

# Translation of

the Consumer Finance  
Regulation Law No. 18 of 2020

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ترجمة قانون تنظيم التمويل  
الاستهلاكي رقم ١٨ لسنة ٢٠٢٠

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22 April 2026

  
ANDERSEN

**Law No. 18 of 2020, Concerning the Promulgating the Consumer Finance Regulation Law**

In the name of the people: President of the republic

The House of Representatives has enacted the following law, which we hereby promulgate:

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**Preamble**

The House of Representatives passed the following law, and we hereby promulgate it:

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**Article (1):**

The provisions of the accompanying law concerning the regulation of consumer finance activity shall apply.

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**Article (2):**

Companies licensed by the Financial Regulatory Authority to engage in consumer finance activity in accordance with the provisions of the accompanying law shall be deemed among the companies providing services in the field of non-banking financial markets in accordance with the provisions of Law No. 10 of 2009 regulating the supervision of non-banking financial markets and instruments.

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**Article (3):**

The provisions of the accompanying law shall not apply to financing activities conducted by banks subject to the supervision of the Central Bank of Egypt, even if such activities are for the purpose of financing the purchase of consumer goods or services.



Its provisions shall also not apply to activities regulated under the laws of mortgage finance, financial leasing and factoring, microfinance, or the purchase of real estate through real estate developers.

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**Article (4):**

With regard to matters for which no provision is set forth in the accompanying law, consumer finance companies shall be subject to the provisions of the Companies Law governing joint stock companies, partnerships limited by shares, limited liability companies, and one-person companies issued by Law No. 159 of 1981, and Law No. 10 of 2009 concerning the regulation of non-banking financial markets and instruments.

The provisions of the Commercial Law issued by Law No. 17 of 1999 and Law No. 100 of 1957 concerning certain commercial sales shall not apply to consumer finance companies and consumer finance providers subject to the provisions of the accompanying law.

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**Article (5):**

Without prejudice to disputes and cases falling within the jurisdiction of the State Council, the Economic Courts shall have jurisdiction to adjudicate disputes and cases arising from the application of the provisions of the accompanying law, including interim and substantive execution disputes, as well as criminal cases arising from the crimes stipulated therein.

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**Article (6):**

Every person engaging in the consumer finance activity regulated under the provisions of the accompanying law must regularize his status in accordance with its provisions within six months from the date it comes into force.

The Board of Directors of the Financial Regulatory Authority may, by its decision, extend the period for regularizing status referred to in the preceding paragraph for one or more similar periods not exceeding, in total, two years.

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### Article (7):

This law shall be published in the Official Gazette and shall come into force on the day following the date of its publication.

This law shall be stamped with the seal of the State and enforced as one of its laws.

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## Consumer Finance Regulation Law

### Part One

#### Chapter One: Definitions and Scope of Application of the Law

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### Article (1):

In applying the provisions of this Law, the following words and expressions shall have the meanings respectively assigned to each of them:

- Authority: The Financial Regulatory Authority.
- Board of Directors of the Authority: The Board of Directors of the Financial Regulatory Authority.
- Consumer Finance: Any activity aimed at providing financing designated for the purchase of goods and services for consumer purposes when practiced on a regular basis, and includes financing through commercial payment cards or any of the means of payment approved by the Central Bank.

For the purposes of applying the provisions of this Law, financing whose installment repayment period is less than the limit to be set by a decision of the Board of Directors of the Authority shall not be deemed consumer finance, provided that such period shall in all cases not be less than six months.

- Consumer Finance Company: Any company licensed to engage in consumer finance activity and subject to the supervision of the Financial Regulatory Authority, including companies that provide consumer finance through commercial payment cards or any of the means of payment approved by the Central Bank based on their contracting with a network of sellers and providers of consumer goods and services.



- Consumer Finance Providers: Producers or distributors of goods who engage in consumer finance activity.
  - Commercial Payment Cards: Non-banking commercial cards issued in accordance with the rules set by the Central Bank, which are used in granting consumer finance.
  - Consumer Finance Customers: Any person who obtains financing under the transactions covered by the controls set forth in this Law for purposes outside the scope of his trade or profession.
  - Fee-Based Guarantee: A contract pursuant to which a person guarantees the performance of the obligation of a consumer finance customer by undertaking to the consumer finance company or the consumer finance provider that he shall perform such obligation if the customer himself fails to do so, in return for a fee.
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#### Article (2):

The provisions of this Law shall apply to consumer finance activity provided by consumer finance companies with respect to the following goods and services:

- Vehicles and passenger cars of all types.
- Durable goods, including electrical and electronic appliances.
- Educational services.
- Medical services.
- Travel and tourism services.
- Any other goods or services approved by the Board of Directors of the Authority.

