

VAST, FAST & AHEAD OF SCHEDULE

How Fintech is transforming
Saudi Arabia

Overview

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Vast, fast and ahead of schedule

Fintech's incredible growth and how Vision 2030 and the Financial Sector Development Plan called it

02

What this means for Saudi Arabia today

Economic and social impact of fintech & how fintech growth will improve the Kingdom's standing in the world

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Harvesting the fruits of fintech transformation

What the near future holds thanks to rapid fintech growth in Saudi Arabia

Vast, Fast and Ahead of Schedule

01

Fintech's incredible growth and how Vision 2030 and the Financial Sector Development Plan called it

Growth that can't be faked

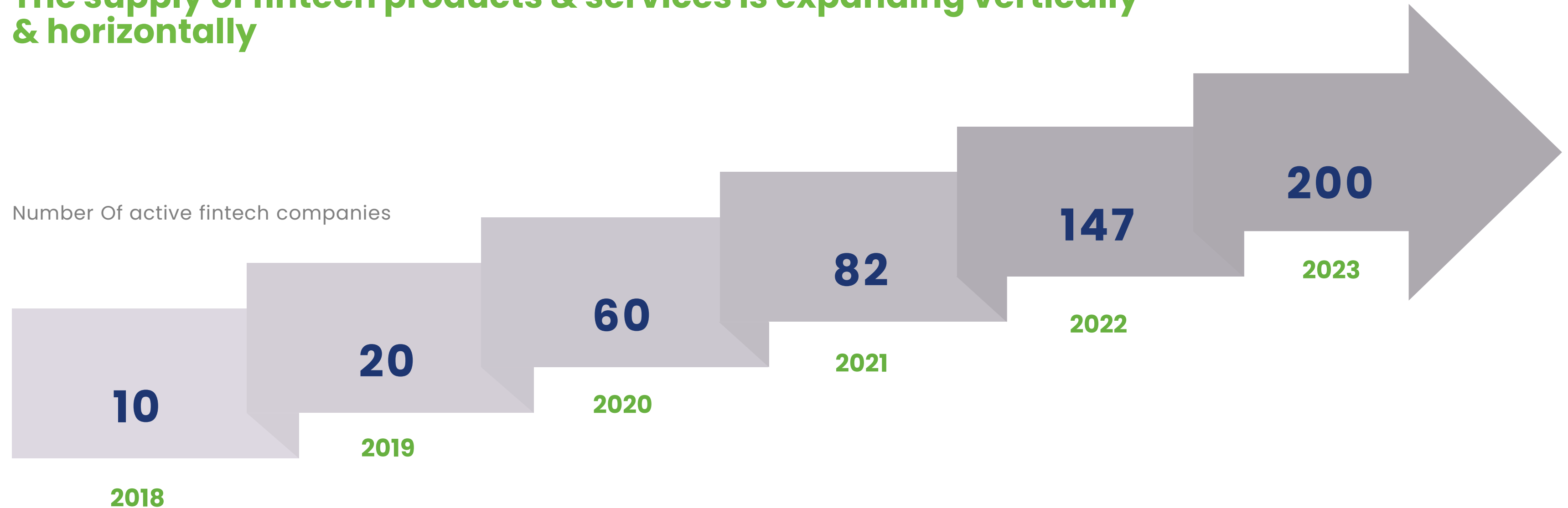
Saudi markets as digital transformers

Fintech as the driver of the Saudi digital dream

From Vision 2030 to cashless: seamless policy integration

Growth that can't be faked

The supply of fintech products & services is expanding vertically & horizontally

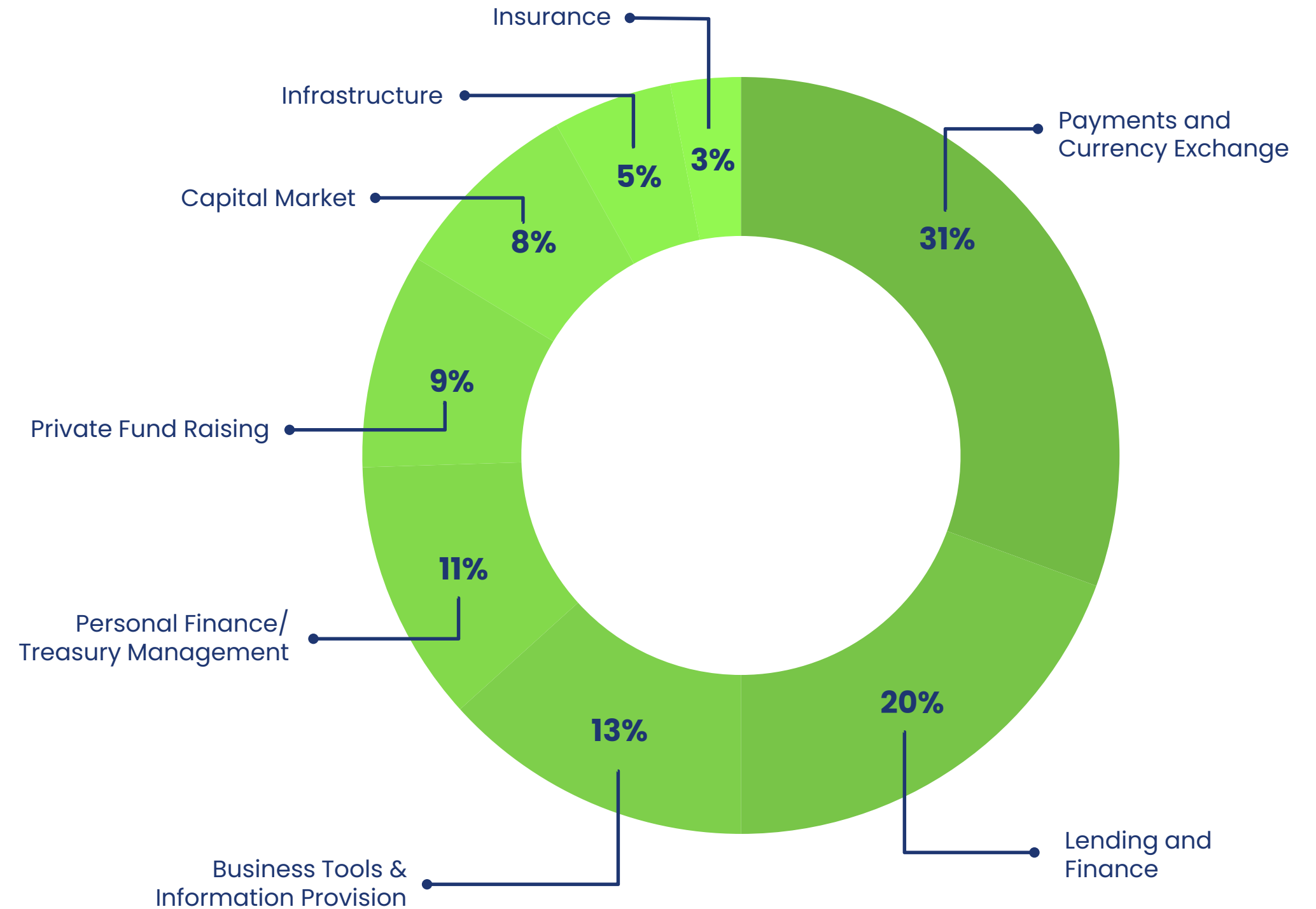


From **10 fintechs** in 2018 to over **200** today. Rapid growth in the absolute number of fintechs reduces barriers to entry and serves to tackle the ecosystem's fear of failure.

