



# Annual Report

For the Financial Sector  
Development Program

# 2023

VISION رؤية  
2030  
المملكة العربية السعودية  
KINGDOM OF SAUDI ARABIA



Financial Sector  
Development Program



# Financial Sector Development Program





The Custodian of the Two Holy Mosques  
**King Salman bin Abdulaziz Al Saud**

“Our approach is consistent and continuous  
in seeking comprehensive, integrated and  
balanced development”





His Royal Highness, Crown Prince, Prime Minister, and  
Chairman of the Council of Economic and Development Affairs  
**Mohammed bin Salman bin Abdulaziz Al Saud**

“Success stories always start with a vision,  
and the most successful visions are those  
built on strengths”

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## Minister of Finance

### Chairman of the Financial Sector Development Program Committee Statement

**His Excellency Mr.  
Mohammed bin Abdullah Al-Jadaan**



**Under Saudi Vision 2030, the Kingdom is continuing its economic development journey, with financial and economic reforms leading us towards a brighter future in the financial sector. We now see a horizon filled with opportunities—where digital progress meets economic growth, and smart investments support innovation and sustainable development.**

In our journey towards developing this sector, we are working to increase competitiveness by strengthening the financial infrastructure and by achieving financial and institutional stability, driven by our strong desire to achieve financial literacy while enhancing financial inclusion for all members of society.

We have placed innovation and investment in both talent and technology at the top of our priorities, because we recognize the importance of building a dynamic financial environment that allows companies—especially startups—to flourish and succeed.

Technical depth and innovation are the main catalysts for economic growth and both material and social prosperity. Therefore,

we are striving to achieve a sustainable and advanced economic future by linking the finance sector with new digital platforms and technologies to transform it into a resilient sector, utilizing artificial intelligence and big data.

There is no doubt that our vision for developing this sector is based on integration and cooperation between the public and private sectors, enhancing the power of innovation and leadership, while protecting consumer and investor rights. We also encourage local and foreign investments that support economic transformation and enhance productivity.

This 2023 Annual Report for the Financial Sector Development Program (FSDP)



provides highlights of the achievements made in the financial sector, foremost of which is the Kingdom's continued advancement in competitiveness indicators related to the capital market, rising to third place among the most competitive nations in the G20, according to IMD's World Competitiveness Center.

The number of fintech companies also exceeded FSDP's targets for the year 2023, reaching 216 companies and bringing it closer to achieving the targeted number for 2030, which is 525 companies.

In its efforts to increase the pace of listings, the Capital Market Authority (CMA) approved the offering and listing of 43 companies in 2023, bringing the total number of listed companies to 310.

In addition, the Council of Ministers approved the establishment of the Insurance Authority, which seeks to develop and enhance the efficiency of the insurance sector, as well as to raise its contribution to the non-oil domestic product. The insurance fintech rules were also approved to keep pace with developments in technology services, in addition to enabling insurance fintech practitioners to run their businesses.

The Saudi Central Bank (SAMA) also announced that a license was granted to the Saudi Mortgage Guarantee Services Company (Dhamanat) to overcome challenges related to home ownership, and issued the implementing regulations for the Law of Payments and Payment Services. SAMA also launched the

Open Banking Laboratory, one of key enablers for the open banking ecosystem in the Kingdom. In addition, SAMA launched the first version of the anti-Cyber Fraud Program, succeeded in developing digital solutions to supervise the financial sector, and issued instructions for practicing digital brokerage activity.

These and other achievements were recognized globally, whether by credit rating agencies, the World Bank, the International Monetary Fund (IMF), or other entities. The IMF 2023 Article IV Consultation Staff Report noted that the Saudi banking sector is still on a strong and well-established path within advanced regulatory and supervisory frameworks, and that our banking sector liquidity indicators remained well above 100 percent.

These achievements are the tip of the iceberg of our ambitious plans, and we will continue our efforts to capitalize on our solid strategy, with relentless determination to make the Kingdom the preferred financial destination in the world.

I extend my thanks and appreciation to FSDP for their great efforts in building these achievements, which would not have been achieved without the unlimited support of our generous leadership.

I also want to thank all who contributed to these successes, and reaffirm our determination to make continued progress in achieving the program's goals to support the growth of other sectors, and to achieve the goals of Saudi Vision 2030.



## FSDP

# Committee Members Testimonials



In 2023, in a global atmosphere marked by geopolitical turmoil and rising financing costs amid tight monetary policies aimed at curbing high inflation rates, the Kingdom reaffirmed its commitment to its strategic vision. We continued to adapt to the complexities of the global landscape and proceeded with structural financial and economic reforms. These reforms resulted in a slowdown in inflation rates and in continuous improvements to the Kingdom's investment climate, culminating in an upgrade of its credit rating to A+.

