

“Central Bank Digital Currencies’ Impact on MENA Economies”, Council Views in The Middle East Council on Global Affairs (ME Council) Afkar, 4 Jul 2024

Dr. Nasser Saidi. contributed his expert opinion on as part of Council Views related to the topic “Central Bank Digital Currencies’ Impact on MENA Economies”. Council Views is a ME Council (The Middle East Council on Global Affairs) article series that brings together our experts’ insights on headline issues facing the Middle East and North Africa region. The original, complete article is available on the ME Council website ([link](#)) and Dr. Saidi’s opinion is posted below.

This contribution and discussion stemmed from a ME Council’s Roundtable Discussion on Central Bank Digital Currencies (CBDCs) held in Turkey on 10th May 2024.

How MENA Countries Can Benefit from CBDCs

[Nasser Saidi](#)

CBDCs can be the cornerstone for secure and efficient monetary, financial, and market digital transactions. For the MENA region, socio-economic benefits from the roll-out of CBDCs would be two-fold:

First, for developing nations, a retail CBDC could lead to greater financial inclusion. Only 48% of adults in the MENA region—excluding high-income nations—have a financial account, around 23 percentage points lower compared to the developing economy average. CBDCs designed to operate offline could be used by the unbanked and large populations of immigrants, refugees and displaced individuals. Moreover, interoperability is a vital feature that would enable greater adoption and usage of CBDCs. Data derived from CBDC usage can be used to establish credit profiles, improving access to finance including for small and medium-sized enterprises (SMEs), as this would lower disparities in lending arising from a lack of information on credit risk.

Second, for wealthier countries like those in the Gulf Cooperation Council (GCC), CBDCs would facilitate trade and financial transactions through faster, cheaper, more transparent, and more inclusive cross-border payment services, while reducing the risk of cross-border payments and increasing settlement efficiency.

Importantly, CBDCs need to be supported by secure, inclusive infrastructure, including digital public infrastructure to enable digital identities. This could be along the lines of a national digital ID (such as India's Aadhaar), real-time payment systems (Brazil's Pix or Egypt's InstaPay), or integrated payment systems (e.g. China's e-CNY pilot program and integration with Hong Kong), among others. Digital inclusion needs to be one of the pillars of CBDC rollouts, with financial literacy and data protection integrated into the process. There should be a holistic—not a silo—approach to designing and rolling out CBDCs.