Growth that can't be faked

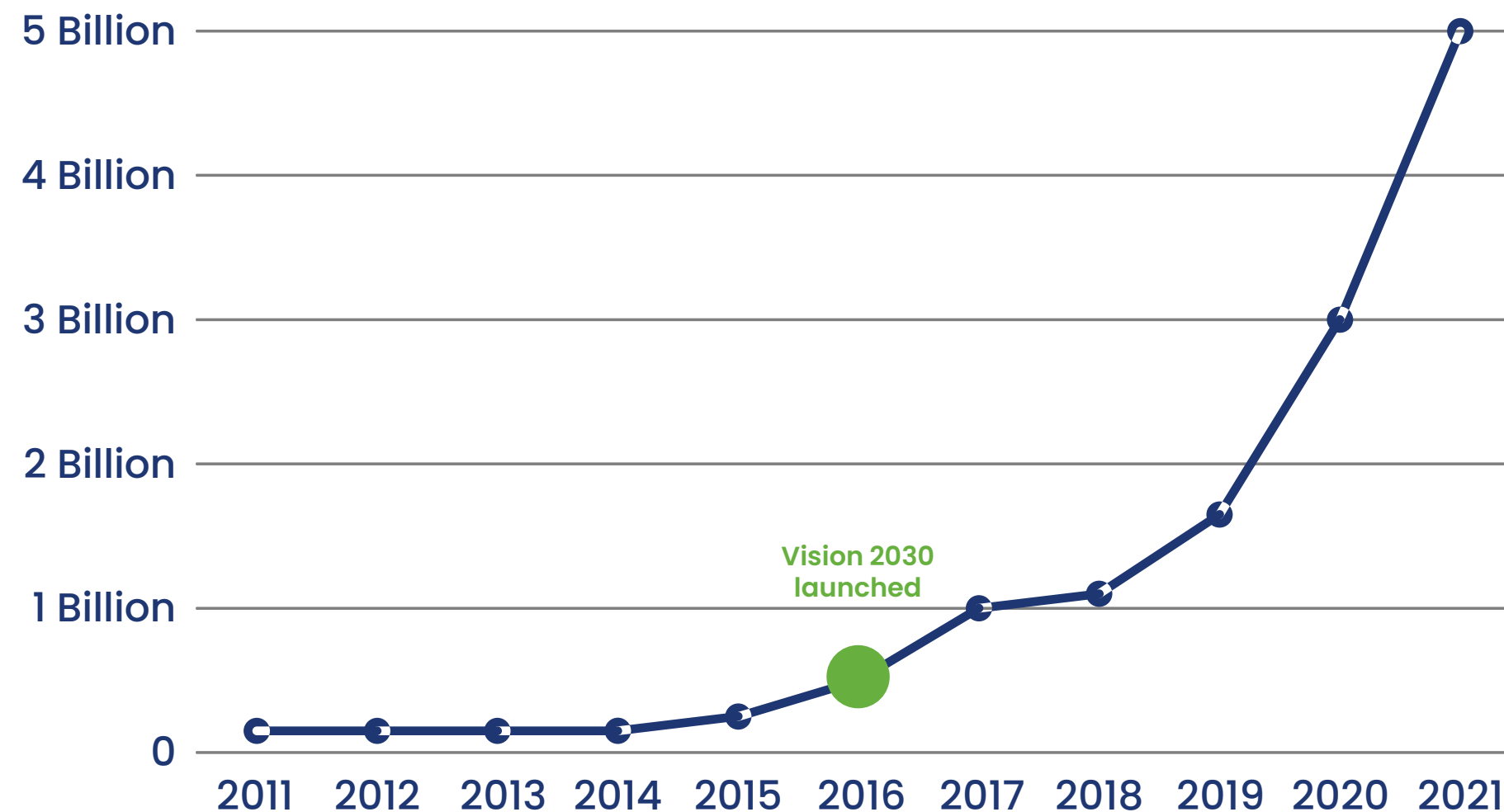
The supply of fintech products & services is expanding vertically & horizontally

Rapid expansion of the range of fintech products and services results in a qualitative deepening of financial services and an historic expansion in financial inclusion.



Saudi markets as digital transformers

The demand for fintech products & services is unleashing a mass migration to digital transactions



Card payment transaction growth in Saudi Arabia: 2011- 2021

62%

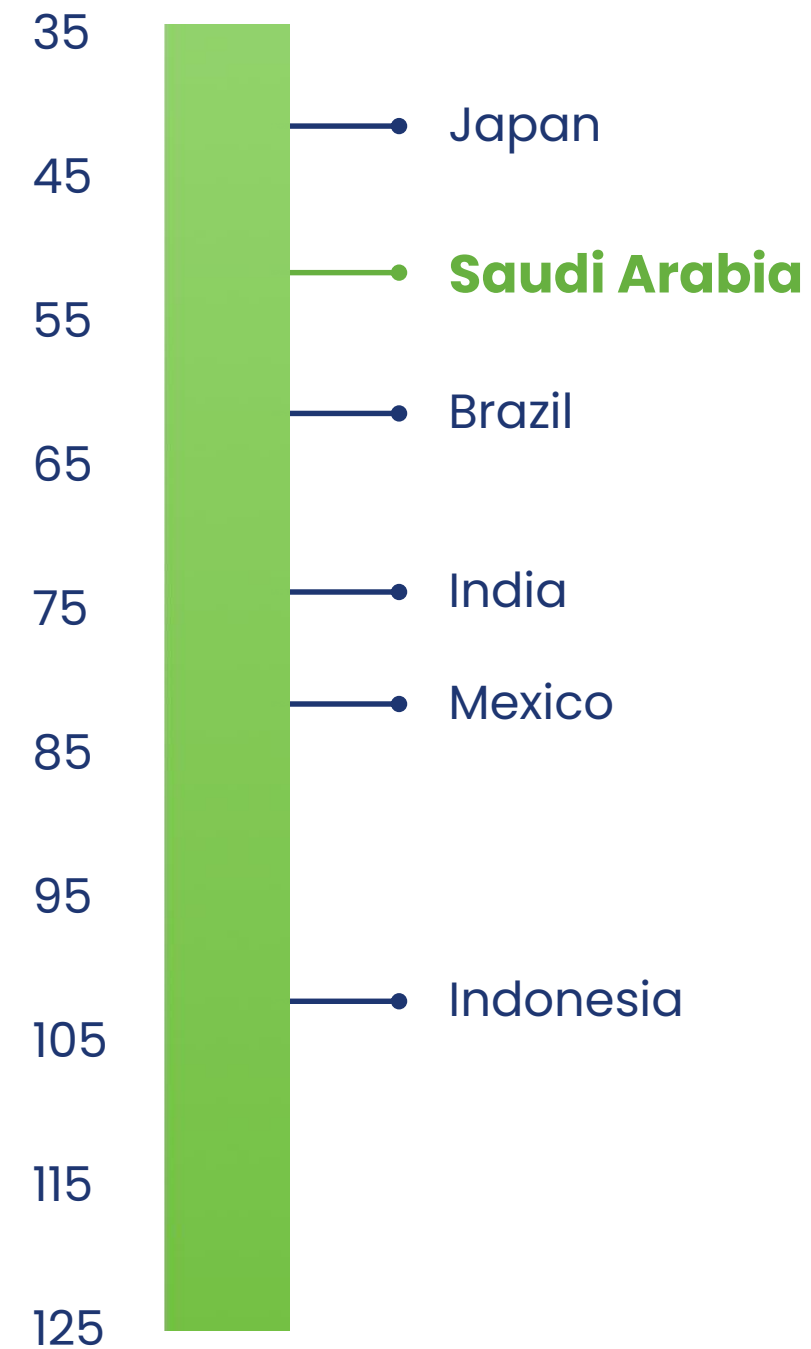
of all payments were cashless in 2022. The original target was 60%.

