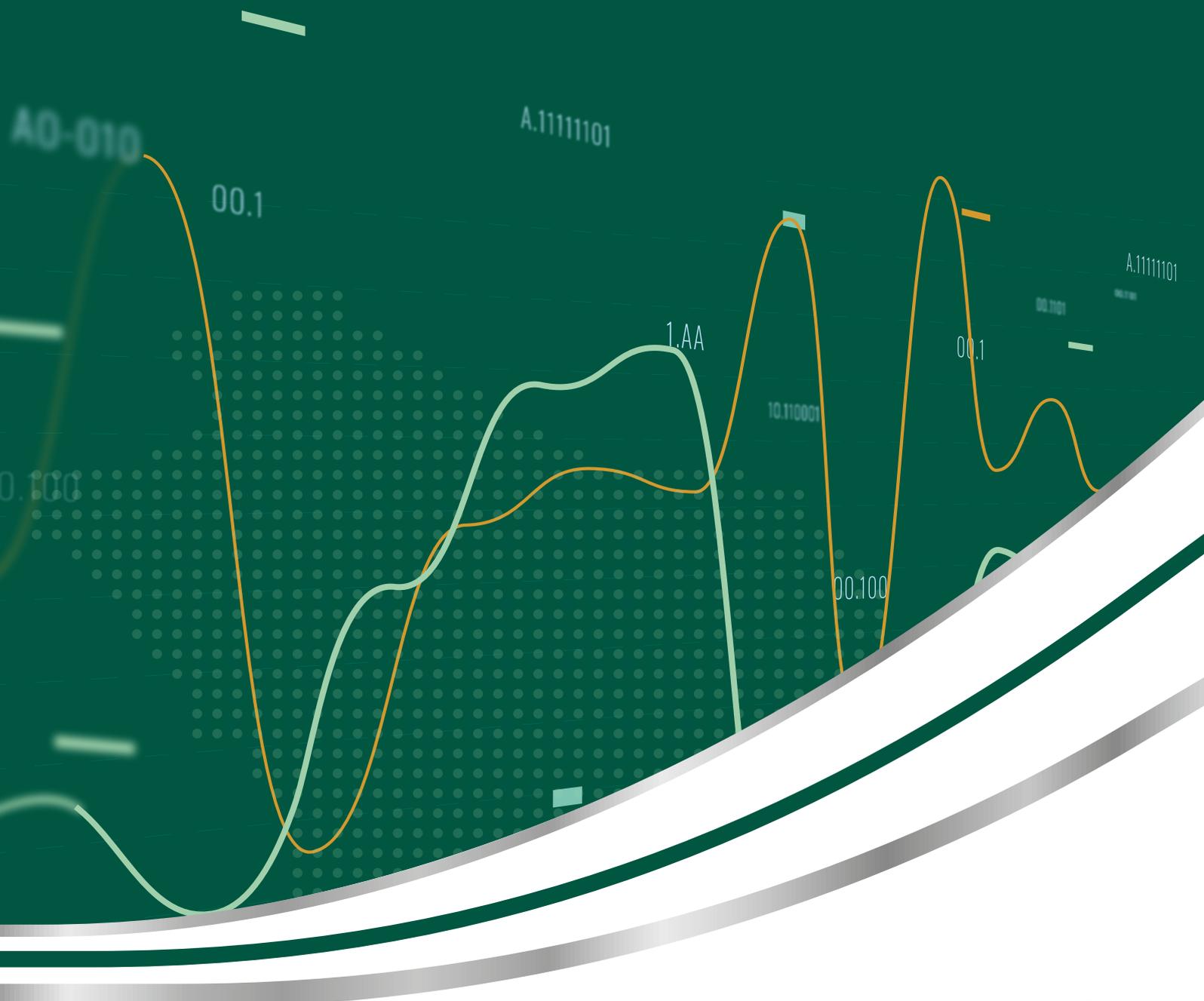


Annual Fintech Report 2022



Saudi Central Bank
Annual Fintech Report
2022



Foreword

H.E. Ayman Mohammed Alsayari

Governor of the Saudi Central Bank

I am pleased to present the Saudi Central Bank's (SAMA) first Annual Fintech Report for 2022. This publication provides a glimpse into a nascent industry that has been gaining traction since 2018 in the context of the Saudi Vision 2030 theme of a diversified and sustainable economy.

In May 2022, the Council of Ministers approved the National Fintech Strategy as a new pillar within the Financial Sector Development Program (FSDP) with an ultimate goal of achieving global competitiveness through technological innovation. The Fintech Strategy seeks to build on collaborative efforts to enhance the digital financial services ecosystem, with SAMA working extensively alongside other government bodies to promote the enablers of the ecosystem to work optimally.

Fintech innovation is expected to continue to play an essential role in how consumers manage and perform their financial transactions. Emerging technologies will reshape existing business models within the industry. New partnerships and collaborations across sectors are necessary to harness the power of innovation and drive economic growth. As more customers adopt digital modes of interaction, security measures by the industry must also match the agility of today's digital economy.

There is also an essential role in raising public awareness of vigilance and keeping personal information secure to maintain trust and integrity in the financial ecosystem. SAMA continues to focus on developing institutional capability while ensuring continued financial stability for sustainable growth in Saudi Arabia.

The market insights we have gathered offer an objective and data-driven view of the development of the four main Fintech sectors: Payments, Finance, Insurance, and Open Banking. We hope this series of publications provides readers with a macro-level view of the economic and institutional impact Fintechs have on the economy and the inherent potential of the Saudi Arabian market.

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Scope & Purpose of this Report

Scope

This report aims to provide a comprehensive overview of the current state of Fintechs in Saudi Arabia and to highlight the progress made through the presentation of data in a way that is easy to navigate and understand. Please note that this publication only covers the entities directly under the purview of SAMA, either directly licensed companies or startups operating in the Regulatory Sandbox. The consolidated data provides detailed insights with the ultimate goal of showcasing the growth of the Fintech industry.

Purpose

This Fintech report aims to be a valuable resource for entrepreneurs, investors, and other industry stakeholders looking to gain a deeper understanding of the Saudi Fintech landscape and its potential for growth and innovation.

01

Introduction



SAMA's Role in Enabling the Fintech Sector

SAMA has made significant progress in building the Saudi Arabian Fintech ecosystem.

2018

Launch of Fintech Saudi to drive innovation and collaboration between startups, investors, and other key stakeholders in the Fintech ecosystem.

Regulatory Sandbox Framework established to allow financial institutions and Fintechs to test and launch their products and services in an innovative and safe environment.

7 Fintechs permitted to operate in the Sandbox 2018 cohort.

2019

14 Fintechs permitted to operate in the Sandbox 2019 cohort.

Launch of licenses for non-bank Financial Institutions, brought the total number of companies licensed by SAMA to 14, exceeding the FSDP target (3 licensed companies by 2020).

2020

11 Fintechs permitted to operate in the Sandbox 2020 cohort.

SAMA implemented regulatory reforms:

- Payment Services Provider (PSP) Regulation
- Consumer Micro Lending Regulation
- Financial Aggregation Regulation
- Insurtech Aggregation Regulation
- Digital Bank Guidelines

2021

Total of 17 licensed Fintechs by SAMA.

Multiple regulatory frameworks issued:

- Debt Crowdfunding Regulations
- Buy Now Pay Later (BNPL) guidelines

2022

Total of 30 licensed Fintechs by SAMA.

Release of Open Banking Framework.

Regulatory Sandbox updated to Always Open model.

National Fintech Strategy

The Saudi Vision 2030's Financial Sector Development Program (FSDP) was launched in 2017 with 3 strategic pillars; Enable Financial Institutions to support private sector growth; Ensure the formation of an advanced capital market; and promote and enable financial planning. Fintech has played a role in supporting all three of the strategic pillars.

Fintech started as an initiative under the first pillar, however given the importance of Fintech in the development of the financial services industry, the Fintech Strategy has been included as the fourth pillar of the FSDP.

The Fintech Strategy pillar aims to achieve the aspirations set by the Kingdom's leadership in positioning the Kingdom of Saudi Arabia as one of the leading countries in the field of Fintech, with Riyadh becoming a global Fintech hub. Vision 2030 is transforming lives of Saudis and providing them with new experiences, including better access to financial products and personal finance services.

The Kingdom also seeks to harness the potential of emerging sectors to drive job creation and economic impact, with empowered citizens as the key growth driver.

These are reflected in the Fintech Strategy, which aims to empower individuals and communities with greater economic access and financial awareness, as well as drive innovation and creativity.

The National Fintech Strategy Vision comprises 6 transformational drivers and 11 initiatives, each designed to bolster the Kingdom of Saudi Arabia (KSA) Fintech Ecosystem.

<p>Positioning</p> <p>KSA Global Fintech Positioning</p> <p>Strategic global positioning & marketing campaigns to build the image of KSA as a Fintech leader & boost global awareness of KSA market, with a focused study in the first year to define the multi-year global positioning roadmap</p>	<p>Talent</p> <p>Nurture Fintech Knowledge in the Kingdom</p> <p>Upskill existing workforce in the Financial Services industry and train regulators on Fintech, while building local workforce of the future through internship programs</p>	<p>Collaboration</p> <p>Orchestrate Collaboration Locally & Globally to Lead with Purpose</p> <p>Build bridges with global strategic partners and Fintech hubs through the launch of a “Ruwwads” program and meet the industry needs by issuing white papers</p>
<p>Regulatory Framework</p> <p>Enhance Fintech-Related Innovation within the Central Bank</p> <p>Develop and implement Suptech solutions within the Central Bank to support its risk-based supervisory role</p>	<p>Market and Funding</p> <p>Enable Fintech Saudi as the Market Driver</p> <p>Build up Fintech Saudi’s role to develop and support the Fintech ecosystem in KSA by enhancing its operating model and capacity, developing accelerator programs and facilitating knowledge sharing with the Fintech panel</p>	<p>Technology</p> <p>Accelerate Cloud for Fintech</p> <p>Accelerate the development of the cloud infrastructure in the Kingdom through the establishment of incentives for providers and expansion of emerging technology platforms</p>
<p>Regulatory Enablement for Fintech in the Central Bank Space</p> <p>Review the current financial services regulatory framework to allow for Fintech to efficiently operate in the KSA market and to enable access for new players, also through an enhanced sandbox and developed Open Banking regulations</p>	<p>Determine Financial Support Mechanisms for Fintechs in the Kingdom</p> <p>Define the strategy to provide for financial support mechanisms for Fintechs in the Kingdom</p>	<p>Develop Emerging Technology Policies & Accelerators</p> <p>Develop regulatory (policies, regulatory frameworks) and financial (accelerators) support for emerging technologies companies</p>
<p>Regulatory Enablement for Fintech in the Capital Markets Space</p> <p>Review the current Capital Market regulatory framework to allow for Fintechs to efficiently operate in the KSA market, issue new regulations to allow for the development of innovative products and develop Suptech solutions within the Capital Market Authority (CMA) to support its supervisory role</p>		<p>Implement & Activate the Open Banking Practice in the Kingdom</p> <p>Develop a set of regulatory guidelines, business rules, technical standards, and technical enablers based on international best practices to enable Open Banking in the Kingdom. Open Banking aims to give customers the ability to securely share their financial data, thereby promoting innovation in the financial sector</p>

2030 Goals

525

Fintech Companies

18K

Fintech Jobs

13.3B_{SAR}

Direct GDP Contribution

20%

Foreign
Direct
Investment

12.2B_{SAR}

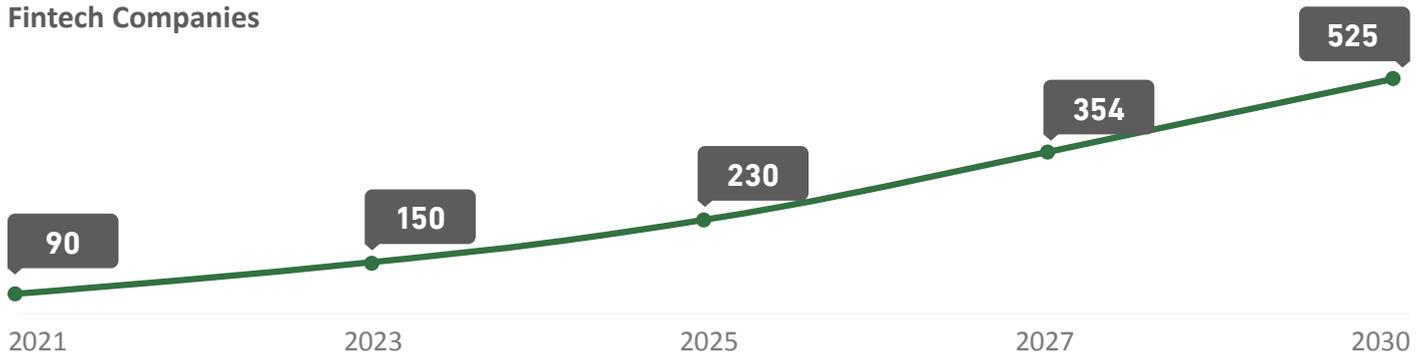
Cumulative VC
Investments (10y)

2025 Commitments

To ensure the strategy is on track to achieve its objectives, a set of milestones for 2025 has been identified.

- Attract global Fintech players and increase the number of Fintech companies operating in the Kingdom to 230 companies by 2025, driving innovation and competition in the Kingdom's financial services sector
- Increase the share of non-cash transactions (digital transactions) amongst individuals to 70% by 2025, with the target of reducing the use of cash
- Raise the volume of venture capital investments in Fintech companies to SAR 2.6B by 2025 through enhancing local investment and attracting foreign investments, which will engineer growth
- Raise the contribution of the Fintech sector to the Kingdom of Saudi Arabia GDP to reach SAR 4.5B and create approximately 6,000 jobs by 2025, which is in line with the Kingdom's goals of diversifying the economy and empowering its labour force with future-proof skills

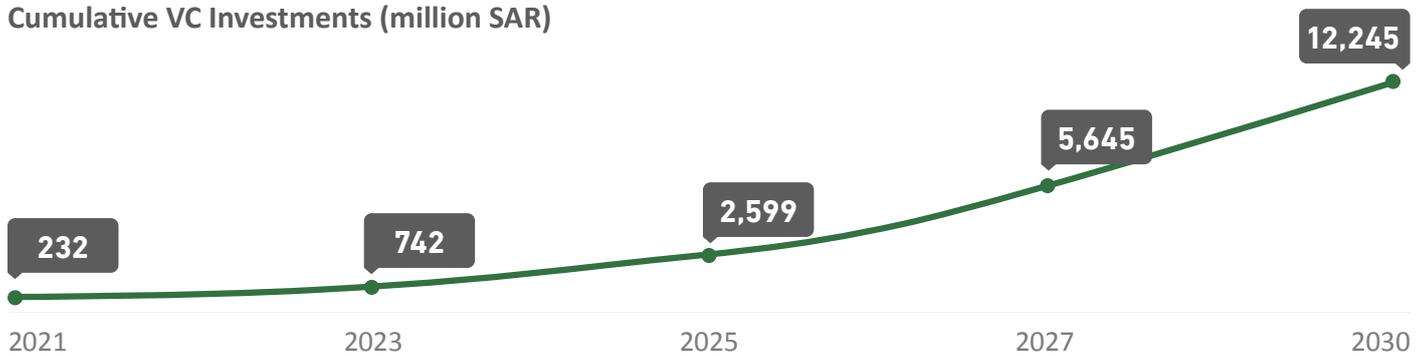
Fintech Companies



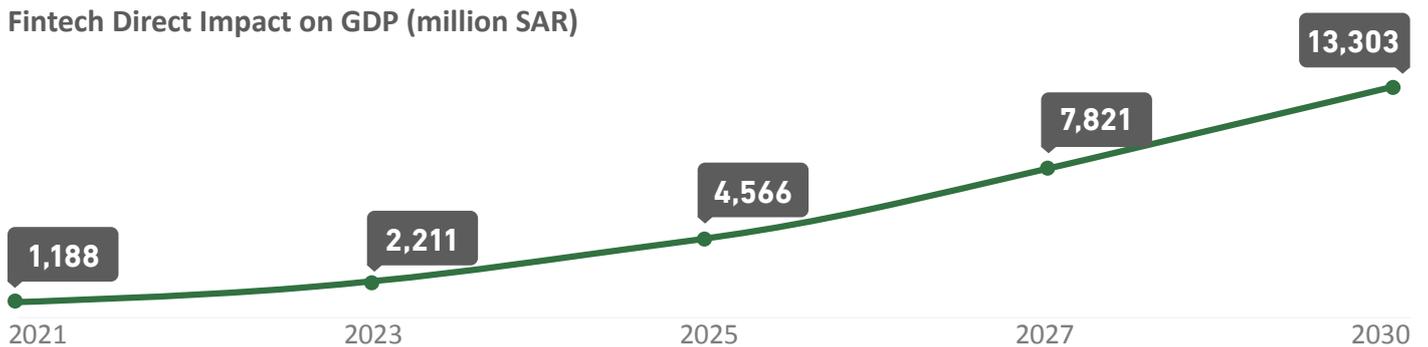
Fintech Direct Jobs



Cumulative VC Investments (million SAR)

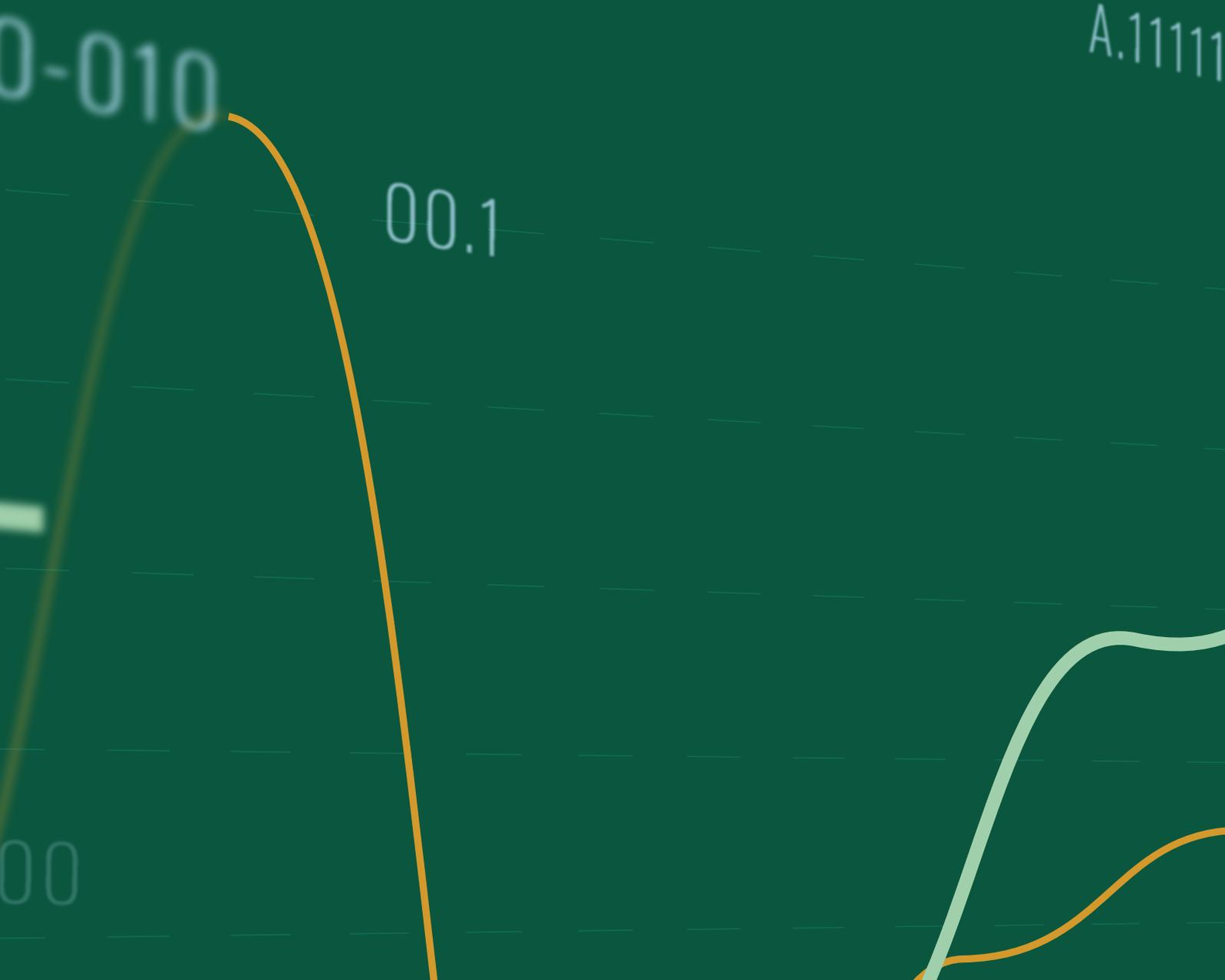


Fintech Direct Impact on GDP (million SAR)



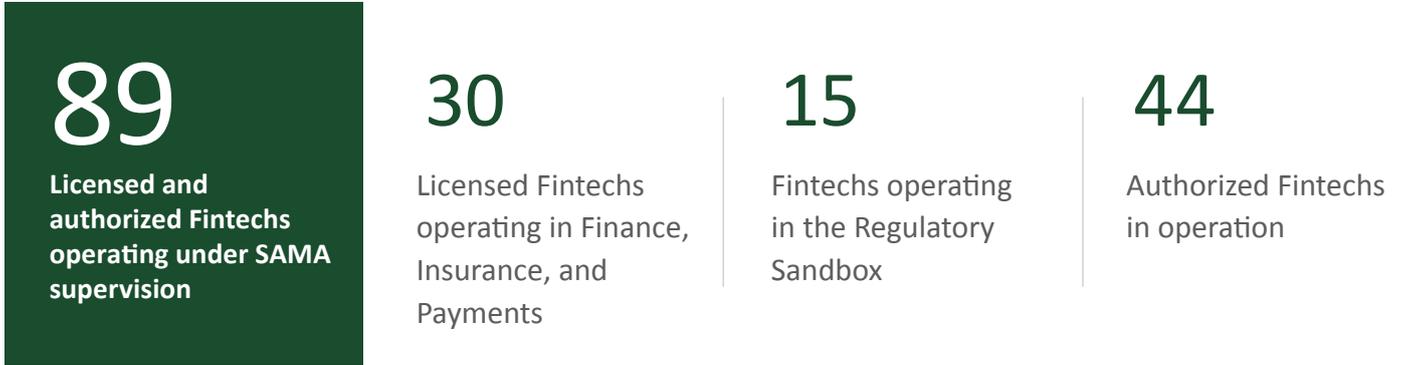
02

Report Summary



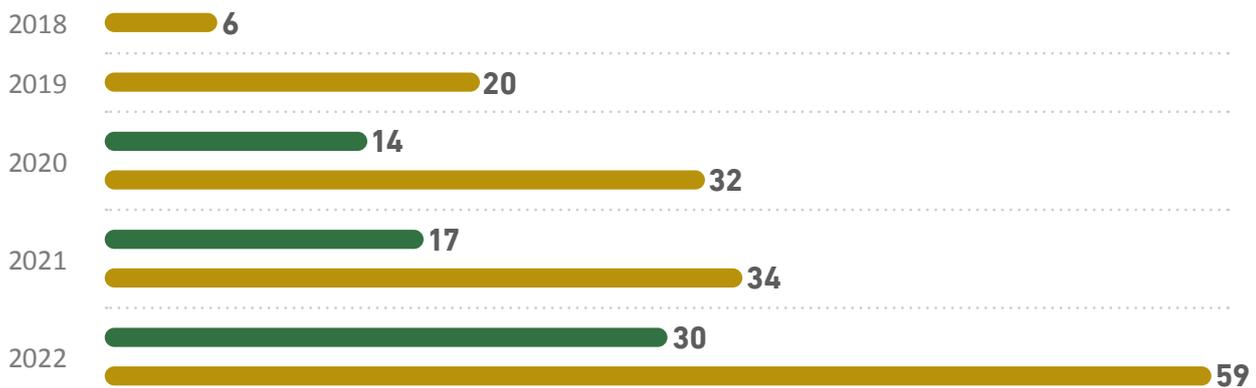
Report Summary

As of December 2022



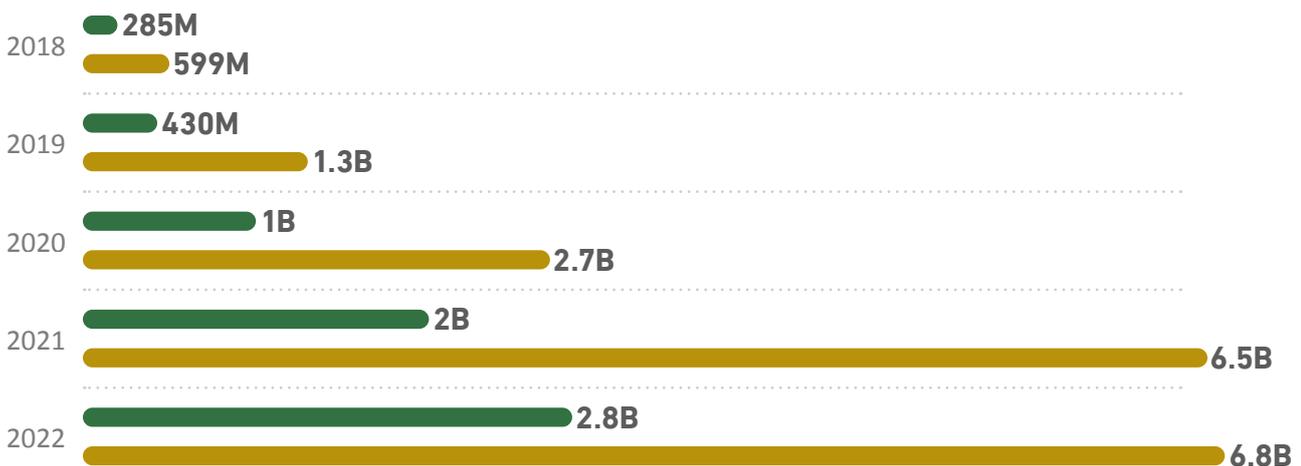
Companies Licensed or Authorized by SAMA

● Licensed ● Authorized



Total Revenues/Assets by SAMA Fintechs (SAR)

● Revenue ● Assets



Companies Licensed or Authorized by SAMA as of December 2022

geidea



BrightWare

tweeq

tiqmo

Fatora

بحر العرب لأنظمة المعلومات
Arab Sea Information Systems

MARTA

MOYASAR

Paylink

Mobily Pay

neo leap

HALA

loop

Pay

nami

FOODICS

noon pay

sure pay
شركة مدفوعات شهور

عزم السعودية
SAUDI AZM

tamara

tabby

رقمية
Raqamyah

وفاير
wafeer

جونشور

Care

سيركليز
Circlys

بواتك
BWATECH

DATA INSIGHTS
استشارات البيانات

wally

tg TARABUT GATEWAY

RABET

Mod5r

سلفة

تمام
tamam

اعقلها
EQELHA

منافع
manafa

لين
LEAN

Lendo

النارفات
NayifFat

دراهم
Drahim

تعميد
tameed

معالم للتمويل
Maalem Financing

checkout.com

ClickPay

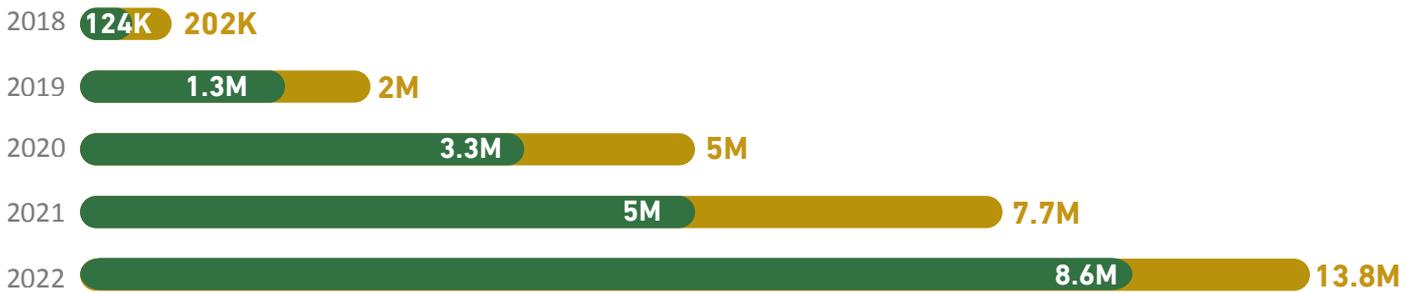


Report Highlights

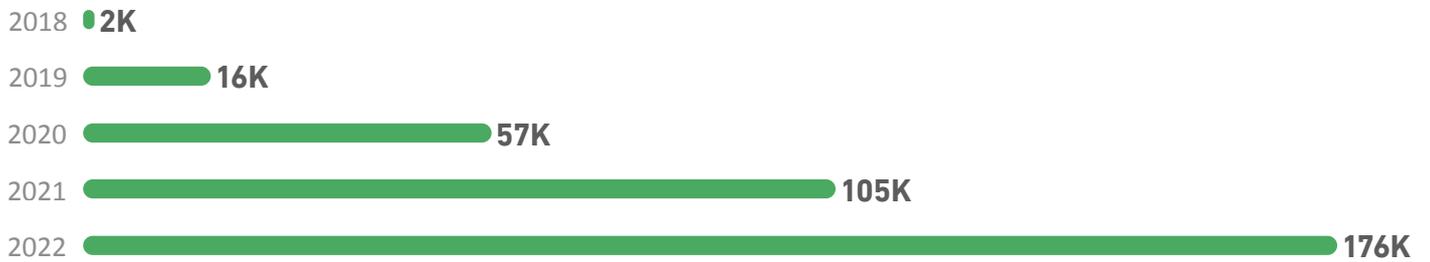
Payments (Electronic Money Institutions & Payments Institutions)

Total Number of Retail Customers Registered with Electronic Money Institutions (EMI) Digital Wallets

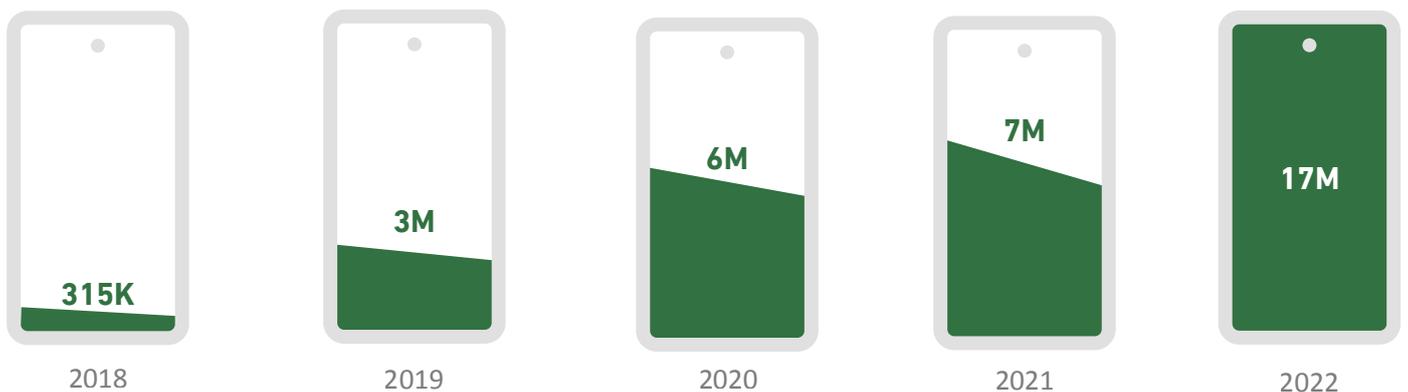
● Active Customers ● All



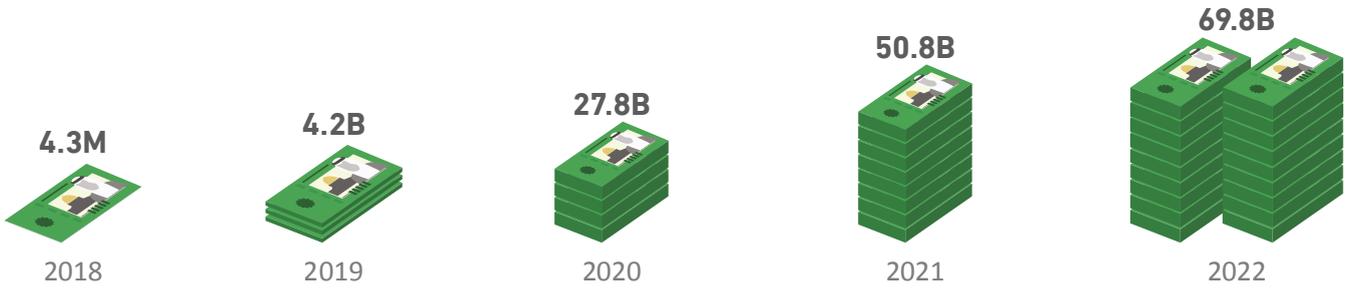
Total Number of Merchants Registered with EMI Digital Wallets



