

Egypt

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1. Fintech regulatory framework: a summary of the most relevant laws and regulations concerning fintech and financial innovation.

Regulatory background

Financial technology¹ ('fintech') was not regulated in Egypt until the issuance of the Banking Law No 194 for 2020 (the 'Banking Law'). The Banking Law introduced new provisions regulating financial technology in the banking sector, which includes electronic payment ('e-payment') services, payment system operators (PSOs), payment service providers (PSPs) and systematically important payment systems (SIPS). These activities are subject to the regulation and supervision of the Central Bank of Egypt (CBE). Companies conducting these activities must be licensed by CBE.

Such legislative development was furthered by the issuance of Law No 5 for 2022 on the use of financial technology in the conduct of non-banking financial services (NBFS) for the first time in Egypt (the 'Fintech Law'). The Fintech Law puts forward a legal framework with the purpose of facilitating the integration of technology in the conduct of NBFS. The Fintech Law covers services/applications such as robo-advisory,² insurtech,³ artificial intelligence, mobile applications and digital platforms used to provide microfinance, nanofinance and consumer finance. The conduct of such services requires the prior approval of the Financial Regulatory Authority (FRA). Other applications/services may be authorised provided they (1) are suitable for the nature of the financial activity in question, (2) maintain the necessary software for the protection of personal data from hacking and cyberattacks, and (3) comply with the rules issued by the FRA in connection with the verification of digital identity⁴ and digital contracts⁵ used in non-banking financial activities and anti-money laundering (AML) regulations.⁶

Before the promulgation of both laws, some companies used to provide both banking and non-banking fintech services informally, often in line with the CBE circulars. Following the issuance of the Banking Law and the Fintech Law, entities, whether those operating in Egypt or targeting Egypt, become expressly prohibited from rendering fintech services to individuals residing in Egypt without obtaining the proper licence from either CBE or FRA, as the case may be.

1 Any tools or mechanisms utilising modern and innovative technology in the non-banking financial sector to support and facilitate financial, financing and insurance activities and services using applications, software, digital platforms, artificial intelligence or electronic register.

2 An innovative system used by licensed entities operating non-banking financial activities to analyse clients' data, financial situations, future objectives and plans to provide them with technical advice through the utilisation of the artificial intelligence platforms.

3 Insurance technology.

4 The technically analysed data related to a specific natural or legal person, which are directly or indirectly defined through linking such data with other data such as name, voice, picture, identified numbers and identity, in case these data allow the authentication of transaction operated through a digital platform.

5 The contract electronically created to include parties' rights and obligations and which can be registered in a digital register. This digital contract can also be a 'smart contract' that utilises applications (lines of code) to create a self/auto-execution contract, with auto control or authentication of its provisions.

6 Art 8, Fintech Law.

Licensing

In June 2025, the CBE issued rules for licensing and registration of PSOs and PSPs. The rules establish the criteria and procedures for granting licenses to PSOs or PSPs, whether by banks or payment institutions operating in Egypt or abroad serving Egypt's residents, including entities formed under special laws.

The Banking Law regulates PSPs and PSOs in terms of their ownership structure, general conditions for licensing, change of control, violations and penalties.

Regarding NBFS companies using financial technology, in order to obtain a licence⁷ in accordance with the requirements determined by the FRA BoD, the applicants should meet a number of conditions, including but not limited to: (1) having their activities limited to only the licensed activity; (2) disclosing in detail their direct and indirect ownership structure as well as their related parties; and (3) having the equipment, technical infrastructure, information systems, and means of protection and insurance necessary for carrying out the activity. Other than the FRA licence, NBFS already licensed with the FRA may carry out fintech activities either directly or through an outsourcing agreement with entities registered with the FRA, provided the *prior approval* of the FRA is obtained.⁸

In 2022, the FRA issued Decree No 58 in connection with the licensing of companies providing fintech. The FRA has since then issued the following aforementioned decrees in implementation of Decree No 58 of 2022:

- *Decree No 139 of 2023*: regulating tech infrastructure, information systems, security and protection requirements;
- *Decree No 140 of 2023*: regulating digital identity, digital contracts and digital registers for the NBFS;
- *Decree No 141 of 2023*: regulating establishing an outsourcing register and rules for third-party service providers;
- *Decree No 268 of 2023*: governs the incorporation and licensing requirements including capital for non-banking fintech startups; and
- *Decree No 227 of 2025*: regulating cybersecurity, IT infrastructure and governance requirements for companies and entities licensed to practice non-banking financial activities, with compliance being a condition for continued licensing. The FRA began granting companies fintech licences in 2024.

Additionally, the FRA has also issued a number of activity-specific decrees regulating the use of fintech in specific NBFS activities such as insurance and fund management, in an effort to constantly address the nature and the technical requirements of each non-banking financial activity.