The rapid shifting of consumers to digital payments, matched by growing fintech providers, points to the unleashing of consumer demand and economic growth.

Saudi markets as digital transformers

The demand for fintech products & services is unleashing a mass migration to digital transactions

Fintech Activity Index Ranking 2022
(125 countries ranked; 1= highest)



In just half a decade, Saudi Arabia has leap-frogged major global economies, and is catching up with advanced markets, in terms of its fintech activity.

Fintech as the driver of the Saudi digital dream

Saudi Arabian fintech talent and companies are fueling a rapid expansion of digital products and services enabling a broad spectrum of digital transactions—almost exactly as aspired to by the country’s ambitious national plans.



Saudi Arabia Vision 2030



Financial Sector Development Program

PILLAR 1

A Vibrant Society

Objective 1: Ensure the formation of an advanced capital market

PILLAR 2

A Thriving Economy

Objective 2: Enable financial institutions to support private sector growth

PILLAR 3

An Ambitious Nation

Objective 3: Promote & enable financial planning

Objective 4: Fintech Strategy

Seamless policy integration

Vision 2030 . Financial Sector Development Plan . Fintech Saudi



Fintech growth and expansion serves all three pillars of Vision 2030.

Fintech growth is already turbo charging the private sector, encouraging innovation, propelling women as social and economic leaders, and driving robust competition for customers, market share and venture capital.

Both regulators—the Capital Markets Authority and the Saudi Central Bank—serve as force multipliers for the fintech sector via Fintech Saudi.

The Financial Sector Development Program (FSDP) locates fintech as a central plank, and the National Fintech Strategy constitutes one of its four strategic objectives.

What this means for Saudi Arabia today

Fintech's Economic, Social and Regional Implications

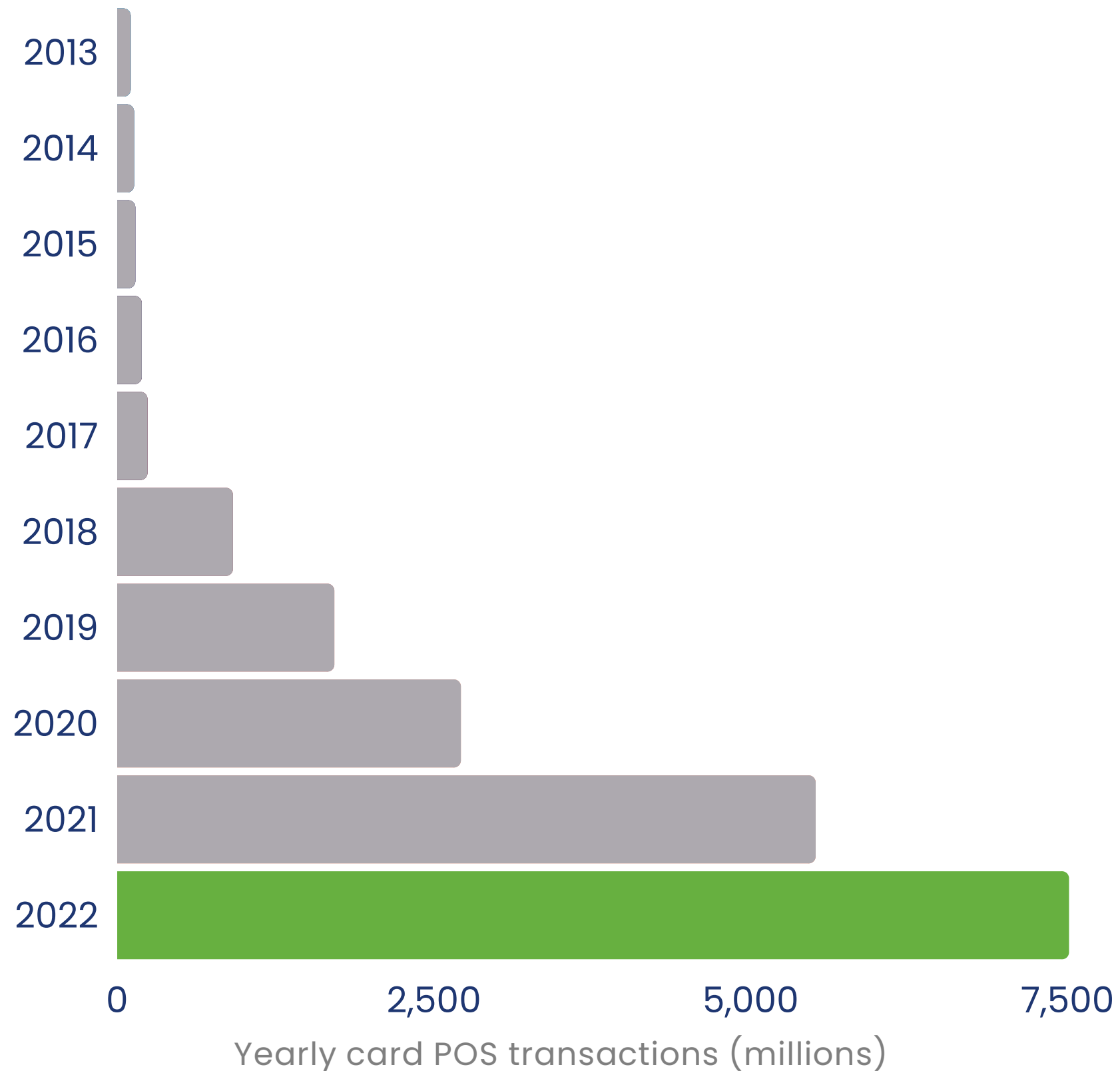
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What fintech growth means for Saudi Arabia's economy