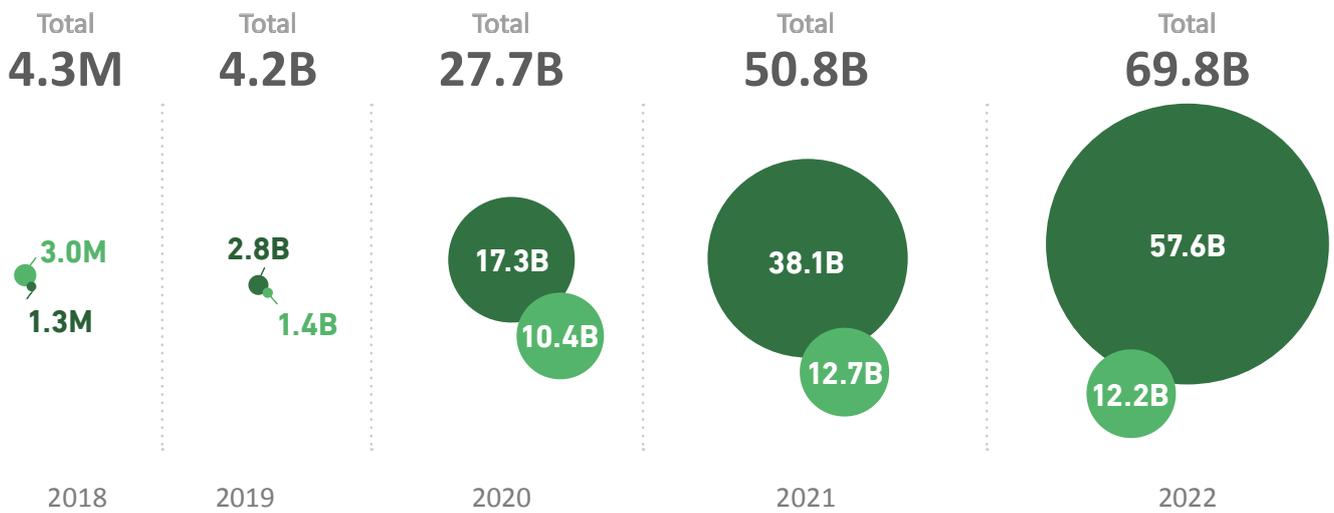
Total Number of Digital Wallets Mobile App Downloads



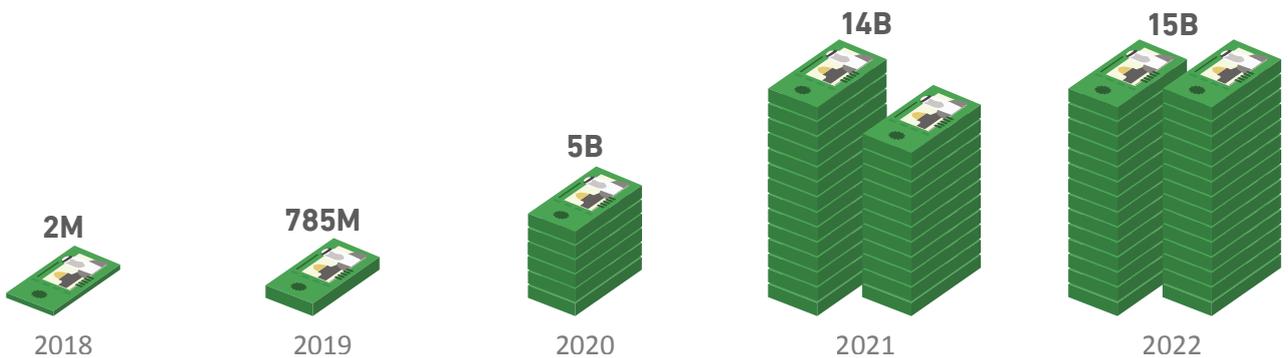
Total Value of Deposits (Top Ups) in EMI Digital Wallets (SAR)



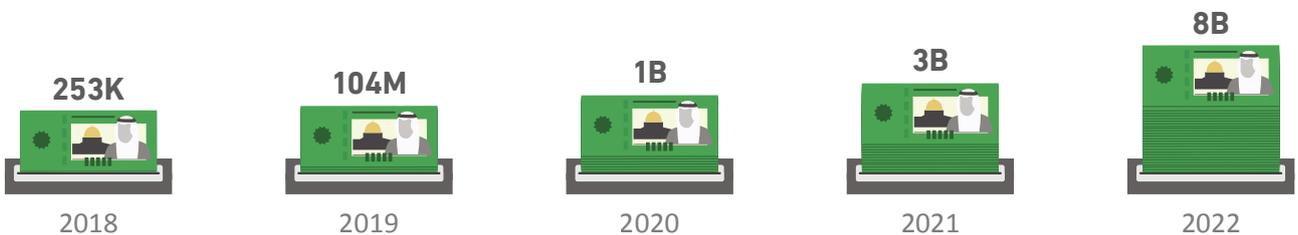
Deposit (Top Up) Method Breakdown in EMI Digital Wallets (SAR) ● Bank Transfer ● Credit/Debit Card



Total Value of Local Transfers with EMI Digital Wallets (SAR)



Total Value of Cash Withdrawals from EMI Digital Wallets (SAR)

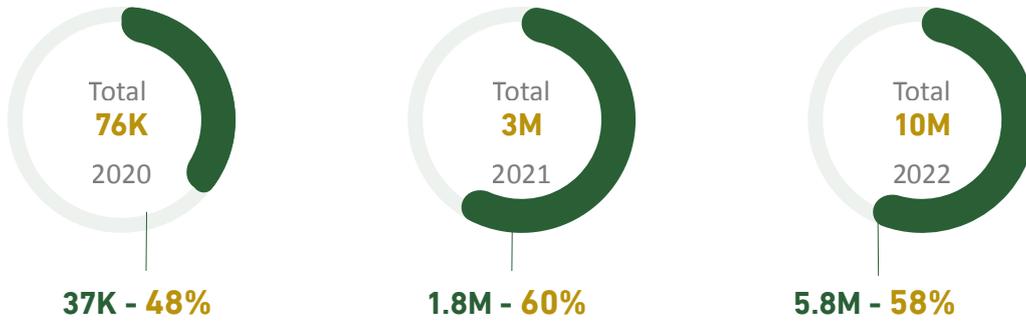


Finance

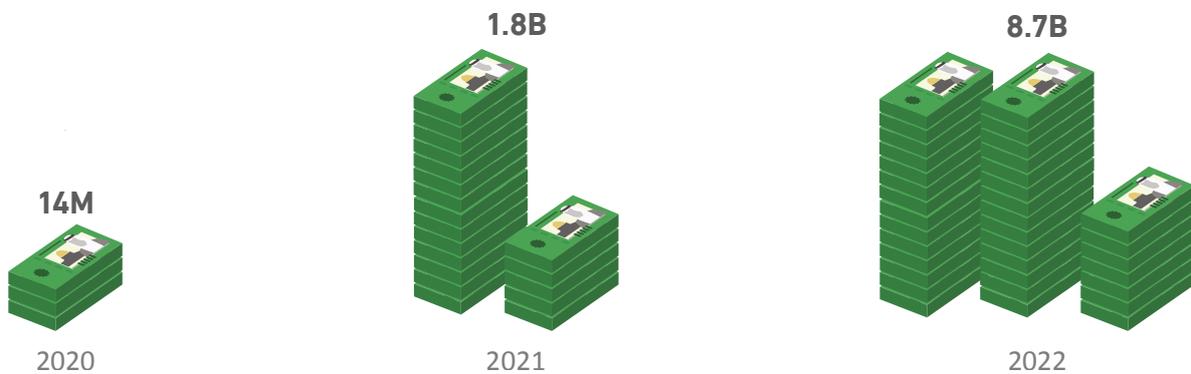
Buy Now Pay Later (BNPL)

Total Number of Retail Customers Registered with BNPL

● Active Customers ● All



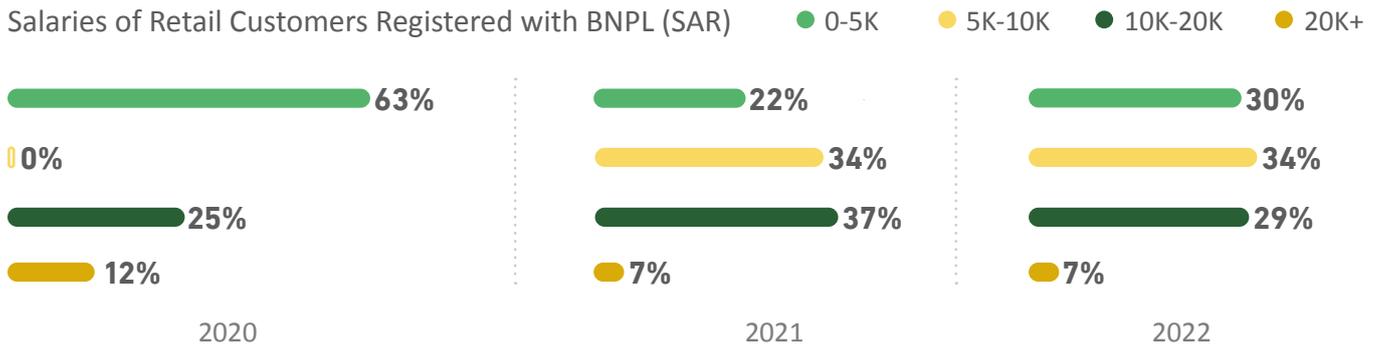
Total Gross Merchandise Value of Goods Sold with BNPL (SAR)



Average Payback Period of BNPL Purchases (Number of Days)

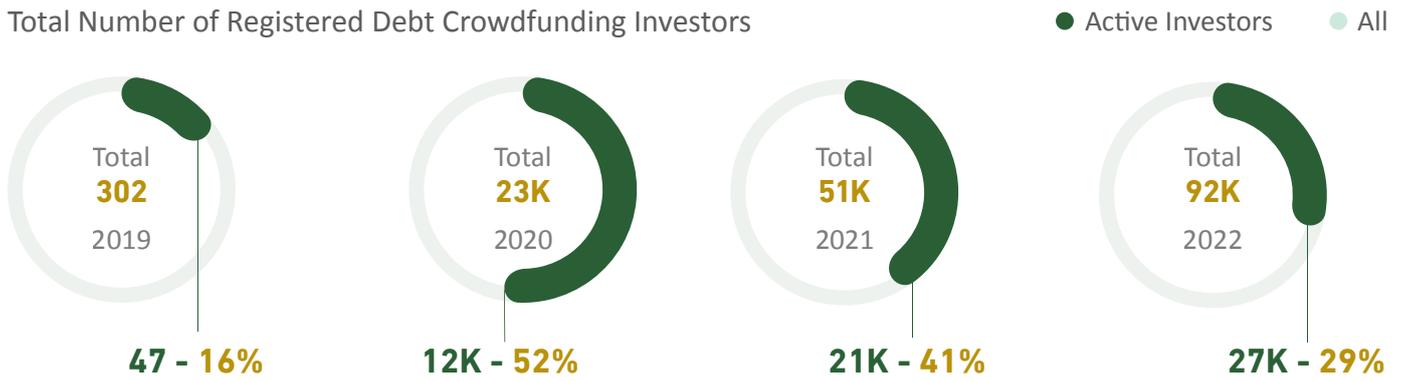


Salaries of Retail Customers Registered with BNPL (SAR)

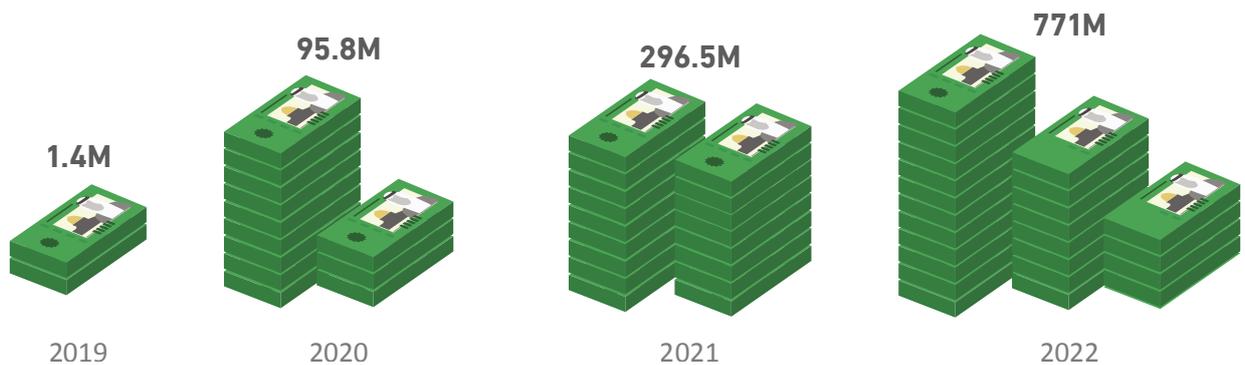


Debt Crowdfunding

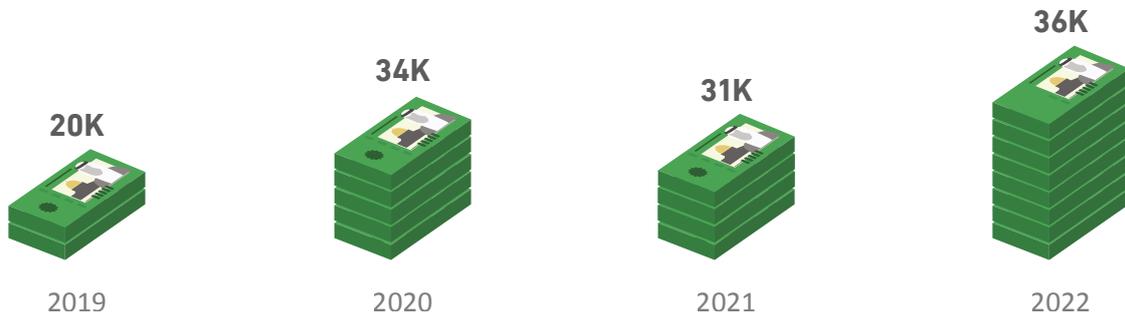
Total Number of Registered Debt Crowdfunding Investors



Total Value of Disbursed Debt Crowdfunding Loans (SAR)



Average Investment Amount of Debt Crowdfunding Investors (SAR)

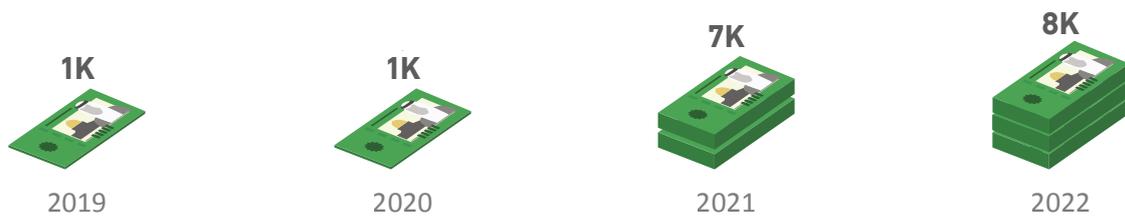


Consumer Microfinance

Total Number (Volume) of Disbursed Consumer Microfinance Loans



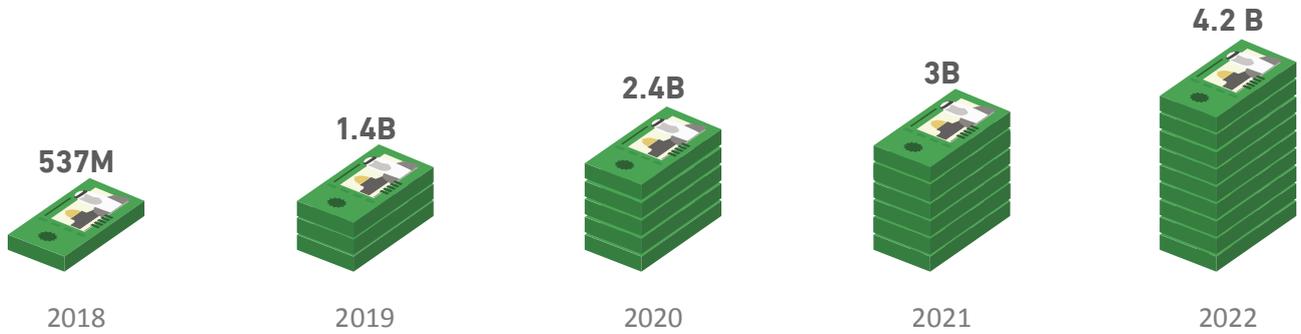
Average Value of Disbursed Consumer Microfinance Loan (SAR)



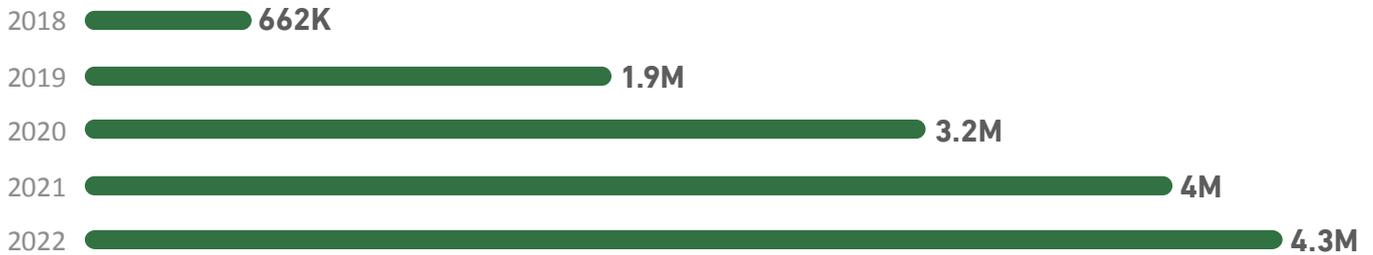
Insurance

Insurance Aggregation

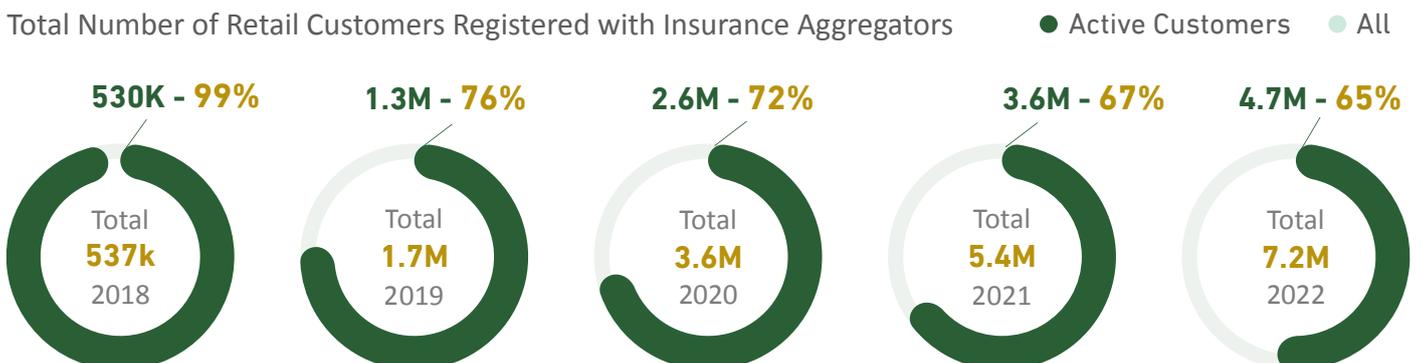
Total Value of Policies Issued through Insurance Aggregators (SAR)



Total Number of Policies Issued through Insurance Aggregators



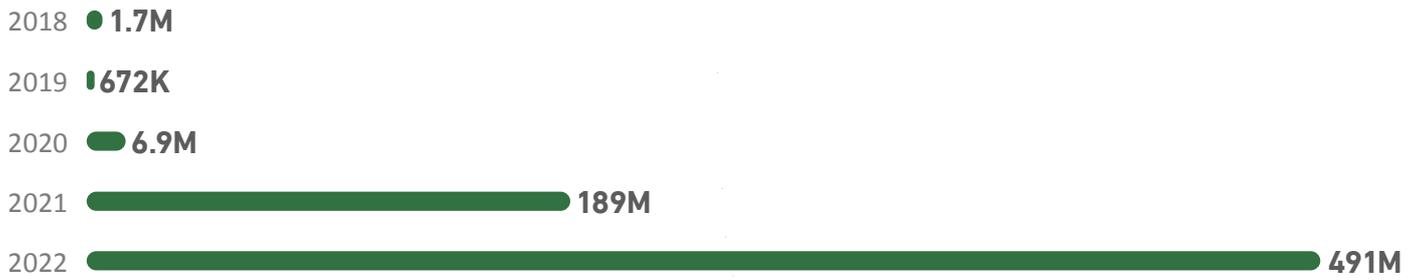
Total Number of Retail Customers Registered with Insurance Aggregators



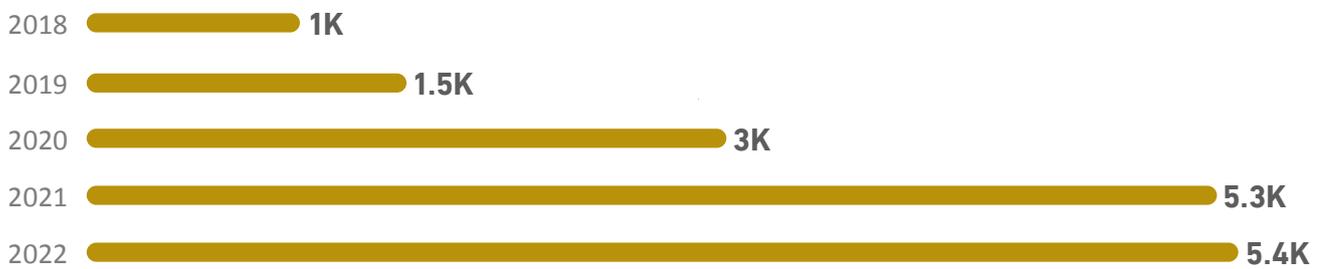
Sandbox

Digital Savings Associations

Total Value of Digital Savings Associations Groups (SAR)



Average Value of User Contribution in Digital Savings Groups (SAR)



03

Annual Fintech Report 2022

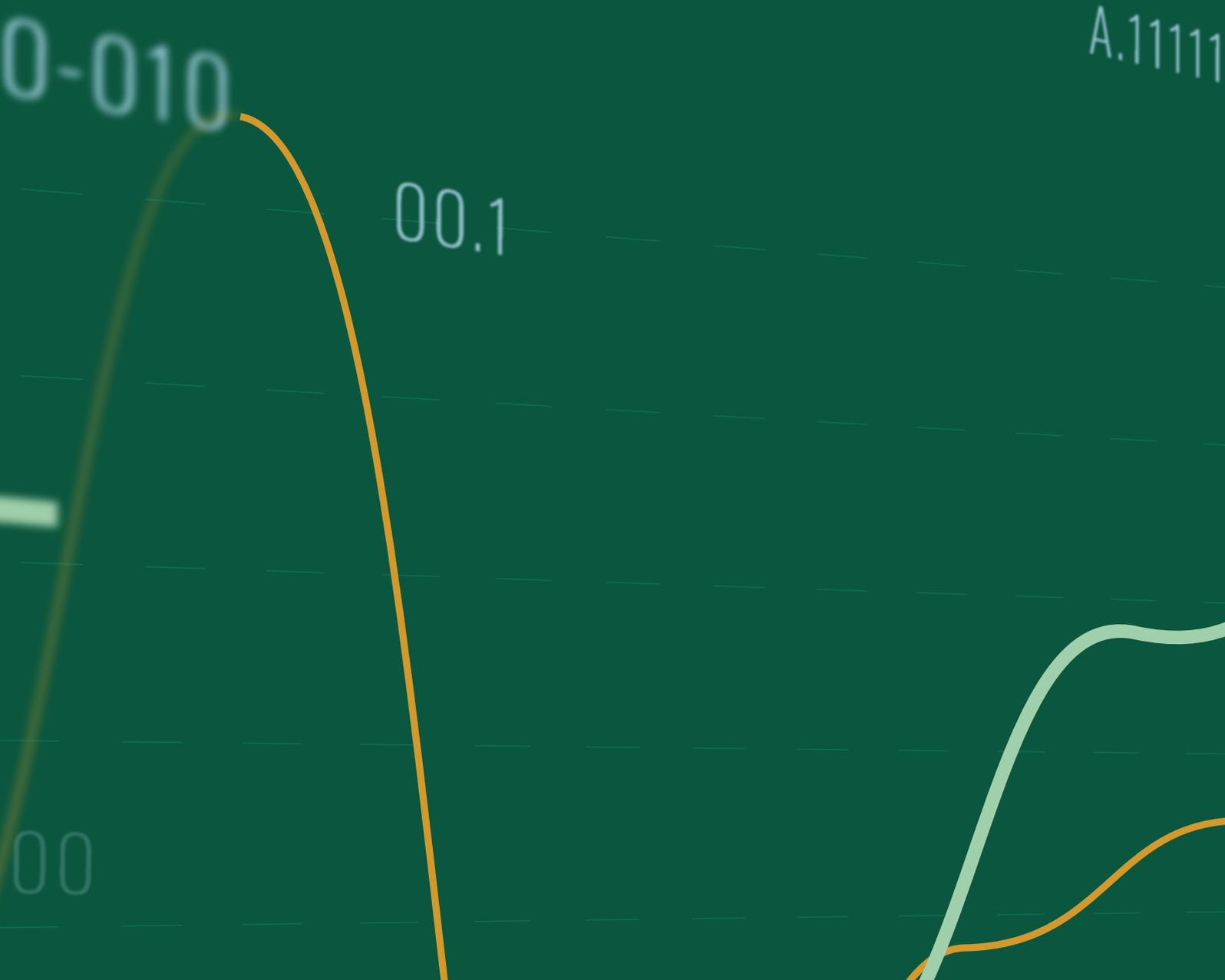
Payments

Finance

Insurance

Open Banking

Sandbox



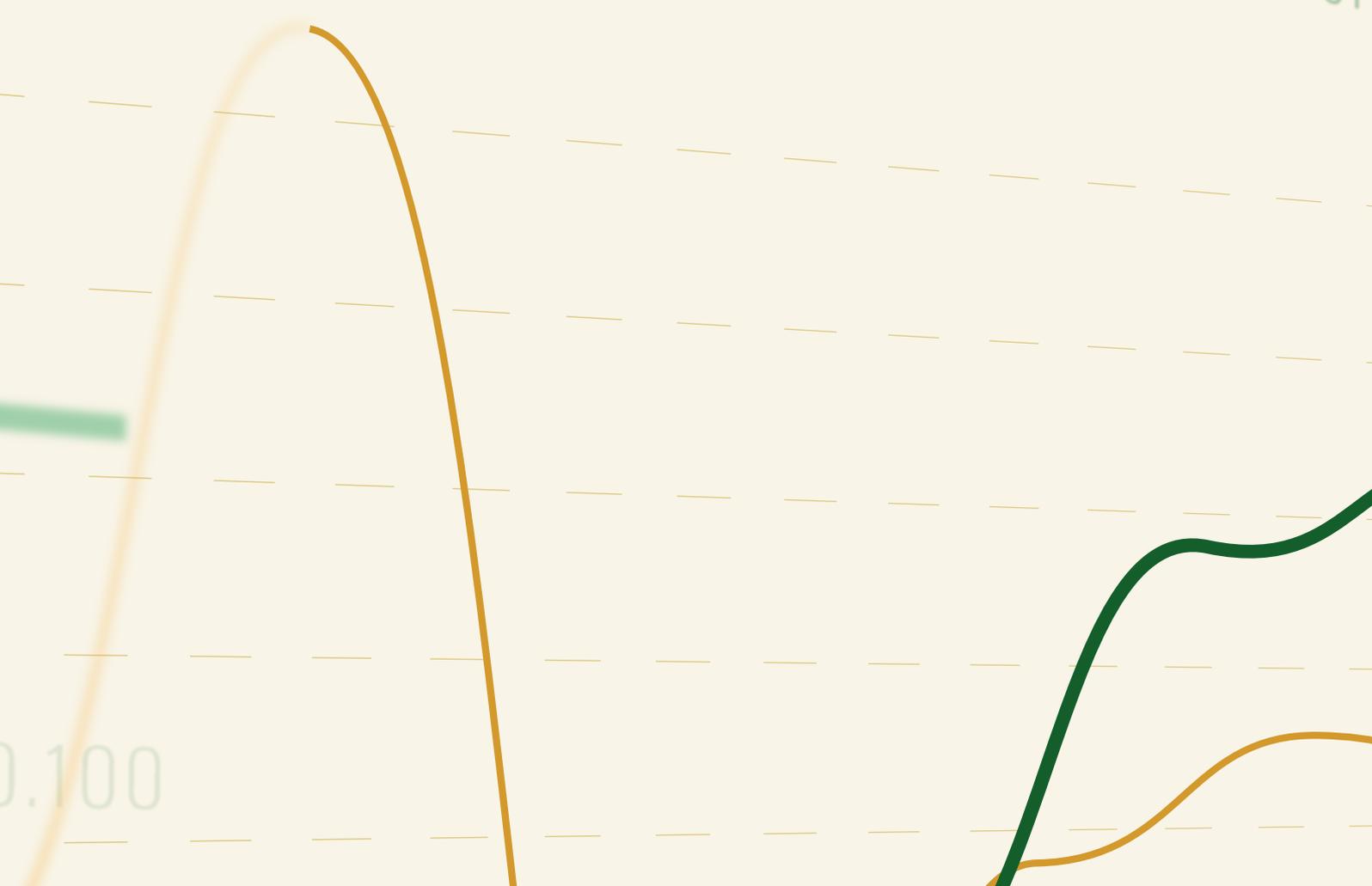


Annual Fintech Report 2022

Payments

Electronic Money Institutions &
Payments Institutions

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Payments

Electronic Money Institutions & Payments

Institutions

The Payments Sector has been growing steadily over the last few decades, driven by the continuous efforts to implement a robust infrastructure and foundation for the payment systems we have today in the Kingdom. Fintech payment companies, which leverage technology to provide financial services and facilitate digital transactions, have had a significant impact on the economy and society.

One of the first initiatives of the Financial Sector Development Program (FSDP) was to open up financial services to new types of players. In January 2020, SAMA issued the Payment Services Provider Regulations and in October 2021, the Law of Payments and Payment Services.