The provisions of this Law shall also apply to consumer finance activity practiced by consumer finance providers with respect to the following goods:

- Vehicles and passenger cars of all types.
- Durable goods, including electrical and electronic appliances.



## Part One

### Chapter Two: General Provisions

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#### Article (3):

Consumer finance activity shall be practiced in accordance with the provisions set forth in this Law and the conditions, controls, and standards to be issued by a decision of the Board of Directors of the Authority.

In all cases, companies licensed to engage in consumer finance activity and consumer finance providers are prohibited from receiving deposits.

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#### Article (4):

A consumer finance company or consumer finance providers may register the rights created in favor of any of them over movables subject to consumer finance contracts in the Movable Collateral Registry established in accordance with the provisions of the Law Regulating Movable Collateral issued by Law No. 115 of 2015.

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#### Article (5):

Consumer finance companies, their managers, advisers, consumer finance providers, and employees of any of them shall be committed to maintaining complete confidentiality with respect to their customers and not disclosing any information concerning them or their transactions to third parties without their prior written consent and within the limits of such consent, except in cases where the provision of specific information is required in accordance with applicable laws.

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**Article (6):**

Consumer finance companies and consumer finance providers shall comply with the marketing and advertising controls issued by the Authority, in particular with respect to disclosure of the method of calculating and determining the rate of return, and shall notify the Authority of the volume and nature of the activity and the obstacles facing it in the manner required by the Authority.

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**Article (6 bis):**

It shall not be permissible to engage in fee-based guarantee activity in consumer finance activity except after registration in the register prepared by the Authority for this purpose.

Banks and credit guarantee companies licensed under the Central Bank and Banking System Law issued by Law No. 194 of 2020 shall be exempted from this requirement.

The Board of Directors of the Authority shall set the rules, conditions, and procedures for registration in and deletion from the register referred to in the first paragraph of this Article, and registration in such register shall be without consideration.

The Board of Directors of the Authority shall also establish the controls relating to the conditions for practicing the activity in the register referred to in this Article, particularly the following:

- With respect to legal persons: compliance with the provisions of Articles (5) and (12) of this Law.
- With respect to natural persons: the obligation to conclude a contract with the customer including at least the following:

A clear specification of the obligation guaranteed under the guarantee contract.

All guarantees obtained by the guarantor pursuant to the guarantee contract.

The value of the fee received by the guarantor under the guarantee contract.

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Chapter One: Consumer Finance Companies

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**Article (7):**

Applications for the incorporation of consumer finance companies shall be submitted to the Authority on the form prepared for that purpose, accompanied by the documents determined by the Authority, including in particular the following:

- A bank deposit certificate evidencing full payment of the issued capital.
- Three copies of the company's preliminary contract and articles of association.
- An application from the founders' agent including, in particular, the company's name and a statement of the names of the founders and the issued and paid-up capital.
- A declaration from the company's auditor accepting the appointment.

The Authority shall maintain a register in which the applications for incorporation of the aforementioned companies shall be recorded. Such applications shall be entered under serial numbers according to the date of receipt of each application, and a special file shall be created for each application in which the incorporation documents and all related procedures shall be deposited. A committee comprising technical and legal members shall be formed by a decision of the Chairman of the Authority to examine the incorporation of such companies.

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**Article (8):**

Consumer finance activity may not be practiced except by companies licensed by the Authority for that purpose in accordance with the conditions and controls stipulated in this Law and the decisions issued in implementation thereof, and after registration with the Authority in a special register for this purpose in accordance with the controls and procedures to be issued by a decision of the Board of Directors of the Authority.

The Board of Directors of the Authority shall determine the licensing fee for the company to engage in the activity, provided that it shall not exceed one hundred thousand pounds, and it shall be paid in accordance with the legally prescribed methods of payment.