What fintech growth means for Saudi Arabia's society

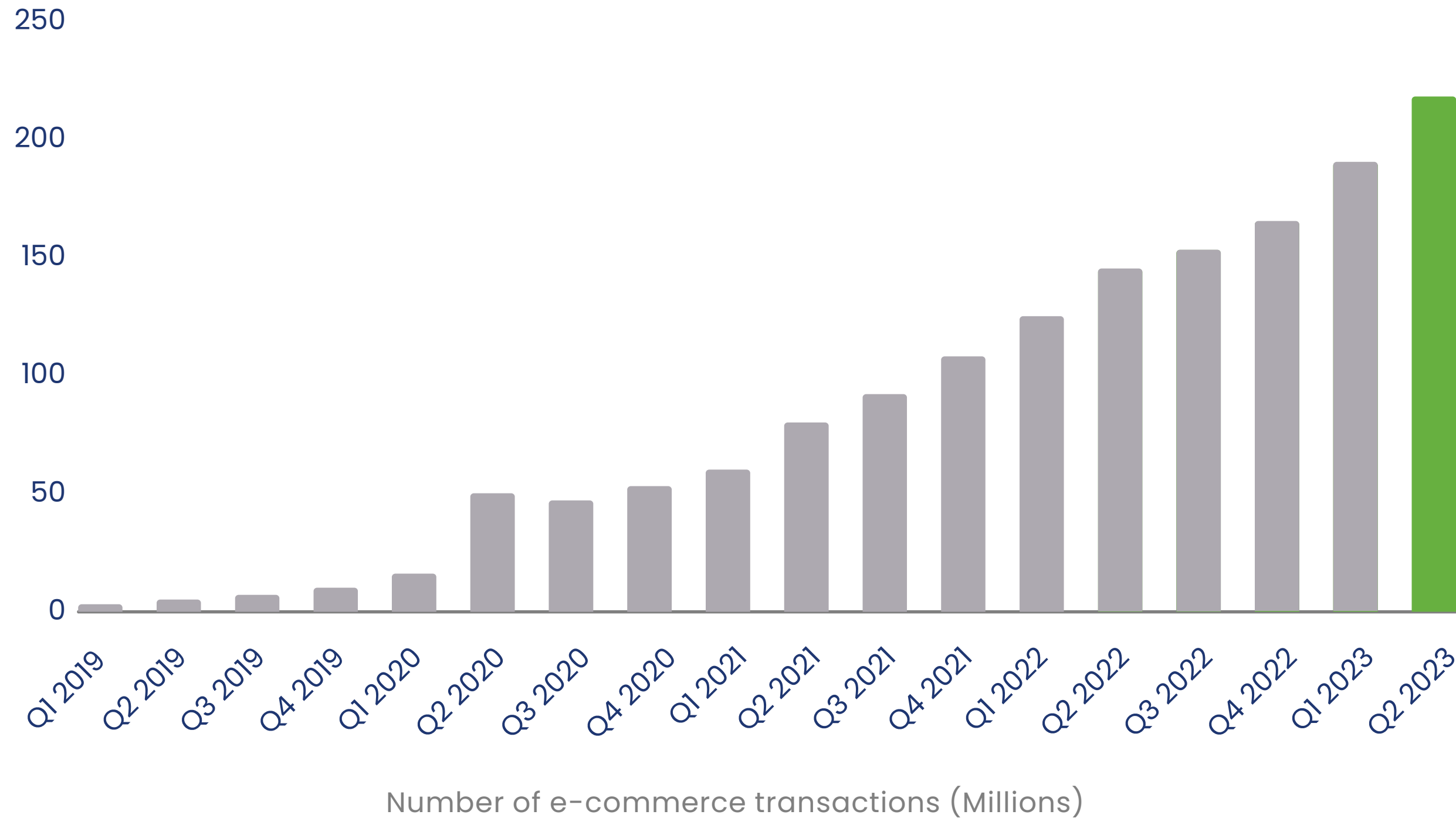
What fintech growth means for Saudi Arabia's standing in the region and around the world

Consumer uptake of fintech is at the heart of the digital transition in Saudi Arabia



- Payment by card is the major element in the digital transition.
- Card-related POS payments grew by **2.6 times** between August 2019 and August 2021.
- POS infrastructure is enabled across all levels of retailers; almost 33% of all consumer e-payments are made to buy groceries.

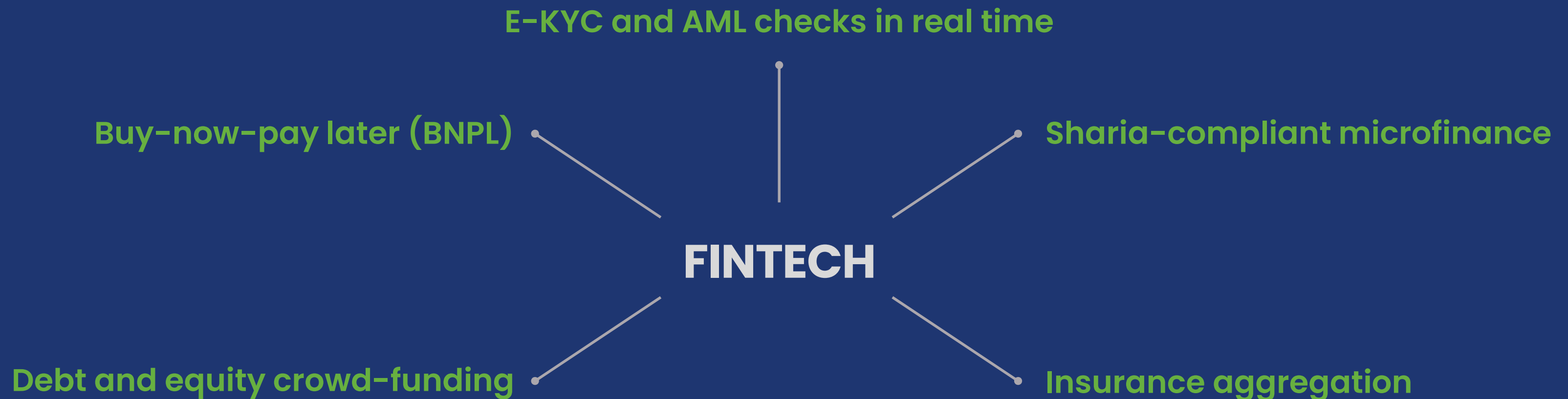
Consumer uptake of fintech is at the heart of the digital transition in Saudi Arabia



