

EGYPT

Law and Practice

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Shehata & Partners Law Firm was founded in 1996 and has been driven by a vision to provide unique legal services that cater to the business needs of corporate entities doing business in Egypt. Its core mission is to provide the most trusted and effective legal advice on both dispute resolution and corporate law in Egypt. The

firm is results-driven and delivers exceptional services to clients across various practice areas and multiple industries. It continues to achieve the highest client satisfaction rates in the region due to the meticulous implementation of its client-centric approach.

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1. Fintech Market

1.1 Evolution of the Fintech Market

The fintech industry in Egypt experienced remarkable growth in 2024, as evidenced by Egypt's prominent representation in Forbes' latest release, *"The Middle East's Fintech 50"*. Egypt had the highest representation from any country in the region, with 13 companies featured. This achievement underscores Egypt's leadership in the regional fintech landscape and highlights its potential as a rising global contender in this sector.

These developments align with PwC's estimates, published in *"The Potential Impact of AI in the Middle East"*, which forecast that AI will contribute around 9% to Egypt's GDP by 2030. This positions Egypt very favourably compared to its regional peers, with AI contributions expected to be 12–13% for both the UAE and Saudi Arabia.

Regulatory Framework Developments

Over the past 12 months, Egypt has underscored its commitment to becoming a regional centre for AI innovation. This initiative builds on previous efforts, such as the launch of the *"Egyptian Charter for Responsible AI"* announced by the National Council for Artificial Intelligence. The

principles of this Charter align with global guidelines, including the OECD's AI principles.

Egypt recently introduced the second edition of its National Artificial Intelligence Strategy (2025–2030). This strategy builds upon the goals of its predecessor, aiming to enhance the efficiency and transparency of government operations through AI, and to apply AI in key sectors such as agriculture, healthcare, economic planning and manufacturing. It also aims to foster regional and international co-operation in AI.

Furthermore, Egypt is preparing to establish a new Responsible AI Centre, which will develop a framework for best practices in AI development. A new AI law is also currently under development. While the draft law is not yet publicly accessible, it has been discussed with multiple stakeholders. However, the content of such law can be anticipated by referring to a recent study in Arabic entitled *"Legislative Framework of Artificial Intelligence"*, published by the Information and Decision Support Center (IDSC), a public policy think tank affiliated with the Cabinet. The study states that an Egyptian AI law would need to address several key areas, including:

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- defining and categorising AI according to its learning method (supervised or unsupervised), model (neural networks, decision trees, deep learning, etc) and capacities;
- organising permits and licences based on the degree of risk associated with the AI, following a model similar to the draft EU AI Act; and
- establishing legal liability for AI, in both civil and criminal domains.

Although the study does not analyse the draft law that is currently under preparation, it is noteworthy that the IDSC, given its direct affiliation with the Cabinet, could be reflecting the current public policy trends of the Egyptian government. Moreover, the potential impact of the draft law on fintech activities is not clear.

On a final note, the Financial Regulatory Authority (FRA) recently issued Decree No 57 of 2024, establishing the first-ever regulations for robo-advisers for investment in Egypt. This electronic system uses AI algorithms to provide financial advice and create and manage investment portfolios, and rebalance them as needed.

Integration of AI in Fintech Products and Services

The integration of AI in fintech has become increasingly prevalent globally, and Egypt is no exception. While the use of AI in fintech products and services is still under development, there are currently no legal prohibitions preventing fintech companies from leveraging AI technologies. This regulatory gap provides fintech businesses with an opportunity to innovate and capitalise on AI's transformative potential, meeting the needs of an increasingly tech-savvy population.

The Egyptian fintech landscape boomed in 2024 and continues to thrive in 2025, driven by a tech-savvy population, supportive government

policies and a growing demand for innovative financial solutions. Key aspects of this growth include the following.

- Increasing financial inclusion: fintech start-ups are playing a crucial role in bringing financial services to the unbanked and under-banked population in Egypt. Mobile wallets, microloans and alternative credit scoring methodologies are making it easier for individuals without traditional bank accounts to access financial products and services.
- Rise of digital investments: Egyptians are increasingly interested in investing their money online. Robo-advisers, micro-investing platforms and fractional ownership solutions are making it easier and more affordable for Egyptians to invest in stocks, bonds and other assets through online platforms.
- Evolving payments landscape: while cash remains predominant in Egypt, cashless payments are gaining traction. Mobile wallets, QR code payments, the entry of Apple Pay and Google Pay, and contactless cards are becoming more popular due to the convenience and security they offer.
- Advancing legislative framework: efforts are underway to establish comprehensive laws and additional regulations that align with the market's rapid evolution and emerging challenges. This includes the introduction of a bill on AI governance to enhance investment attractiveness.

The fintech sector continues to face challenges similar to those observed last year. These include public awareness, regulatory gaps and the pending issuance of the executive regulations for the Egyptian Data Protection Law No 151 of 2020 (DPL) and the establishment of the Data Protection Centre (DPC).

Enhancing public awareness about digital financial services is crucial for the sector's growth. In addition, comprehensive regulatory frameworks will provide clarity and confidence for businesses. The full implementation of the EDPL will be a significant step towards robust data protection oversight and enforcement.