⁷ Art 4, *ibid.*

⁸ Art 5, *ibid.*

2. Regulations on crypto assets: a summary of the legal framework regarding crypto assets and how they are regulated.

CBE emphasises the importance of adhering to Article 206 of the Banking Law. This article prohibits establishment or operation of any platforms to issue, trade in or market digital currency or cryptocurrency, without the prior CBE approval in accordance with the rules to be issued by the CBE BoD.⁹ CBE has also issued many press releases and warning statements whereby CBE reiterates its prohibition against dealing and trading in all kinds of cryptocurrencies, mainly Bitcoin, due to the extremely high risk associated with such currencies. Cryptocurrencies are typically characterised by fluctuations and significant price volatility, as they are completely unregulated: a fact that makes investments in any of them quite risky and highly speculative, and likely leads to sudden losses of their entire value.

In the same context, CBE asserts that trading within the Arab Republic of Egypt is only confined to the official currencies approved by CBE. In this regard, CBE calls on all traders in the Egyptian market to use extreme caution and not to engage in any dealing or trading in any high-risk currencies. Article 225 of the Banking Law provides that any person who violates, inter alia, the provisions of Article 206 shall be punished by imprisonment and a fine of not less than EGP1m and not exceeding EGP10m, or either of these two penalties.

3. Payment service providers and digital wallets: a summary of regulations applying to payment service providers and/or digital wallets.

Please see Section 1.

The conditions and procedures that PSOs and PSPs must comply with in order to obtain a licence are determined by the CBE BoD. In compliance with Article 185 of the Banking Law, the CBE BoD has issued The Rules for Licensing and Registration of Payment System Operators and Payment Service Providers ('PSO and PSP Licensing Rules'). The newly issued PSO and PSP Licensing Rules specify the requirements for licensing, including:

- minimum capital requirements;
- legal form;
- requirements for technical efficiency;
- financial solvency;
- good reputation;
- disclosure of the ownership structure;
- the technology used;
- quality measures of service provision;

⁹ Art 206, Banking Law.

- the rules necessary for operation; and
- fees for examining the licence application.¹⁰

Additionally, the Banking Law and the PSO and PSP Licensing Rules stipulate that PSP or PSO licenses may be revoked and the licensed entity conducting such activities may be de-registered by virtue of a decision of the BoD of CBE, if the PSO or PSP:

- commits a gross or recurrent breach of the provisions of the Banking Law or CBE directives and does not remedy such breach within the period and subject to the conditions set forth by CBE;
- has not provided the required cooperation with the inspectors of CBE;
- applies a policy that may harm the public economic interest, the monetary policy or the banking system or the interests of participants or customers;
- ceases to practice its activity or submit a request for voluntary liquidation;
- becomes financially distressed, and it is, in CBE's views, it is not possible to reconcile its financial position and decides to liquidate such entity;
- submitted false or inaccurate information to CBE in order to obtain the CBE licence;
- no longer meets any of the licensing requirements; and
- if a material change occurs to the information based on which the licence was provided, and the entity fails to notify CBE thereof.

PSPs and PSOs are required to report any change in the company's information to CBE, and failure to do so is sanctioned by law. The Banking Law also regulates the ownership of PSPs and PSOs; any change in control must be preapproved by the CBE BoD before any merger, demerger, restructure or acquisition occurs.

Neither PSPs nor PSOs may appoint any key officials without obtaining CBE's prior written approval to ensure that they meet the technical qualification requirements as per the Fitness and Propriety Criteria for Key Officials of PSOs and PSPs ('Fitness and Propriety Regulation') issued by the CBE in August of 2025. Prior to seeking CBE approval on the appointment of key officials, PSPs and PSOs must ensure that candidates possess credibility, integrity, a good reputation, the required expertise, qualifications, competence and a sound financial standing. Additionally, key officials must be independent and may not be conflicted. As defined in the Fitness and Propriety Regulation, 'key officials' means chairpersons and members of the boards of directors of payment institutions, as well as executive managers who are responsible for the executive, support and control departments.

The Governance and Internal Control Regulations for PSOs and PSPs ('Governance and Internal Control Regulations') also issued by CBE in August of 2025 set out the principles governing the

¹⁰ Art 185, *ibid*.

dynamics between the PSO/PSP's board of directors, senior management and other stakeholders as well as their duties and responsibilities. The Governance and Internal Control Regulations further highlight the importance of having independent internal control functions, namely internal audit, compliance and risk management.

Article 186 of the Banking Law gives the BoD of the CBE the power to set out the necessary rules regulating the supervision and control over the PSPs and the PSOs, and to impose specific standards and rules for such purposes, including inter alia:

- the interoperability of the payment systems rules;
- specifications and requirement of the organisational structure, corporate governance procedures, and risk management;
- office oversight and field inspection requirements;
- the mechanism for issuing the service performance standards and key performance indicators;
- the rules for protecting the customers' monies;
- disclosure and transparency requirements; and
- the pricing rules for services provided.

