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## Financial Inclusion for Economic Restart and Integration in Iraq

### The opportunity

The financial system in Iraq is characterised by low levels of trust and a cash-based economy, hindering the usage of modern payment methods, savings and loans. Less than 20 percent of the adult population have an account at a formal financial institution (Findex survey, 2021). Additionally, micro, small, and medium-sized enterprises lack access to financial services such as bank lending, with less than 5 percent using these services.

Iraq has a significant opportunity to foster economic growth and social development by promoting financial inclusion which allows individuals and businesses to access useful and affordable financial services that meet their needs, for example when it comes to payments, savings, credit and insurance.

Promoting financial inclusion will strengthen the capacities of Iraqi citizens to manage their finances and start or grow businesses.

<b>Project name</b>	Financial Inclusion for Economic Restart and Integration in Iraq
<b>Commissioned by</b>	German Federal Ministry for Economic Cooperation and Development (BMZ) and co-funded by the European Union (EU)
<b>Implemented by</b>	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
<b>Volume</b>	18 Mio. EUR (11 Mio. EUR EU, 7 Mio. EUR BMZ)
<b>Duration</b>	December 2021 to November 2024
<b>Project Region</b>	Iraq
<b>Implementation Partners</b>	Ministry of Planning (MoP); Central Bank of Iraq (CBI)

### About the project

The Financial Inclusion for Economic Restart and Integration (FI) Project aims to sustainably improve access to inclusive financial services.

The project follows a comprehensive approach that focuses on both demand and supply of financial services and improves framework



conditions and regulation of financial services. The project is co-financed by the European Union (EU) and the German Federal Ministry for Economic Cooperation and Development (BMZ).

## The target group

The project addresses disadvantaged Iraqi population groups such as women, youth, people affected by poverty, internally displaced persons, returnees, refugees and micro, small and medium enterprises.

## The approach

The Financial Inclusion Project aims to strengthen financial inclusion through capacity building measures and the support to existing service providers in four main areas:

### 1) Developing inclusive financial services

Supporting financial service providers in developing inclusive financial services with innovations in financial product design, marketing approaches or delivery channels.

### 2) Awareness-raising on inclusive financial services

Implement needs-based training programmes and campaigns on financial literacy, inclusive financial services and financing of renewable energy investments.

### 3) Enhancing framework conditions

Strengthening the organisational capacity of the CBI and other regulatory actors, and supporting the development of the national strategy for financial inclusion.

### 4) Access to financial services for women-led businesses

Improving the framework conditions for women-led businesses to gain access to inclusive financial services tailored to their needs.

#### Selected achievements (as of 01/2024)



Project partners launched a **new loan product** with eased collateral requirement, addressing the needs of MSMEs in Iraq.



**Two regulatory reforms** to promote inclusive financial services have been **processed or adopted by the CBI**.



More than **3,100 Iraqis** participated in training sessions on the benefits and the use of financial services.



**73 percent** of training participants started using an **inclusive financial service** after taking part in financial awareness training sessions.

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