2. Fintech Business Models and Regulation in General

2.1 Predominant Business Models

The trends outlined back in 2023 by FinTech Hub, a unified platform established by the Central Bank of Egypt (CBE) to foster and connect all fintech ecosystem stakeholders, remain consistent. Such fintech business models (verticals) are as follows.

- **Payments and remittance:** this vertical is a major player in Egypt's fintech landscape. It includes start-ups and companies offering digital payment solutions, remittance services and mobile wallets. Notably, the CBE's new app, InstaPay, plays a crucial role in facilitating transactions, reducing cash dependency, and providing secure and convenient payment options.
- **Lending and alternative finance:** this vertical encompasses businesses providing alternative lending solutions, microloans and innovative credit scoring methods. These fintechs target individuals and SMEs that may not have access to traditional banking services, thereby promoting financial inclusion.
- **B2B marketplaces:** this vertical focuses on facilitating trade and transactions between businesses. These platforms often include features such as supply chain finance, invoicing and payment processing to streamline business operations and enhance efficiency.
- **Digital banking solutions** are gaining traction, offering a range of services, including online banking, personal finance management and digital-only banks. These solutions cater to the increasing demand for digital financial services and aim to provide a seamless and user-friendly banking experience. Furthermore, the CBE fosters the development of this field thanks to its recent regulations on the licensing and registration of digital banks, aiming to regulate the licensing and registration requirements and procedures for digital banks.
- **Regtech solutions** help financial institutions comply with regulatory requirements efficiently. These include electronic identity verification (eIDV), anti-money laundering (AML) tools and compliance management systems. Regtech is crucial for maintaining the integrity and security of the financial ecosystem.
- **Insurtech companies** offer innovative insurance solutions, utilising technology to improve the insurance value chain, from customer acquisition to claims processing. These start-ups are enhancing customer experiences and making insurance more accessible.
- **Wealthtech** encompasses robo-advisers, investment platforms and financial planning tools. These solutions are democratising investment opportunities and making wealth management services more accessible to the general population.
- **While still emerging, blockchain and cryptocurrency solutions** are developing in Egypt. These include platforms for trading, investing and utilising blockchain for secure transactions and record-keeping.
- **AI and data analytics:** fintech companies leveraging AI and data analytics are enhancing decision-making processes, risk assessment and personalised financial services. These

technologies are pivotal in driving innovation and efficiency in the fintech sector.

In conclusion, Egypt's fintech sector is diverse and dynamic, featuring a range of business models that cater to various needs and drive innovation. The key verticals, including payments and remittance, lending and alternative finance, and digital banking, demonstrate the sector's growth and potential. With ongoing efforts to establish a comprehensive legislative framework and the adoption of AI technologies, Egypt's fintech landscape is poised for continued advancement and opportunity.

2.2 Regulatory Regime

The regulatory regime for fintech industry participants in Egypt is governed by a combination of non-sector-specific rules and specific regulations for banking and non-banking financial sectors. Additionally, other foreign laws may apply whenever the case enters their scope, such as the EU General Data Protection Regulation (GDPR).

Non-Sector-Specific Legislation

The telecommunications sector is regulated by the Telecommunications Law, which covers all telecommunications services, including the installation and operation of networks, the use of equipment, the provision of wired and wireless communications, and IT services. This law is integral to the digital economy and interacts with other laws, such as the E-Signature Law, the Cybercrimes Law and the Media Law.

The E-Signature Law No 15 of 2004 recognises electronic signatures and contracts, allowing their use in contract formation. It establishes the Information Technology Industry Development Agency (ITIDA) to regulate and supervise e-signature activities. E-signatures must meet

criteria such as being linked to the signatory and being under their control. The verification and issuance of e-signature certificates are handled by service providers that are licensed by ITIDA.

The Data Protection Law No 151 of 2020 upholds data protection rights and aligns with international standards. It defines personal data and processing, requiring express consent from data owners and implementing measures to secure personal data. It is worth noting that the executive regulations of this law have not yet been issued, which hinders its effective application. Furthermore, the data retained by the CBE and banks and establishments that fall under its scrutiny is excluded from the scope of this law. These entities are governed by different regulations issued by the CBE.

The Cybercrimes Law, effective from August 2018, regulates online activities and penalises unlicensed activity and content violations. Service providers must keep records for 180 days, maintain data confidentiality and secure data to prevent damage.

The Non-Cash Payment Law No 18 of 2019 encourages the use of non-cash payment methods and regulates the use of electronic payment systems. Its scope of application covers primarily public authorities, publicly held companies and a defined category of privately held companies with respect to the payment of salaries.

Banking Sector Legislation

The New Banking Law No 194 of 2020 integrates the banking system into the digital economy, introducing digital banks, cashless payments, payment service providers (PSPs) and cryptocurrency regulations, as complemented by the CBE's regulations. It sets licensing conditions for operating payment systems and services,

requiring a CBE licence for natural and juristic persons. The law also mandates preserving electronic copies of documents.