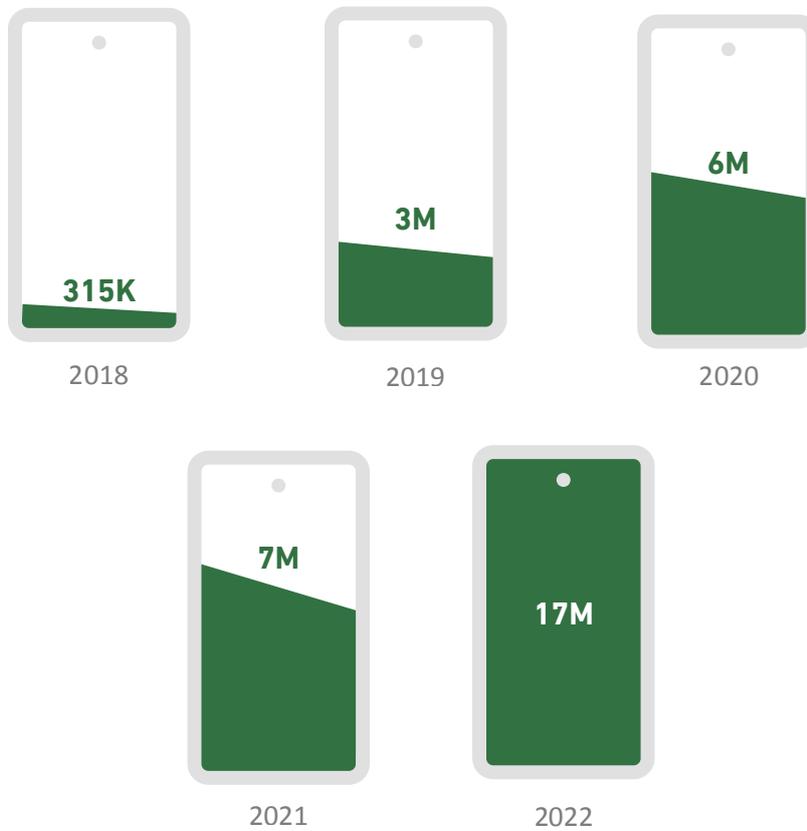
These regulations aim to regulate the licensing of payment companies as well as their payment service activities in the Kingdom through a supervisory and oversight framework that ensures the safety and efficiency of transactions. This is undertaken while maintaining a level playing field for all companies and ensuring stability in the sector.

Payment Products

- Digital Wallets
- Local Transfers
- International Transfers
- Card Issuing
- QR Code Transactions
- Cash Withdrawals
- E-commerce Payment Acceptance
- Acquiring Transactions
- Salary Transfers
- SADAD Channels
- SADAD Bills
- POS Acceptance

User Base

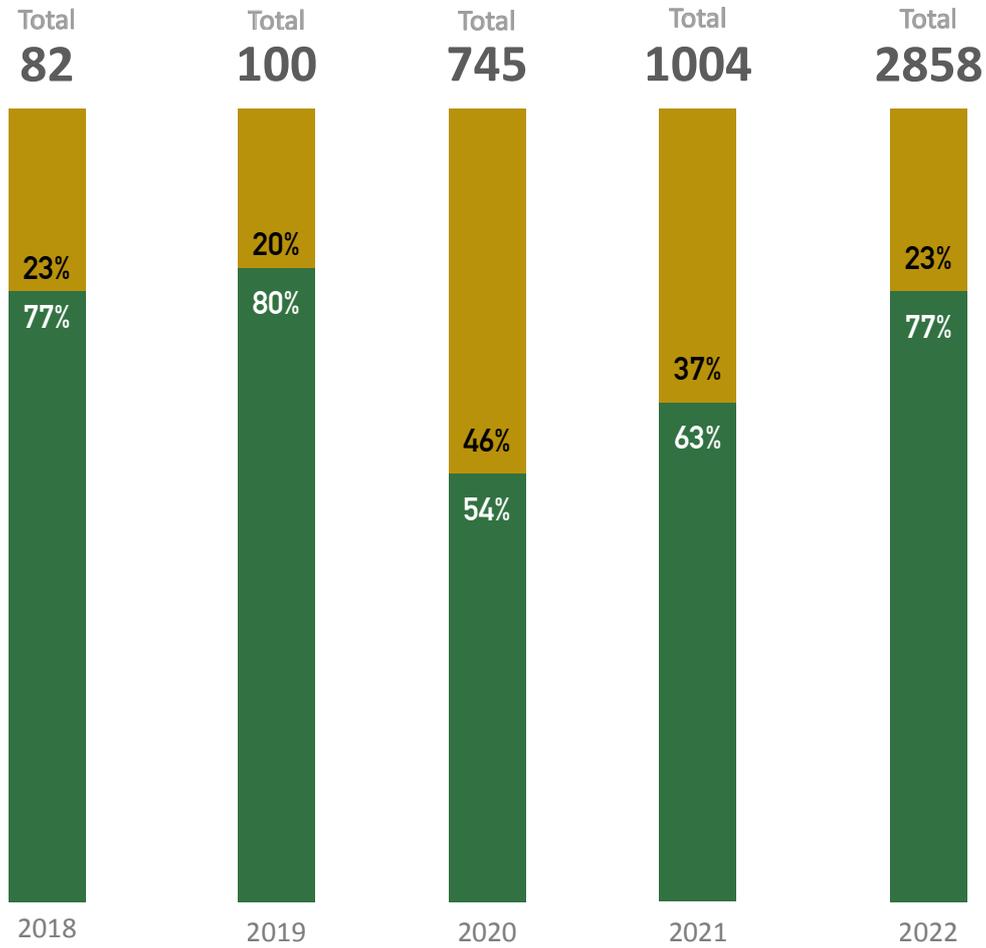
Total Number of Mobile Payments App Downloads



Employment Statistics for Fintechs

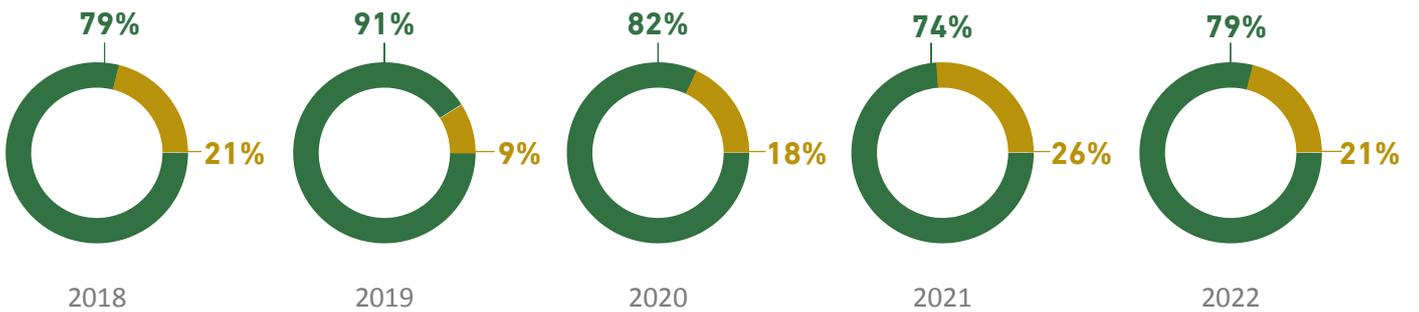
Total Number & Nationality Breakdown of Payments Employees

● Saudi Nationals ● Non Saudis



Gender Breakdown of Payments Employees

● Male ● Female



Digital Wallets

Digital Wallet, also known as an e-wallet or mobile wallet, is a virtual wallet that allows users to securely store and manage their digital assets such as money, payment cards, loyalty cards, and other digital credentials on their electronic devices such as smartphones, tablets, or computers.

A payment e-wallet also known as a digital payment wallet is a type of Digital Wallet that is specifically designed for making payments service orders. It allows users to use them for various types of transactions such as online purchases, in-store payments, and peer-to-peer (P2P) transfers.

Digital Wallets may be included in a bank's mobile app or payment apps. Digital Wallets allow unbanked and financially underserved people to access basic financial services they may not be able to via traditional banking channels.

Digital wallets are categorized into two broad types:

Pass through wallets - these only store payments information (such as tokenized credit or debit cards, gift cards, membership cards, coupons), example: mobile wallets.

Stored value wallets - these wallets can store funds (that users can transfer from bank accounts or credit instruments).

Digital wallets can be further sub-categorized as follows:

Closed loop - are created by companies that deal with products or services and allow users to transact only on their channels – online or mobile – or with other users of the same wallet.

Restricted loop - a semi-closed wallet that offers a wider selection of offline retailers and online e-commerce websites. Like a closed wallet, only merchants who have a previous agreement with the wallet issuer can accept payments.

Open loop - are typically issued by licensed financial institutions that can be used openly to transact with all types of online and in store merchants.

Types of Transactions and other Capabilities



Peer to Peer (P2P)



Local Transfers



International Transfers



Bill Payments



In Store Purchase with
NFC on POS, QR Code



Online Purchase



Cash Withdrawals



Government Payments

Other Capabilities Supported by Wallets



Onboarding



Cash In



Link/Delink Cards



Loyalty

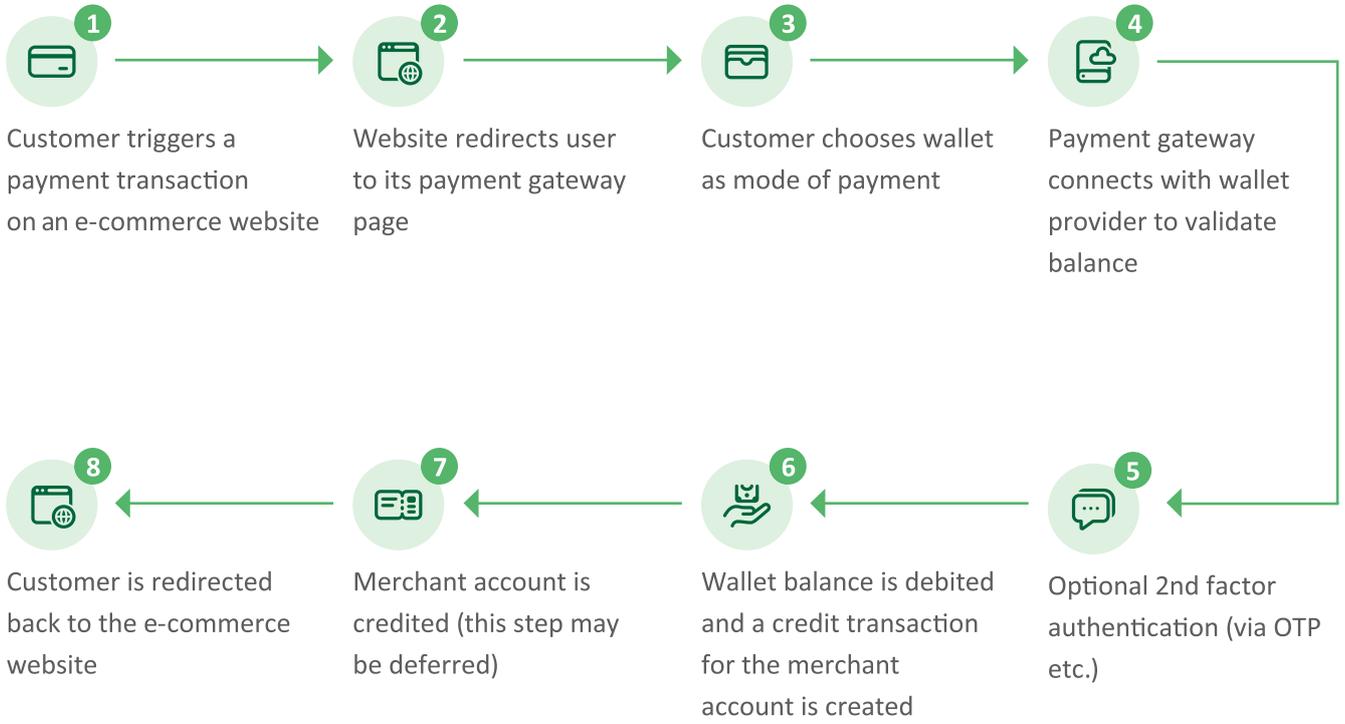


Statements



Customer Support

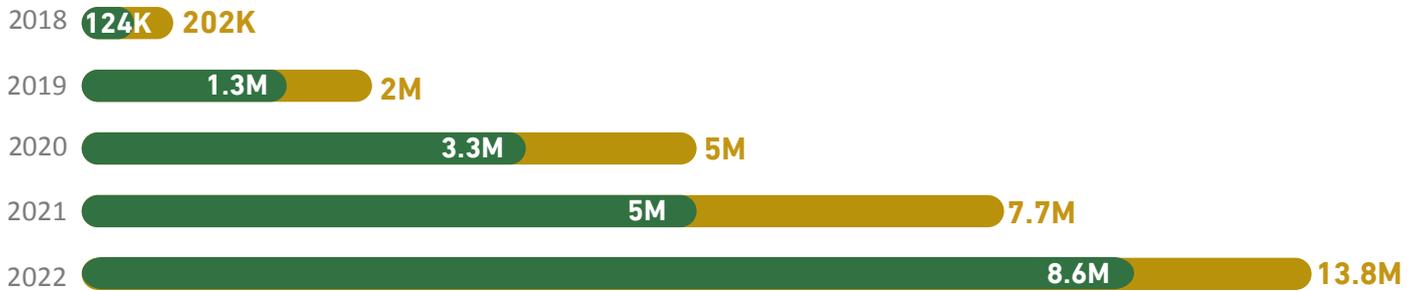
Example Process of Digital Wallet Usage Typical process flow of a digital wallet online transaction



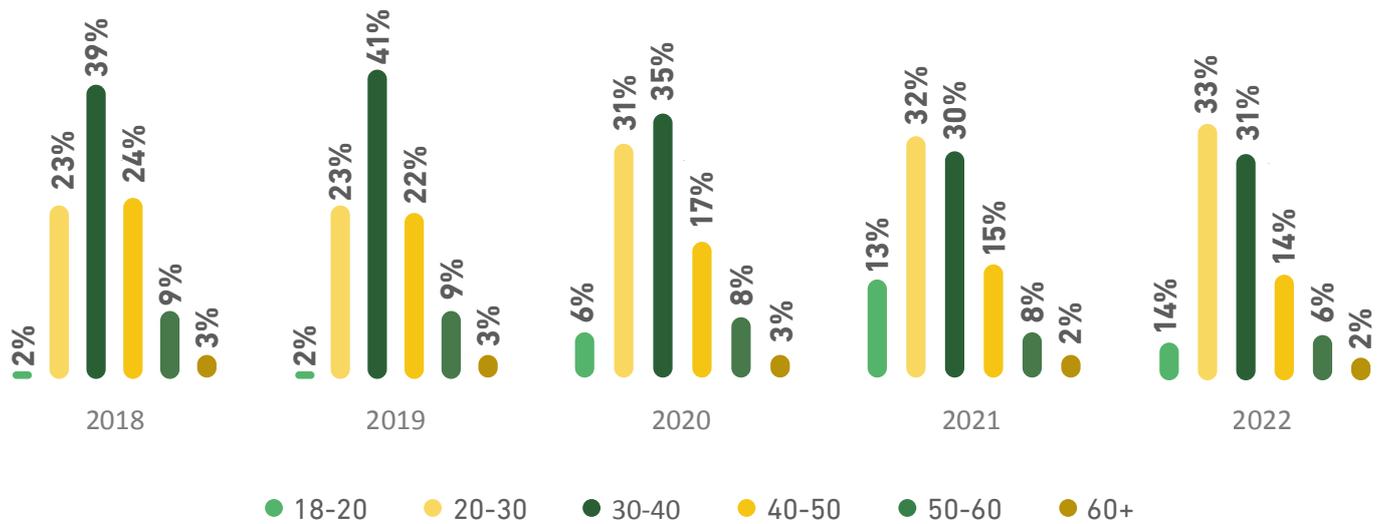
Retail Customers

Total Number of Retail Customers Registered with EMI Digital Wallets

● Active Customers ● All

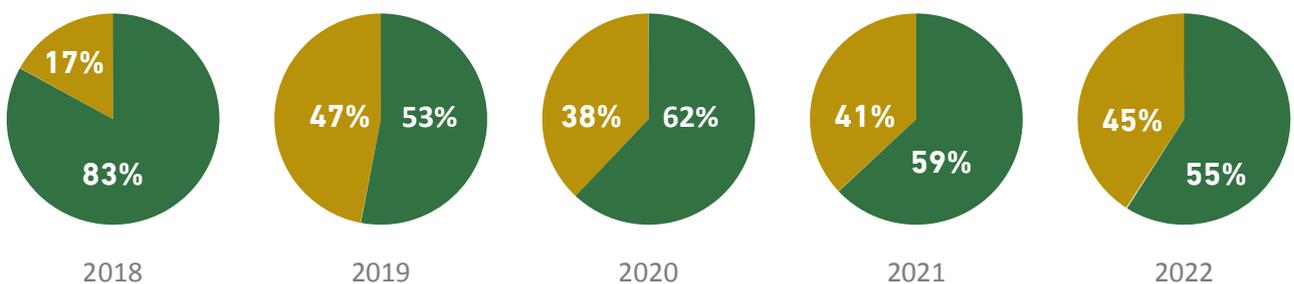


Age Breakdown of Retail Customers Registered with EMI Digital Wallets



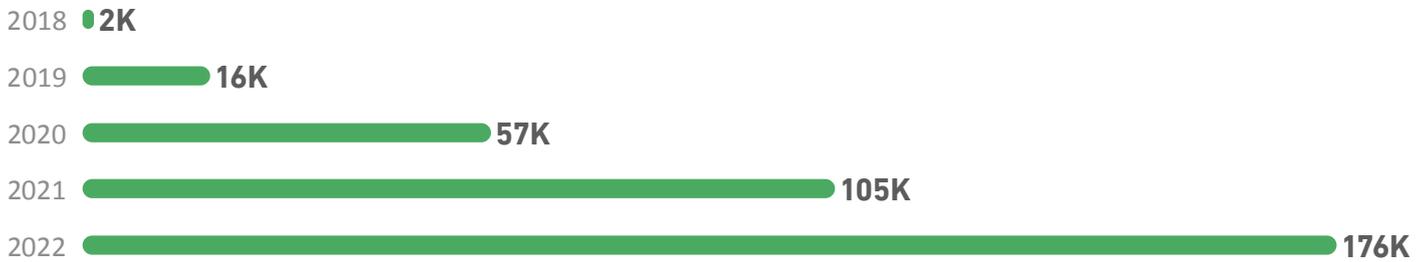
Nationality Breakdown of Retail Customers Registered with EMI Digital Wallets

● Saudi Nationals ● Non Saudis

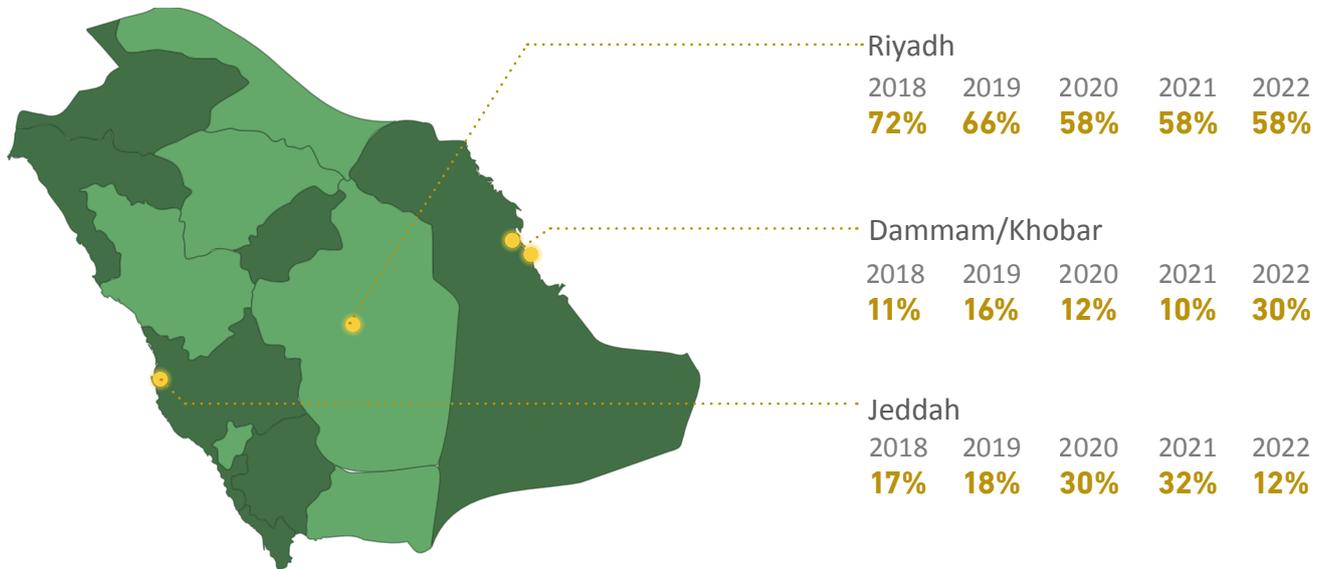


Corporate Customers

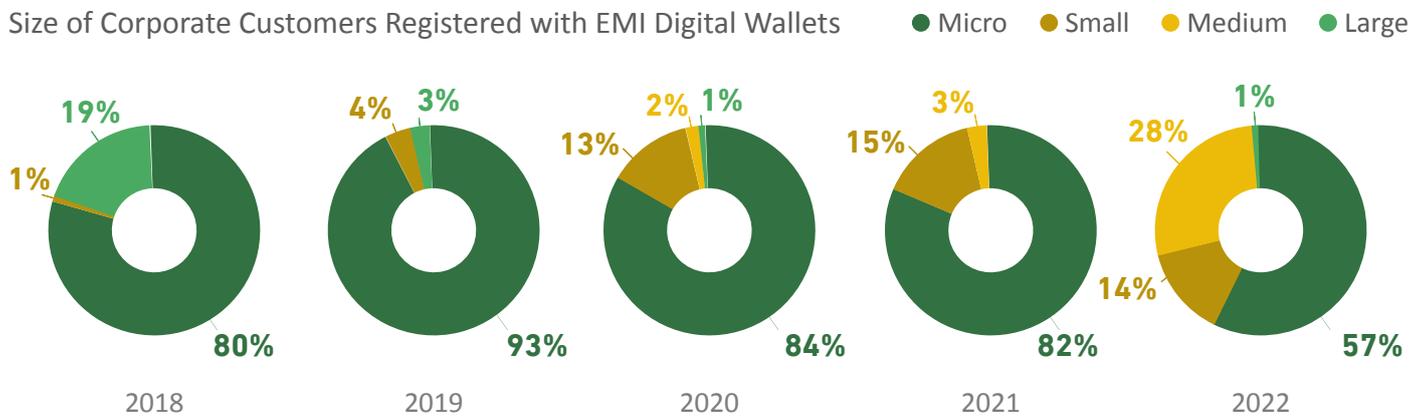
Total Number of Corporate Customers Registered with EMI Digital Wallets



Geographic Locations of Corporate Customers Registered with EMI Digital Wallets



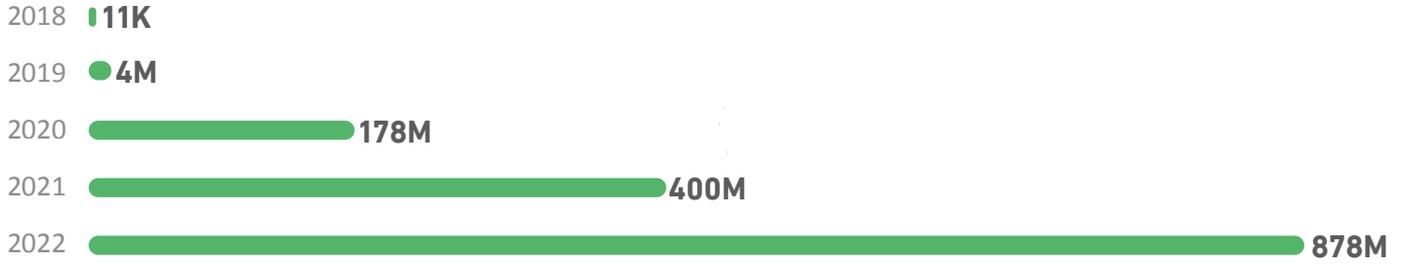
Size of Corporate Customers Registered with EMI Digital Wallets



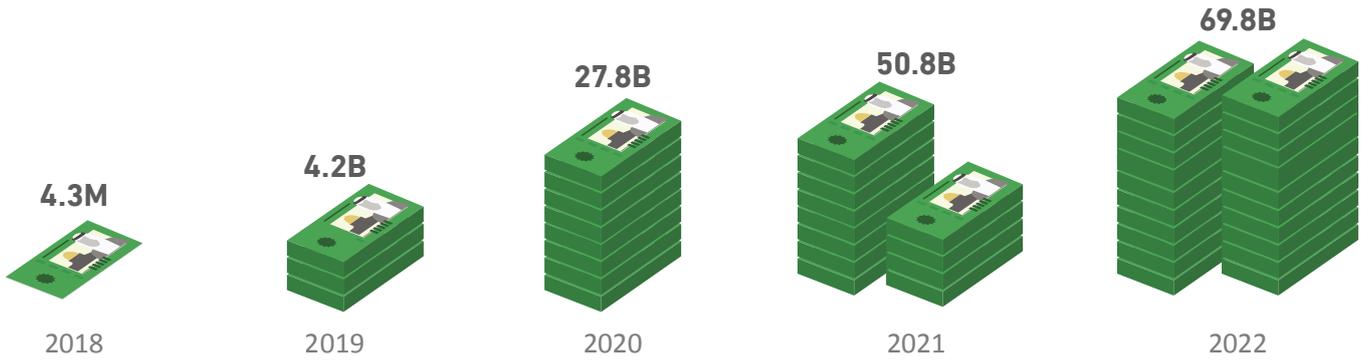
Micro enterprises: 1 to 5 employees. Small enterprises: 6 to 49 employees.
 Medium enterprises: 50 to 249 employees. Large enterprises: 250 employees or more.

Deposit Data

Total Volume (Number) of Deposits in EMI Digital Wallets



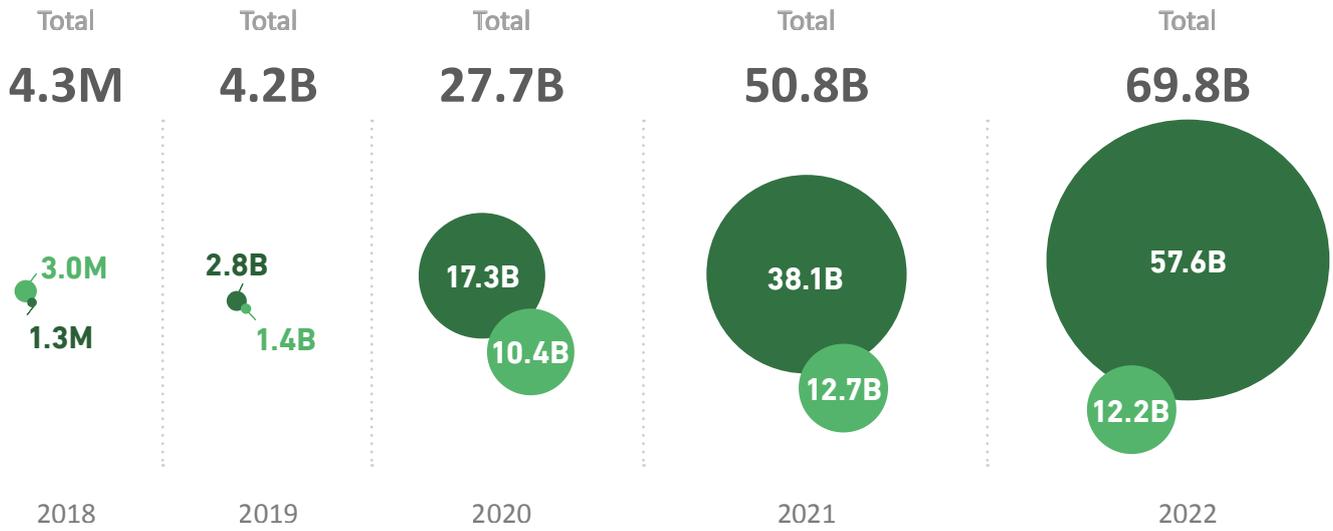
Total Value of Deposits in EMI Digital Wallets (SAR)



Average Balance Per Digital Wallet (Excluding Zero Balance Wallet) (SAR)



Deposit (Top Up) Method Breakdown in EMI Digital Wallets (SAR) ● Bank Transfer ● Credit/Debit Card



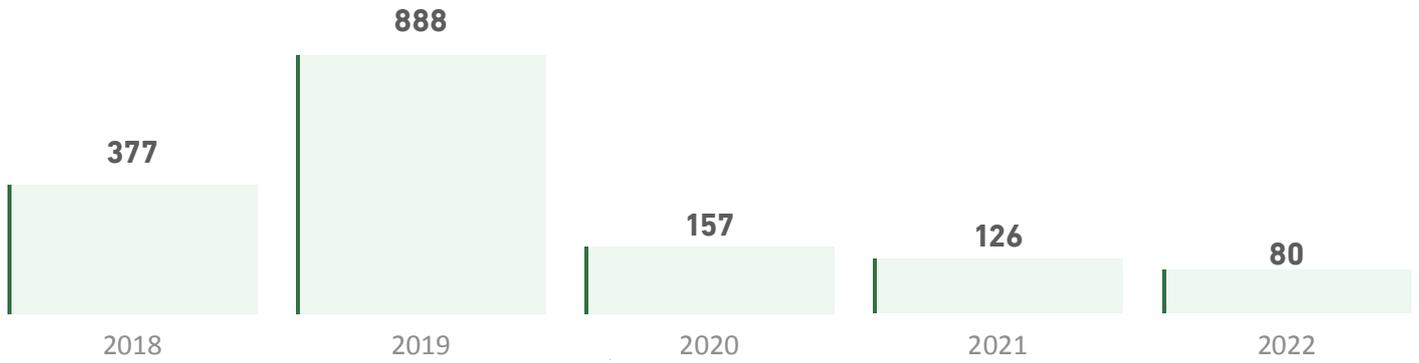
Transfer Data

Total Digital Wallets Transfer Volume (Number)



This is the total number of transfers within the digital wallet systems and to external wallets/cards or bank accounts.