E-Commerce payment volumes increased by **4.8 times** over the same period

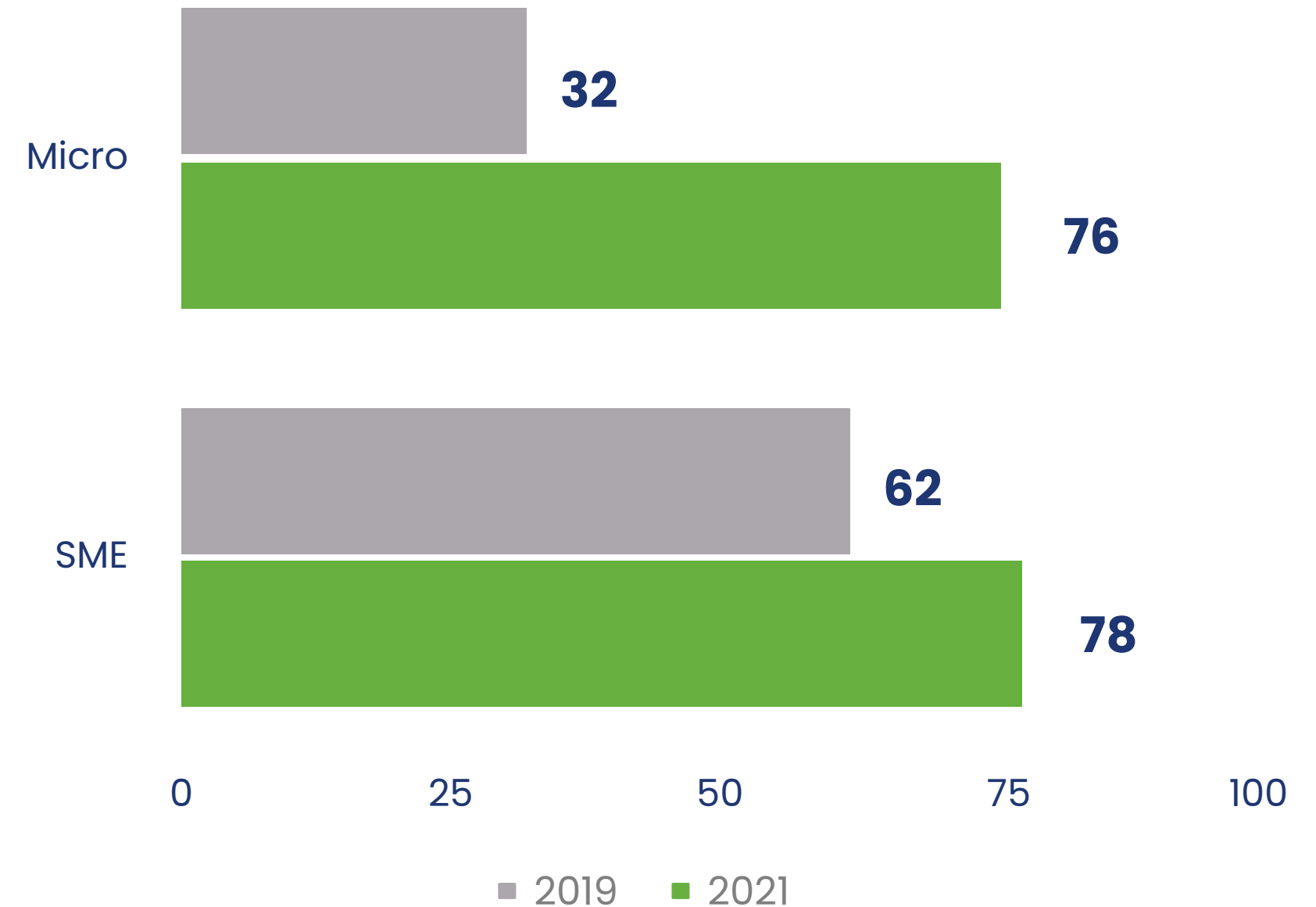
Entrepreneurial creativity has been unleashed

Financial services innovation is occurring at a rapid pace. A few noteworthy fintech product developments since the launch of Vision 2030 are:



Fintech growth is fueling digital efficiency at all levels of the economy

- Large businesses have already transitioned to e-payments, while MSMEs are catching up quickly
- Micro businesses shifting to direct credit for salary payments: **from 17% in 2019 to 59% in 2021**
- Overall, MSMEs have shifted rapidly to digital for vendor payments: **from 28% in 2019 to 76% in 2021**



Share of the payments by business type (percentage)

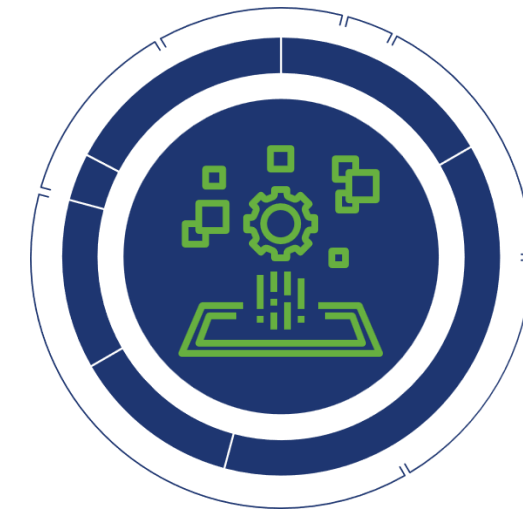
The growth surge in fintech is bolstering the Saudi digital government agenda



With all outward government payments being digitized since 2019, the foundation has been set for innovative fintech solutions to drive the e-government agenda forward.

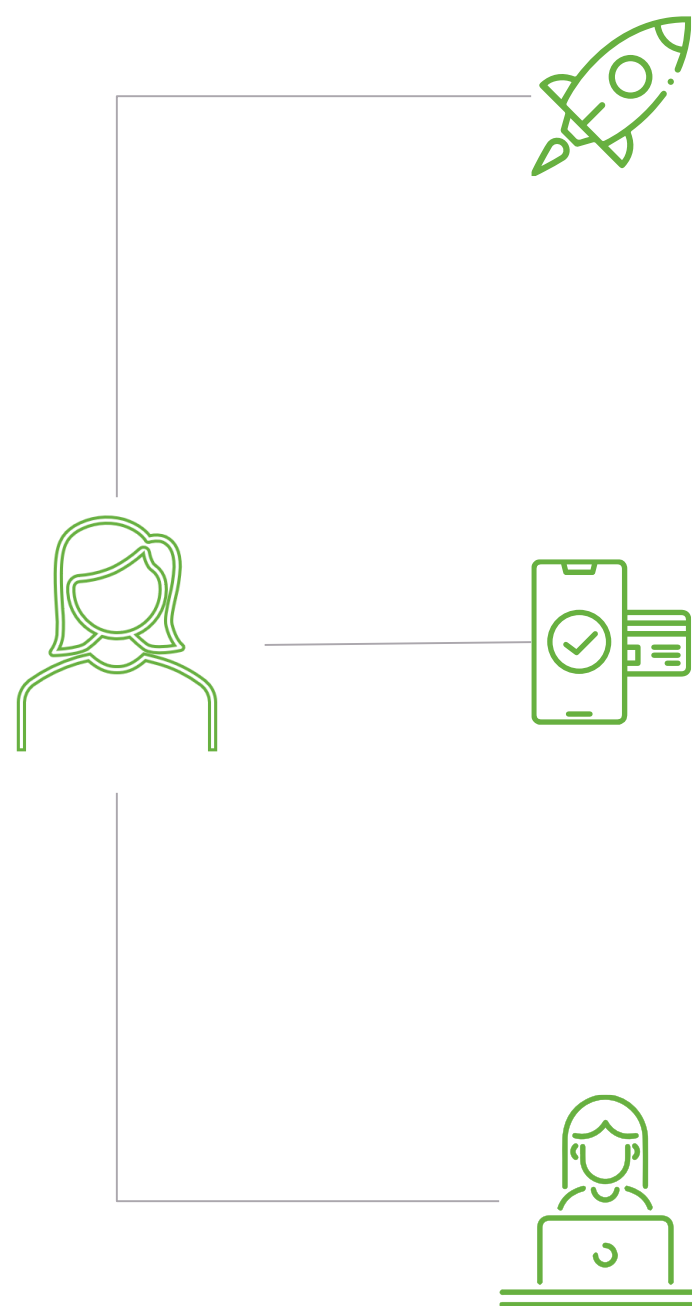


As fintech solutions become more integrated within public service delivery platforms, the accessibility and effectiveness of digital G2X services will improve.