Non-Banking Financial Sector Legislation

The FinTech Law No 5 of 2022 aims to include the non-banking sector in the digital market and promote a cashless society. The FRA supervises and regulates non-banking financial activities, including capital markets, insurance and consumer finance. Companies must meet licensing requirements and provide the necessary technological infrastructure and security measures.

These regulations provide a comprehensive framework for the fintech sector in Egypt, ensuring compliance, security and the promotion of a digital economy.

2.3 Compensation Models

In Egypt's fintech sector, the legal framework allows for various compensation models to charge customers, both directly and indirectly. The specific models permitted depend on the particular vertical and the relevant regulatory framework. These models include direct fees such as service charges and subscription fees, as well as indirect fees like commissions on transactions and interest rates on loans.

The specific obligations in relation to compensation models stem from the regulations of the FRA and the CBE. While these regulations cover many sectors, some specific industries and verticals may fall short and not be fully addressed.

2.4 Variations Between the Regulation of Fintech and Legacy Players

Please see 2.2 Regulatory Regime.

2.5 Regulatory Sandbox

There are two main regulatory sandboxes in Egypt, designed to foster innovation in the fintech sector.

Banking Fintech Sector

The sandbox for the banking fintech sector, launched by the CBE in May 2019, serves as a testing environment for fintech businesses developing new business models that face challenges from stringent authorisation requirements and regulatory uncertainties. It operates as a virtual space, allowing applicants to experiment with their innovative fintech solutions within a live, relaxed regulatory environment for a limited duration and on a small scale.

The primary goal of this sandbox is to integrate compliance into the fintech ecosystem at its early stages, enabling innovators to refine their offerings while safeguarding consumers and the financial system from risks.

Non-Banking Fintech Sector

The FRA introduced the CORBEH sandbox for the non-banking fintech sector in collaboration with the Egypt Securities Exchange. It provides a controlled environment for testing fintech applications under the governance of the Fintech Law and related FRA decisions. Key features include adaptable licensing, capital flexibility, the involvement of authorised founders' agents, compliance obligations, ongoing monitoring and reporting, and a focus on consumer protection and risk mitigation.

This sandbox aims to balance innovation promotion and risk management by allowing fintech businesses to experiment within defined parameters.

2.6 Jurisdiction of Regulators

There are two main regulators for the fintech industry in Egypt:

- the CBE oversees fintech activities within the banking financial services sector; and
- the FRA oversees fintech activities within the non-banking financial services sector.

Other regulators may also play a role in the fintech industry, including:

- the National Telecommunications Regulatory Authority (NTRA), which regulates digital wallet service offers by telecommunication companies; and
- ITIDA, which is responsible for overseeing the application of the E-Signatures Law.

2.7 No-Action Letters

A no-action letter is a formal communication issued by a regulatory authority indicating that it will not take enforcement action against a company for a specific activity that might otherwise be considered a breach of regulatory rules. This tool is prevalent in jurisdictions with developed financial regulatory frameworks, such as the United States and the United Kingdom, and serves to provide regulatory clarity and assurance to businesses, particularly in innovative sectors like fintech.

However, the Egyptian legal system does not formally recognise no-action letters. Instead, Egyptian regulatory authorities, such as the FRA and the CBE, may engage in informal guidance or discussions with companies regarding regulatory compliance.

The notion behind no-action letters is to allow companies to test new ideas, such as a new payment solution, before they are released to

the public. In Egypt, a somewhat similar concept is applied through the regulatory sandboxes issued by the FRA (see **2.5 Regulatory Sandbox**). These sandboxes enable fintech companies to test new products in a controlled environment with regulatory oversight, providing a level of regulatory assurance akin to no-action letters, although they are not identical.

2.8 Outsourcing of Regulated Functions

Obligations differ according to the fintech sector in question, as follows.

Banking Fintech Sector

Under Egyptian regulations, banks cannot obtain services from providers that are not registered with the CBE. Doing so exposes them to full responsibility for any potential complications caused by these unregistered collaborators. In this regard, the Banking Law mandates registration with the CBE for any third party providing services (known as delegated services) on behalf of licensed financial institutions.

Non-Banking Fintech Sector

The FRA regulates online trading activities in Egypt and has issued specific regulations outlining the requirements for brokerage companies offering online trading platforms.

The Non-Banking Fintech Law has also set out certain conditions for the outsourcing of certain fintech provider functions. In this regard, fintech firms are obliged to conclude due diligence on potential vendors (to whom the functions are outsourced), assessing their financial stability, compliance history and security practices. Stringent data protection regulations are also applicable when it comes to the outsourcing of some fintech provider functions. Depending on the function outsourced, the fintech providers may be required to report the outsourcing

arrangement to the relevant regulator and notify the customers concerned.

Furthermore, service providers shall be registered before outsourcing fintech activities, in accordance with FRA Decree No 141 of 2023.

2.9 Gatekeeper Liability

As a general rule, regulated entities (whether start-ups or large players) are responsible for ensuring that the services they provide are not used for illicit purposes. This is why all regulated actors are subject to Egyptian AML legislation, and are expected to obtain sufficient information on their clients to be able to prevent them from using their platform for illicit activities.