The Authority may license a consumer finance company to engage in other non-banking financial activities, in accordance with the controls established by the Board of Directors of the Authority in this regard, including in particular the requirement to maintain separate accounts and financial statements for each activity, and to satisfy the fully paid minimum issued capital requirements for all non-banking financial activities licensed to be practiced.

The licensing application shall be submitted accompanied by the company contract, articles of association, commercial register, tax card, as well as proof of satisfaction of the conditions set forth in Article (9) of this Law and such other documents as may be determined by the Board of Directors of the Authority. In the event of rejection of the application, the Authority shall issue a reasoned rejection decision within thirty days from the date of submission of the application complete with all required documents. The concerned party shall have the right to resort to the Grievances Committee provided for in Article (23) of this Law in the event either of rejection of the application or of failure to respond thereto.

The company for which a license to engage in the activity is issued shall be registered in the register prepared for that purpose with the Authority.

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#### **Article (9):**

For a license to engage in consumer finance activity to be granted, the following conditions must be satisfied:

- The company must take the form of a joint stock company, and its issued capital must not be less than the limit determined by the Board of Directors of the Authority, to be fully paid, provided that it shall in all cases not be less than ten million pounds.
- The company's activity shall be limited to consumer finance activity, unless it is licensed by the Authority to engage in other non-banking financial activities.
- Legal persons shall be among the company's founders with a percentage of not less than (50%) of the company's capital, and the percentage of contribution by financial institutions shall not be less than (25%) of the company's capital. Companies that engage in consumer finance activity before this Law comes into force shall be exempt from this requirement unless they are acquired or their ownership structure is changed by more than one-third of their issued capital.



- The persons occupying the positions of managing director and financial manager in the company must satisfy the conditions and professional experience to be determined by a decision of the Board of Directors of the Authority.
  - The company must have the equipment, technological infrastructure, and information systems necessary to carry on the activity in accordance with the requirements determined by the Authority.
  - The company must have internal regulations governing the controls and procedures for granting finance, determining financing ratios according to customers' repayment ability, compliance with making inquiries about its customers through one of the credit inquiry companies, mechanisms for risk management and financial solvency, and the handling of customer complaints, which shall be binding on its managers and employees.
  - Any other conditions established by the Board of Directors of the Authority.
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#### Article (10):

Consumer finance companies shall conclude a contract with their customers in accordance with the form prescribed by the Authority, provided that it shall include in particular the following:

- A specification of the goods or services financed in a manner that removes ambiguity.
- A statement of the price of the goods or services at the time of purchase, and the amount paid therefrom by the finance customer at the time of concluding the contract.
- The amount of financing provided by the company, the repayment period, the number of repayment installments and their terms, the amount of each installment, and the rate of return adopted as the basis for calculating the financing amount, and whether such rate is fixed or variable, without being bound by the limits stipulated in any other legislation.
- A statement of the guarantees obtained by the finance company, including prohibition of disposition until fulfillment, in accordance with the credit policy established by the company with the approval of the Authority.



- The customer's authorization to the company to disclose the financing data to the Authority and to credit inquiry companies.
- The right of the finance customer to prepay and the conditions associated therewith.
- The company's right to sell or discount the debts due to it.
- The contract shall include the license number issued to the company and an indication that it is subject to the Authority's control and supervision.

Consumer finance companies may provide financing through commercial payment cards or any of the means of payment approved by the Central Bank based on their contracting with a network of sellers and providers of consumer goods and services. In this case, the companies shall be required to conclude a contract with their customers in accordance with the form prescribed by the Authority, provided that it shall include in particular items (4) through (8) of the preceding paragraph, in addition to the following:

- A statement of the sellers and providers of goods and services at the time of concluding the contract, and the method of updating such statement by deletion or addition throughout its term.
- Determination of the maximum financing amount provided by the company, the terms of its repayment, and the rate of return adopted as the basis for calculating the financing, and whether it is fixed or variable, without being bound by the limits stipulated in any other legislation.

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#### **Article (11):**

The consumer finance company shall prepare its periodic and annual financial statements in accordance with the Egyptian Accounting Standards. The Board of Directors of the Authority shall issue a decision setting out the other rules for the preparation of the financial statements, the dates for their preparation and submission to the Authority, and the dates for presenting them to the company's general assembly.