Average Single Deposit (Top Up) Value into Digital Wallets (SAR)



Account Linking

Total Number of Debit Cards linked to Digital Wallets



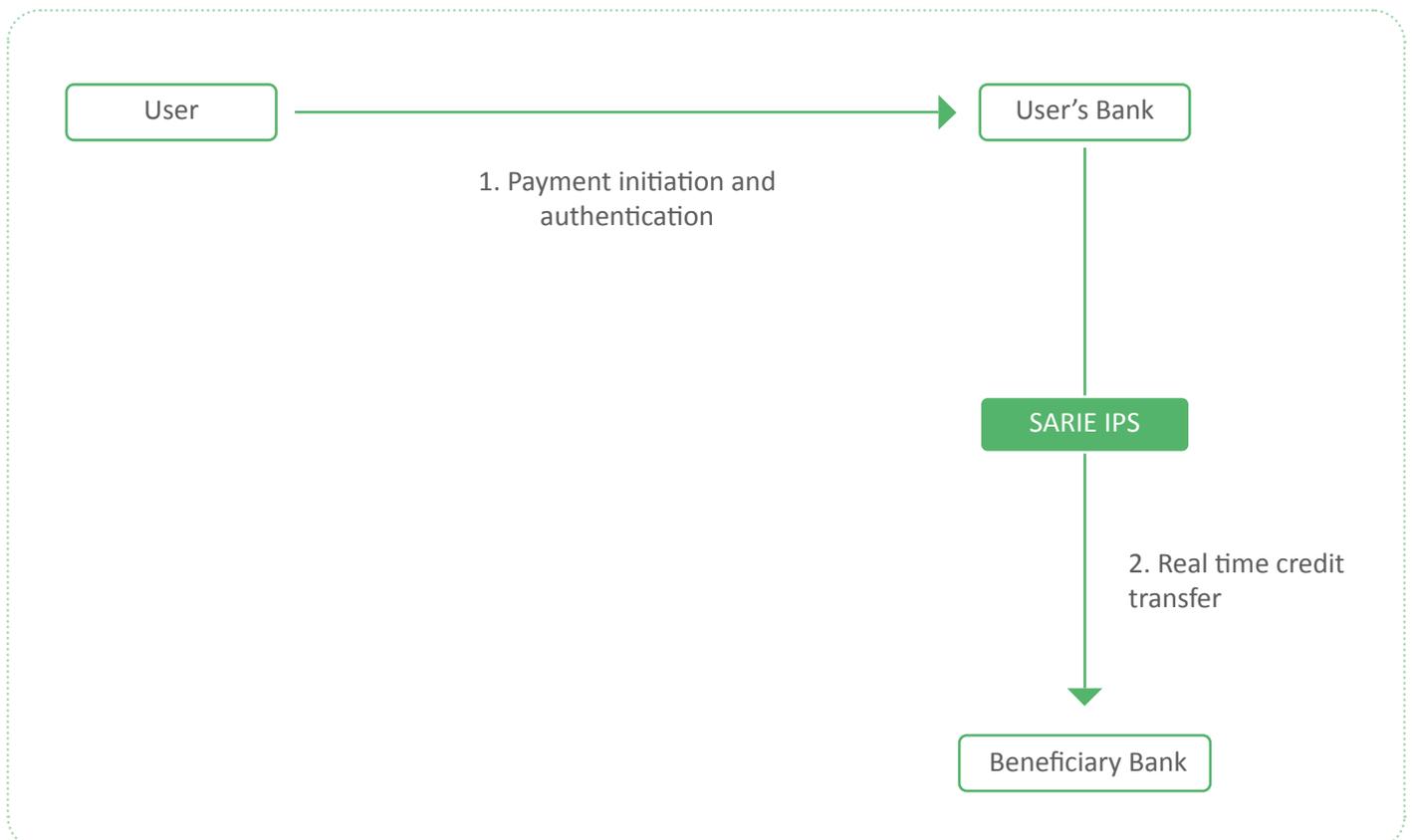
Local Transfers

These transactions involve the transfer of funds between individuals, businesses, and government entities with both the payer and recipient maintaining their financial accounts within domestic institutions. The currency of choice for these transactions is SAR. In the realm of payments, funds can be transferred between banking accounts, digital wallets, or a combination of both.

To facilitate the clearance and settlement process, financial institutions engage with the SARIE Instant Payment System (SARIE IPS) or the Real-Time Gross Settlement (RTGS) infrastructure. It's important to note that RTGS functionality is limited to banks classified by SAMA as deposit-taking entities.

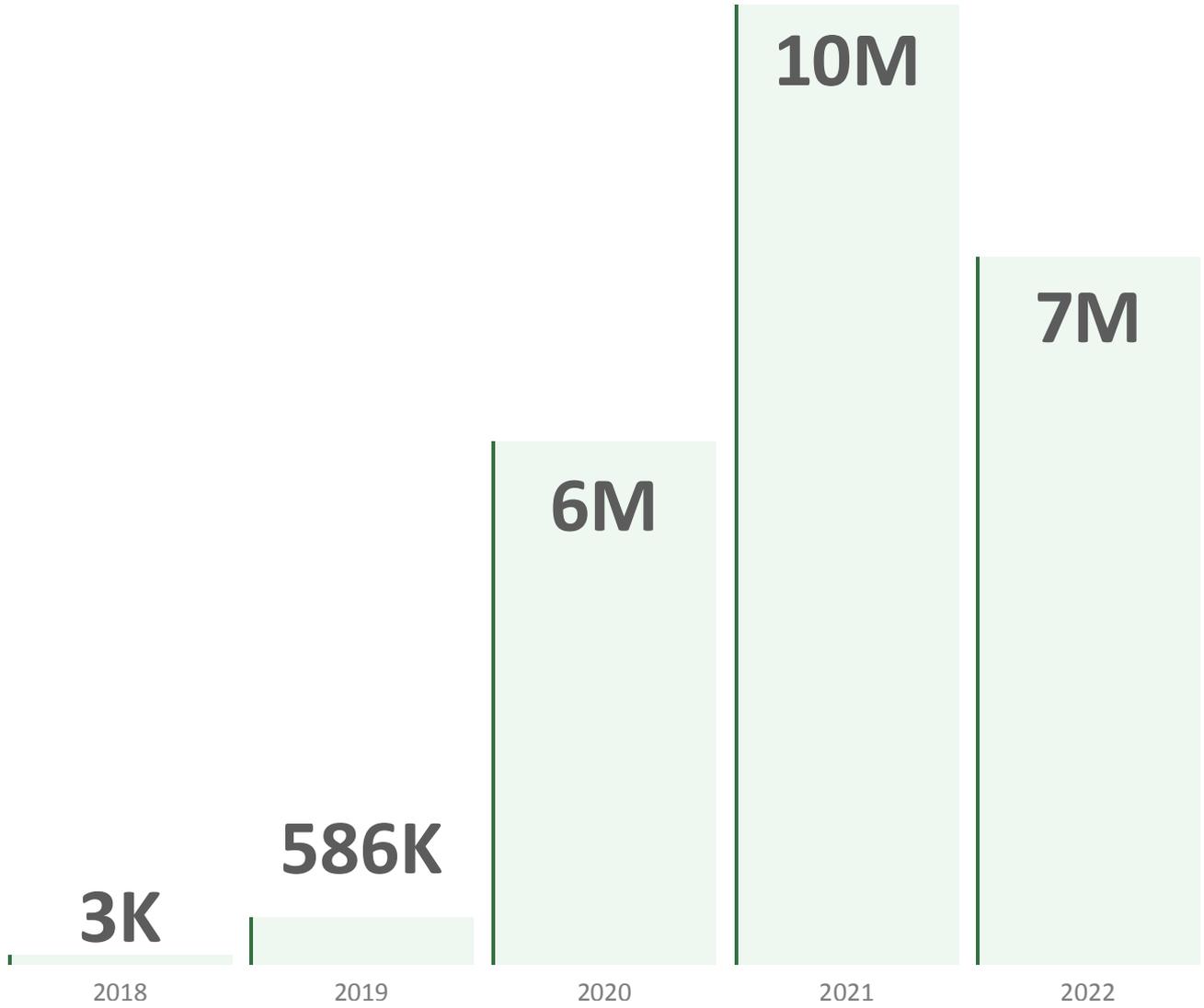
For efficient management of smaller value transactions, up to 20,000 SAR, digital wallets can process these transactions either on a closed-loop basis, restricted to two wallets belonging to the same Fintech entity or by utilizing the SARIE system, which enables open-loop immediate fund receipt by the beneficiary, even if both are dealing with two different payment entities.

Conversely, high-value transactions exceeding 20,000 SAR are managed through the RTGS system, where funds are transferred within a few hours to a day, depending on the timing of the transaction initiation. Fintechs depend on their sponsor banks to route the payment through the RTGS system.

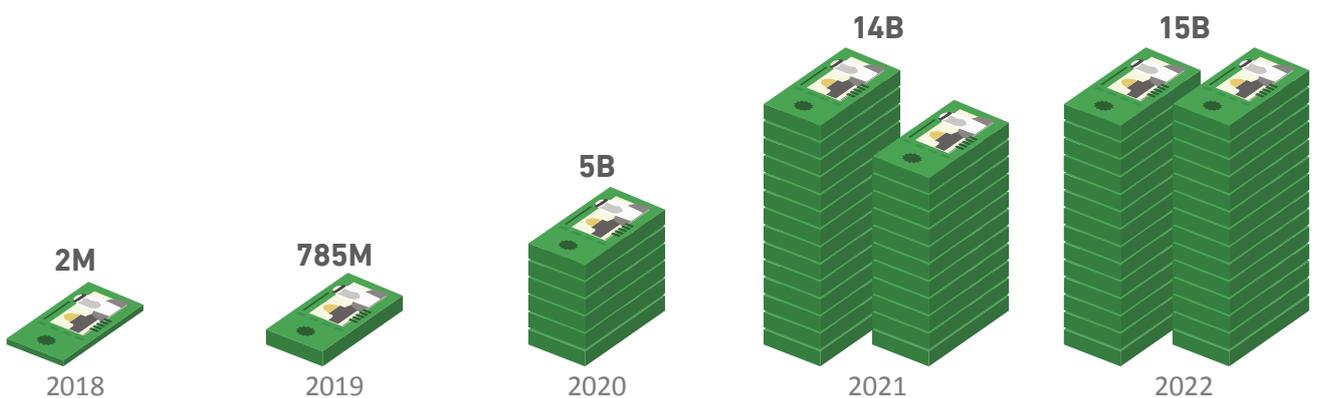


Transfer Data

Total Volume Number of Local Transfers with EMI Digital Wallets



Total Value of Local Transfers with EMI Digital Wallets (SAR)



International Transfers

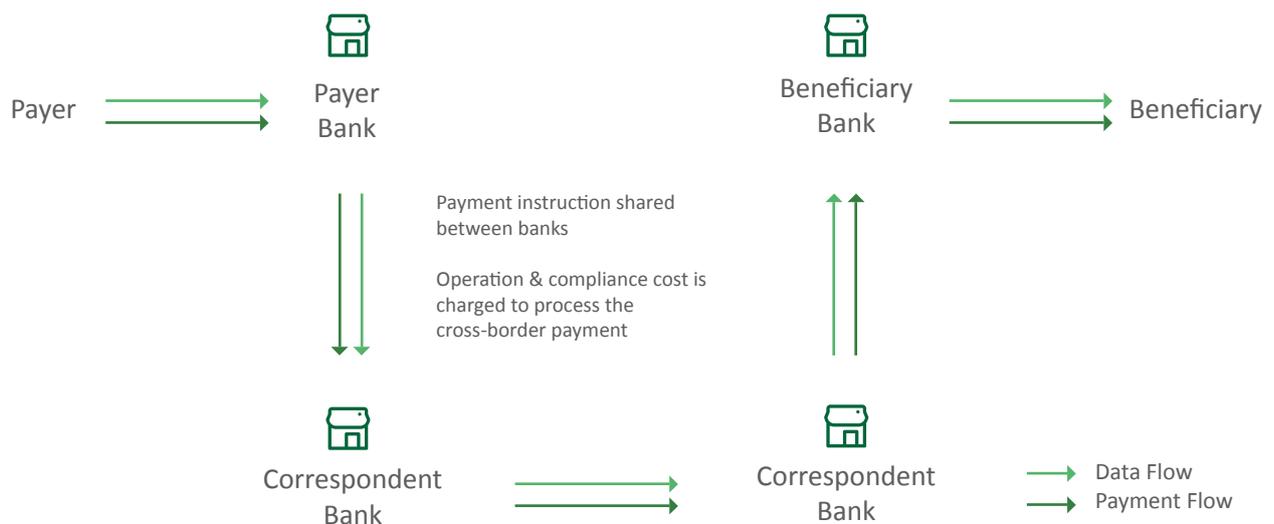
International Transfers denote monetary dealings that engage in the transfer of funds between the payer and recipient, where their corresponding payment accounts are anchored in different financial establishments located across various countries. As an example, this could encompass a financial transfer from an expatriate whose account is situated within a digital wallet in Saudi Arabia to another account managed by a bank in India.

Such operations can involve individuals or entities like businesses and governments. They frequently require cross-currency conversions such as switching SAR into USD for outgoing transfers or transforming USD into SAR for incoming ones.

Financial institutions usually depend on secure channels of financial communication to execute these International Transfers, thereby safeguarding the confidentiality and integrity of each operation.

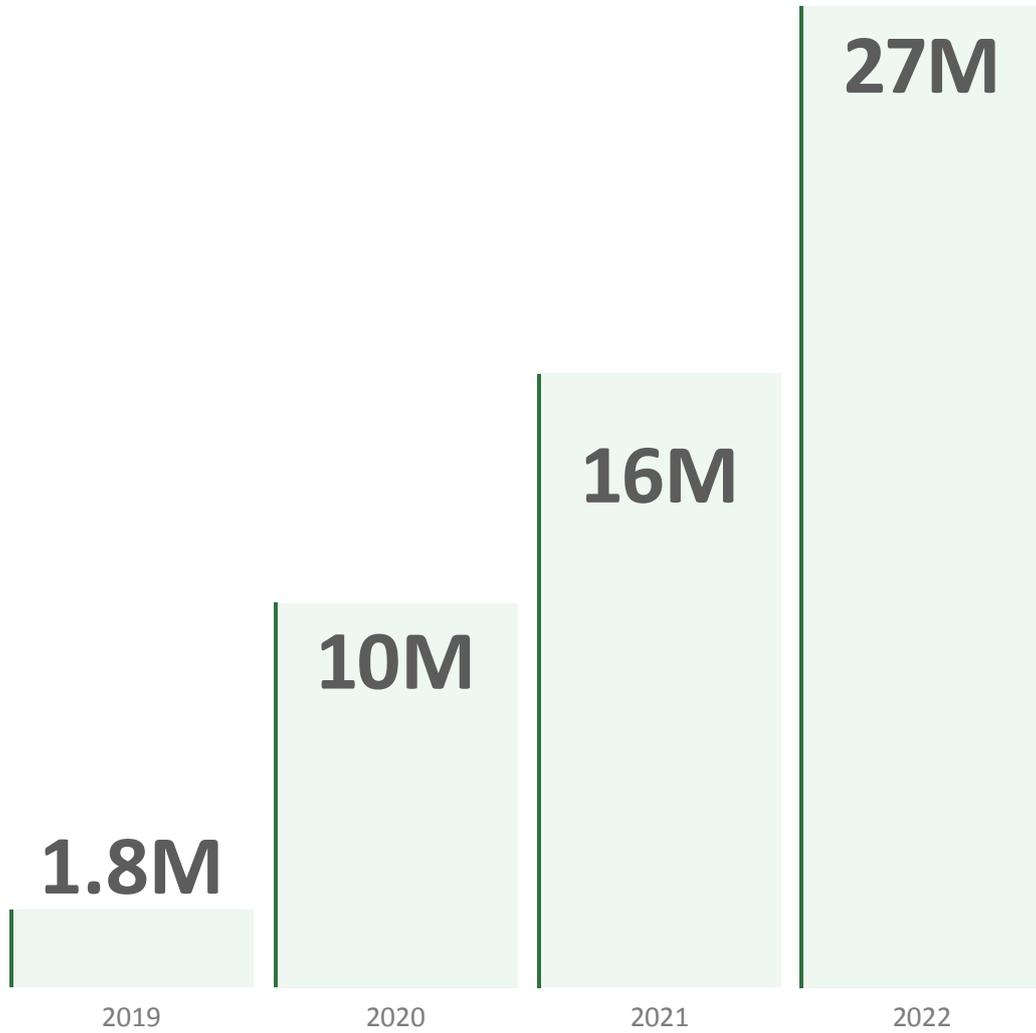
When initiating such a global transfer, the payer typically incurs multiple costs, which may encompass charges associated with executing the transfer itself, along with any potential currency exchange fees. These costs are levied to guarantee seamless processing and conversion of funds across diverse currencies.

Example of International Funds Flow

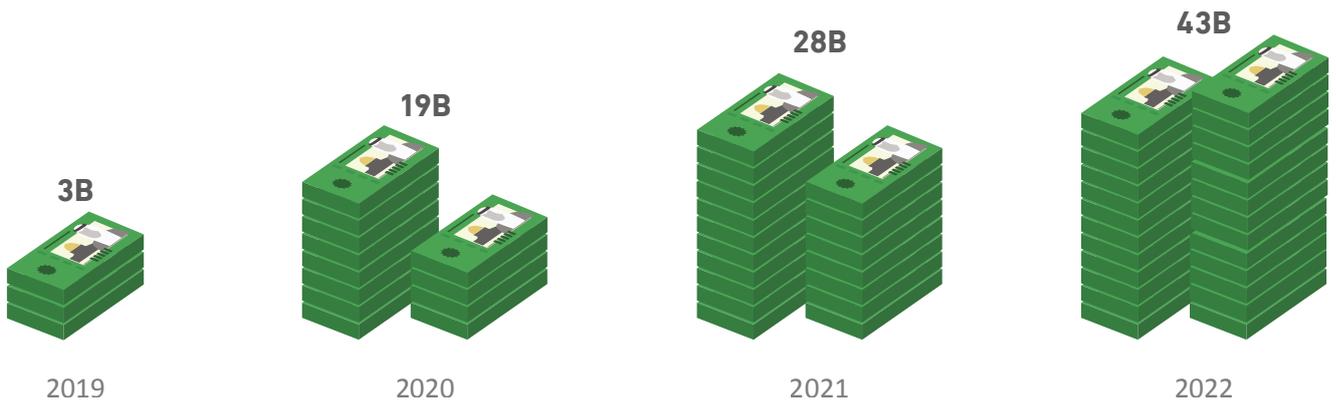


Transfer Data

Total Volume Number of International Transfers from EMI Digital Wallets



Total Value of International Transfers from EMI Digital Wallets (SAR)



Direct Card Issuing

Direct Card Issuing refers to when a bank or other financial institution issues cards directly to its customers with the issuing party being directly connected to the card network.

Total Number of Issued Cards from EMI Digital Wallets



Total Volume Number of Transactions with Cards Issued from EMI Digital Wallets

15 Million

2022

Total Value of Transactions from Cards Issued from EMI Digital Wallets (SAR)



2022

Average Number of Transactions per Card Issued from EMI Digital Wallets (per Year)

6

2022

Average Single Transaction Value per Card Issued from EMI Digital Wallets (SAR)

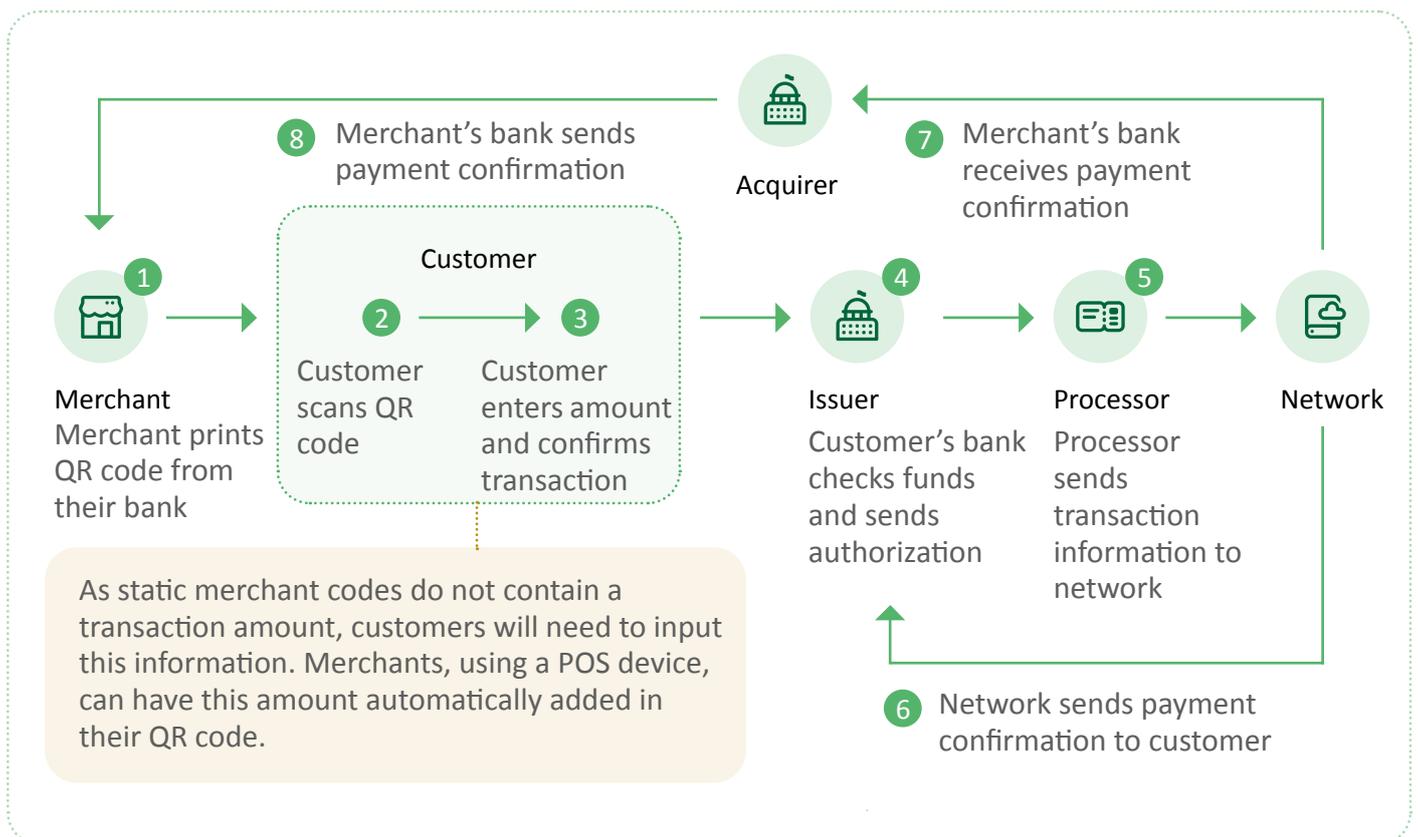


2022

QR Code Payments

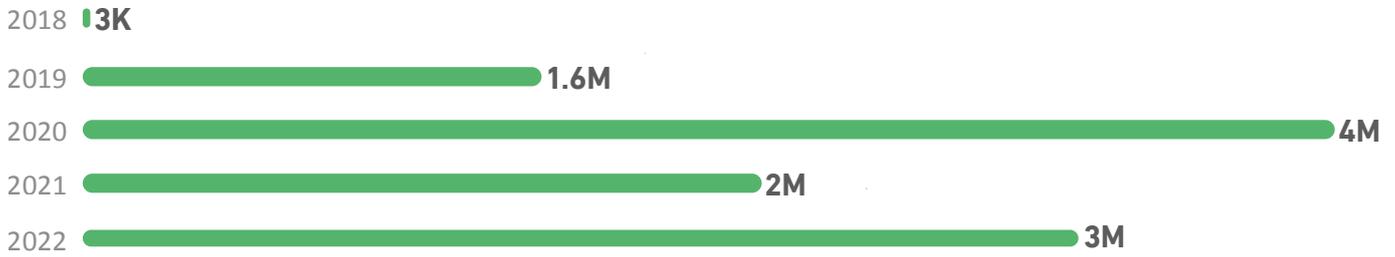
QR Code Payments, also known as QR Payments, are a type of digital payment methods that use a quick response (QR) code as a means of transferring money or making transactions. QR codes are two-dimensional barcodes that can be scanned using a smartphone or a QR code reader, and they contain information such as payment details, merchant information, and transaction amounts.

QR Payments are typically used for peer-to-peer (P2P) transfers, bill payments, and in-store purchases. QR Payments are popular in many countries, particularly in regions where mobile payments are prevalent and where the infrastructure for traditional payment methods such as credit cards or cash may be limited.

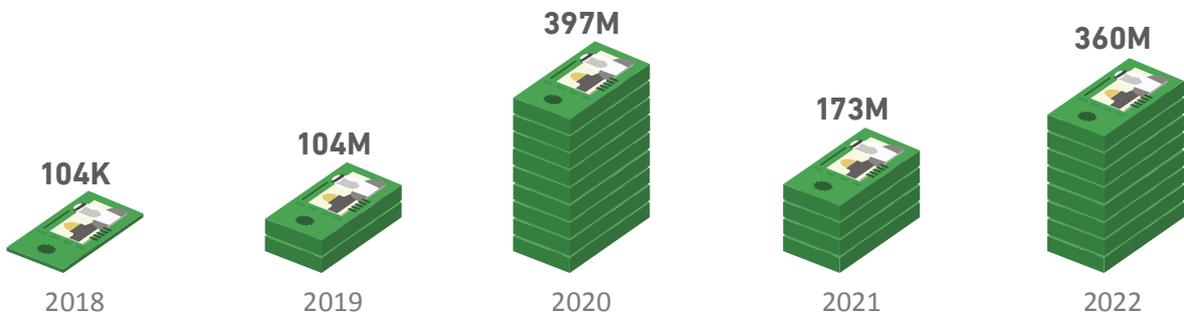


Transaction Data

Total QR Code Payments Transaction Volume (Number)



Total QR Code Payments Transactions Value (SAR)



Transaction Averages

Average QR Code Payments Transaction Value (SAR)



Total Number of Merchants Registered for QR Code Payments Acceptance

● All ● Active Merchants



Cash Withdrawals

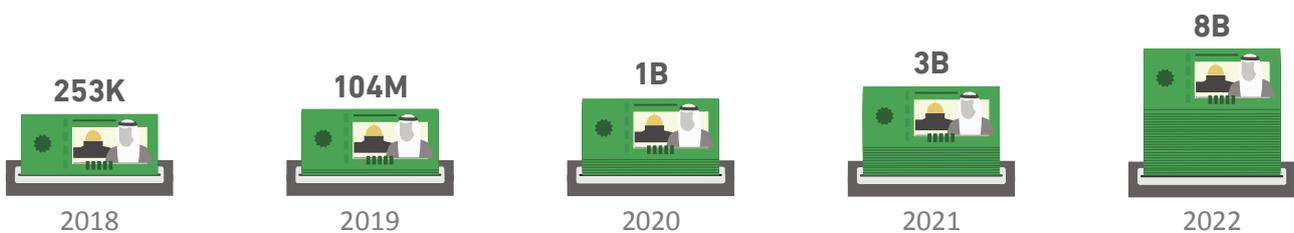
Cash is generally disbursed in the local currency (SAR). Some Automated Teller Machines (ATMs) offer cash disbursement in other currencies (exchange rate fees apply in these cases). Cash withdrawal in foreign countries is also possible using cards that are co-branded with international schemes such as VISA, Mastercard etc.

Withdrawal Data

Total Volume of Cash Withdrawals from EMI Digital Wallets

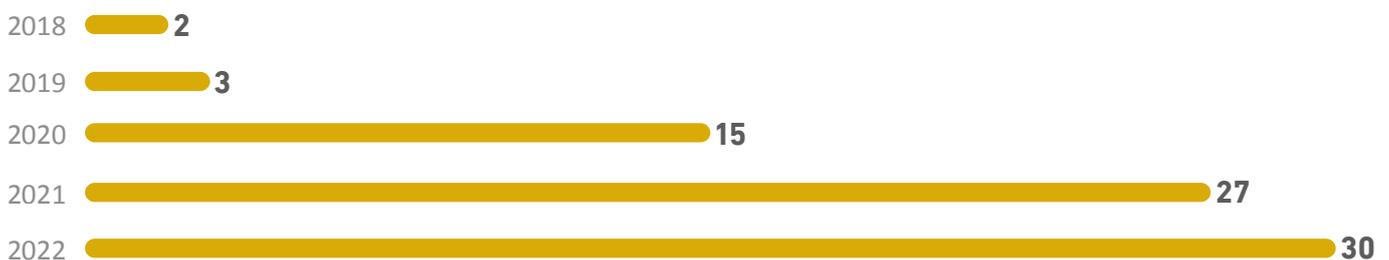


Total Value of Cash Withdrawals from EMI Digital Wallets (SAR)



Cash Withdrawal Averages

Average Yearly Number of Cash Withdrawals from EMI Digital Wallets (per User)



SADAD Channels & Bills

SADAD is a national billing system that is owned by SAMA, and enabled by Saudi Payments. SADAD has efficiently solved the gap that was in the market by introducing a new innovative way of electronic bill presentment and payment. This system is acting as an intermediary between the biller, aggregators, and channel providers by allowing these entities to integrate with SADAD to utilize its services, as well as facilitating the bill payment process for the end customers.

SADAD channel providers are comprised of entities that provide diverse avenues for their clients to settle SADAD bills and avail a broad spectrum of related services, such as viewing, identifying, searching, refunding among others. SADAD includes all types of service providers encompassing banking institutions and non-banking bodies like Fintech companies.

Transaction Data

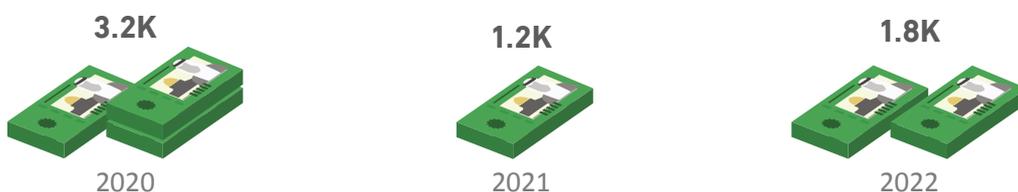
Total Volume Number of SADAD Transactions from EMI Digital Wallets



Total Value of SADAD Transactions from EMI Digital Wallets (SAR)



Average SADAD Transaction Value from EMI Digital Wallets (SAR)



Point of Sale (PoS) Payment Acceptance & Acquiring

Acquiring services are those offered by organizations, known as acquirers, that are directly integrated with the MADA network and systems. These acquirers provide both technical assistance and contractual guidance to merchants, equipping them with the ability to accept payments via numerous mediums like point-of-sale (POS) terminals, online commerce platforms, QR codes. Acquirers do also offer ATMs to facilitate withdrawals by holders of payments instruments.

Acquiring services encompass the offerings provided by organizations known as acquirers, who are directly integrated with the MADA network and systems. These acquirers play a crucial role in supporting merchants by providing them with both technical assistance and contractual guidance. Through this direct integration, merchants gain the capability to accept payments through various mediums, such as POS terminals, online commerce platforms, and QR codes. Acquirers also extend their services to include the facilitation of withdrawals through their ATMs.

There are also entities called POS/e-commerce aggregators who follow an indirect acquiring approach. These aggregators collaborate with MADA acquirer members, leveraging their infrastructure to offer POS acceptance capabilities to merchants, by utilizing the resources and capabilities of the acquirer.

In summary, direct acquiring services involve organizations directly integrated with the MADA network and infrastructure, offering technical and contractual support to merchants for POS/e-commerce acceptance. On the other hand, POS/e-commerce aggregators partner with MADA acquirer members to utilize their infrastructure, enabling them to provide comprehensive acceptance solutions and tailored support to merchants.