Furthermore, the Kingdom led the Middle East and North Africa region in terms of venture capital investment volume and achieved significant growth in the number of investment licenses for financial institutions and insurance companies, as well as in access to financing by small and medium-sized enterprises and the number of active entities in the fintech sector, along with continued momentum in offerings and listings on the capital market. This year also saw the establishment of the Insurance Authority, aiming to develop the sector and increase its contribution to the national economy.

On its part, the Ministry of Investment of Saudi Arabia (MISA), in cooperation with various other government entities, contributed to attracting and relocating the regional headquarters of some of the world's leading financial institutions, enabling direct foreign investment in the insurance sector. MISA also facilitated the listing of the first exchange-traded fund to track Saudi stocks on the Hong Kong stock market, thereby contributing to positioning the Kingdom as a global financial center. The Ministry equally played a role in diversifying financing channels by attracting foreign capital and supporting the private sector's access to global debt markets, as well as assisting with the strategic expansion of foreign financial institutions' operations in the Kingdom, while continuing to attract investment funds and global financial institutions to the Saudi market.

### Minister of Investment

His Excellency Eng. Khalid bin Abdulaziz Alfalih



Under the leadership of The Custodian of the two Holy Mosques King Salman bin Abdulaziz and HRH Crown Prince Mohammed bin Salman, the Financial Sector Development Program has achieved significant accomplishments during the year 2023 under Saudi Vision 2030.

The achievements of the program have contributed to the growth of the finance, insurance, and business services sectors by approximately 5.2% on an annual basis up to the end of the third quarter of 2023. Furthermore, the program, led by the Saudi Central Bank and the Capital Market Authority, has enhanced the financing capacity of the Kingdom's economy, helping support the objectives of the National Investment Strategy. Banks' credit to various economic activities grew by approximately 10%, which has contributed to growth in private investment of about 7.5% and non-oil activities of approximately 4.7% on an annual basis by the third quarter of 2023.

The program works to support the diversification and development of the sources of investment financing through the capital markets and to attract foreign investment, through private financing channels affiliated with investment funds or fintech companies' platforms. The Ministry of Economy and Planning will continue to work with the program partners to empower the financial sector to support sustainable economic diversification and growth and contribute to the achievement of Saudi Vision 2030 targets.

### Minister of Economy and Planning

His Excellency Mr. Faisal bin Fadhil Alibrahim

## FSDP

# Committee Members Testimonials



In 2023, the financial sector witnessed several significant events and accomplishments, the most important of which was the Council of Ministers' resolution to establish a standalone Insurance Authority (IA), which commenced its duties in November 2023. This decision reflects the leadership's commitment to make the most of the insurance sector in terms of its potential and contribution to the non-oil GDP.

In the dynamic FinTech landscape, the Saudi Central Bank (SAMA) remains actively engaged in developing regulatory frameworks and empowering the sector for supporting Saudi Vision 2030's ambitious targets. In this respect, SAMA's initiatives included issuing rules to regulate Buy Now Pay Later (BNPL) companies, providing instructions for practicing aggregation activities, and digitizing supervisory activities. By the end of 2023, the total number of FinTechs operating in Saudi Arabia reached 216, surpassing the target set by FSDP for 2023.

Furthermore, SAMA and the CMA launched "Makken" program, which aims at empowering emerging FinTechs in Saudi Arabia by providing services in the field of cybersecurity and cloud computing, while supporting innovation in this rapidly developing sector.

A resilient financial services sector is critical to sustainable economic development. In this regard, SAMA's regulatory accomplishments in 2023 made it the first regulator to implement the Basel III reforms for enhancing the credibility of the risk-weighted assets (RWAs) calculations and improving the Banks' capital ratios. Basel III reforms implementation was a top priority for SAMA to strengthen the risk-based regulatory capital framework with the ultimate goal of enhancing the financial resilience and stability of the banking system to serve the KSA economy optimally.

SAMA, in collaboration with its partners, will continue to implement strategic plans and support FinTech related innovation for enhancing the role of the financial sector in the economy.