PSOs or PSPs are required to provide CBE with all information or data requested by CBE and respond to clarifications by CBE about their operations. CBE also has the right to inspect and review the records, accounts, minutes of board meetings and all committees, the automated systems, and electronic media of these companies and their subsidiaries to ensure that they all meet their objectives. CBE is also entitled to request necessary information from the principal shareholders to ensure they continuously meet the conditions for approval as principal shareholders.

Refraining from providing CBE with the required information, documents and records would result in the PSO or the PSP be subject to a fine not less than EGP200,000 and not exceeding EGP500,000. In all cases, CBE will be eventually allowed to inspect the company's records and documents.

Such inspections are carried out at the headquarters of the PSP or PSO, its branches and subsidiaries by CBE inspectors and their assistants, who are delegated by the CBE Governor for this purpose. CBE's inspectors may obtain copies of any documents necessary to achieve the purposes of such inspections.

As part of its supervisory role, the CBE BoD is entitled to take necessary decisions to prohibit, limit, amend or add, or suspend any of the activities and transactions carried out by the PSOs or PSPs for the purpose of protecting the stability of the banking system and the customers' rights. It also has the right to take all steps required to settle the transactions preceding such decisions.¹¹

11 Art 195, *ibid*.

Additionally, the PSO and PSP Licensing Rules mandate that PSPs and PSOs must provide a financial guarantee as a security to secure compliance with licensing conditions and statutory obligations under the Banking Law. Such guarantee must be in the form of an irrevocable, unconditional and final letter of guarantee (LG) issued by a bank operating in Egypt, in favour of the CBE. The value of such LG shall be equal to 2 per cent of (1) the paid-up capital of the PSP/PSO or (2) the capital allocated to the activity of the payment institution (to be recalculated annually).

PSPs may appoint agents to carry out their licensed activities in accordance with the PSO and PSP Licensing Rules, and any supplemental regulations to be issued by the CBE BoD. These agents shall be registered in a special registry at CBE, and the PSP shall remain liable for all the activities undertaken by such agent(s) on its behalf. Additionally, PSPs must ensure that agents are in compliance with all applicable laws and regulations related to their activities.¹²

4. Special support for fintechs: a description of special programmes supporting the fintech ecosystem, fintech startups (eg, regulatory sandboxes and accelerator programmes) and regulations regarding special support.

There are several programmes that support fintech in Egypt. In May 2019,¹³ before the issuance of the current Banking Law, CBE launched a regulatory sandbox for the purpose of providing fintech players with a virtual space within which, subject to a specific framework, applicants can experiment with their solutions for a limited period of time on a small scale and under a well-defined parameter. Applicants wishing to join the regulatory sandbox should fill in the regulatory sandbox online application form which can be accessed via CBE's official website. Applicants will qualify to enter the regulatory sandbox if the innovative product, service or solution they provide is within the scope of fintech services and is 'genuinely innovative' with a 'clear potential to improve accessibility and efficiency in providing financial services'.

CBE believes in keeping up with rapid developments in financial technology and striving to achieve an optimal balance between ensuring financial stability and consumer protection, while furthering innovation to serve the banking and financial sector in Egypt. To this end, the regulatory sandbox works as a live testing ground for fintechs which are developing new business models that are currently hindered by stringent authorisation requirements.

The regulatory sandbox has paved the way for faster and easier access to new financial solutions and embed compliance within the fintech ecosystem at an early stage. This has not only allowed fintech innovators to focus on their core offering, but also ensures that consumers and other players in the market are not adversely affected by the regulatory uncertainty of the disruptive fintech activities. This is especially true given that the regulatory sandbox is a cohort-based model, ensuring that specific guidance and supervision can be given to all applicants interested in a particular area in fintech. For example:

- Cohort 1 of the regulatory sandbox launched in July 2019, as a thematic pilot cohort on E-KYC for mobile wallet customers;

¹² Art 189, *ibid*.

¹³ CBE circular dated May 2019.

- Cohort 2 launched in November 2020 as an open-themed cohort for different fintech trends; and
- Cohort 3 launched in July 2023 for lending-based crowdfunding platforms.

Following issuance of the Banking Law, consistent with best practices, the CBE is empowered to take the necessary measures to enhance and develop the use of modern technology or financial innovation and banking services or supervision of licensed entities, particularly establishing an ecosystem for testing and supervision of financial and supervisory technology applications.¹⁴

5. Open banking: a summary of regulations regarding open banking and direct or indirect regulations that affect open banking.