A prominent example of fintech providers in Egypt acting as “gatekeepers” is the PSPs which are designated as “gatekeepers” with specific obligations to prevent and report suspicious transactions, conduct know your customer (KYC) and AML checks, and implement data security measures.

Generally, the concept of “gatekeeper” responsibility for fintech providers in Egypt is still evolving. In this respect, the level of responsibility for other fintech activities varies depending on the type of service and the applicable regulations.

2.10 Significant Enforcement Actions

Due to the emerging nature of the fintech ecosystem in Egypt and the limited public accessibility of enforcement actions, it is challenging to compile a comprehensive list of significant enforcement actions across either the banking fintech sector or the non-banking fintech sector.

2.11 Implications of Additional, Non-Financial Services Regulations

Please see 2.2 Regulatory Regime.

2.12 Review of Industry Participants by Parties Other than Regulators

Concerning the banking fintech sector, the Banking Law states that any bank must be audited by two auditors that are chosen from the list created for this purpose by the CBE.

A single auditor cannot audit more than two banks simultaneously, and the auditor may not be a shareholder in the bank they are auditing. Moreover, the bank must inform the CBE within 30 days of appointing its auditors.

Lastly, the CBE governor can appoint a third auditor for specific tasks at their discretion, with the costs to be covered by the CBE. There are no similar obligations for fintech providers within the non-banking fintech sector just yet.

2.13 Conjunction of Unregulated and Regulated Products and Services

There are instances of industry participants offering unregulated fintech products and fintech services in Egypt. This practice, while not explicitly prohibited, raises complex questions and is coming under increasing scrutiny by the regulatory bodies concerned (including the CBE and the FRA).

2.14 Impact of AML and Sanctions Rules

The AML significantly impacts both regulated and unregulated fintech providers, shaping their operations and influencing their growth within both the banking fintech sector and the non-banking fintech sector. In this regard, Egypt’s AML legislation and its executive regulations require specific obligations from multiple designated entities, including entities operating under the umbrellas of both the CBE (banks, branches of foreign banks and money transfer entities) and the FRA (financial leasing companies and factoring companies). These entities also face

additional compliance responsibilities under the relevant sectoral laws. Failure to comply with such rules exposes them to various penalties, ranging from financial fines to imprisonment.

2.15 Financial Action Task Force Standards

Egypt's AML and sanctions rules generally adhere to the standards imposed by the Financial Action Task Force (FATF). The legal and regulatory framework in Egypt, including Law No 80 of 2002 and the oversight of the Egyptian Money Laundering and Terrorist Financing Combating Unit (EMLCU), ensures alignment with FATF's recommendations.

Egypt is not a member state of the FATF but is a member state of the Middle East and North Africa Financial Action Task Force (MENAFATF), which is an associate member of the FATF. The MENAFATF issued its report on the Egyptian AML and counter-terrorist financing (CTF) measures in 2019, which was certified by the FATF, ensuring the overall compliance and following FATF imposed standards.

Through regular updates and participation in mutual evaluations under the MENAFATF, Egypt maintains its commitment to international AML/CTF standards.

2.16 Reverse Solicitation

The Egyptian legal system does not explicitly regulate reverse solicitation, as it is not addressed under Egyptian law or FRA regulations. However, if an Egyptian business intends to engage with an EU-based entity, it must comply with EU laws and regulations, particularly the Markets in Crypto-Assets (MiCA) Regulation.

3. Robo-Advisers

3.1 Requirement for Different Business Models

There are no class assets under the Non-Banking Fintech Law and hence no different business models are mandated on this front.

Please note that dealing in cryptocurrency without a licence from the CBE is prohibited, according to the Banking Law. To date, no such licence has yet been issued.

3.2 Legacy Players' Implementation of Solutions Introduced by Robo-Advisers

The FRA recently issued Decree No 57 of 2024, officially introducing robo-advisers into the Egyptian legal system. The Decree defines a robo-adviser as an *"electronic system that issues financial advice to form, manage, and rebalance a client's investment portfolio through the use of algorithms or artificial intelligence algorithms"*.

As the decree is newly issued, legacy players have not fully adhered to its requirements. The decree limits its application to businesses operating in securities and financial instruments, including stocks, bonds, securitisation bonds, treasury bills, investment fund documents, and traded futures contracts listed and traded on the Egyptian stock exchanges.

According to the Decree, the following key requirements must be met.

- Minimum capital requirements: companies must have a minimum issued and paid-up capital of EGP15 million at the time of submitting the application to the authority.
- Cybersecurity insurance: companies must be insured against cybersecurity risks by a

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licensed insurer authorised by the authority, whenever available.

- Algorithmic transparency: the AI technology used must be transparent and auditable, with clear documentation and oversight procedures.
- Human oversight: companies must maintain a qualified team with expertise in both algorithmic methodology and the technological aspects of the service.
- Qualified management and team: a responsible manager, approved by the authority, must oversee the program's operation. The company must also employ a qualified team with expertise in algorithmic methodologies and relevant technologies. If outsourcing development, the provider must meet the required experience and competency standards.

Furthermore, the following measures should be taken to safeguard clients of the robo-advisory services.