The company's accounts shall be audited by one or more auditors from among those registered in the register prepared for this purpose at the Authority in accordance with the Egyptian Auditing Standards.



### Article (12):

Companies licensed to engage in consumer finance activity shall comply with the rules and standards established by the Board of Directors of the Authority, and these must include, at a minimum, the following:

- Governance requirements in terms of the composition of the board of directors, the committees formed therefrom, and the required disclosures and their timing.
- Financial solvency standards.
- Controls for determining financing ratios according to customers' repayment ability.
- The minimum requirements for calculating impairment and provisions for financing doubtful of collection.
- Controls governing the opening, relocation, and closure of branches.
- Anti-money laundering and counter-terrorism financing controls, taking into account the instructions issued by the Anti-Money Laundering and Counter-Terrorist Financing Unit and after coordination with the concerned authorities.

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### Article (13):

Consumer finance companies licensed to engage in this activity shall submit a quarterly report to the Authority in accordance with the form prepared by the Authority, provided that it shall include at least the following:

- The company's business results.
- The volume of financing and its distribution according to the goods and services financed.
- The volume of non-performing financing and its ratio to the company's total activity.
- The extent of compliance with the application of financing ratios according to customers' repayment ability.



## Part Two: Consumer Finance Companies and Providers

### Chapter Two: Consumer Finance Providers

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#### Article (14):

Consumer finance providers whose principal activity is the distribution or sale of the goods subject to the financing shall obtain a license therefor from the Authority and be registered in a special register maintained by it whenever the volume of financing provided by them annually exceeds the limit determined by the Board of Directors of the Authority, provided that such limit shall not be less than twenty-five million Egyptian pounds. In particular, the following shall also be required:

- The consumer finance provider shall take the form of one of the capital companies, such as a joint stock company, a partnership limited by shares, or a limited liability company.
- It shall allocate an amount not less than the minimum determined by the Board of Directors of the Authority, provided that it shall in all cases not be less than ten million Egyptian pounds, for engaging in consumer finance activity.
- The executive manager responsible for consumer finance activity shall satisfy the conditions and professional experience to be determined by a decision of the Board of Directors of the Authority.
- The company shall have the equipment, technological infrastructure, and information systems necessary to carry on consumer finance activity in accordance with the requirements determined by the Authority.
- The company shall have internal regulations governing the controls and procedures for granting finance, determining financing ratios according to customers' repayment ability, compliance with making inquiries about its customers through one of the credit inquiry companies, mechanisms for risk management and financial solvency, and the handling of customer complaints, which shall be binding on its managers and employees.



- The company shall maintain separate accounts and financial statements for consumer finance activity and shall comply with the provisions of Article (11) of this Law.
  - It shall conclude a contract with its customers in accordance with the provisions of Article (10) of this Law.
  - Any other conditions established by the Board of Directors of the Authority.
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#### **Article (15):**

The license application shall be submitted by consumer finance providers accompanied by the company contract, articles of association, commercial register, and tax card, in addition to proof of satisfaction of the conditions stipulated in Article (14) of this Law and such other documents as may be determined by the Authority.

The Authority shall decide on the license application, whether by approval or rejection, by a decision issued within thirty days from the date of submission of the application complete with all required documents. In the event of rejection, its decision must be reasoned.

The company for which a license to engage in the activity is issued shall be registered in the register prepared for that purpose with the Authority. The Board of Directors of the Authority shall determine the licensing fee for the company to engage in the activity, provided that it shall not exceed one hundred thousand pounds, to be paid in accordance with the legally prescribed methods of payment.

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#### **Article (16):**

Consumer finance providers licensed to engage in consumer finance activity shall comply with the rules and standards established by the Board of Directors of the Authority, which shall include in particular the following:

- Financial solvency standards.
- Controls for determining financing ratios according to customers' repayment ability.
- The minimum requirements for calculating impairment and provisions for financing doubtful of collection.



- Anti-money laundering and counter-terrorism financing controls, taking into account the instructions issued by the Anti-Money Laundering and Counter-Terrorist Financing Unit and after coordination with the concerned authorities in this regard.

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### Part Three: The Egyptian Federation of Entities Engaged in Consumer Finance Activity

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#### Article (17):

A federation shall be established comprising consumer finance companies and consumer finance providers, to be called the “Egyptian Federation of Entities Engaged in the Field of Consumer Finance.” It shall enjoy an independent private legal personality and shall be subject to the Authority’s supervisory and regulatory oversight.