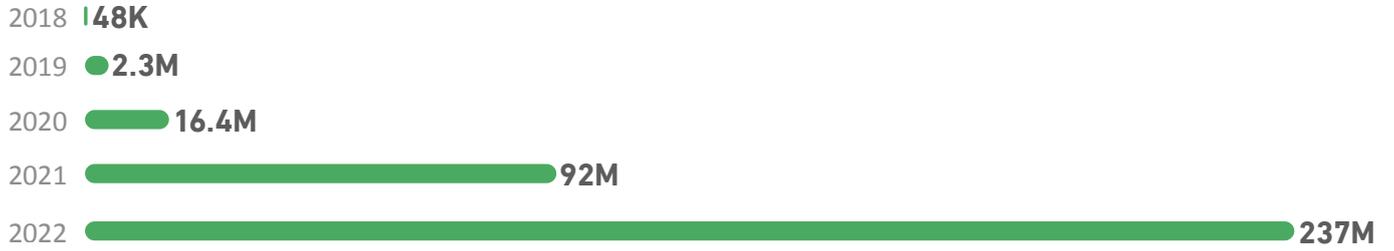
Merchants Registered

Total Number of Merchants Registered with PoS Payments Acquirers

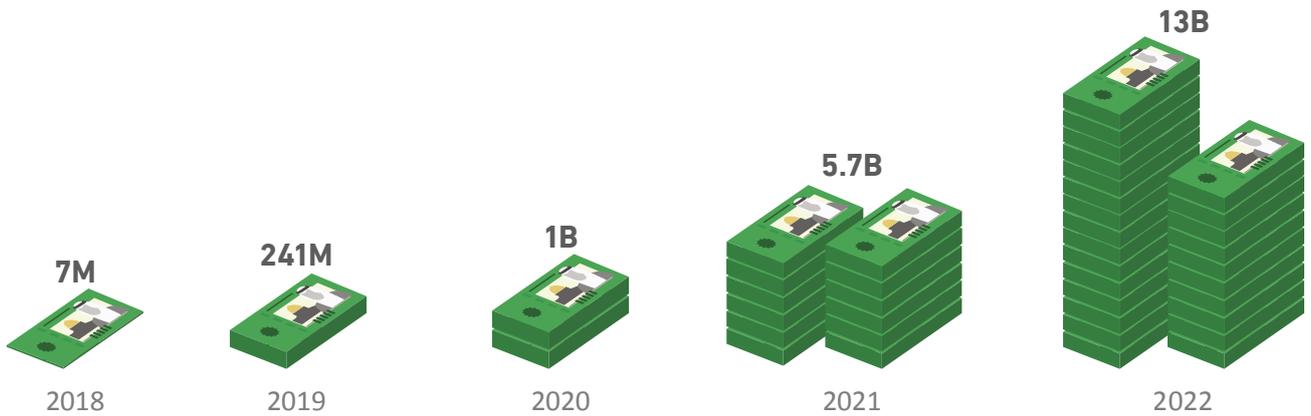


Transaction Data

Total Volume Number of Transactions with PoS Payments Acquirers



Total Value of Transactions with PoS Payments Acquirers (SAR)



Average Transaction Value with PoS Payments Acquirers (SAR)

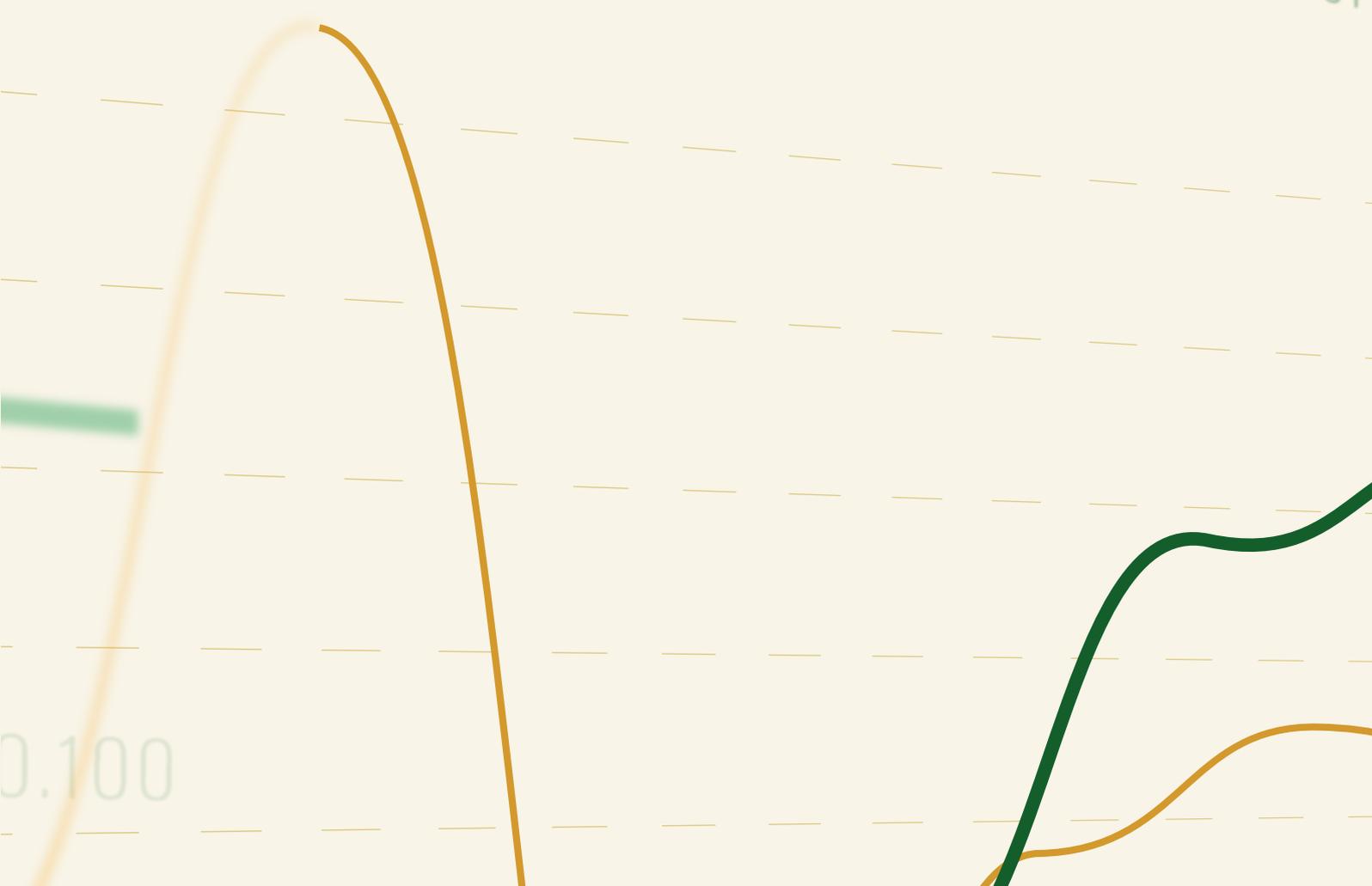




Annual Fintech Report 2022

Finance

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BNPL (Buy Now Pay Later)

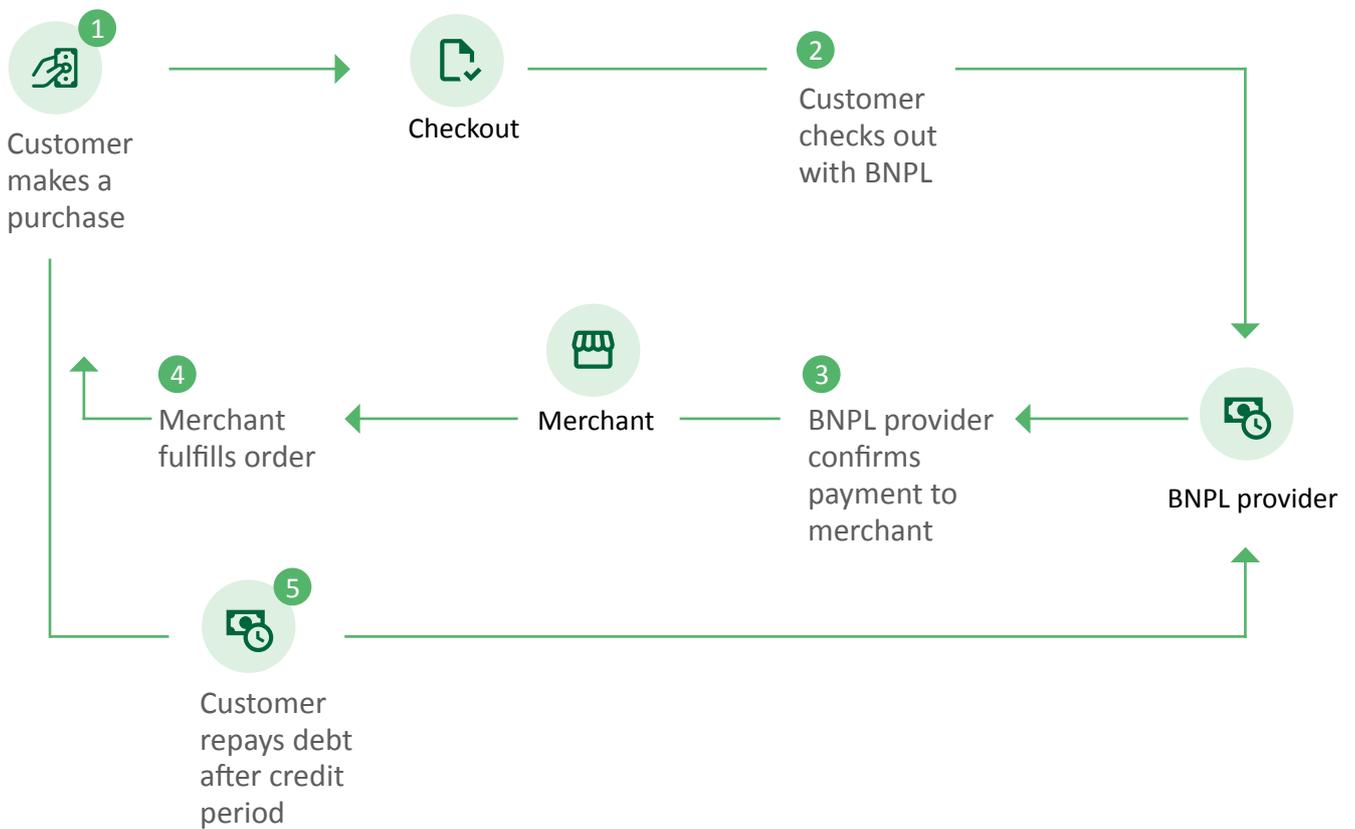
A Growing Retail Credit Product

It's a retail credit product that allows consumers to make purchases online or in-store and defer payment for those purchases over a period of time, typically in installments.

The way BNPL works is fairly simple. A customer selects the BNPL option at checkout and provides some basic information about themselves, including their name, email address, and billing information. The BNPL provider then approves or denies the purchase based on the customer's creditworthiness.

Once the purchase is authorized, the customer can finalize the transaction and acquire their goods or services. Subsequently, the BNPL provider will establish a repayment schedule for the customer, typically comprising a predetermined number of installments over a specific duration, such as several weeks or months. It is incumbent upon the customer to ensure timely payments, as delays or defaults may result in accrued interest or additional fees.

Sample Buy Now Pay Later purchase process



Direct Job Creation

Total Number of BNPL Employees



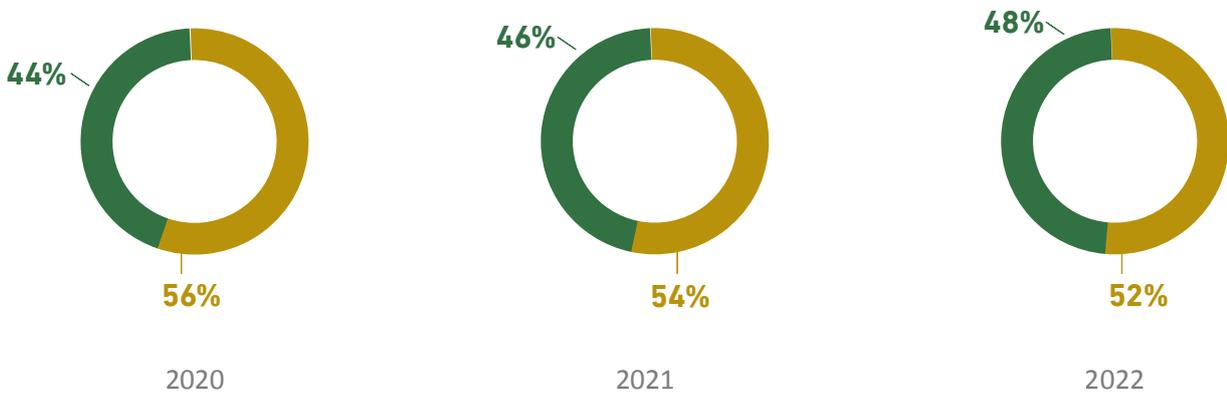
Nationality Breakdown of BNPL Employees

● Saudi Nationals ● Non Saudis



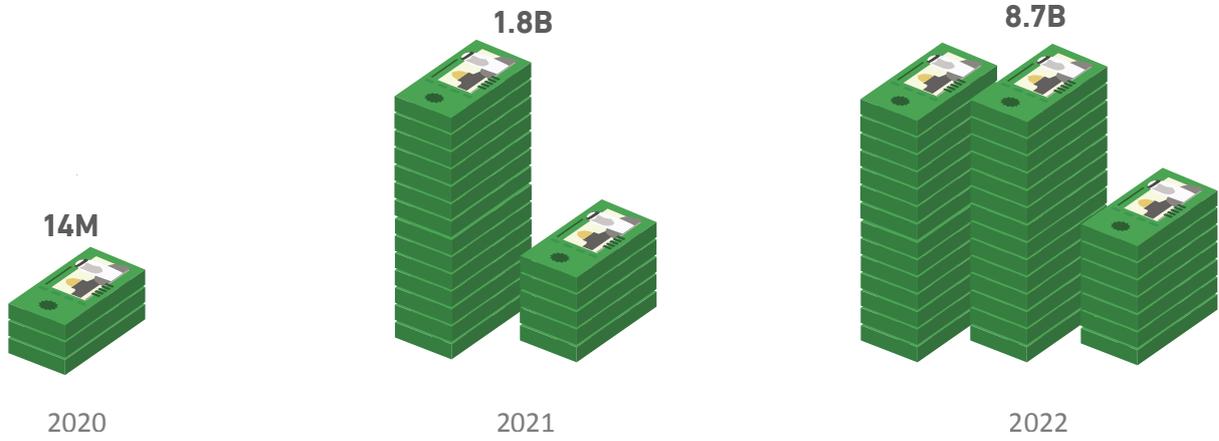
Gender Breakdown of BNPL Employees

● Male ● Female



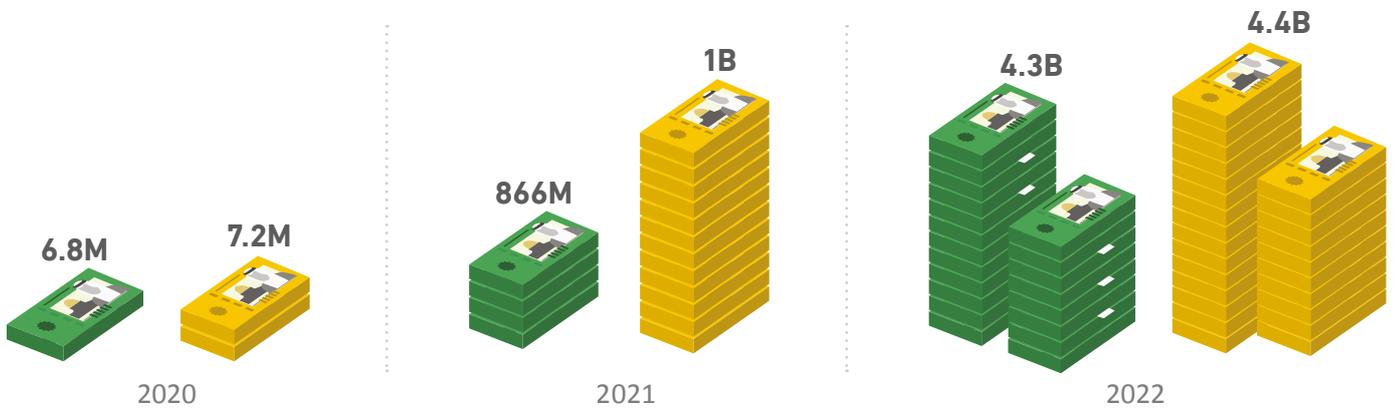
Transaction Data

Total Gross Merchandise Value of Goods Sold with BNPL (SAR)



Total Credit Breakdown of Goods Sold with BNPL (SAR)

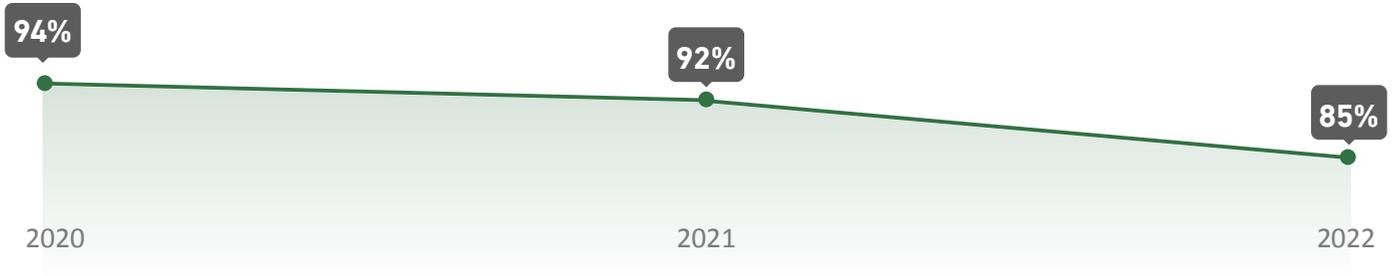
● Credit Provided ● Advance Payment



Credit provided is the amount fronted by the BNPL service provider and recorded as credit to the purchaser.
 Advanced payment is the amount paid by the purchaser.

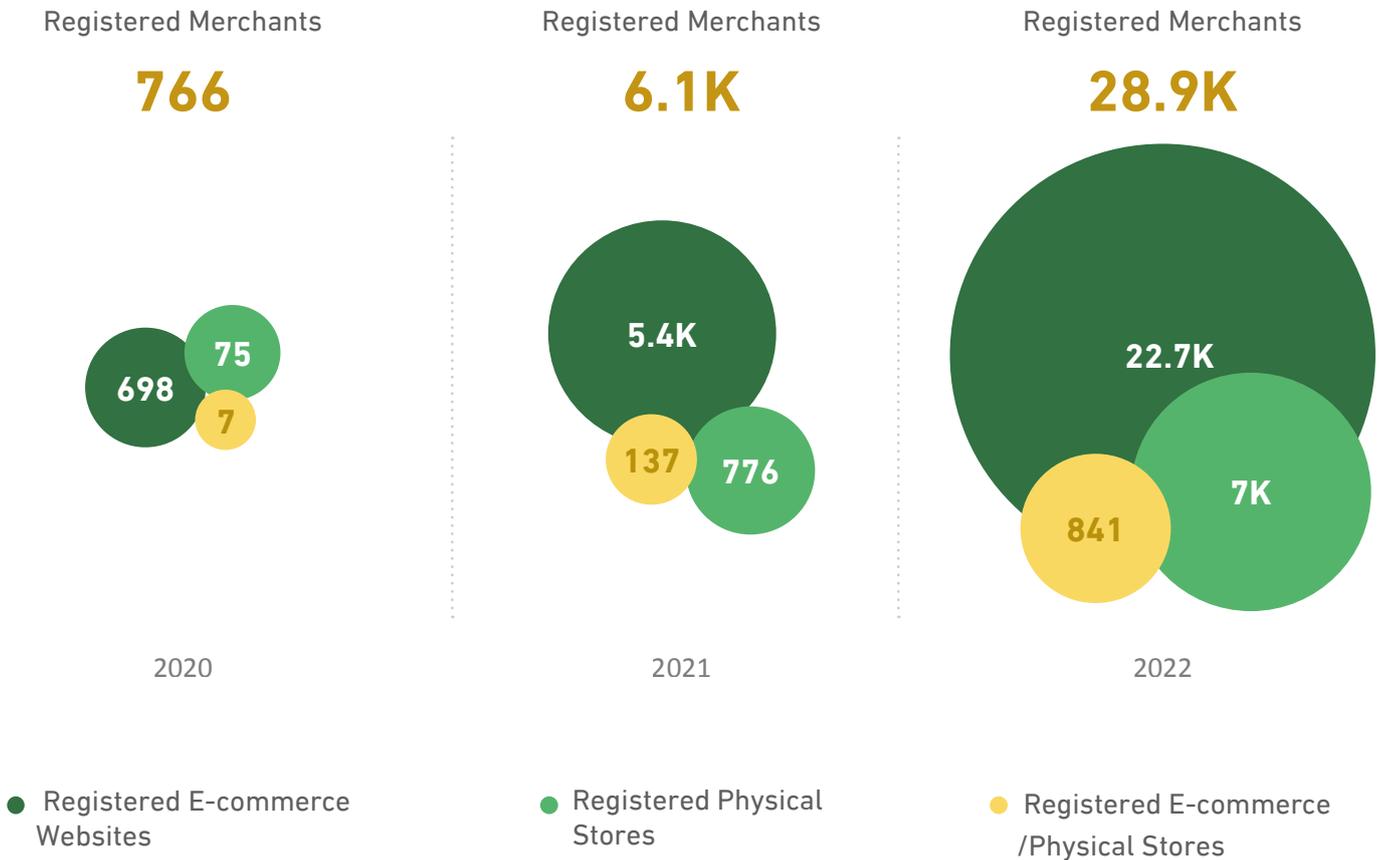
Transaction Data

Average BNPL Transaction Approval Rates



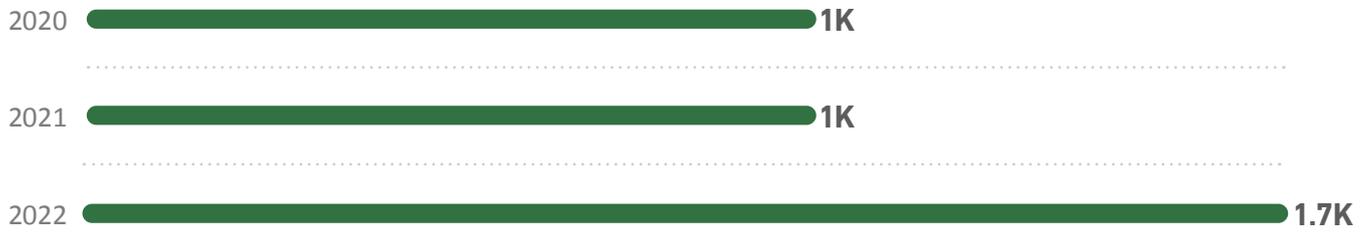
Business Customers

Total Number & Breakdown of Partnerships of Corporate Customers Registered with BNPL

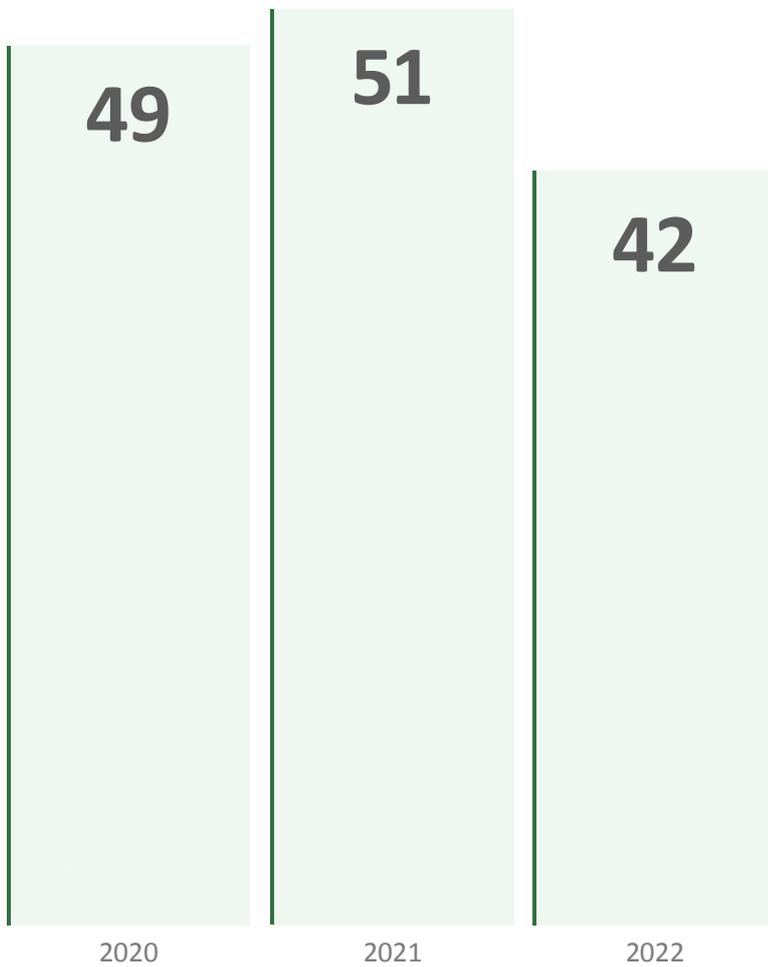


Average Transaction Data

Average Gross Merchandise Value of Goods Purchased with BNPL (SAR)



Average Payback Period of BNPL Purchases (Number of Days)



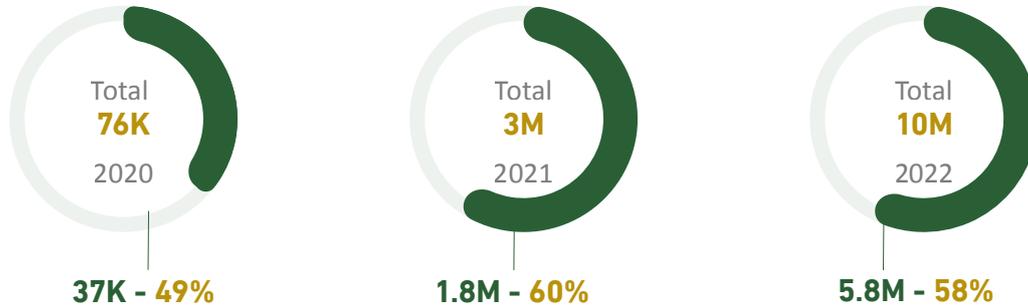
Average Number of Installments for BNPL Purchases



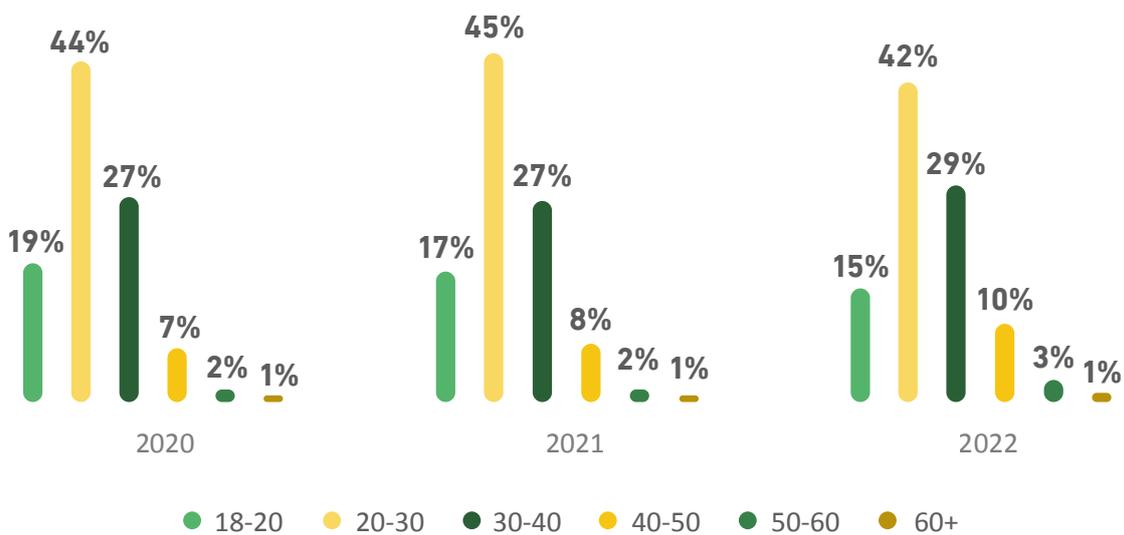
Retail Customer Base

Total Number of Retail Customers Registered with BNPL

● Active Customers ● All

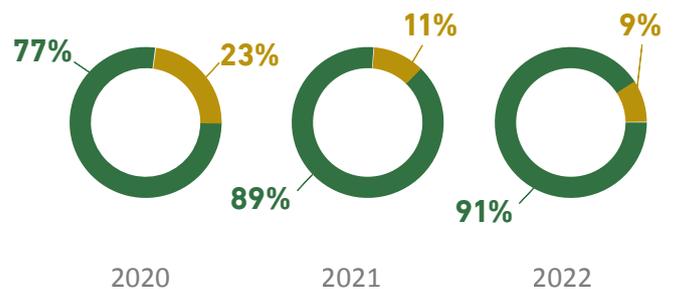
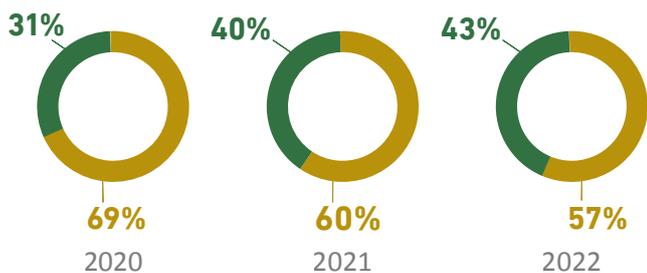


Age of Retail Customers Registered with BNPL



Gender Breakdown of Retail Customers Registered with BNPL

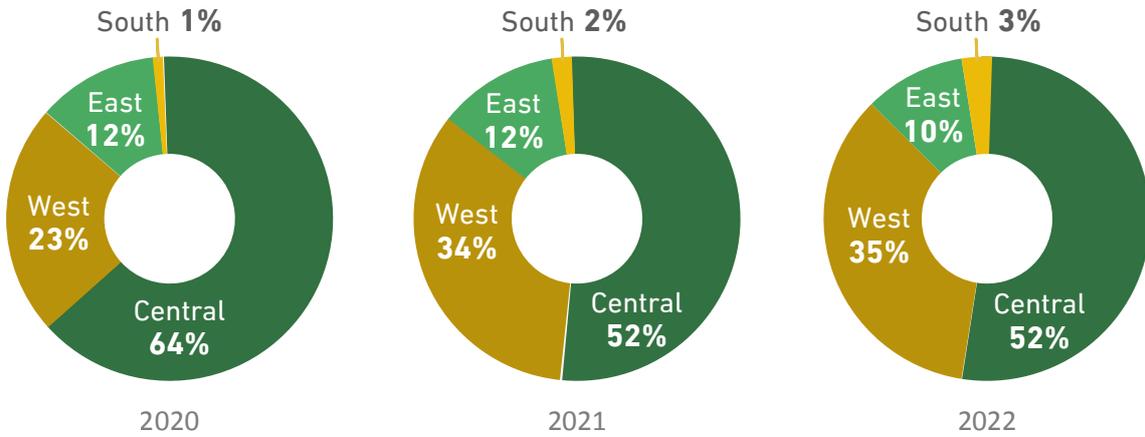
Nationality Breakdown of Retail Customers Registered with BNPL



● Male ● Female

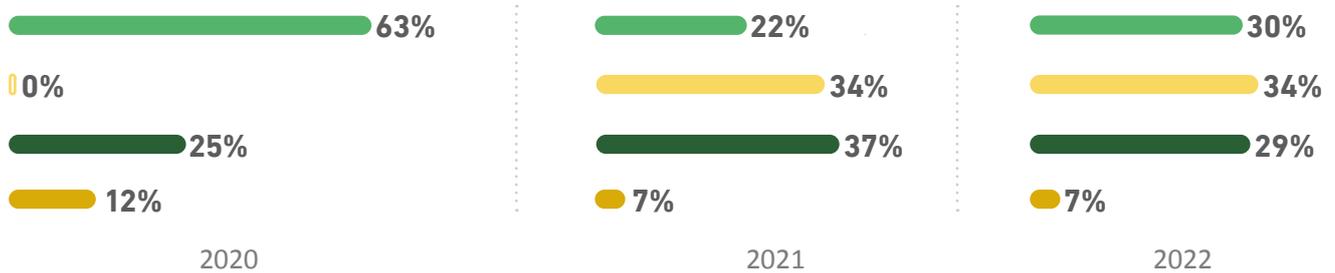
● Saudi Nationals ● Non Saudis

Geographic Location of Retail Customers Registered with BNPL



Salaries of Retail Customers Registered with BNPL (SAR)

● 0-5K ● 5K-10K ● 10K-20K ● 20K+



Debt Crowdfunding

A New Financing Option

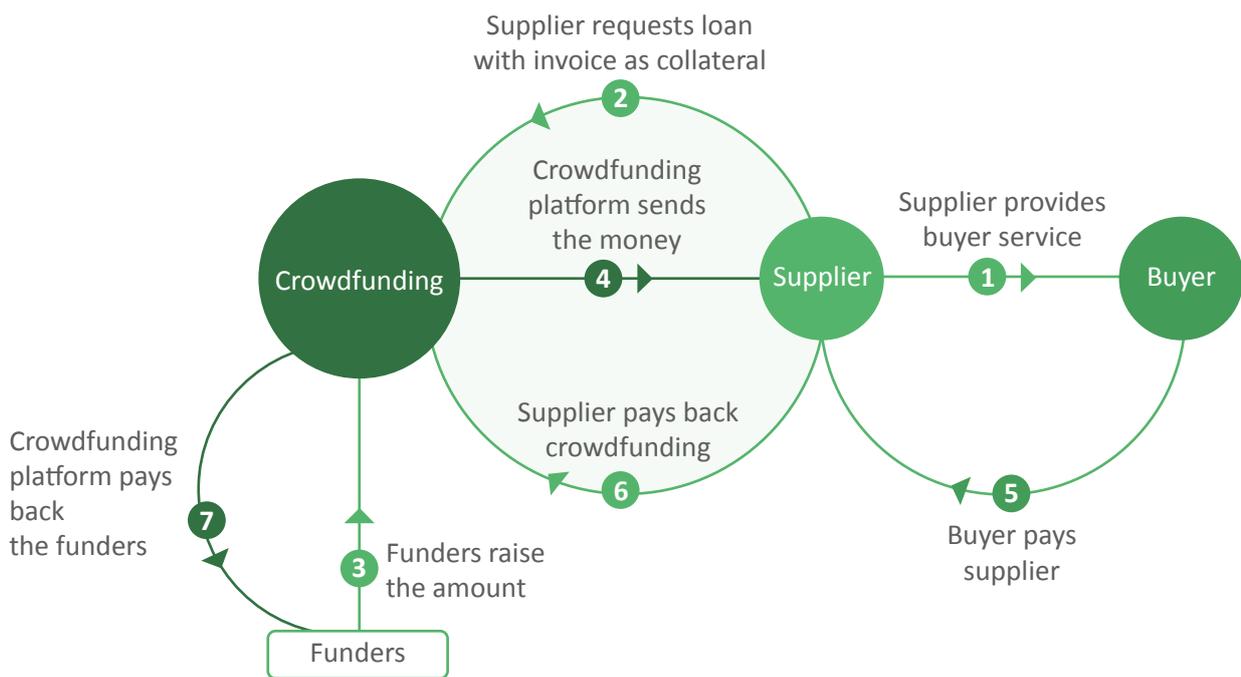
Debt Crowdfunding is a form of alternative financing where a large number of investors, retail or corporate, pool their money to finance businesses in need of cash.