- Evaluating client suitability: robo-advisers must assess a client's suitability for specific investments based on their risk tolerance and financial situation.
- Client awareness: clients must be informed of the potential risks associated with automated investing and retain an option to discontinue transactions whenever they choose.
- Transparent agreements: all client agreements must be clear and written in Arabic, explicitly detailing the service provided, applicable fees and the procedures for resolving disputes.

Robo-advisory services cover significant advantages, such as:

- broader access to financial services – robo-advisers are set to make financial services

more accessible to a wider audience, promoting greater financial inclusion;

- strengthened market dynamics – by fostering innovation, the new regulations aim to enhance competition within Egypt's financial sector; and
- expansion of the fintech ecosystem – the regulatory framework is expected to stimulate the emergence of fintech start-ups, driving growth in the industry.

3.3 Issues Relating to Best Execution of Customer Trades

The Non-Banking Fintech Law in Egypt provides a foundational framework for the regulation of various fintech activities. However, it is premature to address specific practical issues, such as the best execution of customer trades, within the broader fintech sector. The law is still in its early stages, and the regulatory interpretations of certain aspects, such as best execution, will require time to evolve.

4. Online Lenders

4.1 Differences in the Business or Regulation of Fiat Currency Loans Provided to Different Entities

Online loans, which involve the disbursement of fiat currency (government-issued money not backed by a physical commodity), can be processed through either the banking fintech sector or the non-banking fintech sector.

Banking Fintech Sector

The CBE's updated regulations on mobile payments now pave the way for instant digital lending via mobile phones. This allows banks to bypass the traditional branch visits and disburse loans electronically through approved mobile payment services.

The CBE sets the following limits for mobile loans:

- for individuals, loans are capped at EGP5,000;
- Category (A) Companies, which must meet specific verification criteria and have mobile accounts with the bank, can access amounts up to EGP15,000, aligning with the AML regulations issued in March 2020; and
- Category (B) Companies, encompassing micro-businesses and individuals like plumbers and electricians, can borrow up to EGP10,000 through mobile loans but they must be listed under specific economic activities as defined by the CBE and have mobile accounts adhering to the AML regulations.

The CBE governor retains the authority to amend those specified maximum limits as necessary.

Non-Banking Fintech Sector

The Non-Banking Fintech Law in Egypt expands its reach to consumer financing activities conducted through online platforms. Any entity offering such services requires a licence/permit from the FRA. The same also applies to offering microfinance activities, SME financing activities or nano-finance activities through online platforms; all of these activities require prior licensing by the FRA.

4.2 Underwriting Processes

The CBE sets regulations for digital lending to protect both borrowers and lenders. These regulations require borrowers to understand and agree to the terms of their mobile loans, provide valid identification and have their creditworthiness and existing digital loans assessed before the loan is approved. This helps to ensure responsible lending practices and informed financial decisions in the digital era.

Egypt's financial landscape is evolving with the use of alternative data for credit assessments. This allows banks to consider factors like bill payment behaviour when evaluating loan eligibility, potentially broadening access to credit for individuals without traditional credit scores. However, regulations require banks to implement robust risk management practices and testing procedures to ensure responsible lending and to mitigate potential risks associated with this innovative approach.

4.3 Sources of Funds for Fiat Currency Loans

The legal framework concerning loan sources in Egypt varies depending on the lender itself. In this regard, the Banking Law applies to any legalities concerning the source of funds for any entities operating within the banking fintech services sector, which is governed by the CBE. The Non-Banking Fintech Law applies to non-banking fintech providers, and the FRA would be the relevant authority.

4.4 Syndication of Fiat Currency Loans

Egypt's financial sector relies heavily on loan syndication, where multiple banks co-operate to provide financing for large-scale projects or borrowers with significant loan requirements. This practice helps to distribute risks, mobilise resources and facilitate economic growth. In this regard, the syndication of loans is primarily regulated under the provisions of the Banking Law.

5. Payment Processors

5.1 Payment Processors' Use of Payment Rails

The CBE plays a crucial role in regulating payment systems and services and the offering of payment services like online payments or money

transfers. It sets out the rules and requirements with which technology companies must comply.

The CBE actively supervises all payment system operators and payment service providers in Egypt. The CBE has the authority to impose specific standards, controls or rules on any player if needed, particularly regarding how their systems work together, how their services are delivered and how their payment orders are handled. This also includes rules on interoperability between the different payment systems.

5.2 Regulation of Cross-Border Payments and Remittances

General Rule: Payment in EGP

The CBE regulations require most transactions between Egyptian individuals and businesses to be conducted within the country's borders and exclusively in the national currency (EGP). However, a few exceptions allow for foreign currency transactions under specific circumstances.

Furthermore, Egyptian regulations restrict individuals and entities from directly exchanging foreign currencies or clearing between customer accounts of other currencies. Any such activity typically requires prior authorisation from the CBE to ensure compliance with the financial regulations concerned.