The public sector's use of fintech solutions will foster greater consumer trust in digital platforms, in turn accelerating the broader adoption of digital government services.

Saudi women at the forefront of the digital transformation



Entrepreneurship

Official estimates suggest that 45% of SMEs are now women-led

Inclusion

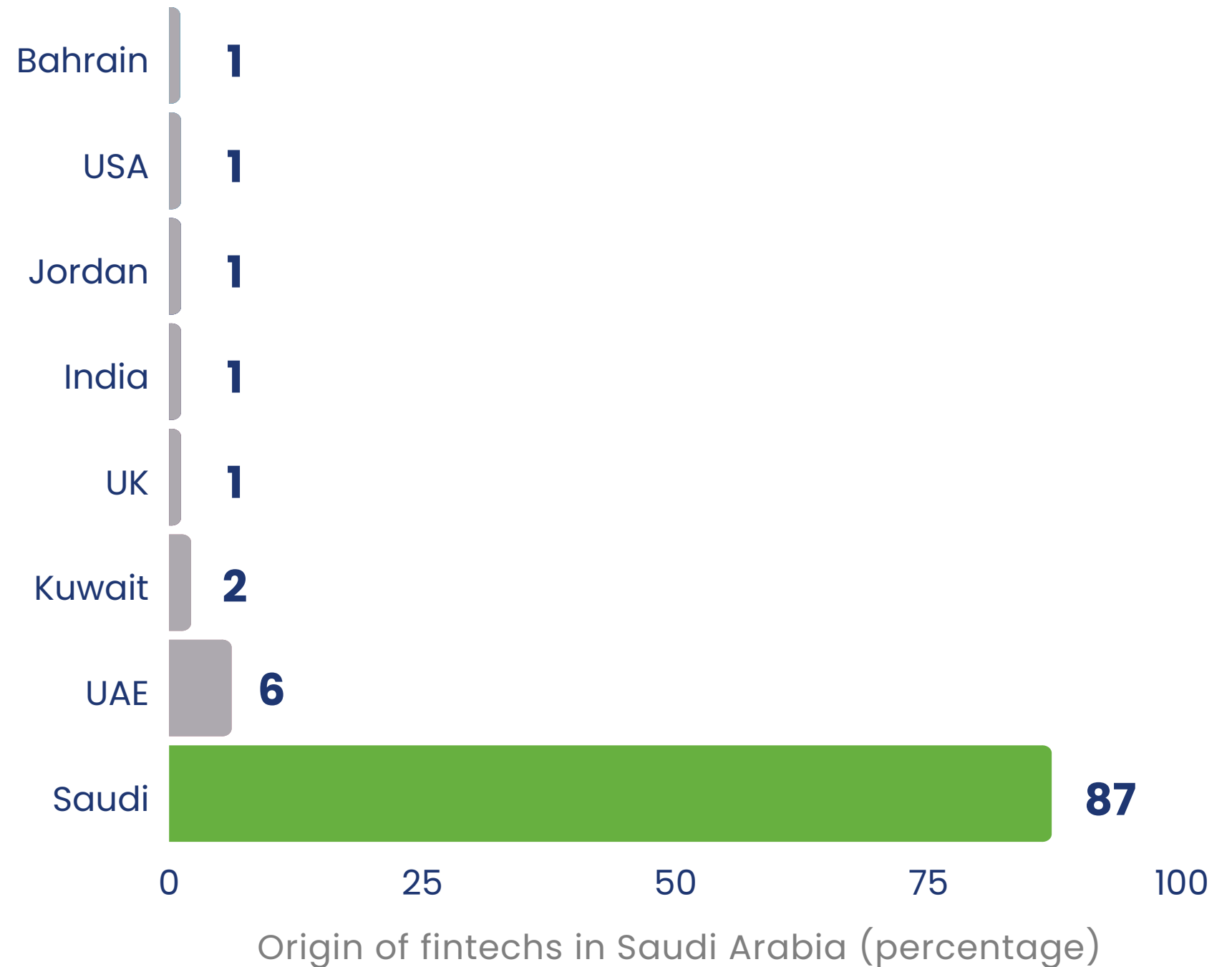
The ratio of non-cash payments by females exceeds that of males: 60% of payments made by females in 2021 was estimated to be digital

Jobs

Female labor force participation rate during 2018-20 jumped from 19.7% to 33% - a nearly two-thirds increase in just two years

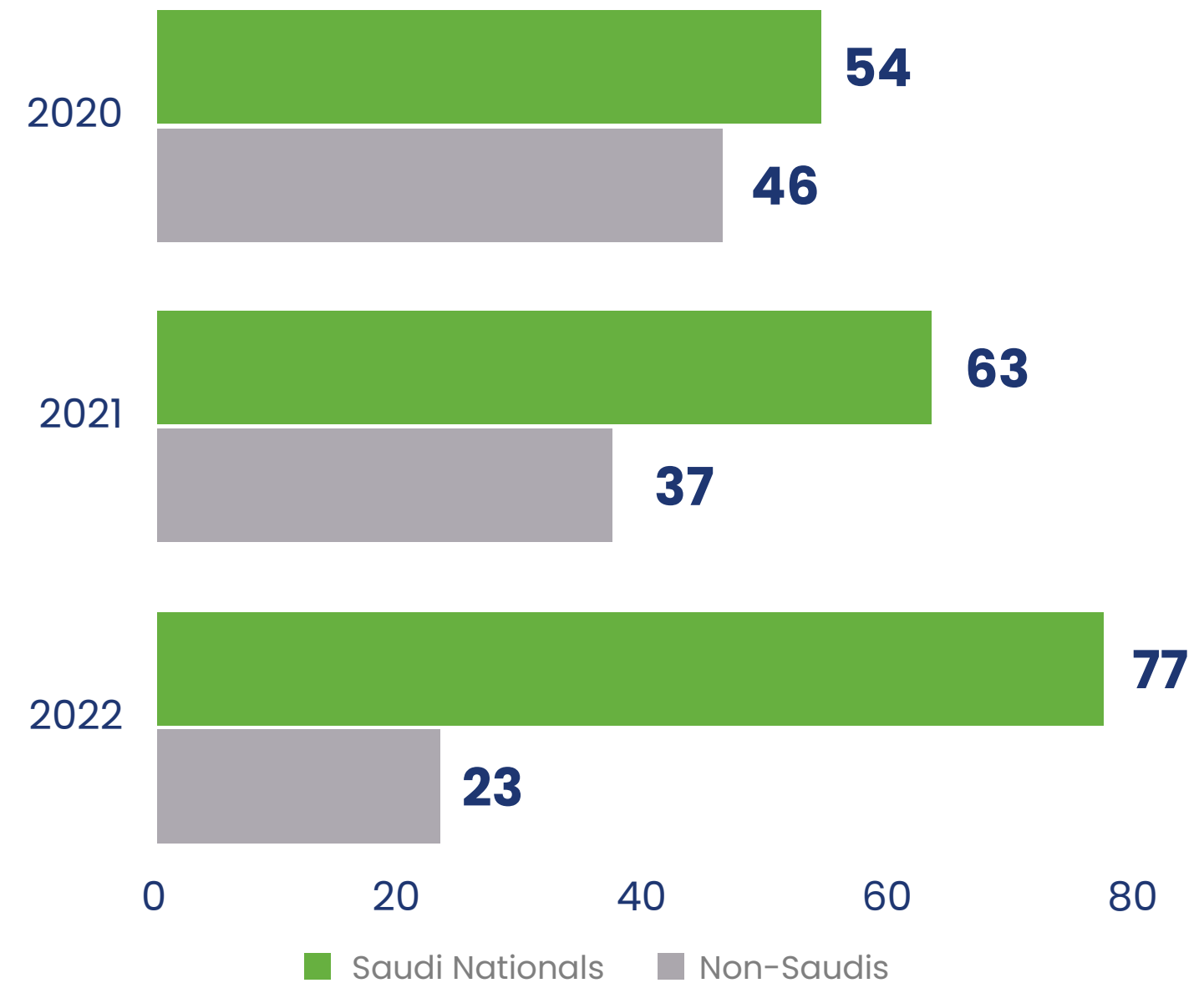
Fintech growth is helping curate high productive capacity & highly skilled Saudi human capital