The Debt Crowdfunding platforms operating in the Saudi market offer a streamlined, digital process for business of all sizes to sell their invoices and receive funding to relieve cash flow issues and to grow in size.

The growth in this sector, on both global and local scales, is a direct response to the challenges Small and Medium Enterprises (SMEs) encounter when seeking traditional bank loans.

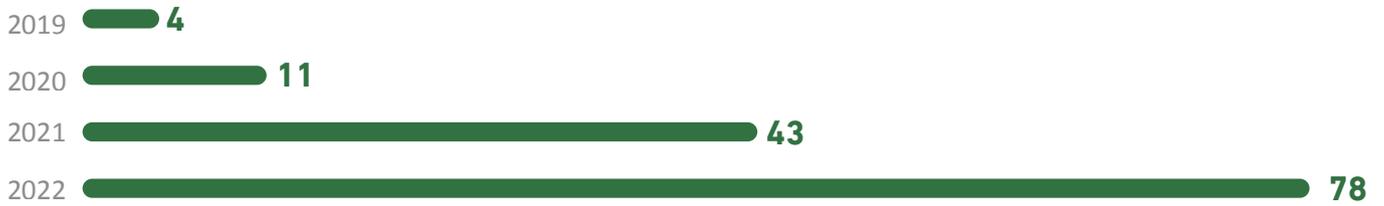
These platforms can help SMEs build relationships with investors to establish credit-worthiness and make it easier for them to access more financing in the future.

Overall, Debt Crowdfunding can be a valuable tool for SMEs looking for alternative sources of financing to fuel their growth and success.



Direct Job Creation

Total Number of Debt Crowdfunding Employees



Nationality Breakdown of Debt Crowdfunding Employees

● Saudi Nationals ● Non Saudis



Gender Breakdown of Debt Crowdfunding Employees

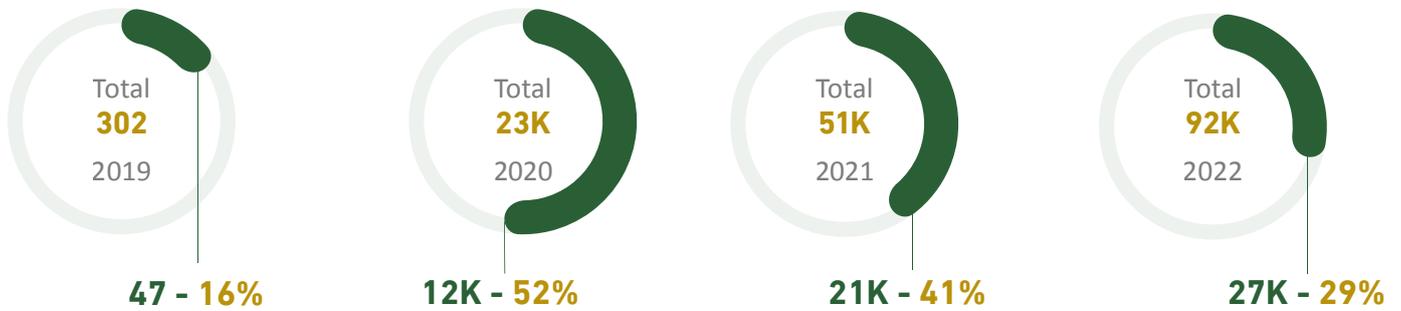
● Male ● Female



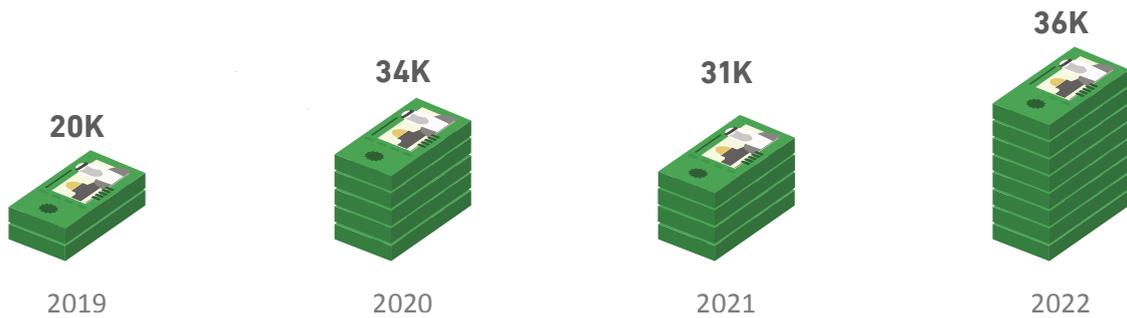
Transactions

Total Number of Registered Debt Crowdfunding Investors

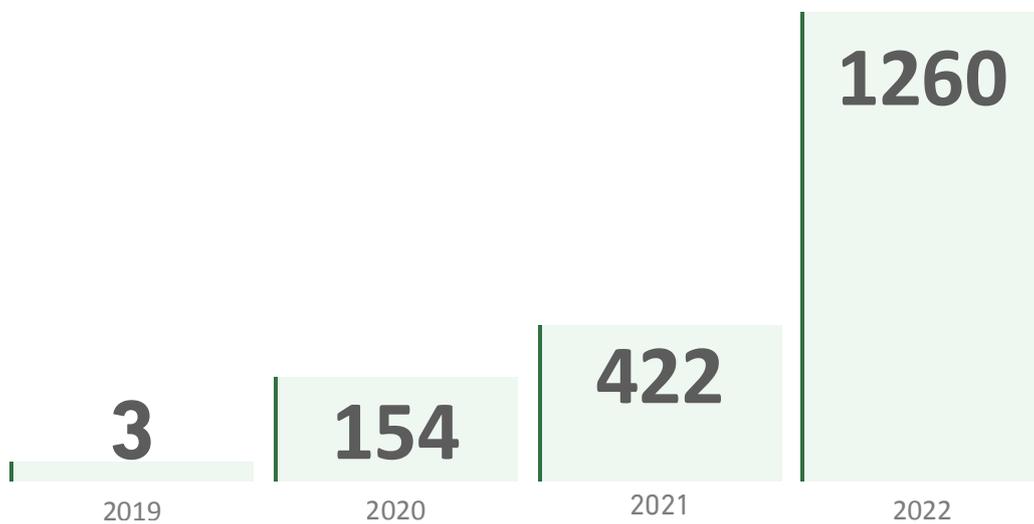
● Active Investors ● All



Average Investment Amount of Debt Crowdfunding Investors (SAR)

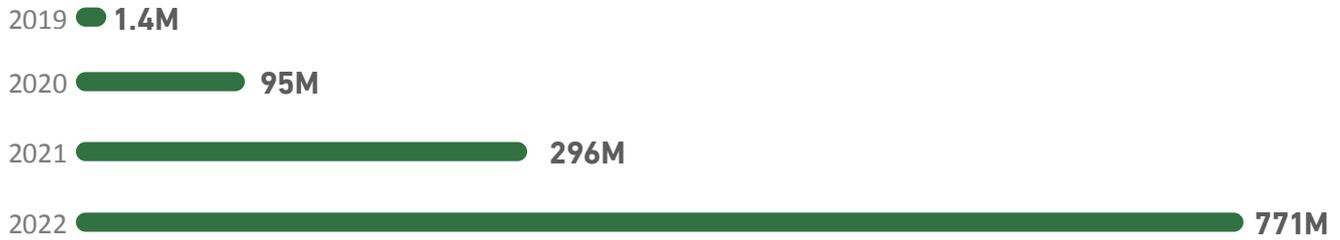


Total Volume (Number) of Disbursed Debt Crowdfunding Loans



Transactions

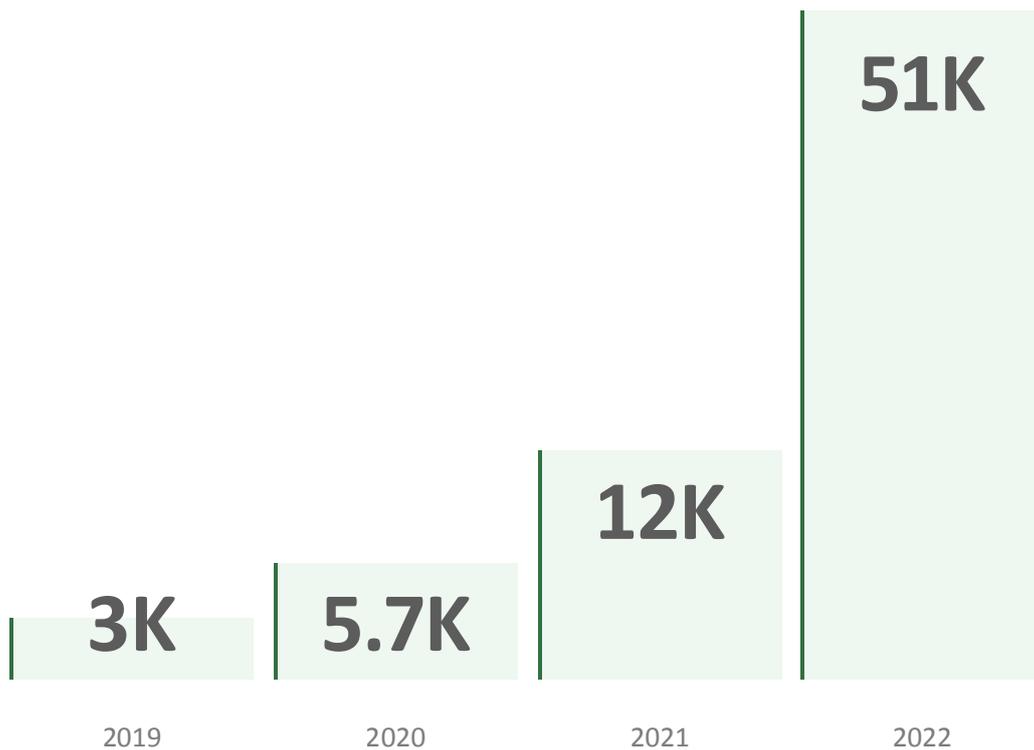
Total Value of Disbursed Debt Crowdfunding Loans (SAR)



Average Annual Percentage Rate (APR), Exclusive of Fees

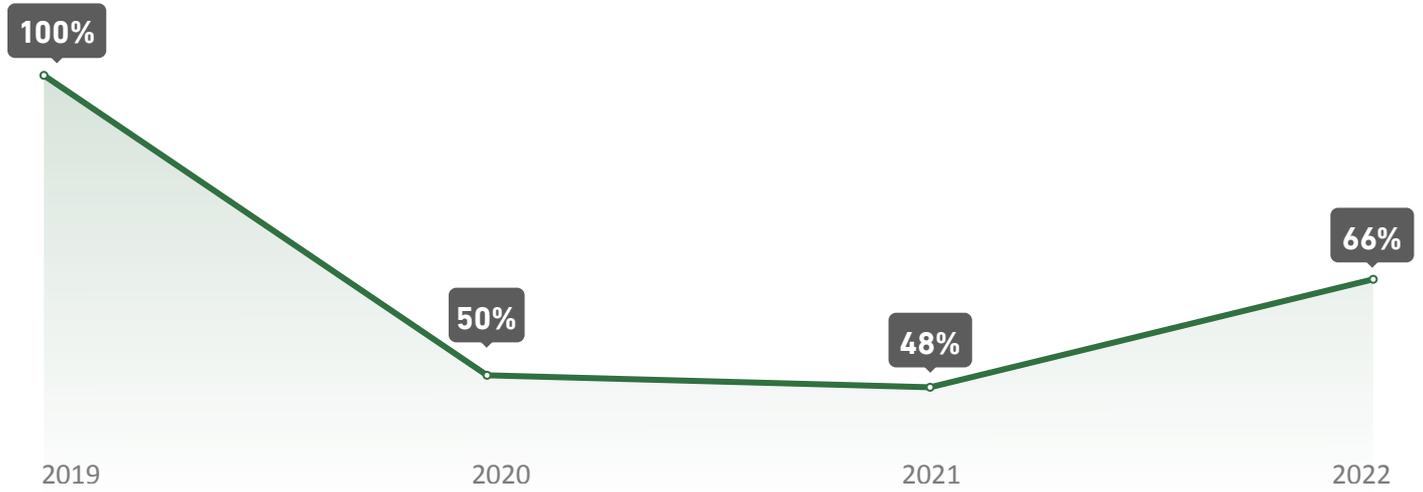


Total Number of Debt Crowdfunding Investment Opportunities



Loan Average

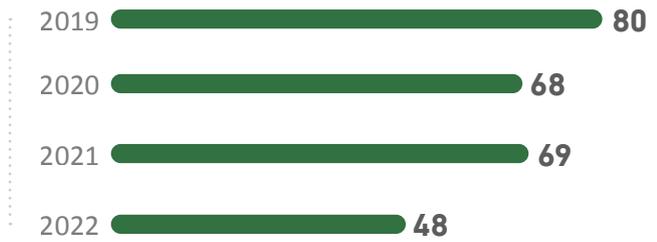
Average Debt Crowdfunding Approval Rates



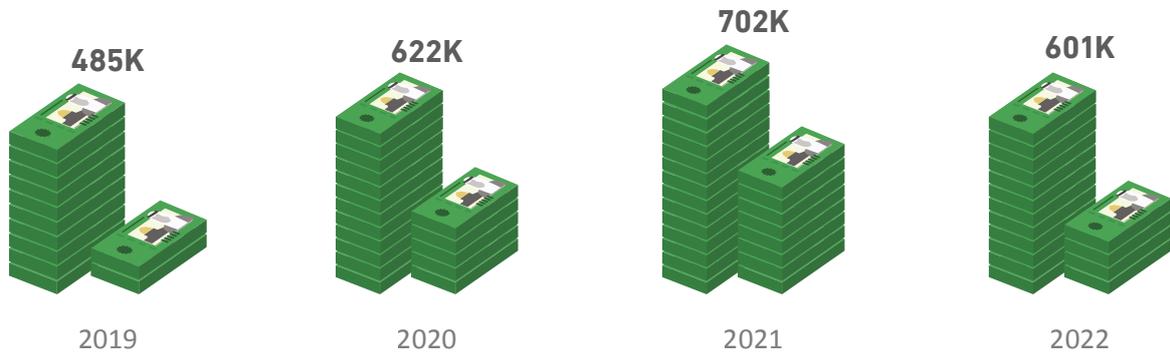
Average Debt Crowdfunding Loan Tenure



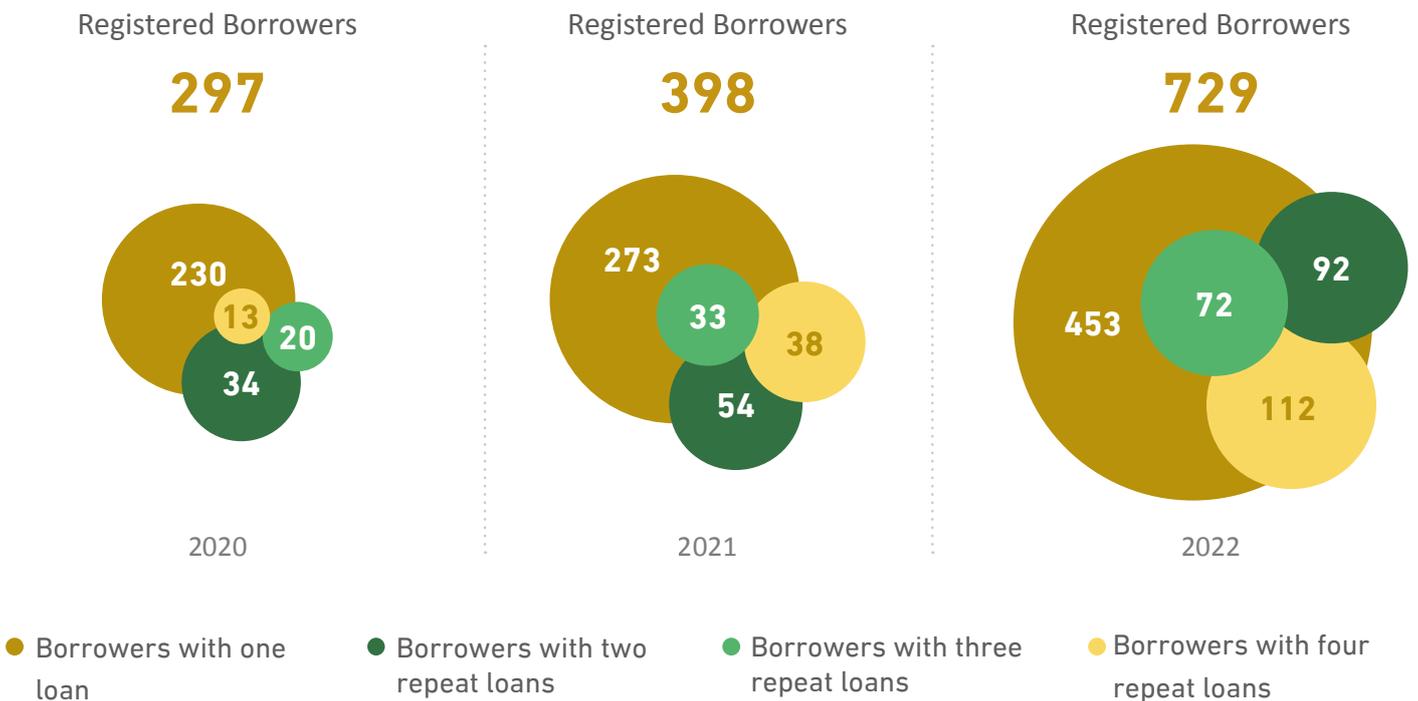
Average Debt Crowdfunding Invoice Credit Terms (Days)



Average Value of Disbursed Debt Crowdfunding Loan (SAR)



Total Number of Registered Debt Crowdfunding Borrowers



Consumer Microfinance

Expanding credit options for the retail sector

Consumer Microfinance is a financial service that provides small loans to individuals with the aim of improving financial inclusion and supporting economic growth. The companies that provide microfinancing typically issue loans of a relatively small magnitude compared to traditional financial institutions.

The maximum loan amount is 50,000 SAR for companies that practice both traditional consumer microfinance and Fintech (using online channels). On the other hand, the maximum loan amount for a consumer microfinance company that carries out its activity solely using online channels must not exceed 25,000 SAR.

Advancements in technology have improved distribution models and have made it much easier to provide microfinancing services. With the rise of providers in the market, we can anticipate the development of increasingly innovative and accessible services. As awareness about microfinancing and its advantages spreads, it is likely that the demand will also experience growth.

Direct Job Creation

Gender Breakdown of Consumer Microfinance Employees



Nationality Breakdown of Consumer Microfinance Employees



Transactions

Total Volume Number of Disbursed Consumer Microfinance Loans



Average Number of Consumer Microfinance Loan Installments



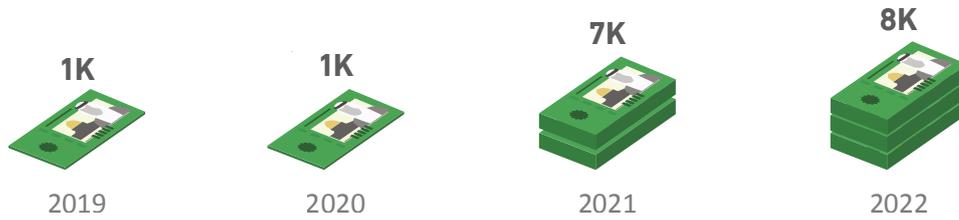
Average Time to Release Consumer Microfinance Loans



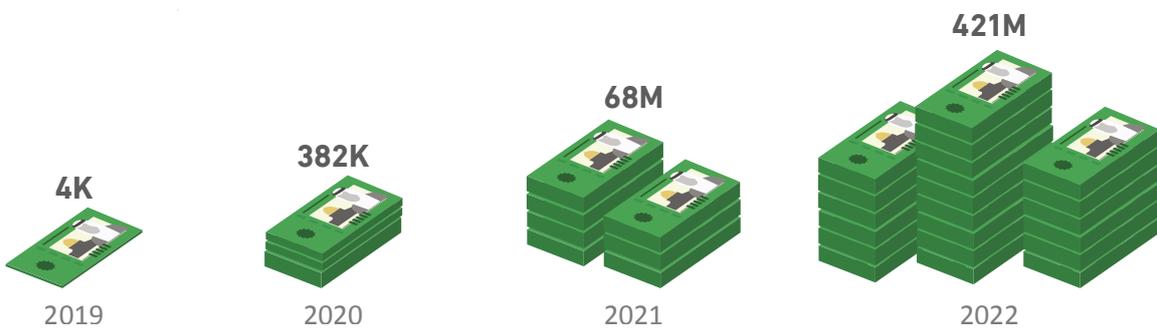
Average Consumer Microfinance Loan Tenure



Average Value of Disbursed Consumer Microfinance Loan (SAR)

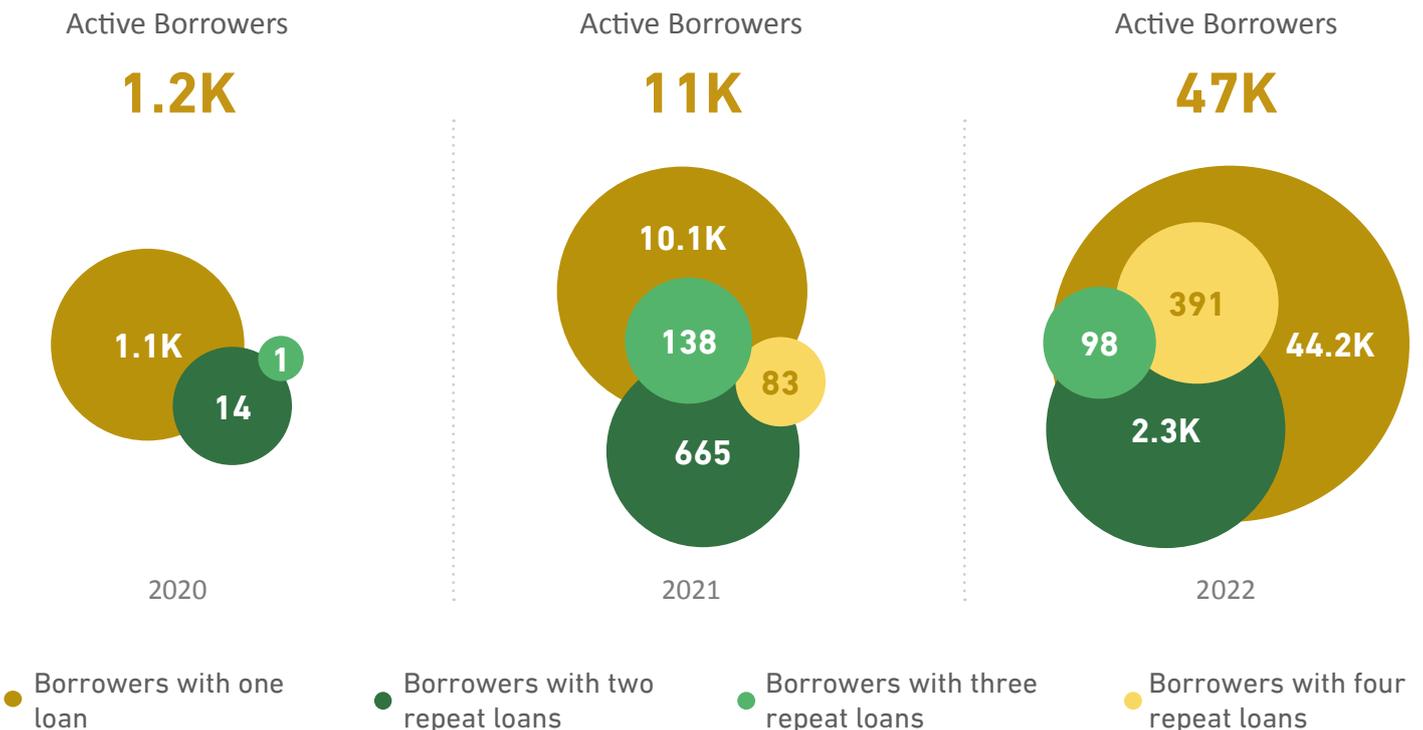


Total Value of Disbursed Consumer Microfinance Loans (SAR)



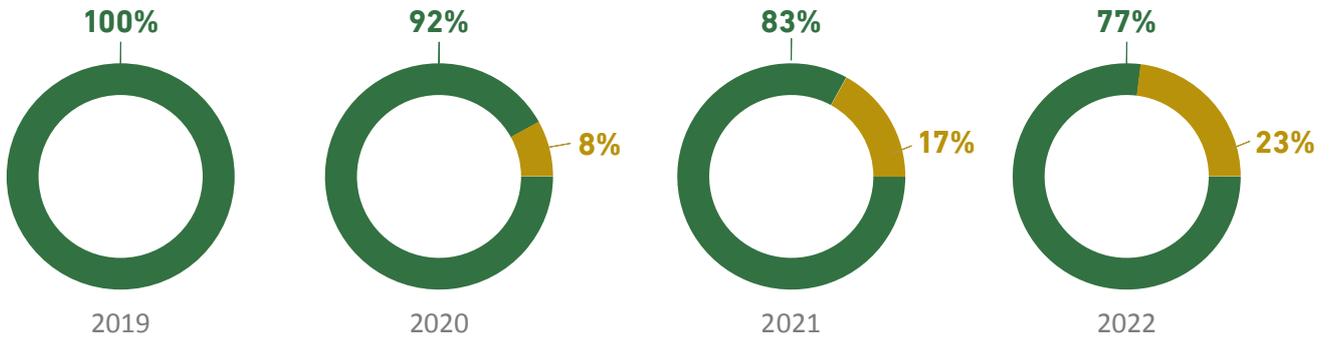
Customers

Total Number of Registered Consumer Microfinance Borrowers (Customers)

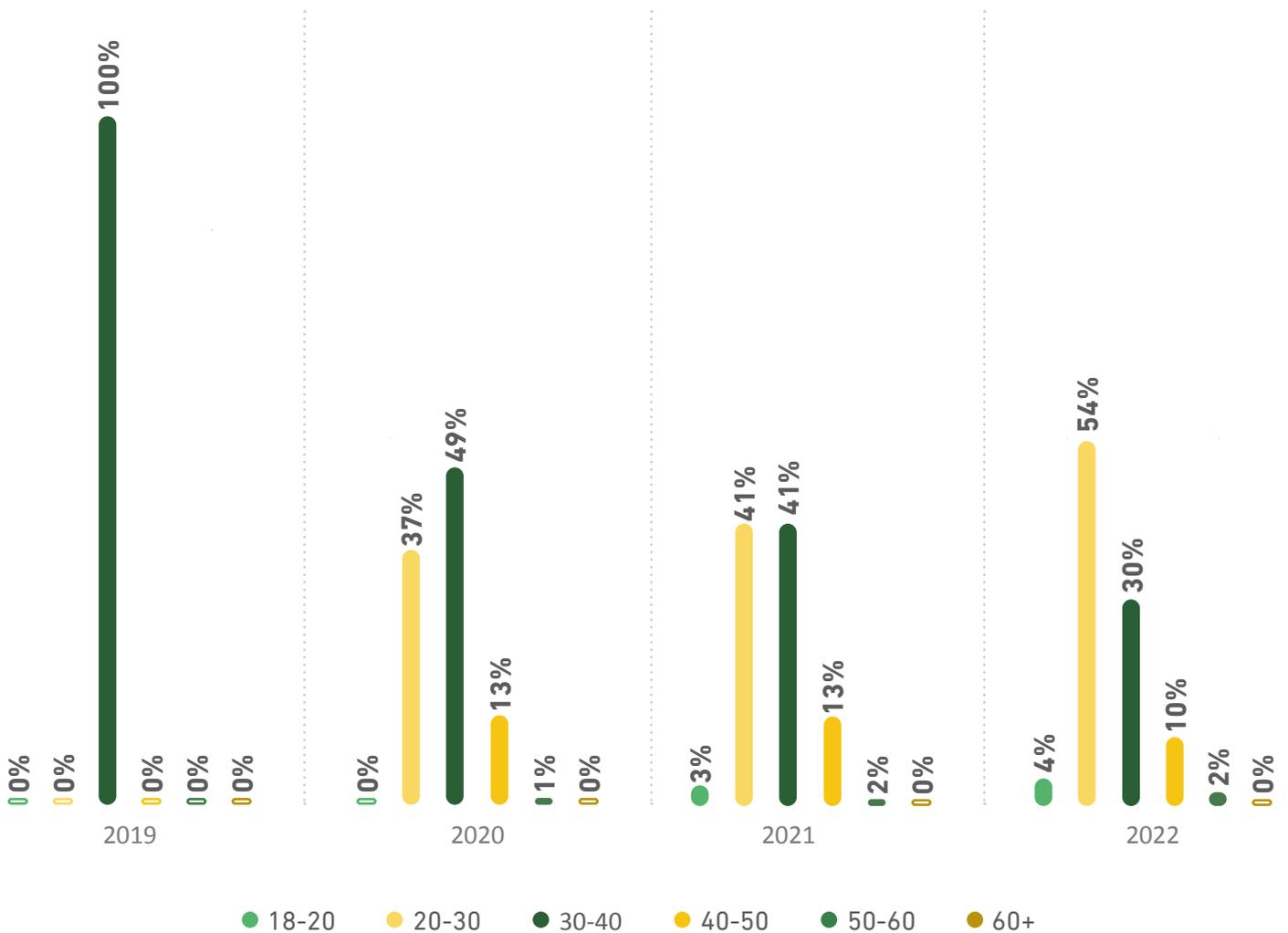


Gender Breakdown of Consumer Microfinance Customers

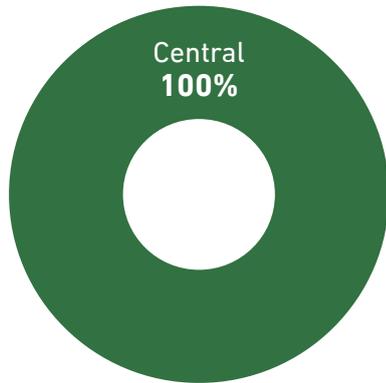
● Male ● Female



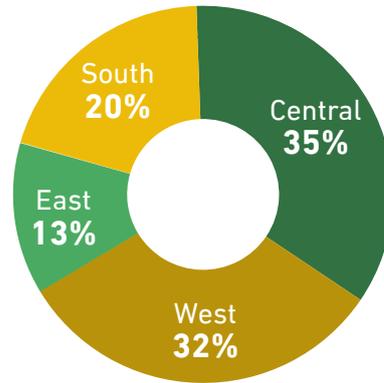
Age Breakdown of Consumer Microfinance Customers



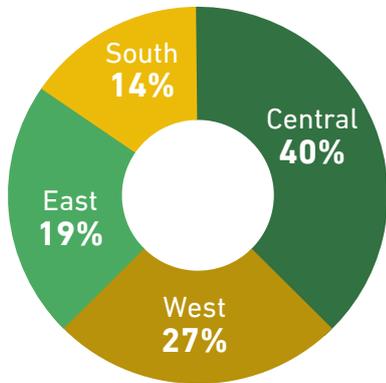
Geographic Location Breakdown of Consumer Microfinance Customers



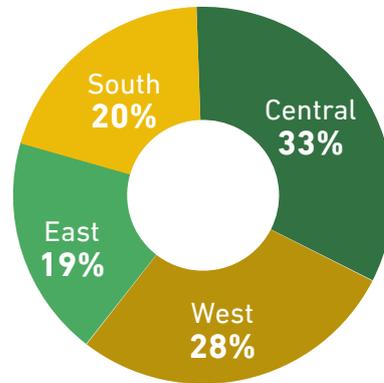
2019



2020



2021



2022

Registered Salary of Consumer Microfinance Customers (SAR)



Financial Product Aggregation

Expanding Financial Choices

Financial Product Aggregation refers to using an online platform to compare and apply for different financial products, such as loans and credit cards. The companies providing these platforms act as intermediaries between consumers and multiple lenders, allowing customers to compare and choose the best financial products easily.