Exception: Rules for Mobile Payment Systems for Individuals

The CBE mandates specific requirements for receiving foreign currency transfers via mobile payment systems, whilst adhering to specific rules, as follows:

- only individuals are eligible for such transfers, not businesses;
- stringent monitoring ensures compliance with AML and CTF regulations;

- the banks set individual maximum amounts based on risk assessments, with the aim of protecting both the individual and the bank – by limiting the amount of foreign currency that can be transferred through mobile payments, authorities and financial institutions strive to prevent financial crimes and promote responsible financial practices;
- the bank concerned takes the necessary steps to guarantee that the person making the transfer is the same user of the system and that their mobile phone account has been credited with EGP;
- before the transfers are examined, the amounts of incoming international transfers should not be credited to the mobile phone account; and
- it must be verified that the two transfer parties are not included on any national or international sanction lists.

6. Marketplaces, Exchanges and Trading Platforms

6.1 Permissible Trading Platforms

The Egyptian Stock Exchange (EGX) leverages a diverse set of trading platforms, including the X-Stream Trading System, which serves as the primary platform for both the main market and the SME market. Sub systems include the following:

- the Coding System registers investors and grants them individual identification codes used for trading within the market;
- the Omnibus Accounts System aggregates orders from multiple investors into a single compound account – after the trading session, shares are reallocated to each investor based on their contribution and the average execution price;

- the Block Trades System aims to break up large transactions into smaller ones, executing them gradually to minimise their overall impact on the security's market price and help to maintain price stability and fairness for all investors;
- the Surveillance System – the measures implemented by the EGX to uphold investor protection include a mechanism for verifying that transactions comply with all applicable laws, regulations and procedures;
- the Operations System (OPR) – to use this system successfully, the customer needs to meet certain eligibility criteria;
- the Disclosure System is the mechanism for the dissemination of material information concerning publicly traded securities; and
- the OTC Trading System is for trading unlisted companies.

6.2 Regulation of Different Asset Classes

Please see 6.1 Permissible Trading Platforms.

6.3 Impact of the Emergence of Cryptocurrency Exchanges

Please see 3.1 Requirement for Different Business Models.

6.4 Listing Standards

The EGX's listing and delisting rules regulate every aspect of the process for both domestic and foreign companies seeking to list their securities on the exchange. These rules encompass eligibility criteria, application procedures and ongoing reporting obligations.

For instance, the FRA has recently reduced the minimum required number of shares to be eligible for listing on the EGX; the new FRA regulations now stipulate that companies shall offer no less than 1% of the total free-float market cap. The FRA has also introduced an additional

amendment whereby it allows companies to register their securities without initially meeting the minimum requirements for the percentage of the shares offered, the number of shareholders and the percentage of free-floating shares. However, such companies must complete the offering and commence trading within six months of registration, with the possibility of an extension subject to FRA approval, compared to the previous one-month timeframe.

6.5 Order Handling Rules

The Egyptian Capital Market Law and its executive regulations establish the general principles for order handling on the EGX. These principles include best execution, price priority and time priority.

6.6 Rise of Peer-to-Peer Trading Platforms

Peer-to-peer (P2P) trading platforms refer to the direct buying and selling of cryptocurrencies among users without intermediaries – eg, Binance, Huobi, OKX, Paybis. Egypt's regulatory framework for P2P trading is still evolving, but any entity that is willing to engage in any activity related to cryptocurrencies or electronic money must first obtain a licence from the CBE.

In this respect, it must be noted that the CBE maintains a strong stance against cryptocurrencies, issuing multiple warnings highlighting the substantial risks involved in cryptocurrency trading. Furthermore, engaging in such activities without a licence carries a risk of imprisonment for up to ten years and/or a fine ranging from EGP1 million to EGP10 million.

6.7 Rules of Payment for Order Flow

Payment for order flow is not expressly regulated under Egyptian law, instead falling under

the general provisions of the individual trading or brokerage account agreements.

6.8 Market Integrity Principles

Market integrity is built on two key elements: adequate disclosure and a fraud-free market. To uphold market integrity, adequate disclosure is required by the Capital Market Law and its executive regulations from brokerage companies to disclose conflicts of interest and maintain strict client confidentiality.

Under Article 244 of Decree No 39 of 1998, brokers, directors and employees are prohibited from engaging in insider trading, a form of securities fraud where non-public, material information about a company is misused for personal gain. Transactions must be justified, and excessive trading (churning) to generate fees is banned. Brokers may only execute trades based on recorded client instructions, and clients must be informed of completed transactions within 24 hours.

In addition, any trades involving company directors, employees or their relatives require written approval from the board of directors.

These regulations ensure transparency, fairness and investor protection in the market.

7. High-Frequency and Algorithmic Trading

7.1 Creation and Usage Regulations

The EGX establishes trading rules and procedures for all participants, including high-frequency and algorithmic trading.

The EGX has created an electronic trading platform for the Primary Dealers System, which

facilitates bond trading based on “*clean prices*”, where accrued interest is factored in automatically. It also calculates key metrics like yield to maturity, current yield, duration and accrued interest. The system connects electronically with primary dealers, custodians and Misr for Central Clearing, Depository and Registry Company (MCDR).

Launched to boost bond market liquidity, the Primary Dealers System aims to lower government borrowing costs and equip the CBE with tools for secondary market intervention via open market operations. Its primary functions are underwriting initial government securities offerings and acting as market makers in the secondary market.