The federation shall undertake to provide recommendations regarding the development of the activity and increasing awareness thereof, adopt initiatives supporting it, express opinions on the legislation regulating it, develop and train the skills of those working therein, and coordinate among members.

The articles of association of the federation shall be issued by a decision of the Board of Directors of the Authority, provided that they include the determination of the federation’s resources and the percentages of representation of the activities on its board of directors.

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#### Article (18):

The federation shall be registered in a special register maintained by the Authority, after payment of a fee of five thousand pounds, and the decision establishing it and its articles of association shall be published in the Egyptian Gazette at the federation’s expense.

All entities licensed by the Authority to operate in the field of consumer finance shall be required to join the federation and comply with its articles of association.



Without prejudice to the measures that fall within the competence of the Board of Directors of the Authority or its Chairman under the provisions of this Law, the federation may take against its members the administrative measures stipulated in its articles of association in the event of violation of its system or sound professional rules.

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#### **Part Four: Awareness of Consumer Finance Activity, Supervision, and Protection of Dealing Parties**

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##### **Article (19):**

The Authority shall work to promote awareness of consumer finance activity, protect the rights of those dealing therein, and preserve the competitive environment that assists its growth.

The Authority shall prepare and publish the studies and statistics necessary to introduce consumer finance activity.

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##### **Article (20):**

Employees designated by a decision of the Minister of Justice upon the request of the Chairman of the Board of Directors of the Authority shall have the status of judicial officers in proving crimes committed in violation of the provisions of this Law or the decisions issued in implementation thereof. For that purpose, they shall have the right to inspect the records, books, documents, data, and electronic media at the premises of companies and consumer finance providers, their branches, and the places where such records are kept. The officials of the aforementioned entities shall provide such employees with the data and copies of documents they request for this purpose.

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**Article (21):**

The Authority shall receive complaints submitted by concerned persons dealing with consumer finance companies and consumer finance providers regarding violations of the provisions of this Law or the decisions issued in implementation thereof. The Authority shall be obliged to respond to such complaints within a period not exceeding one month from the date of completion of the documents specified by the Authority. A decision shall be issued by the Chairman of the Authority regulating the procedures for submitting and deciding complaints and the method of notifying the complainants of the response.

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**Article (22):**

If a consumer finance company violates the provisions of this Law or the decisions issued in implementation thereof, or if it loses one of the licensing conditions, or if it engages in conduct that threatens market stability or the interests of its shareholders or those dealing with it, the Board of Directors of the Authority may adopt one or more of the following measures:

- Address a warning to the company to remove the violation within the period and under the conditions specified in the warning.
- Call upon the company's board of directors or general assembly to convene, in the presence of one of the Authority's representatives, to consider the violations attributed to it and take the necessary measures to remedy them.
- Call upon the company's general assembly to consider the removal of the chairman of the board of directors, the managing director, or both.
- Dissolve the company's board of directors and appoint a commissioner to temporarily manage the company's business for a period not exceeding six months, which may be extended for another six months. During his term, the commissioner shall submit the matter to the general assembly for the appointment of a new board by the legally prescribed instrument.
- Prohibit the conclusion of new financing contracts for a period not exceeding six months.
- Revoke the license to engage in consumer finance activity or to provide consumer finance.



The measures provided for in items (1), (5), and (6) of this Article may also be taken against consumer finance providers upon the occurrence of any of the cases stipulated in the first paragraph of this Article, including the removal of the executive manager responsible for consumer finance activity.

The Chairman of the Board of Directors of the Authority may, in the event a consumer finance company violates any of the provisions of this Law, close its premises by administrative means.

The measures stipulated in items (1) and (2) of this Article may be issued by the Chairman of the Authority. He may also take any of the measures stipulated in items (4) and (5) of this Article if the risk is such as to result in irreparable harm, for a period not exceeding one month or until the matter is presented to the Board of Directors of the Authority, whichever is earlier.

For the purpose of ensuring market stability, or protecting the rights of those dealing with consumer finance companies and consumer finance providers, or in the event either of them is exposed to financial problems affecting its financial position, the Board may oblige them to strengthen their financial solvency in accordance with a specified timetable.