### Governor of the Saudi Central Bank

His Excellency Mr. Ayman bin Mohammed Al-Sayari



During the year 2023, the capital market ecosystem continued its efforts to contribute to developing the financial sector and achieving the Saudi Vision 2030. It has moved forward in developing the Sukuk and debt instruments market in a way that contributes to expanding its investor base, through implementing the corporate debt strategy developed by the Sukuk and Debt Instruments Market Development Committee, which aims to make the market one of the effective channels for financing companies and projects and meeting the financing needs of the national economy. And the decision to cancel CMA's share of the commission for trading sukuks and debt instruments came with the aim of enhancing liquidity, increasing the competitiveness of the local market, and expanding the local investor base in government debt issuances. In addition, during the year 2023, the capital market witnessed a continued increase in the momentum of offerings and listings, until the number of listed companies exceeded the barrier of 300 company. Also, in order to encourage foreign investment, raise the attractiveness and efficiency of the capital market, and enhance its international competitiveness, rules for foreign investment in securities were approved, which played a role in increasing the volume of foreign investments in the capital market, that reached 401 billion Saudi Riyals. This comes as a result of the efforts taken by the capital market ecosystem to develop the sector with the aim of improving the regulatory environment for companies and facilitating regulatory procedures and requirements to encourage the business environment and support investment.

### Chairman, CMA Board

His Excellency Mr. Mohammed bin Abdullah Elkuwaiz

## FSDP

# Committee Members Testimonials



As a catalyst for Vision 2030, The Public Investment Fund (PIF) continues to achieve its ambitious goals and play a crucial role in enabling the Kingdom's economic diversification and growth agenda, alongside other public and private stakeholders. PIF's local and international investments are transformative in nature, as our portfolio companies drive innovation in their relative sectors while creating ample job opportunities and potential partnerships.

Since 2017, PIF has established more than 90 companies across 13 strategic sectors in the local economy. And in line with its Medium-Term Capital Raising Strategy, PIF in 2023 completed its second green bond issuance, which raised USD 5.5 Billion to finance / refinance its green investments, and successfully issued its first dollar-denominated international Sukuk with a size of USD 3.5 Billion. PIF has also secured USD 5 Billion syndicated term loan coverage from Korea Trade Insurance Corporation (K-SURE), which marks PIF's first financing covered by an export credit agency, as it continues to diversify its sources of funding.

These landmark transactions pave the way for PIF portfolio companies to follow suit and further diversify their sources of funding, which include accessing local capital markets. Such efforts will contribute to deepening the Kingdom's financial sector while offering local and international investors a wide variety of investment opportunities across various sectors and asset classes.

In the light of FSDP's first strategic pillar "Enable financial institutions to support private sector growth", PIF is playing an active role in expanding the funding options available to Small and Medium Enterprises (SMEs) to grow their contribution to the Kingdom's non-oil GDP, through the various efforts of its' portfolio companies, such as Jada Fund of Funds' SAR 1 Billion investment in 10 funds during 2023, bringing Jada's total investment since its inception to SAR 3.4 Billion in 37 funds, and contributing to the growth of venture capital investments and placing the Kingdom first in the Middle East and North Africa for the first time.

### Head of Global Capital Finance at PIF

Mr. Fahad bin AbdulJalil Alsaif

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# FSDP

## Committee Members Testimonials



The economic and developmental reforms the Kingdom has been witnessing have resulted in the creation of numerous institutions that are contributing to effective economic development and accelerating its momentum. At the forefront of these institutions is the National Development Fund, which plays a pivotal role in sustaining developmental financing, enhancing economic development, meeting the needs of various developmental sectors, and increasing the efficiency of developmental financing as well as the Kingdom's competitiveness on the international stage.

The National Development Fund, through the Small and Medium Enterprises Bank, has played an important role in developing the financial sector by identifying the needs and bridging the financing gaps for various economic sectors. This includes improving financial services provided to the small and medium enterprises sector and increasing the financing capacity provided to this vital sector through innovative financing solutions to ensure financial stability. Moreover, Saudi Export-Import Bank has been working on providing both funded and unfunded financing, such as guarantees, and export credit insurance to reduce the risks on local exporters.

As for the Financial Sector Development Program, it represents one of the key drivers for achieving sustainable economic and social development. Since its inception, it has sought to strengthen the influence and effectiveness of Saudi financial institutions. This has been achieved by deepening financial markets and diversifying its output to establish the Kingdom as a global hub for financial technology companies. Moreover, it aims to push the financial system towards creating more innovative and advanced financial products that are more accessible to entrepreneurship and increases opportunities for the private sector.

This is achieved by contributing to the ongoing developmental transformation of the Saudi economy through improving various regulations related to the financial sector and fostering cooperation between the public and private sectors in implementing major projects that align with the targets of Saudi Vision 2030.

The aspirations for further improvement and development in all development pathways is a never ending journey.

### Chief of Staff at National Development Fund

Mr. Khalid bin Ibrahim Sharif



The recent accomplishments of the Financial Sector Development Program (FSDP) in the Kingdom of Saudi Arabia—described in part in this report—reflect FSDP's fundamental role in expediting Saudi Arabia to achieve significant economic growth.