7.2 Requirement to Be Licensed or Otherwise Register as Market Makers When Functioning in a Principal Capacity

Becoming a market maker in Egypt requires a licence from the FRA and registration in its designated register, as stipulated by the Capital Market Law. To qualify, a company must meet specific criteria set by the FRA, including:

- minimum issued and paid-up capital of EGP10 million;
- more than 50% ownership by FRA-licensed companies operating in the securities sector; and
- dedicated capital for market-making activities:
 - (a) EGP10 million for each traded index fund; and
 - (b) 20% of the average daily trading value of the specific security (minimum EGP250,000 for EGX-listed, EGP100,000 for SMEs), adjusted quarterly by the stock exchange.

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Market-making activities must be conducted separately from other company operations, with independent accounts and records maintained for exchange-traded funds and securities market-making.

Market maker activity was incorporated into Egypt's capital market in 2007 via a Ministerial decree, expanding the services offered by capital market companies.

7.3 Regulatory Distinction Between Funds and Dealers

Unfortunately, no applicable information specific to this jurisdiction is available at present.

7.4 Regulation of Programmers and Programming

Unfortunately, no applicable information specific to this jurisdiction is available at present.

8. Insurtech

8.1 Underwriting Processes

Egyptian law imposes strict regulations on insurance activities. According to Law No 155 of 2024, anyone engaging in insurance or reinsurance, directly or through intermediaries, must be licensed by the FRA. This includes fintech companies selling or marketing insurance products.

The Non-Banking Fintech Law includes fintech in non-banking financial activities, including insurtech. In addition, the FRA issued two relevant decrees in 2023:

- the first decree outlines the technological infrastructure requirements for entities operating in non-banking financial activities, including insurtech (FRA Decree No 139 of 2023, dated 21 June 2023); and

- the second decree requires non-banking financial activities to have a licence certifying that they have processes in place to verify digital identity, digital contracting and digital record-keeping (FRA Decree No 140 of 2023, dated 21 June 2023).

Fintech companies, especially insurtechs, must adapt their underwriting to comply with these regulatory standards. This includes incorporating secure digital platforms and ensuring transparency in data handling. Furthermore, technology such as AI and predictive analytics may be used to streamline underwriting, but it must align with the FRA's requirements for fair treatment and data protection.

8.2 Treatment of Different Types of Insurance

Please see 8.1 Underwriting Processes.

9. Regtech

9.1 Regulation of Regtech Providers Banking Fintech Sector

The Banking Law empowers the CBE to actively drive the adoption of modern technology by licensed entities through various measures, including:

- establishing a regulatory testing environment for regtech solutions; and
- a temporary exemption from some of the licensing requirements stipulated in the Banking Law for start-up companies and other entities that test regtech to provide innovative financial services.

Non-Banking Fintech Sector

The Non-Banking Fintech Law also provides a comprehensive framework for licensing fintech

activities in the non-banking financial services sector, including regtech activities.

9.2 Contractual Terms to Assure Performance and Accuracy

The Non-Banking Fintech Law mandates the inclusion of specific contractual terms for non-banking fintech providers employing financial technology. These include:

- detailed identification and verification of contract parties, to ensure all parties involved are clearly identified and verified;
- defined financing parameters, to precisely define the amount, duration, instalments and individual instalment value of the offered financing;
- the interest rate structure, to specify the interest rate used to calculate financing costs, clarifying whether it is fixed or variable, and independent of limitations set by other laws; and
- guarantee disclosure, to clearly disclose any guarantees secured by the financier.

10. Blockchain

10.1 Use of Blockchain in the Financial Services Industry

Distributed ledger technology and blockchain remain largely unregulated. However, the Banking Law restricts certain activities related to blockchain, such as issuing or trading cryptocurrencies and electronic money, as well as establishing platforms for their exchange, as such activities require a licence from the CBE as per its regulations.

10.2 Local Regulators' Approach to Blockchain

Please see 10.1 Use of Blockchain in the Financial Services Industry.

10.3 Classification of Blockchain Assets

Please see 10.1 Use of Blockchain in the Financial Services Industry.

10.4 Regulation of "Issuers" of Blockchain Assets

Please see 10.1 Use of Blockchain in the Financial Services Industry.

10.5 Regulation of Blockchain Asset Trading Platforms

Please see 10.1 Use of Blockchain in the Financial Services Industry.

10.6 Staking

Staking allows cryptocurrency holders to earn returns by locking their coins in a dedicated staking wallet, akin to a savings account where funds generate interest while they remain deposited. The returns from staking vary based on the quantity of staked coins and the duration of their commitment.

In Egypt, any activities involving the creation, trading, promotion or other dealings in cryptocurrencies are strictly regulated under the Banking Law. According to this law, such activities require a licence from the CBE.

Since staking is inherently linked to cryptocurrency activities, it falls under the category of prohibited activities unless a proper licence is secured from the CBE. Therefore, offering or engaging in staking services without the necessary licensing is not permissible under Egyptian law. The CBE has issued multiple warnings

against dealing in cryptocurrencies, emphasising the legal and financial risks involved.