The Banking Law set a legal foundation for availing open banking in the banking sector, where the CBE's BoD is empowered to issue the rules and regulations related to such matters.¹⁵ Accordingly, in 2021, the CBE introduced a set of regulations regarding open banking which govern instant payments network (IPN) services in Egypt. These new regulations allow people to make electronic payments between bank accounts using their mobile phones via application programming interfaces (APIs). Any bank operating in Egypt and wishing to participate in and provide various services through the IPN must obtain a licence from CBE.

Additionally, banks operating in Egypt wishing to contract with technical payment aggregators and payment facilitators in order to facilitate electronic collection, bill payments and similar services, must adhere to the regulations issued by CBE in 2019.

For example, a bank shall not launch a service with technical payment aggregators and payment facilitators before furnishing CBE with a penetration test report on the actual work productions, including but not limited to the following: (1) merchant plugins, (2) software development kit (SDK) and (c) APIs. This would indicate that there are no weak points with high- or medium-level risks. Based on this, CBE approval would be granted to activate the service, provided that the report would be submitted within three months at most as of the issuance of the approval. It is essential to take these tests regularly and to provide the bank with the penetration test report which is conditional for licence renewal.¹⁶

6. Regulation of virtual asset service providers.

Please see Section 2.

7. AML and the Travel Rule in crypto asset transactions.

Egypt has a general AML regime under Law No 80 of 2002 (the 'AML Law') and its Executive Regulations issued by Prime Ministerial Decree No 951 of 2003 (the 'AML Executive Regulations'), administered by the Egyptian Money Laundering and Terrorist Financing

¹⁴ Art 201, Banking Law.

¹⁵ Art 202, *ibid*.

¹⁶ CBE circular, dated 2019.

Combating Unit (the EMLCU). The AML Executive Regulations impose extensive obligations on customer due diligence, enhanced due diligence for politically exposed persons, record-keeping obligations, cooperation with supervisory and investigative authorities, and sanctions for breaches.

The AML Law also expressly defines 'funds or assets' in Article 1(a) to include virtual assets, namely 'virtual assets that have digital value, can be traded, transferred, or digitally moved, and can be used as a means of payment or investment'. Virtual asset service providers (VASPs) fall within the scope of the AML Law by virtue of Article 1(a), thereby binding them to the obligations set out below. In parallel, the Fintech Law reinforces this framework by requiring in Article 7(5) that all licensed fintech operators comply with AML Law obligations in coordination with the EMLCU and the relevant authorities.

Egypt addresses the Financial Action Task Force (FATF) 'Travel Rule', codified in Recommendation 16, through a set of provisions in the AML Law. Article 8 obliges all financial institutions to immediately notify the EMLCU of any suspicious transactions and to implement systems for customer due diligence (including identification of customers and beneficial owners), while explicitly prohibiting the opening of anonymous or fictitious accounts. Article 9 reinforces this by requiring institutions to keep records of transactions and customer/beneficiary information for at least five years, ensuring that such data remains traceable and accessible to competent authorities across the payment chain.

To safeguard these processes, Article 11 imposes a strict tipping-off prohibition, preventing institutions from alerting clients under review. In parallel, Article 9 Bis (1) mandates financial institutions and NBFS companies to implement targeted financial sanctions issued under UN Security Council resolutions, including the freezing of assets and prohibiting the provision of financial services to listed persons or entities through mechanisms published by the EMLCU in the *Official Gazette*.

Taken together, these provisions provide for the collection and retention of accurate originator and beneficiary information, monitoring of transactions for missing or suspicious data, and immediate freezing of funds linked to designated parties, thereby giving effect in Egyptian law to the core principles of FATF Recommendation 16 on payment transparency.

As already noted in Section 2, Article 206 of the Banking Law explicitly prohibits the establishment or operation of any platforms to issue, trade in or market digital currency or cryptocurrency without the prior approval of the CBE, meaning that only VASPs dealing with non-crypto virtual assets would fall within the operative scope of the AML framework by default.

In February 2020, the EMLCU issued regulations that are related to the customer due diligence conducted by (1) banks and (2) money transfer companies. The regulations mandated both banks and money transfer companies to collect, verify, and transmit identifying information about the originator (sender) and beneficiary (receiver) in payments/wire transfers.

8. Enforcement and cross-border recognition of tokenisation and structuring of secured transactions involving crypto assets.

As mentioned in Section 2, transactions involving crypto assets are strictly prohibited in Egypt.

9. Litigation and jurisdiction on crypto assets: legal implications of disputes involving crypto assets.

As mentioned in Section 2, transactions involving crypto assets are strictly prohibited in Egypt.

10. Intellectual property and crypto assets: legal protection, ownership, enforcement and monetisation of IP rights related to digital and virtual assets.

As mentioned in Section 2, transactions involving crypto assets are strictly prohibited in Egypt.



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