FSDP has contributed to the Kingdom's ability to advance toward financial stability and sustainable development, while also predicting investment potential. These achievements reflect FSDP's relentless pursuit to establish solid financial foundations that are highly attractive to both local and foreign investors.

As FSDP's achievements continue year after year, it also looks forward with ambition towards a promising future that promotes the national economy's prosperity and sustainability. This in turn will contribute to a sophisticated and sustainable financial future where national talents are empowered and the Kingdom's regional and global position is strengthened.

### Director General of Financial Sector Development program - Secretary of the Financial Sector Development Program committee

Mr. Faisal bin Mohammed Alsharif



# 2024 Aspirations



## Saudi Central Bank (SAMA) Aspirations



Keep abreast of the best practices and adherence to international standards in a way that preserves the Kingdom's position and contribute to enhancing the strength and stability of the financial sector.

Developing digital solutions for supervising the financial sector (SupTech).

Enabling Local & International FinTechs in the Saudi Market.

Amendments to the Finance Companies Control Law.

Updating the debt-based crowdfunding rules.

Commercial launch of the licensed Digital Banks.

Draft Amendments to Key Principles of Governance in Financial Institutions under the Control and Supervision of the Saudi Central Bank (SAMA).

General Rules for Savings Products in Banks.

SAMA Rulebook Project.

## Capital Market Authority (CMA) Aspirations

هيئة السوق المالية  
Capital Market Authority



Facilitate financing in the capital market, and enhancing its contribution to the national economy by increasing the pace of listings in the capital market and listing 24 companies in 2024.

Support the development of new and promising sectors by raising the percentage of micro and small enterprises at the time of listing to 45% of the total listings in 2024.

Deepen Sukuk and debt instruments market, and increase the debt-to-GDP ratio to reach 22.1% by the end of 2024.

Increase assets under management (AUM) as percentage of GDP 29.4% by the end of 2024, by developing the components of the investment environment, enabling the growth of the assets under management industry and increasing its attractiveness to all investors.

Increase the market's attractiveness to foreign investors and increase the percentage of foreign investors' ownership of the total market value of free float shares to 17% by the end of 2024.



## Financial Academy Aspirations



The Financial Academy adopted its new strategy for the next three years, 2024-2026, in which it is keen to keep pace with the rapid changes and bridge the gaps in developing human capabilities in the financial sector by:

Updating the academy's vision, mission, and strategic objectives to ensure increasing the number of trainees and professional certificates.

Improving the quality of the products and services provided, and enhancing innovation in building and developing its business.





# FinTech





## 216 FinTech Companies Operating in the Kingdom of Saudi Arabia

The number of FinTech companies has surpassed the targets set by FSDP in 2023, reaching 216 companies operating in the Kingdom, which achieves the desired impact of reaching 525 FinTech companies by the year 2030.

This reflects the role of the Saudi Central Bank and the Capital Market Authority in empowering the FinTech sector to enhance the stability and growth of the sector, and attract a new segment of investors and companies that become key contributors to transforming the Kingdom's economy and delivering Vision 2030.

## FinTech Strategy Developments

The noticeable achievement of FinTech Strategy:

216 active FinTech companies.

+6500 direct jobs in FinTech 5973 of them under SAMA authority.

Cumulative VC investment in Fintech exceeded 6.9 B SAR.

Launching the third edition of the Fintech Accelerator under the umbrella of Fintech Saudi, with the participation of 10 companies.

Offer +300 on job-training opportunities through FinTech Training.

FinTech Tour 23, to raise awareness around the kingdom with attendance that exceeded 12 thousand attendees.

Launching the Fintech careers fair, which was attended by +8000 participants and offered over 600 job and training opportunities.

Enabling young Saudi's to become key contributors of the Kingdom's economic transformation

Introducing several training programs to upskill the talents in FinTech sector.

## Launching The Open Banking Lab

which will contribute to:

Providing a testing technical environment to enable banks and FinTech companies to improve, test, and license open banking services.

Ensuring compatibility with the open banking regulatory framework.

Enabling innovation and accelerating the development of open banking services in the Kingdom.

Ensuring the finance sector's growth is in line with broader transformation plans

Enhancing partnerships between banks and FinTech companies, improving the sector's infrastructure, and enabling better use of customers' financial data.



## Launching Makken

It aims at:

Enabling FinTech startups and entrepreneurs in the Kingdom to overcome the challenges they might face.

Encourages development and reduces the costs of compliance with technical and technological standards.