10.7 Crypto-Related Lending

Please see 10.6 Staking.

10.8 Cryptocurrency Derivatives

Please see 10.6 Staking.

10.9 Decentralised Finance (DeFi)

Currently, there are no specific regulations directly governing DeFi under Egyptian law.

10.10 Regulation of Funds

Please see 10.1 Use of Blockchain in the Financial Services Industry.

10.11 Virtual Currencies

Please see 10.6 Staking.

10.12 Non-Fungible Tokens (NFTs)

While the regulatory landscape for NFTs in Egypt is currently evolving, existing regulations like the Banking Law prohibit the use of virtual assets (including NFTs) for financial purposes without a prior licence from the CBE.

11. Open Banking

11.1 Regulation of Open Banking

The CBE has recently implemented regulations governing instant payments network (IPN) services, enabling people to make electronic inter-bank transfers through mobile phone applications utilising application programming interfaces (APIs). Consequently, banks intending to offer IPN services must first obtain a licence from the CBE.

11.2 Concerns Raised by Open Banking

The CBE places primary responsibility on senior bank management to proactively assess and mitigate risks associated with instant payments, particularly data privacy and security concerns. This ensures adequate protection of the data and systems associated with transactions executed through the IPN from internal and external threats, achieved through measures such as:

- defining precise roles and responsibilities for overseeing and managing the bank's security policies;
- implementing robust safeguards to prevent unauthorised access to computer systems;
- establishing the necessary electronic controls to restrict access to IPN applications and databases, including data classification, access rights determination and determining who has authorised access;
- reviewing and approving key aspects of the bank's security oversight process, including periodic review of security and system testing procedures;
- choosing encryption technology commensurate with data sensitivity and regulatory requirements, minimising data storage on mobile devices;
- utilising secure communication channels like leased lines or virtual private networks for data exchange between banks and payment service partners; and
- conducting regular security assessments of all systems (applications, networks, security devices, DNS, servers and email servers).

12. Fraud

12.1 Elements of Fraud

Fintech fraud encompasses illicit practices within the financial technology sector, includ-

ing online banking, mobile payments and other digital financial services. There are no special provisions regarding the elements of fraud in the financial services and fintech, so fraud in these sectors is subject to the general provisions of the Egyptian Criminal Code.

Elements of fraud under Egyptian law include (as per Article 336 of the Egyptian Criminal Code):

- material element – this refers to the use of fraudulent methods, the seizure of the victim's property and a causality between the perpetrator's actions and the victim's loss; and
- moral element – this refers to the criminal intent (ie, the deliberate intent to deceive the victim and misappropriate their property through the knowing and unlawful employment of fraudulent methods).

12.2 Areas of Regulatory Focus

Several established forms of fraud as defined by Egyptian law are relevant to the fintech industry, such as the following.

- Fraudulent money transfer – this can be caused by fraud or negligence from the payment system operator. In such cases, transferred amounts will have to be recovered (Article 192 of the Banking Law).
- Providing misleading information – this refers to concealing data in the records or other documents submitted to the CBE. This is punishable by imprisonment and/or a fine ranging from EGP500,000 to EGP1 million (Article 230 of the Banking Law).
- Credit reporting or rating services fraud – the intentional manipulation of credit reporting or credit rating services for the purpose of securing credit is punishable by a fine ranging from EGP100,000 to EGP1 million (Article 230 of the Banking Law).

- Providing unlicensed fintech services – running or offering non-banking financial services through a fintech platform without a prior licence from the FRA would expose such unlicensed operators to a minimum imprisonment term of six months and/or fines ranging from EGP200,000 to EGP1 million (Article 18 of the Fintech Law).
- Data confidentiality breach – disclosing a client's personal information without their prior written consent and/or unauthorised access to accounts or systems are punishable by a fine ranging from EGP100,000 to EGP1 million (Article 5, paragraph 5 and Article 36 of the Data Protection Law).
- Market manipulation – this refers to a type of securities fraud (ie, buying or selling securities with the intent to artificially inflate or depress prices) (Article 21 Bis of the Capital Market Law).
- Cybercrimes targeting bank cards, service and electronic payment methods – these crimes are punishable by an imprisonment term of at least three months and/or a fine ranging between EGP30,000 and EGP50,000 (Article 23 of the Anti-Cybercrime Law No 175 of 2018).

12.3 Responsibility for Losses

The responsibility of a fintech service provider for customer losses in Egypt is based primarily on the contractual relationship between the provider and the customer. However, any contract that stipulates the provider is only to share in losses or profits is not permissible under Egyptian law.

According to Article 505 of the Egyptian Civil Code, in the context of commercial companies, it is prohibited for any partner to agree to share only in losses or only in profits. Extending this principle to this situation, a similar obligation

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could be inferred, requiring a balanced sharing of both profits and losses, making it impermissible for a service provider to contractually agree to bear only losses or receive only profits.

The service provider's responsibility may be further influenced by their compliance with applicable laws and regulations. If the losses suffered by the customer are due to the service provider's non-compliance with legal or regulatory provisions, the provider may be required to share in the losses or even to fully compensate the customer for the damages incurred.