The overwhelming majority of fintech players are local, adding exponential value to future productivity and growth.



Fintech growth is helping curate high productive capacity & highly skilled Saudi human capital

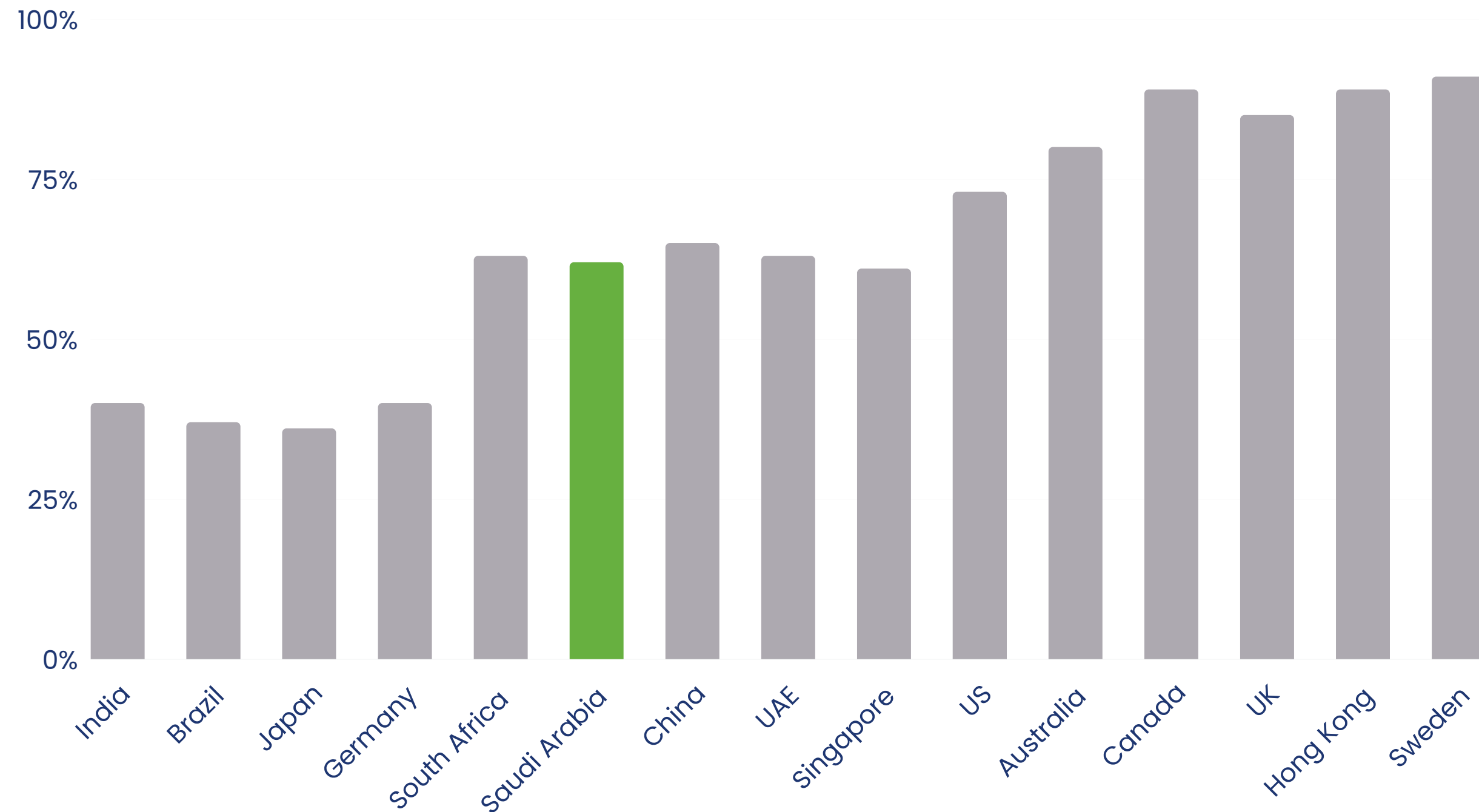
The growing number of high-skilled jobs for Saudis is significantly raising the labour force's ability to meet future challenges and compete globally.



Nationality breakdown of employees at payment-focused fintechs

Rapidly climbing the global digital ladder

What fintech growth means for Saudi Arabia's standing in the region and the world