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### **Article (23):**

One or more committees shall be established to consider grievances submitted by concerned persons against administrative decisions issued in application of the provisions of this Law. The composition of each committee shall be determined by a decision of the Board of Directors of the Authority. Each committee shall be headed by one of the Vice Presidents of the State Council and shall include in its membership two State Council advisers selected in accordance with the law regulating the State Council, a representative of the Authority selected by its Chairman, and one expert member. The grievant may appear before the committee in person, through a deputy, or through a representative.

The decision of the Board of Directors of the Authority shall determine the composition of the committee, its competencies, the remuneration of its members, the procedures for considering and deciding the grievance, and the time limits for such procedures.

The grievance against the decision shall be submitted to this committee within sixty days from the date of notification thereof or certain knowledge thereof, provided that the committee shall issue its decision on the grievance within a period not exceeding thirty days from the date of completion of the required documents and data, and its decision shall be final and enforceable.



No action filed before the competent court shall be admissible unless recourse has first been made to the aforementioned committee and the time limit for submitting the grievance and the time limit for deciding it have elapsed.

The submission of the grievance to the committee shall result in the suspension of the periods prescribed by law for lapse or prescription of rights or for filing the action, until the expiry of the period for deciding the grievance.

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### Part Five: Penalties

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#### Article (24):

Without prejudice to any more severe penalty stipulated in the Penal Code or in any other law, the crimes provided for in the following Articles shall be punishable by the penalties prescribed therein.

#### Article (25):

Whoever engages in consumer finance activity subject to the provisions of this Law without obtaining a license therefore shall be punished by imprisonment and a fine of not less than two hundred thousand pounds and not more than one million pounds, or by either of these two penalties.

The same penalty shall apply to whoever violates any of the provisions of Article (5) of this Law, and the fines shall multiply according to the number of victims.

#### Article (26):

Whoever violates any of the controls governing contracting with finance customers set forth in Articles (10) and (14) of this Law, or the marketing and advertising controls for consumer finance activity set forth in Article (6) of this Law, shall be punished by a fine of not less than ten thousand pounds and not more than one hundred thousand pounds.



**Article (27):**

A fine of not less than five hundred pounds and not more than one thousand pounds shall be imposed for each day of delay in submitting the financial statements and periodic reports specified by the Board of Directors of the Authority.

The fine shall be doubled at both its minimum and maximum limits for each day of delay if the delay exceeds one month.

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**Article (28):**

Whoever intentionally prevents any of the Authority's employees vested with judicial authority from performing any of the duties assigned to him under this Law, as well as whoever intentionally withholds the data, documents, or electronic media required in this respect without legal basis, shall be punished by imprisonment for a period not exceeding one month and by a fine of not less than twenty thousand pounds and not exceeding two hundred thousand pounds, or by either of these two penalties.

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**Article (28 bis):**

Whoever uses fraud or deceit to refrain from performing all or part of his financial obligations prescribed under a financing contract concluded in accordance with the provisions of this Law shall be punished by imprisonment and a fine of not less than five thousand pounds and not more than twice the remaining value of the financing subject of the financing contract, or by either of these two penalties.

The crimes set out in this Article shall be excluded from the provisions referred to in Article (32) of this Law.

Reconciliation in these crimes shall be permissible, whether before the Public Prosecution or the competent court, as the case may be, at any stage of the proceedings. Reconciliation shall result in the extinguishment of the criminal action with respect to the crime in relation to which reconciliation has been made, and the Public Prosecution shall order suspension of the execution of the penalty if reconciliation is made during its execution, even after the judgment has become final.

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**Article (28 bis 1):**

Whoever engages in fee-based guarantee activity in consumer finance activity without being registered in the register prepared for this purpose shall be punished by imprisonment and a fine of not less than fifty thousand pounds and not more than five hundred thousand pounds, or by either of these two penalties.

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**Article (29):**

Whoever violates the decisions issued in implementation of the provisions of this Law shall be punished by a fine not exceeding fifty thousand pounds.

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**Article (30):**

The person responsible for the company's actual management shall be punished by the penalties prescribed for the acts committed in violation of the provisions of this Law, whenever it is established that he had knowledge thereof or that the violation occurred due to his breach of his functional duties.