Companies in this field can offer various ancillary services to improve the beneficiary experience, such as personalized recommendations, comparison tools, and financial education resources.

One of the main benefits of using an online financial product aggregation is its convenience and efficiency. Rather than researching and applying for products with individual lenders, customers can compare multiple options in one place and receive faster approval times. This can be especially helpful for consumers needing more time or expertise to research and compare different options.

Due to the agreements between these aggregators and lending institutions, applications are automatically processed according to specific criteria and credit profiles. This enables customers to promptly and effortlessly view the rates, fees, and terms of various financial products for which they are approved.

Another benefit of these services is the opportunity for customers to make informed financial decisions.

These platforms offer educational resources and financial calculators to help customers understand the costs and benefits of different products. Additionally, many of the platforms in the market use technology such as machine learning to analyze customers' credit profiles and recommend products that are both a good fit for them and more likely to be approved by the lending institution.

Overall, online financial product aggregation is valuable for consumers looking to compare and apply for financial products. By providing a centralized comparison and decision-making platform, consumers can make more informed decisions and find the products that best fit their needs.

8

Companies
In Pipeline

4

Initial
Approval

1

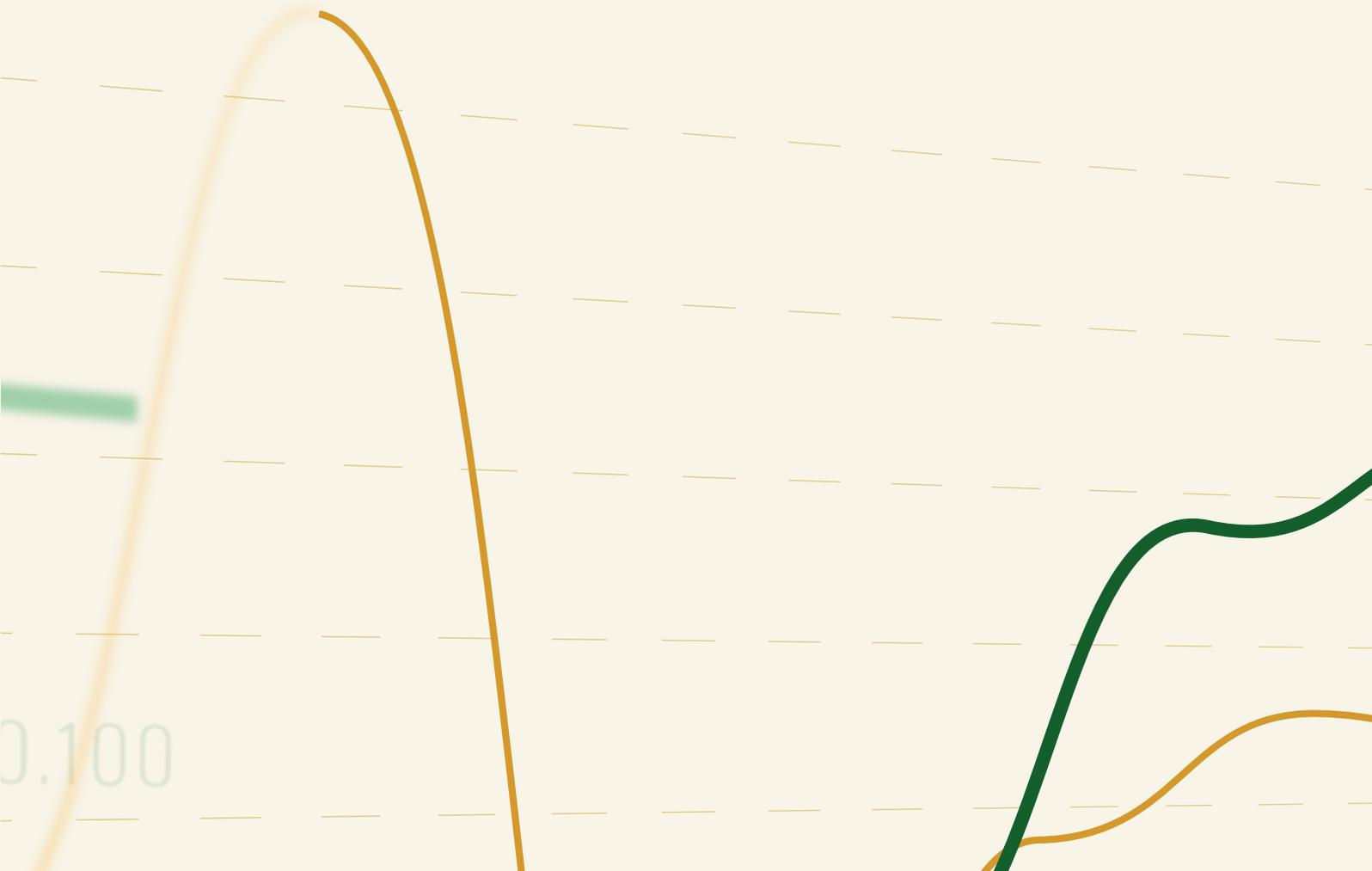
Final
Licensing
Stage



Annual Fintech Report 2022

Insurance

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Insurance Aggregation

Simplifying Insurance

Insurance Aggregation platforms are becoming increasingly popular in Saudi Arabia, as more consumers seek convenient and affordable insurance options.

These platforms allow consumers to compare insurance policies from multiple providers, purchase policies online, and manage their insurance accounts digitally.

In addition to providing a streamlined shopping experience, online insurance brokers can also offer a range of additional services.

For example, many brokers provide resources and tools to help customers understand insurance terminology, compare policies, and navigate the claims process.

This can be particularly helpful for individuals who are new to purchasing insurance or who have questions about their coverage.

Furthermore, some online insurance brokers may offer discounts or special promotions that are not available through traditional insurance channels. By collaborating with multiple providers, brokers may be able to offer competitive rates and policies that are tailored to each customer's specific needs.

Some of the benefits of Insurance Aggregation in Saudi Arabia include:

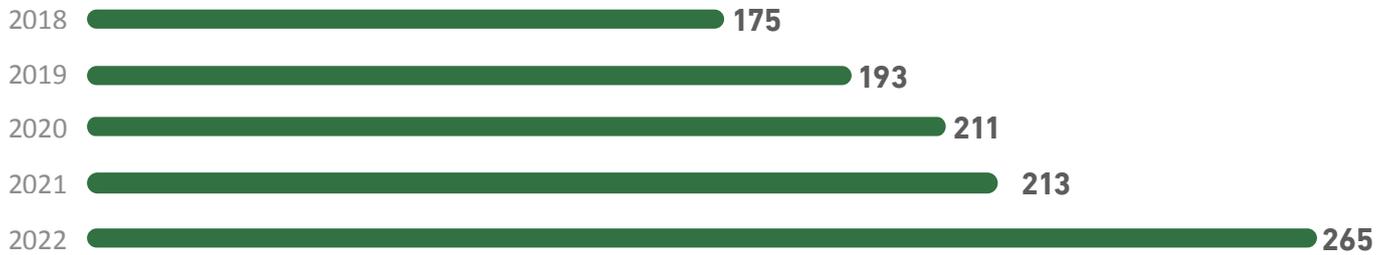
Convenience and Variety: Offering consumers the convenience of accessing insurance products and services anywhere at any time. This can save time and effort for consumers who might otherwise have to visit multiple insurance offices or agents to find the best insurance policy for their needs.

Cost Savings: Providing competitive pricing and discounts on insurance policies. This can help consumers save money on their insurance premiums.

Increased Transparency: Improving transparency around insurance policies and pricing. Consumers can compare policies from multiple providers, read reviews from other customers, and make informed decisions about which policy to purchase.

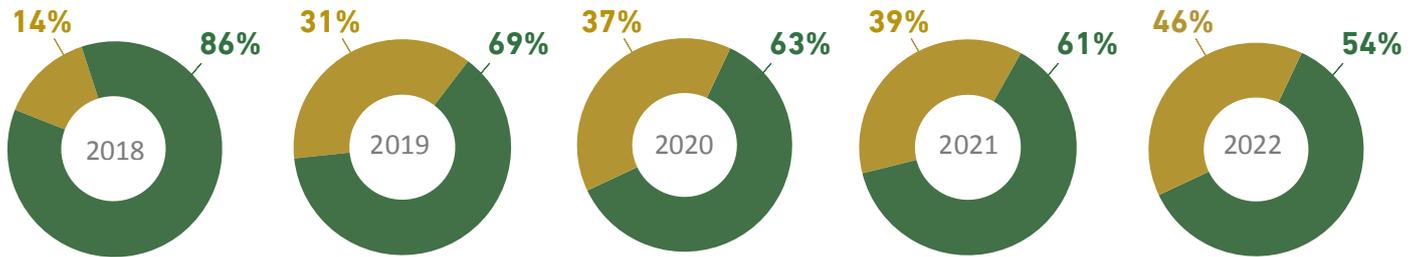
Job creation

Total Number of Insurance Aggregation Employees



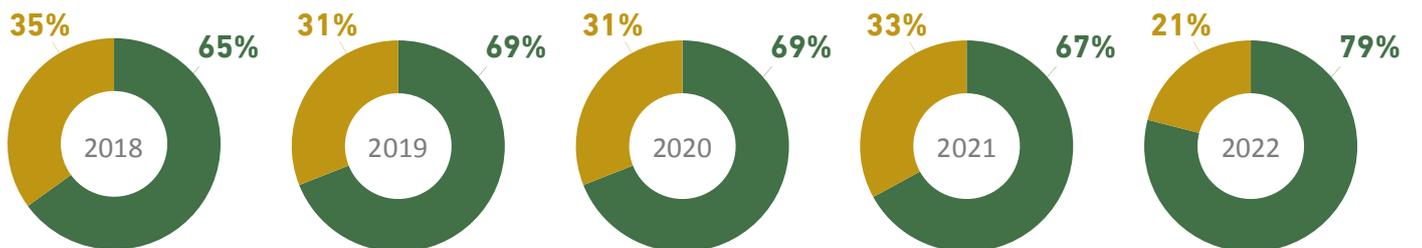
Gender Breakdown of Insurance Aggregation Employees

● Male ● Female



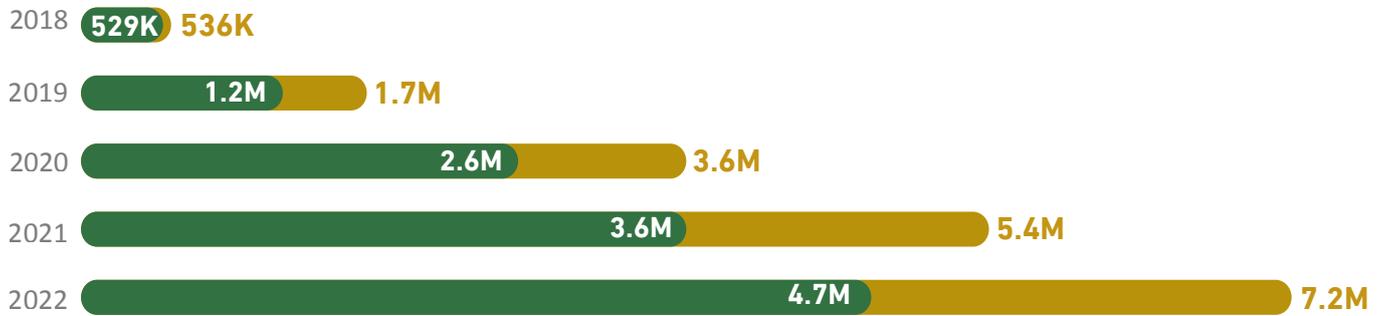
Nationality Breakdown of Insurance Aggregation Employees

● Saudi Nationals ● Non Saudis

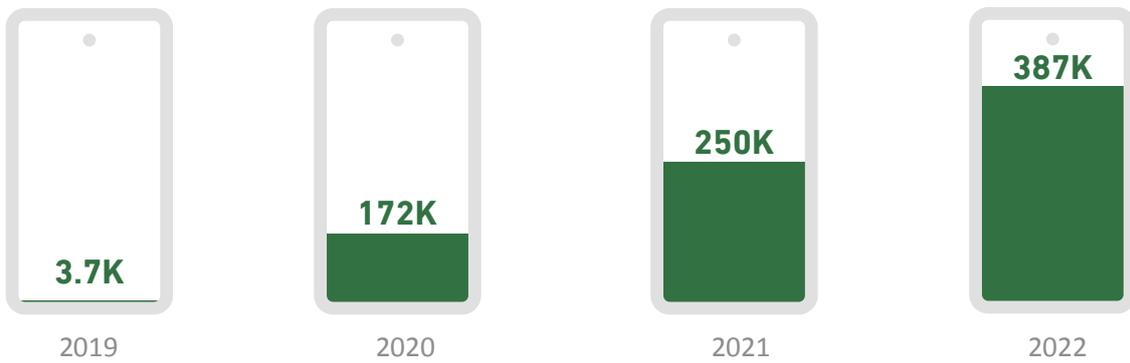


User Base

Total Number of Retail Customers Registered with Insurance Aggregators ● Active Customers ● All



Total Number of Downloads of Insurance Aggregation Apps



Total Number of Visits to Insurance Aggregation Websites

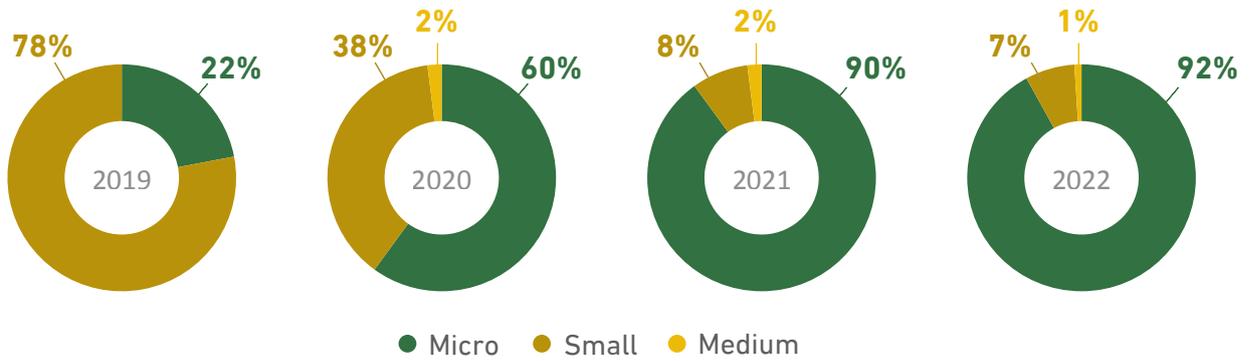


Corporate Customers

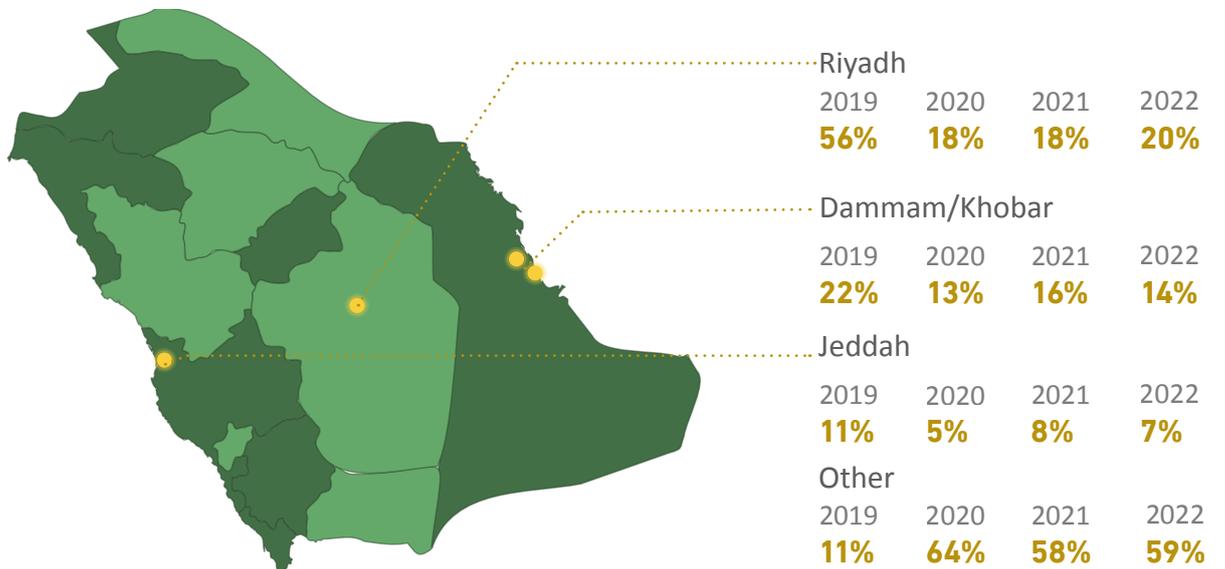
Total Number of Insurance Aggregation Corporate Customers



Size Breakdown of Insurance Aggregation Corporate Customers

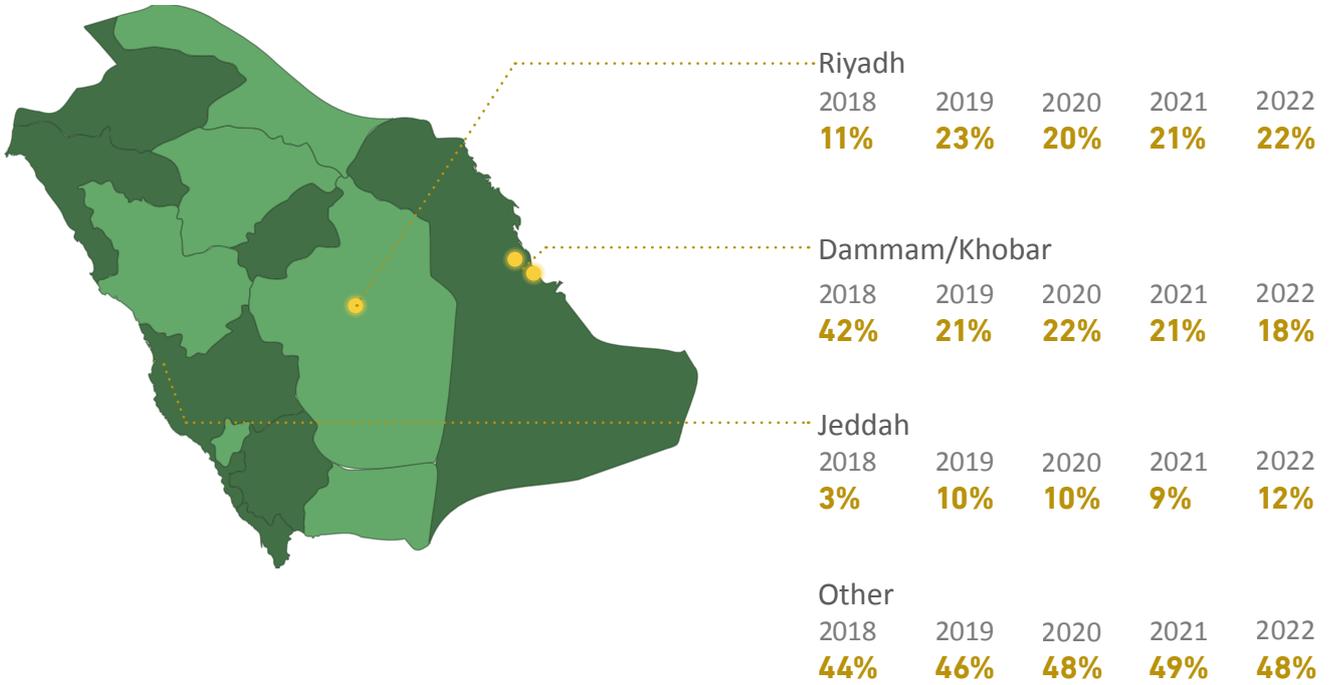


Geographic Location Breakdown of Insurance Aggregation Corporate Customers



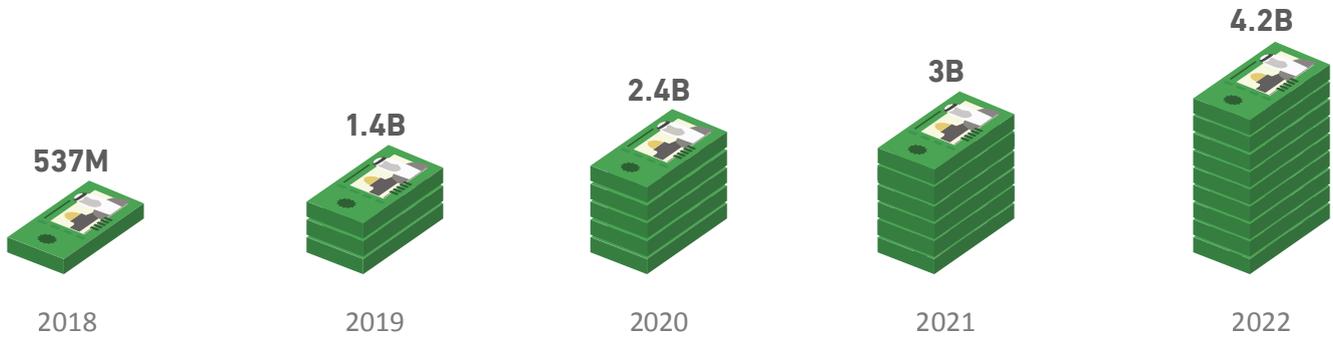
Retail Customers Information

Geographic Location Breakdown of Insurance Aggregation Retail Customers (Major Cities)

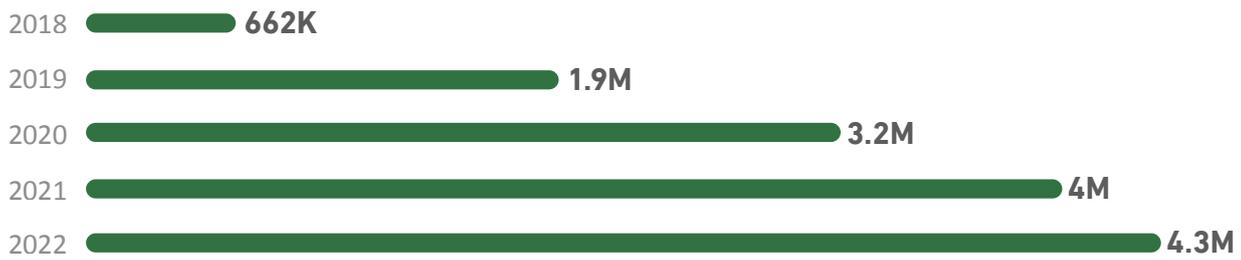


Policy Aggregators

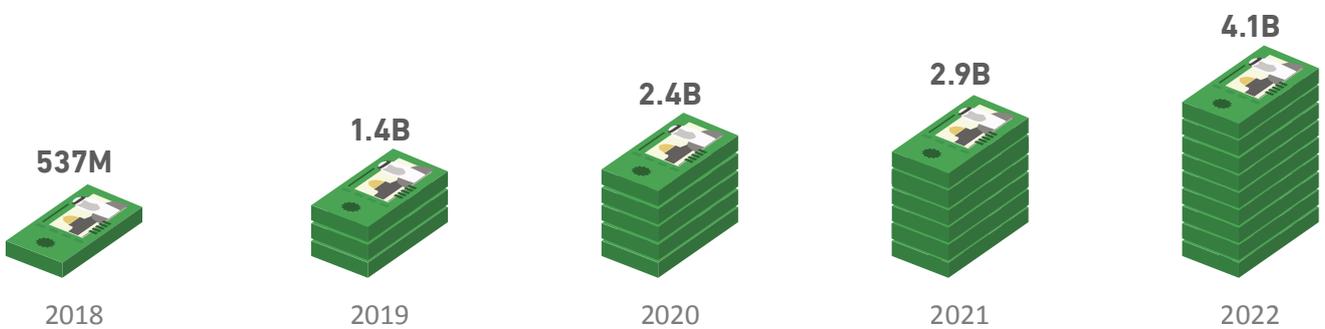
Total Value of Policies Issued through Insurance Aggregators (SAR)



Total Number of Policies Issued through Insurance Aggregators



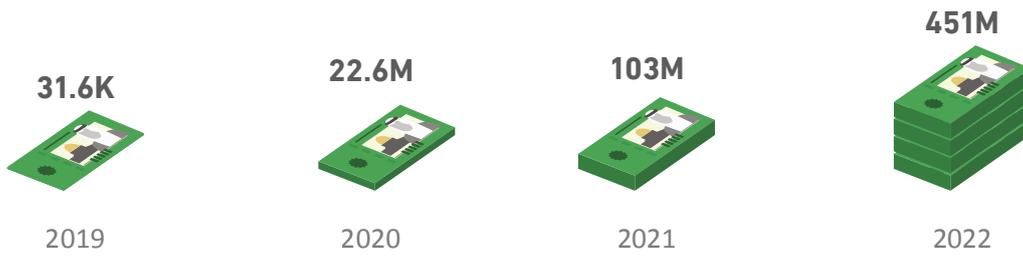
Total Value of Motor Vehicle Insurance Policies Issued through Insurance Aggregators (SAR)



Total Volume of Motor Vehicle Insurance Policies Issued through Insurance Aggregators



Total Value of Health Insurance Policies Issued through Insurance Aggregators (SAR)



Total Volume of Health Insurance Policies Issued through Insurance Aggregators

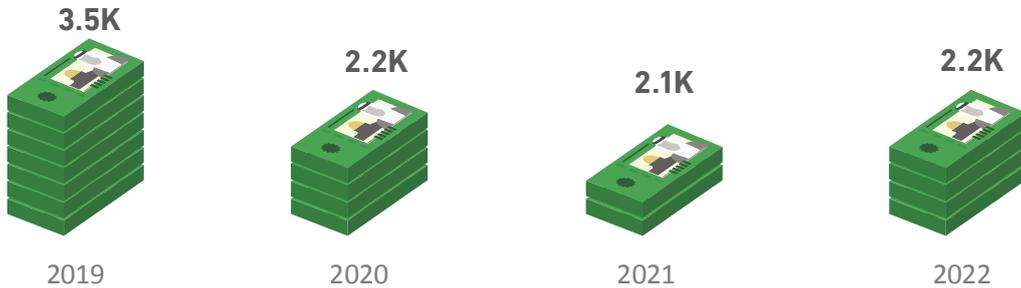


Policy Averages

Average Value of Vehicle Insurance Policy Issued through Insurance Aggregators (SAR)



Average Value of Health Insurance Policy Issued through Insurance Aggregators (SAR)



Time Metrics

Average Time to Issue Policy through Insurance Aggregators (Seconds)