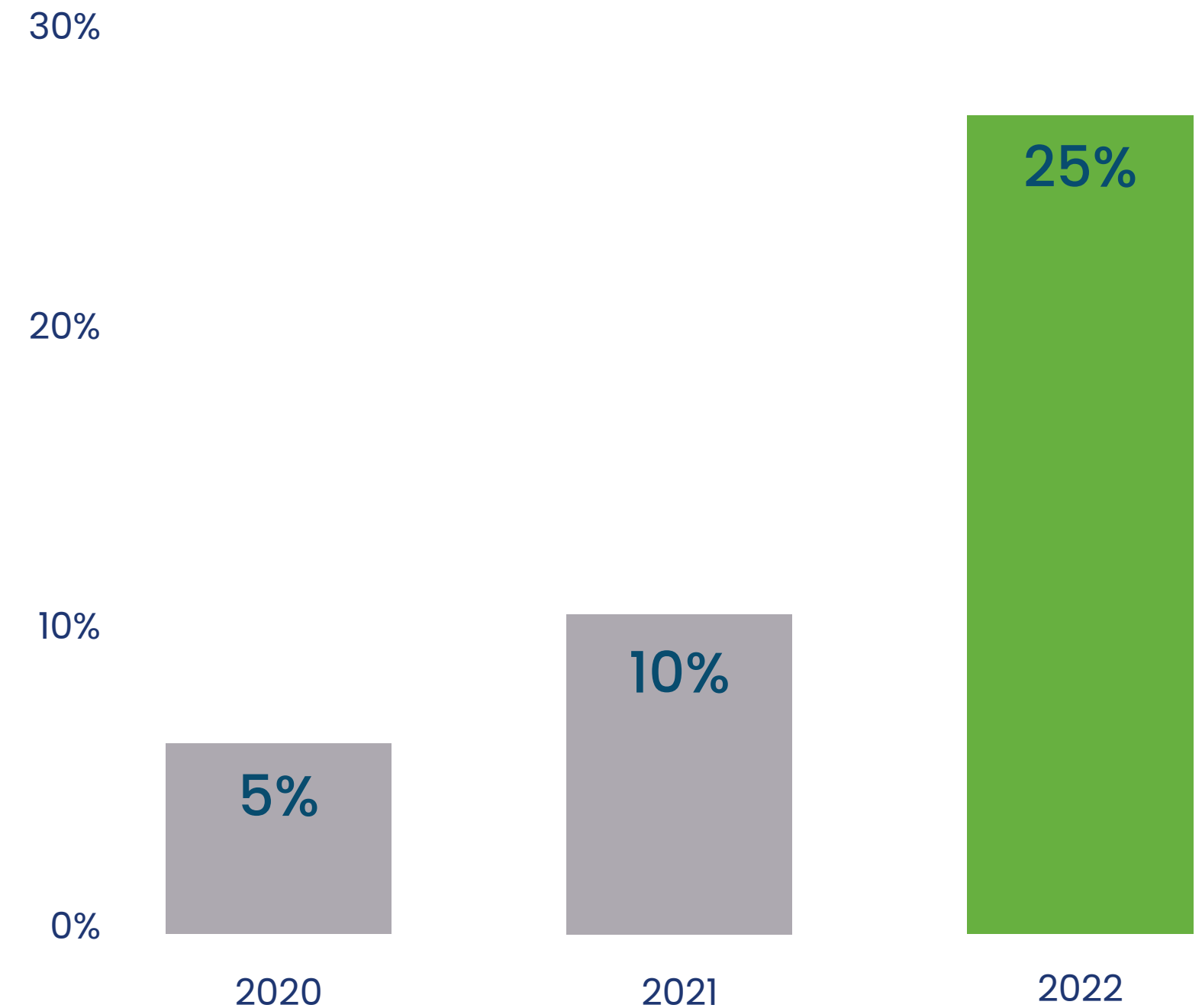
Saudi Arabia is on the brink of catching up with the most advanced economies, already having surpassed emerging markets and many major global economies

Non-cash payments share in selected countries (2022)

Good money knows a good market: FDI chasing Saudi Arabian fintechs

What fintech growth means for Saudi Arabia's standing in the region and the world

There has been a rapid growth of fintech-related foreign investment into Saudi Arabia since 2020, spurred by the leadership's commitment to supporting the industry.



Fintech disclosed deal funding (percentage)

Harvesting the fruits of fintech transformation

03

What the near future holds thanks to rapid fintech growth in Saudi Arabia

Fintech's central role in the economic transformation will intensify

Multi-layered transformations will occur through embedded finance

The face of personal banking & consumer credit will change

Saudi technology unicorns are coming

Fintech's already central role in Saudi Arabia's economic transformation will only intensify

- The continued growth of fintech will generate economy-wide positive externalities, linking various sectors together more closely and unlocking new value far into the future.
- There will be extremely lucrative business opportunities not only for fintechs, but also players in other industries.
- All the ingredients are there for Saudi technology firms to become global giants.

Synergies galore

Multi-layered transformations will occur through embedded finance

The integration of financial services into non-financial product offerings can compound the overall growth impact of the fintech industry.

Embedded finance solutions meet the customer where they are and provide the relevant financial service option, in virtually any industry.

- Banking
- Payments
- Branded card
- Investing
- Insurance
- Lending

The Global Embedded Finance Industry

*Estimated to produce **\$384.8bn** in revenue by 2029, an almost **17x increase** over the **\$22.5bn** generated in 2020*

Fintech: A force multiplier for FSDP

Personal banking and consumer credit are rapidly evolving

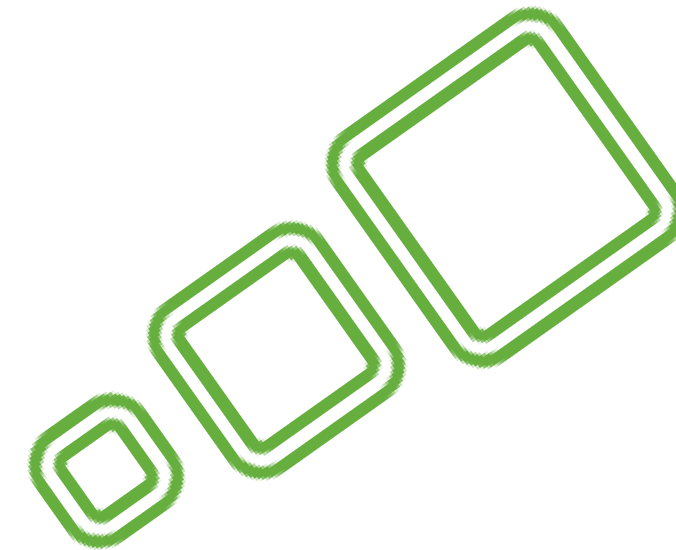
Fintech will enable the Account Information Services (AIS), and Payment Initiation Services (PIS) that will lay the platform for Open Banking in the Kingdom.

Credit cards accounted for just 1.5% of all consumer payments in 2021. There is enormous room for growth.

While fintech-enabled credit lags behind fintech-powered payments in Saudi Arabia, the overall ecosystem and growing demand make the consumer credit market is ripe for disruption and growth.

“Banking-as-a-Service”, or BaaS, can circumvent traditional obstacles to consumers accessing credit, employing diverse data sources and leveraging increasing digital connectedness.

Consumers will be able to access credit virtually ‘on the go’ as BaaS innovations unfold.



Saudi technology unicorns are coming

The alignment of opportunity and enabling environment with all bases covered





BASIC FOUNDATIONS

Modern ICT and financial infrastructure

High economic development potential

Rapidly growing consumer demand

Favourable demographics & homegrown fintech talent



FINANCIAL SECTOR DEVELOPMENT

Open Banking Framework has been launched

Digital banking licenses granted

Deepening capital markets with growing fintech product innovation



ENABLING POLICY ENVIRONMENT

Regulatory Sandbox

Fintech openness taken to the next level with Always Open framework

TABADLAB 

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