In all cases, the company's funds shall guarantee satisfaction of any financial penalties adjudged.

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**Article (31):**

In addition to the penalties prescribed for the crimes set forth in the preceding Articles, it may be adjudged against any person sentenced to one of these penalties that he be prohibited from engaging in the activity in connection with which the crime was committed, for a period not exceeding five years. Such judgment shall be mandatory in the case of recidivism.

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**Article (32):**

The provisions of Article 16 of the Law Regulating the Supervision of Non-Banking Financial Markets and Instruments No. 10 of 2009 shall apply to crimes committed in violation of the provisions of this Law and the decisions issued in implementation thereof.



## Financial Regulatory Authority Decision No. 56 of 2020

Concerning the conditions and controls for incorporation and licensing to engage in consumer finance activity and the conditions and controls for licensing consumer finance providers.

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### Preamble

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After reviewing Law No. 10 of 2009 regulating the supervision of non-banking financial markets and instruments;

Law No. 18 of 2020 promulgating the Consumer Finance Regulation Law;

Presidential Decree No. 192 of 2009 issuing the Statute of the Financial Regulatory Authority;

Board of Directors of the Authority Decision No. 53 of 2018 concerning the controls for granting and maintaining licenses and the rules governing ownership of shares in companies operating in non-banking financial activities;

And upon the approval of the Board of Directors of the Authority at its meeting held on 22/03/2020;

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### Article (1):

Applications for the incorporation of consumer finance companies shall be submitted to the Authority on the form prepared for that purpose, accompanied by the following:

- A bank deposit certificate evidencing payment in full of the issued capital.
- Three copies of the company's preliminary contract and articles of association.
- An application from the founders' agent including in particular the company's name and a statement of the names of the founders and the issued and paid-up capital.
- A certificate from one of the licensed central depository and registration companies evidencing the deposit of the company's securities therewith.



- A declaration by the company's auditor accepting the appointment.

The Authority shall maintain a register in which the applications for incorporation of the aforementioned companies shall be recorded. These applications shall be entered under serial numbers according to the date of receipt of each application, and each application shall have a special file in which the incorporation papers and all related procedures shall be deposited. A committee comprising technical and legal members shall be formed by a decision of the Chairman of the Authority to examine the incorporation of those companies.

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### Article (2):

Final text of the Article pursuant to the latest amendment by Article (1) of Financial Regulatory Authority Decision No. 94 of 2023 concerning the amendment of Board of Directors of the Authority Decision No. 56 of 2020 concerning the conditions and controls for incorporation and licensing to engage in consumer finance activity and the conditions and controls for licensing consumer finance providers, issued on 12/04/2023, published on 19/04/2023 in the Egyptian Gazette, Issue No. 91, Supplement (A), effective as of 20/04/2023.

For obtaining a license to engage in consumer finance activity, the following conditions must be met:

- The company shall take the form of an Egyptian joint stock company, and its issued and paid-up capital shall not be less than seventy-five million pounds in cash or its equivalent in foreign currencies at the exchange rate issued by the Central Bank of Egypt.
- The company's purpose shall be limited to consumer finance activity unless the Authority licenses it to engage in other non-banking financial activities.
- Legal persons shall be among its founders with a percentage of not less than (50%) of the company's capital, and the contribution of financial institutions shall not be less than (25%) of its capital. Companies that engaged in consumer finance activity before the entry into force of the aforementioned Consumer Finance Regulation Law are exempted from this requirement unless they are acquired or their ownership structure is changed by more than one-third of their issued capital.
- The company shall have the equipment, technological infrastructure, and information systems necessary to carry on the activity in accordance with the requirements



determined by the Authority.

- The company shall have internal regulations governing the controls and procedures for granting finance, determining financing ratios according to customers' repayment ability, compliance with making inquiries about its customers through one of the credit inquiry companies, mechanisms for risk management and financial solvency, and the handling of customer complaints, which shall be binding on its managers and employees.
- The company's managing director shall hold an appropriate higher qualification and have experience of not less than ten years in one of the fields of banking, financing, financial, or legal work, and shall be dedicated full-time to managing the company.
- The managers of the company's financial, credit, risk, and internal audit departments shall hold an appropriate higher qualification and have practical experience of not less than seven years in one of the fields of banking, financing, financial, or legal work, provided that each of them shall be dedicated full-time to the duties of his department.
- The company's managing director or executive manager, as the case may be, shall pass the personal interview at the Authority.

