengthening the financial and human capabilities that help in developing financial services and products for these projects.
- In order to support the implementation of the pillar and the requirements for achieving the tasks and objectives, the team shall prepare a strategy in accordance with international standards.
- Seeking the help of experts and consulting firms.
- Review all initiatives and projects (financial and technical offers), prepare an executive position, and develop the necessary visions for this.
- Preparing a semi-annual work plan, including (preparation - implementation - follow-up - evaluation).
- Proposing the formation of specialized sub-teams to ensure the team's tasks are completed efficiently and effectively, with roles distributed in accordance with expertise and the skills required for each task.

### 11-2-6 Sixth Pillar Working Team (Disasters and Crises):

To achieve the main objectives and achieve and enhance financial inclusion in Libya, the working team is entrusted with the following tasks:

- Raising the importance of awareness of the repercussions of climate change on the financial system, targeting financial institutions, and their human resources, customer and corporate sector, and raising awareness of the importance of green banking and financial activities.
- Enabling financial institutions to provide financial services in the most affected areas and ensuring their continuity.
- Supporting economic growth and guaranteeing credit.
- Building and strengthening human capacities and infrastructure based on a policy of adapting to the impact of climate change.
- Supporting exerted efforts to improve the management of risks resulting from climate change or the transition to a low-carbon economy.
- Increase financial flexibility in the face of climate shocks.
- In order to support the implementation of the pillar and the requirements for achieving the tasks and objectives, the team shall prepare a strategy in accordance with international standards.
- Seeking the help of experts and consulting firms.
- Review all initiatives and projects (financial and technical offers), prepare an executive position, and develop the necessary visions for this.
- Preparing a semi-annual work plan, including (preparation - implementation - follow-up - evaluation).
- Proposing the formation of specialized sub-teams to ensure the team's tasks are completed efficiently and effectively, with roles distributed in accordance with expertise and the skills required for each task.

### 11-2-7 Seventh Pillar Working Team (Artificial Intelligence):

To achieve the main objectives and achieve and enhance financial inclusion in Libya, the working team is entrusted with the following:

- Activating access to financial products for individuals and companies and analyzing the behavioral model to improve financial services.
- Bridging the awareness gap about the importance of artificial intelligence.
- Improving the role of financial innovation using artificial intelligence.
- Develop and design ethical principles for trustworthy AI, taking into account six dimensions (safety and robustness, non-discrimination and Fairness – Interpretation – Privacy – Accountability – Environmental Well-being) inclusive of all three perspectives (Technician-User Social).
- Preparing and designing an index of financial sector readiness for artificial intelligence based on the pillar of financial sector readiness and the sector of Technology, Data and Infrastructure Sector)
- In order to support the implementation of the pillar and the requirements for achieving the tasks and objectives, the team shall prepare a strategy in accordance with international standards.
- Seeking the help of experts and consulting firms.
- Review all initiatives and projects (financial and technical offers), prepare an executive position, and develop the necessary visions for this.
- Preparing a semi-annual work plan, including (preparation - implementation - follow-up - evaluation).
- Proposing the formation of specialized sub-teams to ensure the team's tasks are completed efficiently and effectively, with roles distributed in accordance with expertise and the skills required for each task.

## 12- Challenges and Difficulties:

By knowing the reasons for moving towards financial inclusion and reviewing the experiences of countries and the opinions of experts and relevant international institutions for financial inclusion in preparing and implementing financial inclusion strategies, we can identify the challenges and summarize them in:

1- Low income level, low level of financial illiteracy and lack of trust in financial institutions.

2-The spread of corruption and the lack of a clear reform and institutional development program. 3- Weakness of the basic financial infrastructure and the failure to update and develop legislation and laws related to the special nature of the financial sector.

4-Defining the economic identity of the Libyan state.

5- Security, political and economic instability.

6- The existing institutional and governmental division.

7- The high unemployment rate and the size of the informal sector in the gross domestic product.

8- Lack or absence of data and research sources regarding financial inclusion in Libya.

9- Weak financial literacy (financial culture).

10- Limited access to financing for small and medium enterprises.

11- Lack of designs for financial products and services for marginalized and vulnerable groups, especially people with disabilities to meet their needs, and lack of specialized employees to deal with these segments, lack of clear criteria when establishing buildings for banks that takes into account the needs of these segments.

12 - Lack of knowledge and scientific awareness of banking sector employees regarding the importance of financial inclusion.

13- Deficiencies in policies and governance that promote financial inclusion.