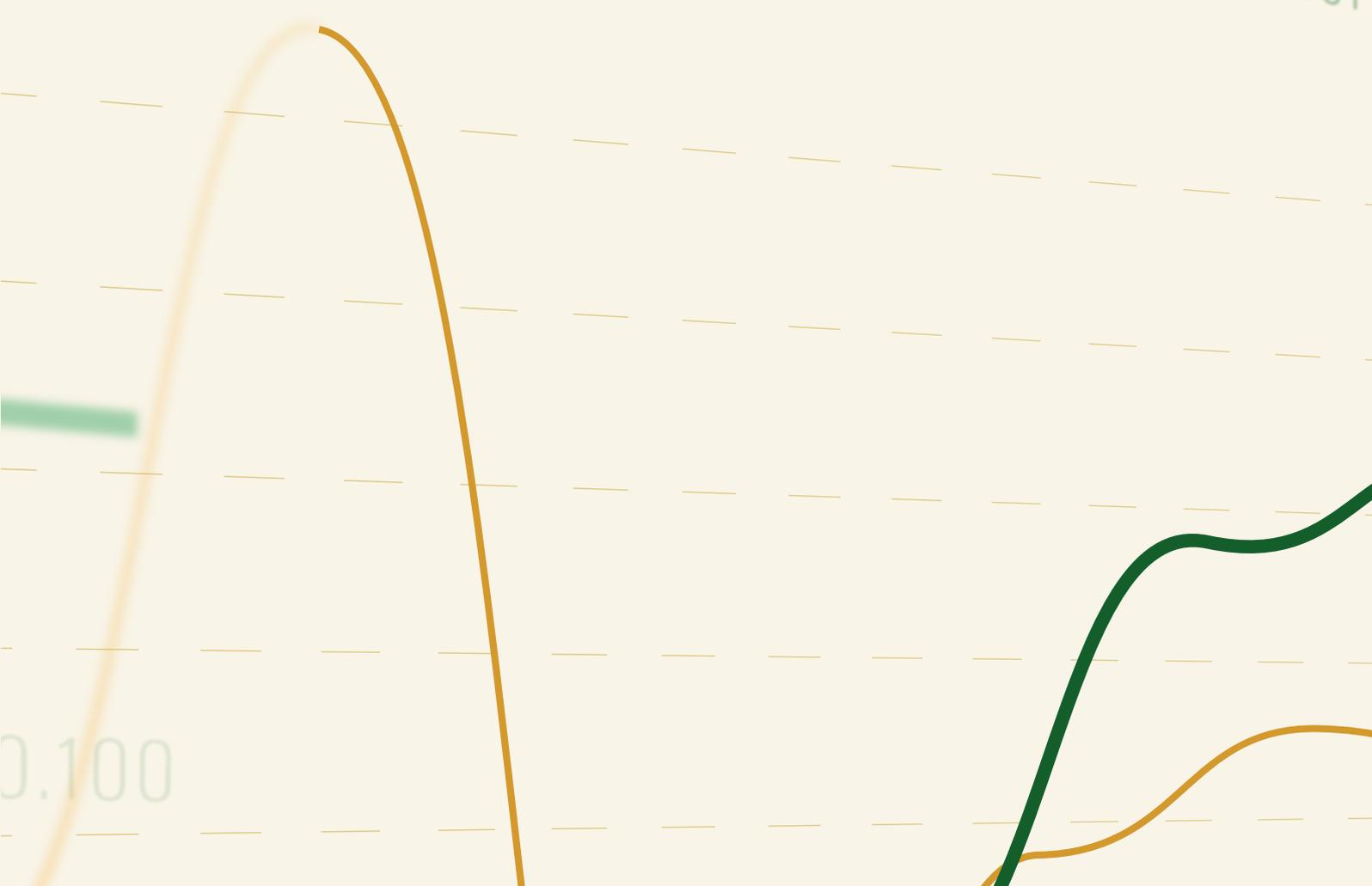




Annual Fintech Report 2022

Open Banking

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Open Banking

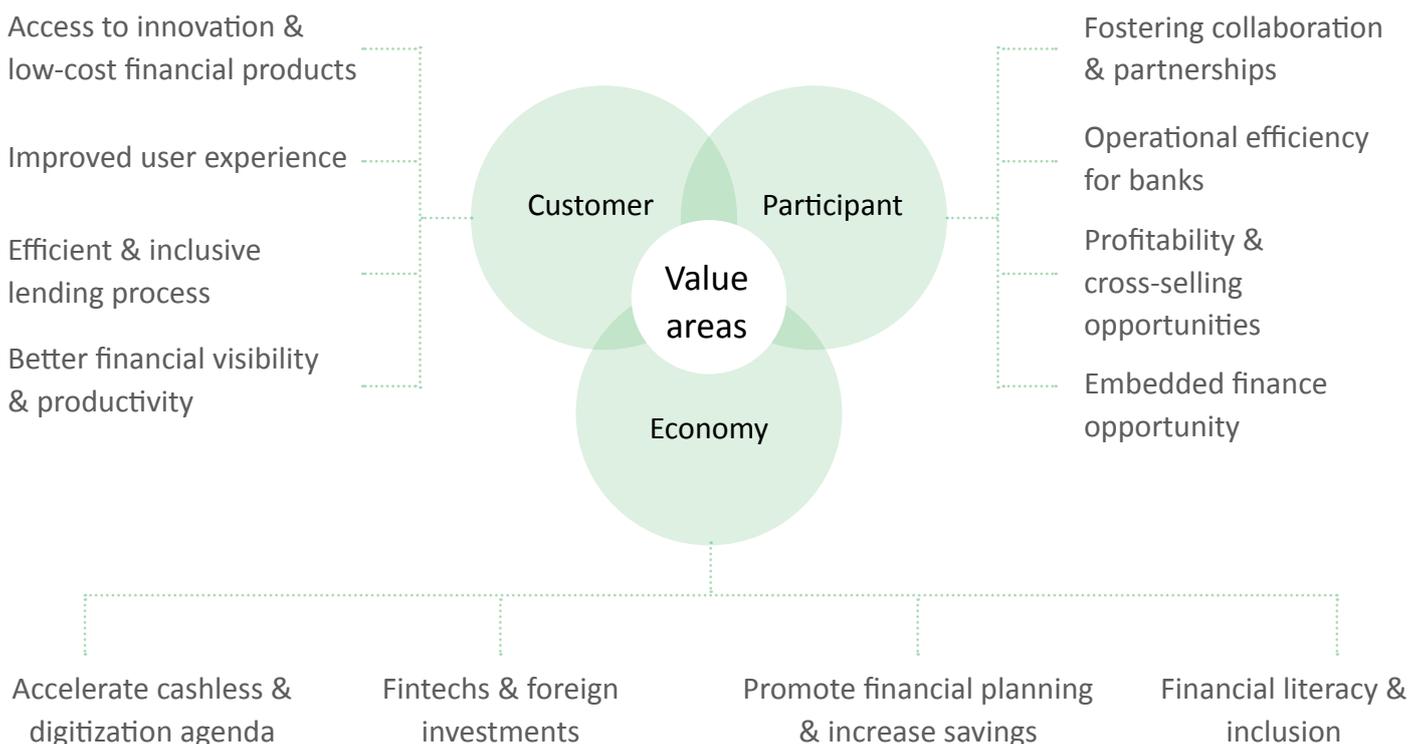
Accelerating Progress through Consumer Empowerment

A Revolution in the Financial Industry

Open Banking, an emerging trend in the financial sector, is rapidly gaining traction in Saudi Arabia. Open Banking aims to enable consumers of financial institutions to securely share their financial data with Fintechs, thereby promoting competition, innovation, and improved customer experiences. examples of Open Banking services are Personal Finance Management (PFM) platforms, Enterprise Finance Management (EFM) platforms, Credit Risk Assessment, E-Statement as a Service, Letter of Guarantee as a Service, and Pay by Account.

Potential Value of Open Banking

Open Banking presents a new world of opportunities, offering numerous benefits. The value from Open Banking will be generated in three areas: Customer (retail and corporate), Participant (banks and Fintechs) and Economy.



Open Banking Program

The Open Banking Program is one of the initiatives of the National Fintech Strategy. The program aims to implement and activate the Open Banking practice in the Kingdom. SAMA embarked on its Open Banking journey collectively with the market participants, banks and fintechs, to achieve the desired outcomes.

SAMA's Open Banking Journey



Q4 2022

Release of Open Banking Framework (AIS Services)



Q4 2022

Launch of Open Banking Lab



Q1 2023

Activate the Open Banking Ecosystem for AIS Services in the Sandbox



Q4 2023

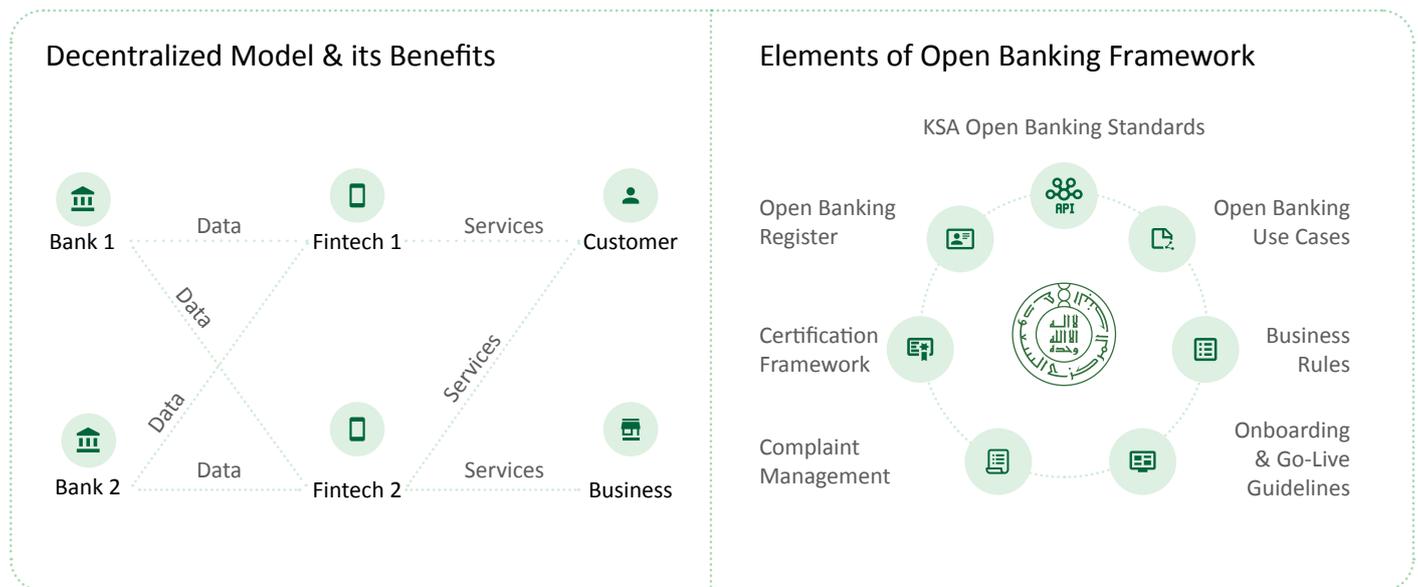
Release of Open Banking Framework PIS Services

- AIS: Account Information Service
- PIS: Payment Initiation Service

SAMA opted for regulatory-led approach and technically-decentralized model in the Open Banking implementation, providing the regulations, guidelines, and standardizations to enable the Open Banking ecosystem, thereby creating trust between banks, fintechs and consumers. The Open Banking regulations were released by SAMA as part of the new implementing regulations for the Law of Payments and Payment Services, which was published in the third quarter of 2023.

Open Banking Framework

The Open Banking Framework is a comprehensive set of regulatory guidelines, business rules, and technical standards based on international best practices to enable banks and fintechs to provide open banking services in the Kingdom. SAMA released the Open Banking Framework in the fourth quarter of 2022 to enable the Account Information Service (AIS) with a target to update the framework to enable the Payment Initiation Service (PIS) in the fourth quarter of 2023. The AIS enables fintechs to access consumers' account data, with the consumers' consents, from multiple financial institutions. By aggregating these data, fintechs can offer consumers, retail and corporate, a variety of use cases, enabling them to manage their financials more effectively. This move allowed customers to gain access to innovative applications and platforms for more personalized financial management.



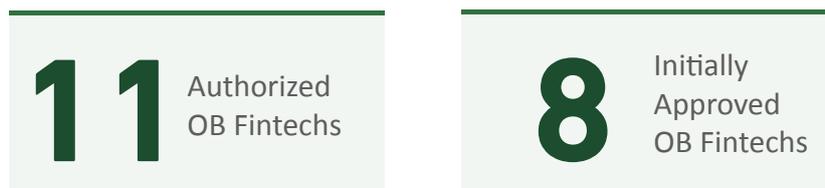
- No risk of single point of failure by not having a centralized infrastructure
- Allows ecosystem's scalability and promotes innovation independent of the capacity of the regulator
- Reduced operational liability of the regulator due to decentralized connectivity

Open Banking Lab

SAMA subsequently launched the Open Banking Lab by the end of the fourth quarter of 2022 to expedite the development of the Open Banking services in the Kingdom. The lab aims to ensure the compatibility of the Open Banking market participants, banks and Fintechs, and their compliance with the Open Banking framework by enabling them to develop, test, and certify their Open Banking services and products in a technical testing environment and in an automated and streamlined process. The lab plays a crucial role in encouraging innovation and accelerating the development of open banking services in the Kingdom.

Open Banking within the Sandbox

SAMA is currently permitting and authorizing Open Banking Fintechs under SAMA's Regulatory Sandbox to operate and test their innovative Open Banking solutions until the remaining regulatory aspects, mainly the licensing and supervision frameworks and processes, are finalized. This step asserts SAMA's commitment to support the financial sector and contribute towards the realization of the National Fintech Strategy objectives.



Introducing Payment Initiation Services (PIS)

The anticipated release of the OB framework for PIS in the fourth quarter of 2023 will further expand the range of innovative financial services in the market. This progression underscores SAMA's commitment to leveraging the opportunities presented by OB.

At its core, the PIS is a key service under the OB framework that allows Fintechs to initiate payments on behalf of consumers, retail and corporate, directly from their bank account to the beneficiary account.

The introduction of PIS into the Saudi Arabian market represents a significant milestone in the journey towards a more open and inclusive financial ecosystem. By enabling new and innovative ways of making payments, PIS is set to play a pivotal role in shaping the future of banking in KSA.

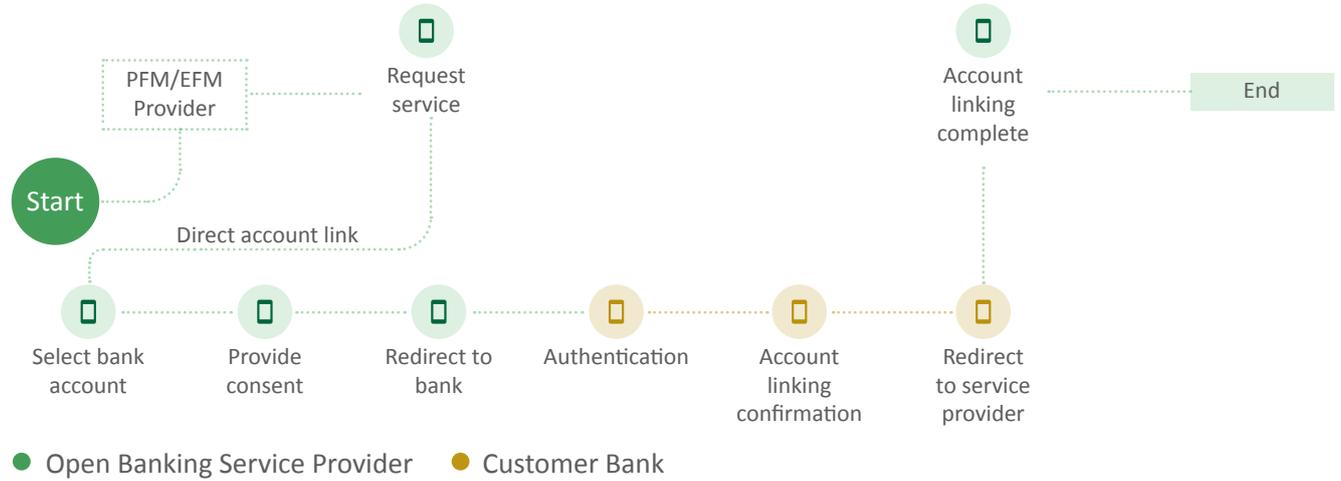
By enabling direct account-to-account payments, some of the PIS benefits include:

- Improved cash flow management and faster settlement
- Reduced transaction costs
- Consumer convenience by combining their multiple accounts in single interface

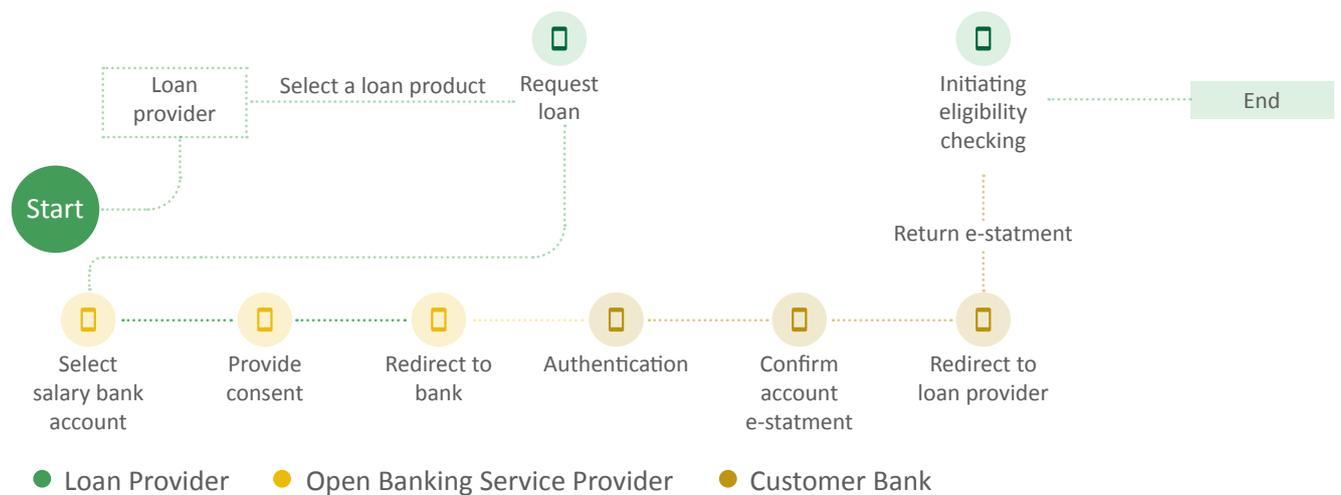
In conclusion, OB is set to revolutionize the financial landscape in KSA. By fostering a more competitive environment, it offers promising prospects for consumers, financial institutions, and the overall economy. The future of banking in Saudi Arabia is open, and it holds exciting possibilities.

Customer Journey in Open Banking

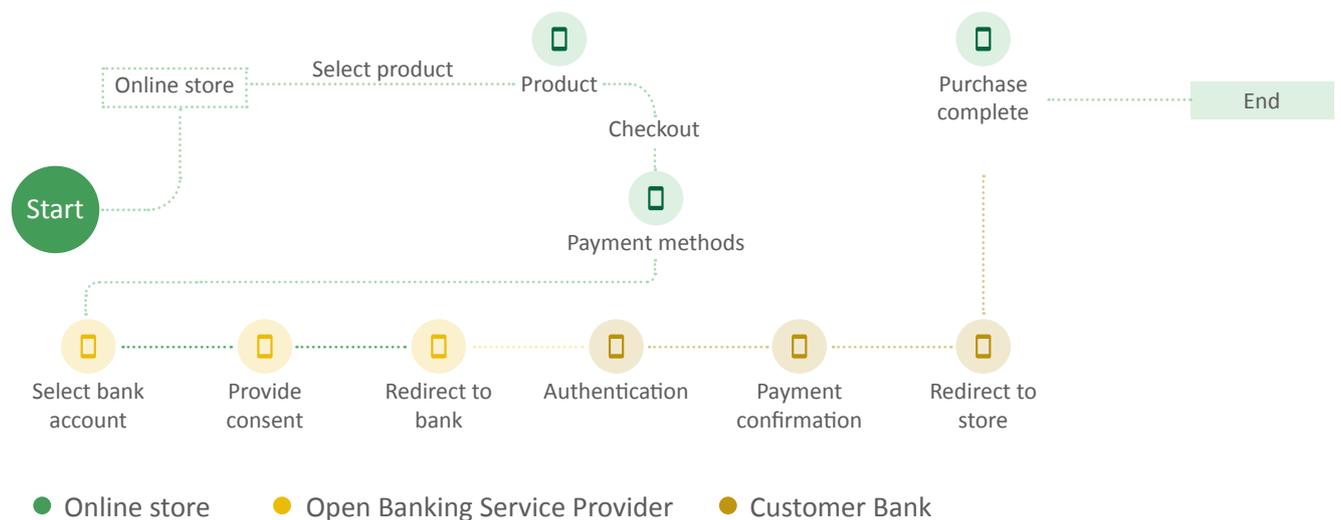
Personal Finance Management (PFM) Platforms



E-Statement as a Service



Pay by Account

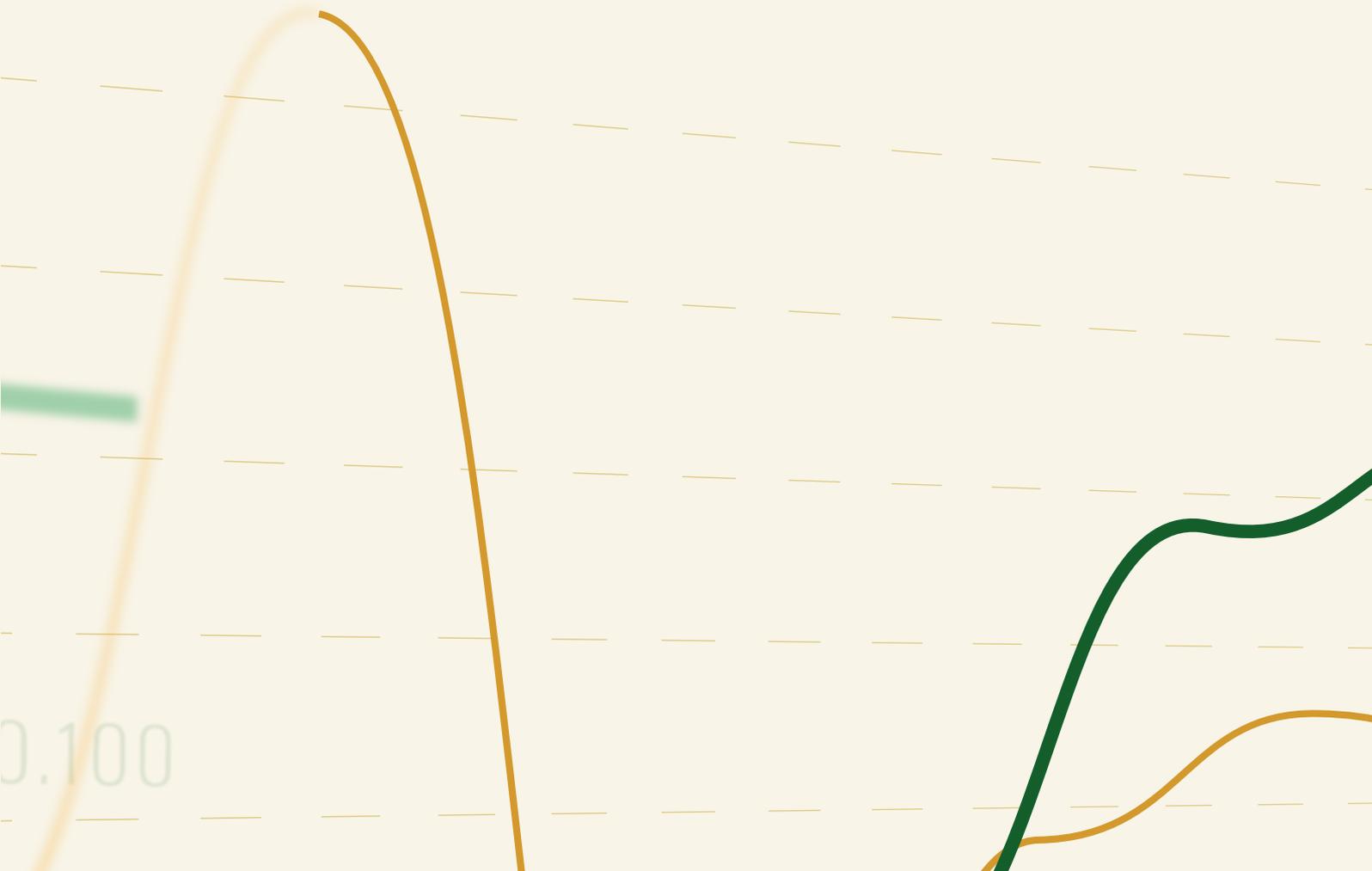




Annual Fintech Report 2022

Sandbox

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Sandbox

Innovation through Exploration in the Regulatory Sandbox

The Kingdom of Saudi Arabia has been actively working towards fostering the growth and development of the Fintech sector, recognizing the immense potential it holds for the economy. SAMA has been at the forefront of supporting and promoting the Fintech industry through a range of initiatives, with a view to position the Kingdom as a global leader in this field.

SAMA's Regulatory Sandbox

SAMA has been proactive in supporting the growth of the Fintech industry. SAMA's support for the Fintech sector can be traced back to 2018, when the Regulatory Sandbox was launched.

This initiative supports the objectives of the Fintech Strategy and aims to provide a framework for Fintechs to test their innovative ideas in a controlled environment. By doing so, SAMA is helping to create a conducive ecosystem for the growth of the Fintech industry in the Kingdom. In addition, SAMA's Regulatory Sandbox framework has been updated to move from a cohort based approach to an always-open approach back in September 2022, providing greater flexibility to applicants.

Until Q1 2023, the total number of Fintech companies permitted under the Regulatory Sandbox is 45. In addition, the regulatory Sandbox has influenced the change in current regulations and the introduction of completely new regulations.

Digital Savings Associations

Savings Associations, commonly referred to as “Rotating Savings and Credit Associations”, are a common form of informal financial institutions in which a group of individuals pool their savings together to form a rotating fund used to provide loans to members in need.

Digital Savings Associations have taken this age-old concept and expanded it through technology by automating and facilitating transactions electronically.

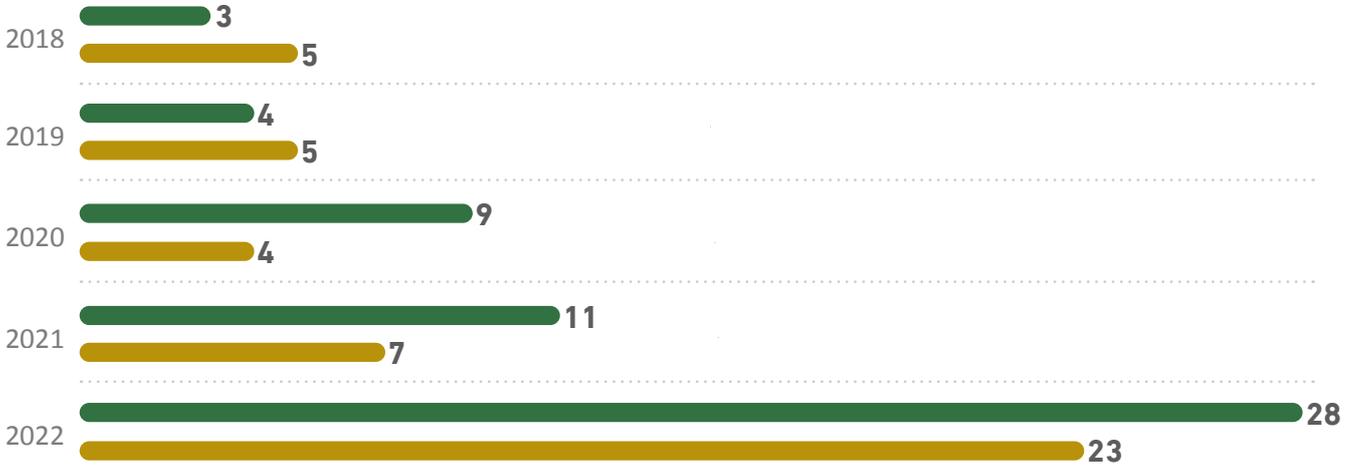
This concept is not new and has been practiced for centuries in the region. These associations are a way for people to save money and support each other financially, particularly in rural areas where formal banking services were not available or accessible.

The formalization of savings associations has proven to be a way of promoting financial inclusion and expanding access to finance for underserved communities.

Direct Job Creation

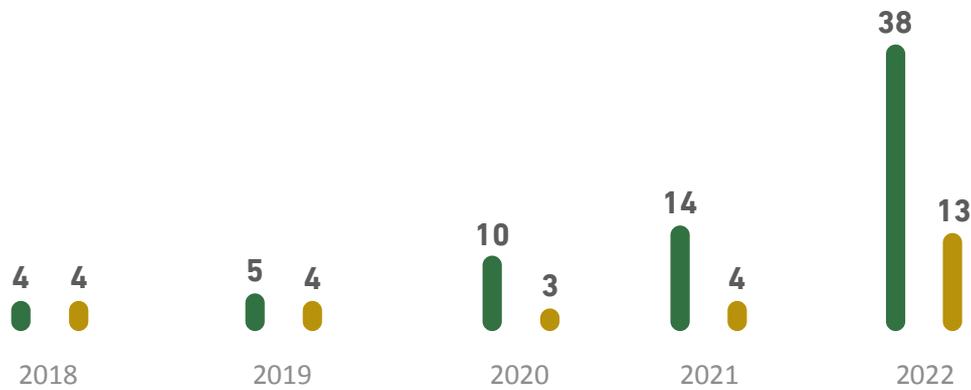
Total Number & Breakdown of Digital Savings Associations Employees

● Saudi Nationals ● Non Saudis



Onshore/Offshore Breakdown of Digital Savings Associations Employees

● Onshore ● Offshore

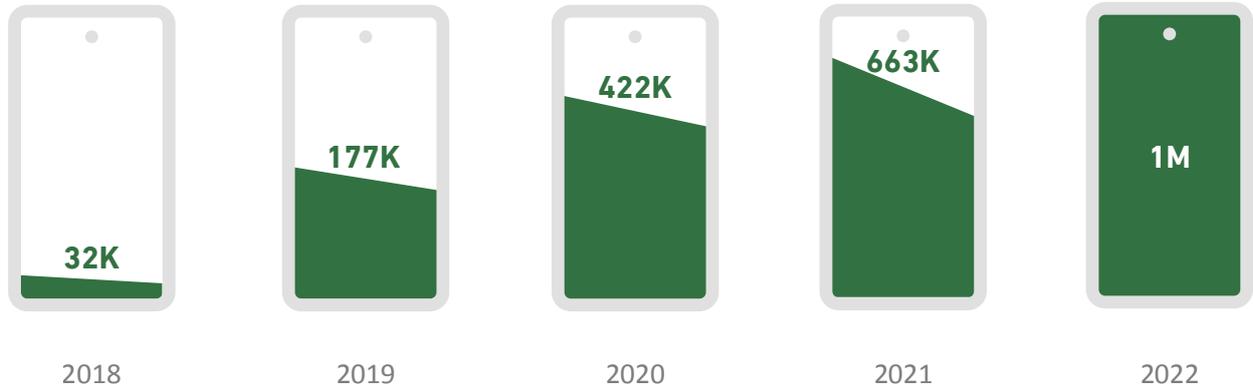


Gender Breakdown of Digital Savings Associations Employees

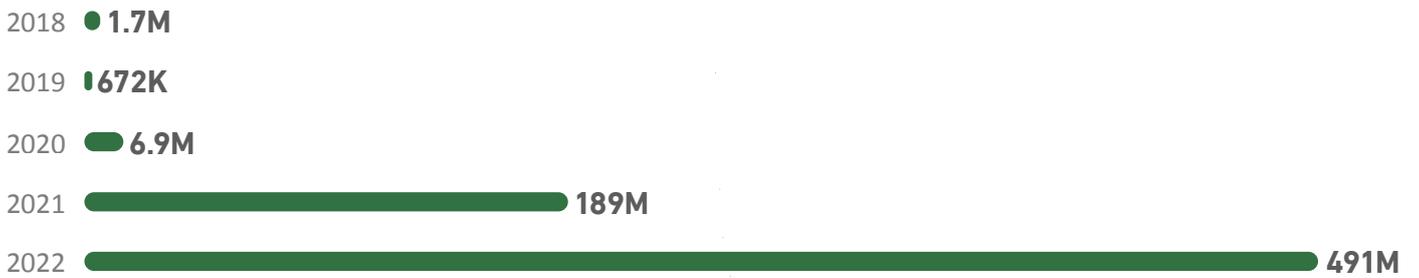
● Male ● Female



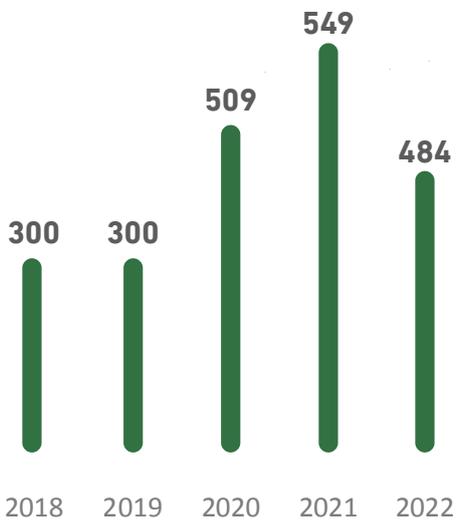
Total Number of Digital Savings Associations Mobile App Downloads



Total Value of Digital Savings Associations Groups (SAR)



Average Duration of Digital Savings Groups (Days)



Average Value of User Contribution in Digital Savings Groups (SAR)