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### Article (3):

The application for obtaining a license to engage in consumer finance activity shall be submitted on the form prepared by the Authority for that purpose, accompanied by the company contract, articles of association, commercial register, tax card, and proof of fulfillment of the conditions set forth in the preceding Article.

In the event of rejection of the application, the Authority shall issue a reasoned rejection decision within thirty days from the date of submission of the application complete with all required documents.

The company for which a license to engage in the activity is issued shall be registered in the register prepared for that purpose with the Authority after payment of the licensing fee set out in Article (6) of this Decision.



**Article (4):**

Final text of the Article pursuant to the latest amendment by Article (2) of Financial Regulatory Authority Decision No. 206 of 2021 concerning the amendment of Board of Directors of the Authority Decisions Nos. 53 of 2018 concerning the controls for granting and maintaining licenses and the rules governing ownership of shares in companies operating in non-banking financial activities, and 56 of 2020 concerning the conditions and controls for incorporation and licensing to engage in consumer finance activity and the conditions and controls for licensing consumer finance providers, issued on 21/12/2021, published on 11/01/2022 in the Egyptian Gazette, Issue No. 9, effective as of 12/01/2022.

Consumer finance providers whose principal activity is the distribution or sale of the goods subject to the financing shall obtain a license therefor from the Authority whenever the volume of financing provided by them is not less than twenty-five million Egyptian pounds according to the latest approved financial statements, in addition to the following conditions:

- The consumer finance provider shall take the form of one of the capital companies, such as a joint stock company, a partnership limited by shares, or a limited liability company.
- It shall allocate an amount of not less than ten million Egyptian pounds for engaging in consumer finance activity.
- The company shall have the equipment, technological infrastructure, and information systems necessary to carry on the activity in accordance with the requirements determined by the Authority.
- The company shall have internal regulations governing the controls and procedures for granting finance, determining financing ratios according to customers' repayment ability, compliance with making inquiries about its customers through one of the credit inquiry companies, mechanisms for risk management and financial solvency, and the handling of customer complaints, which shall be binding on its managers and employees.
- The company shall maintain separate accounts and financial statements for consumer finance activity and shall prepare periodic and annual financial statements in accordance with the Egyptian Accounting Standards, provided that the company's accounts shall be audited by one or more auditors from among those registered in the register prepared for this purpose at the Authority in accordance with the Egyptian Auditing Standards.



- The executive manager responsible for consumer finance activity shall hold an appropriate higher qualification and have experience of not less than ten years in one of the fields of banking, financing, financial, or legal work, and shall be dedicated full-time to managing the company.
  - The executive manager responsible for consumer finance activity at the company shall pass the personal interview at the Authority.
  - The executive manager responsible for consumer finance activity at the company shall not be listed on local or international sanctions lists.
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#### **Article (5):**

The license application by consumer finance providers shall be submitted on the form prepared by the Authority for that purpose, accompanied by the company contract, articles of association, commercial register, tax card, and proof of fulfillment of the conditions set forth in the preceding Article.

The Authority shall decide on the license application, whether by approval or rejection, by a decision issued within thirty days from the date of submission of the application complete with all required documents, and in the event of rejection its decision must be reasoned. The company for which a license to engage in the activity is issued shall be registered in the register prepared for that purpose with the Authority after payment of the licensing fee set out in Article (6) of this Decision.

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#### **Article (6):**

The licensing fee prescribed for engaging in the activity shall be one hundred thousand pounds, to be paid in accordance with the legally prescribed methods of payment.

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**Article (7):**

The provisions of Board of Directors of the Authority Decision No. 53 of 2018 concerning the controls for granting and maintaining licenses and the rules governing ownership of shares in companies operating in non-banking financial activities shall apply to matters for which no specific provision is set out in this Decision.

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**Article (8):**

The companies subject to the provisions of this Decision and existing on the date it comes into force shall regularize their status in accordance with its provisions within six months from the date it comes into force.

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**Article (9):**

This Decision shall be published in the Egyptian Gazette and on the Authority's website, and shall come into force on the day following the date of its publication in the Egyptian Gazette.

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