## Developing Digital Solutions for Supervising the Financial Sector (SupTech)

Developing the Anti-Money Laundering and Counter-Terrorism Financing Risk Assessment Service and the Policy Inquiry Service aims to:

Harnessing opportunities in financial technological advancements to enhance the quality of services provided by Saudi Central Bank, as well as reducing manual or email transactions.

Improving efficiency and effectiveness and enhancing the user experience for all financial institutions and Saudi Central Bank staff, strengthening the financial sector to align with the Kingdom's expansion.

## The Pilot Launch of Digital Banks

In 2023, the pilot Launched two out of three licensed digital banks (i.e. STC Bank and D360 bank), These digital banks are considered the new players in the banking sector with their license have been granted in 2021 – 2022. Reflecting the Kingdom's commitment to fostering an innovative, dynamic, and competitive financial landscape. Digital banks play a crucial role in promoting financial inclusion and sector competitiveness to serve customers in the banking sector. In the pilot launch phase, digital banks are seeking to ensure that all systems are implemented and ready for a full launch in 2024.



# Financial Market Development



## Saudi Arabia Advances in Global Competitiveness Index Related to Financial Market in 2023

The Kingdom ranked first in the Corporate Boards Index among G20 nations.

The Kingdom ranked second in the Capital Markets Index, stock Market Capitalization Index, Shareholders' Rights Index, and Venture Capital Index.

The Kingdom ranked third in the Capital Market Index and the Financial Market Competitiveness Index, and fifth in the Stock Market Index (providing financing to companies) among G20 nations.

Globally, the Kingdom ranked third in the Stock Capitalization Index and the Venture Capital Index, and fifth in the Capital Market Index.

## Approving the Rules for Foreign Investment in Securities

In order to:

Develop the provisions regulating foreign investment in securities, and facilitate access to the regulatory frameworks for foreign investment in securities by collecting the regulating provisions in a single regulatory document.

Facilitate qualified foreign investors (QFIs) entry procedures to invest in the Saudi capital market.

Boost liquidity in the Saudi market, deepen and raise its attractiveness, and enhance its global status.

Transfer knowledge and experiences in local capital institutions and investors, thereby enhancing the role played by institutional investors in the Saudi capital market.

## Listing 43 Companies in the Saudi Capital Market During 2023

The new listings include 8 companies in the main market and 35 the parallel market (Nomu), making the total number of companies listed in the capital market reached 310 listed companies which aims at:

Creating economic entities capable of supporting the national economy.

Developing new and promising sectors and provide financing channels for them.

Providing more investment opportunities for all investors.





## The Council of Ministers' Approval of the Real Estate Contributions Law

The law contributes to:

Providing additional financing and investment channels in parallel with real estate investment funds.

Enhancing the protection of investors in the real estate sector from unlicensed practices.

Supporting existing laws and legislation, enhancing real estate activities in the Kingdom of Saudi Arabia, and in turn contributing to regulating the sector to keep pace with developments and improvements.

## Approving the Implementing Regulations of the New Companies Law for Listed Joint Stock Companies

The approval of the regulations comes in implementation of the new companies, and aims at:

Raising the level of governance in the capital market to enhance investor confidence.

Stipulating the necessary rules to implement the law provisions and contribute to achieving its goals.

## The First Offering of a Foreign Company After Moving its Headquarters to the Kingdom

This comes in light of the efforts made to deepen the capital market, enhance its attractiveness to companies, and achieve the Saudi capital market becoming one of the most important markets in the world

## Launching Options Contracts for Single Stocks

The launch of this product contributes to:

Supporting the prosperity of the Saudi capital Exchange by diversifying the available products and enhancing them with effective tools for risk management.

Providing an encouraging regulatory environment to launch new investment products and implement market operating mechanisms in accordance with international best practices, in a manner that is commensurate with the level of maturity of the capital market and meets the different needs of market participants



# Debt Capital Market



## CMA Cancels its Share in Sukuk and Bonds Trading Commission

This decision contributes to achieving the Saudi Vision 2030's strategic objectives related to the development of the financial sector, which are economic growth and diversification, and creation of an advanced capital market through:

Reducing costs for market participants in order to enhance liquidity and increase the competitiveness of the local market.

Motivating issuers to list Sukuk and Bonds in the local currency in the Saudi debt market, and encouraging investors to trade these instruments.

Expanding the local investor base in government debt issues.

Diversifying financing options for the public and private sectors by creating a new class of assets for all investor groups.

## Listing Government Debt Instruments in the Saudi Stock Exchange with a total value of SAR 81,567,568,000

The listing included:

Listing government debt instruments with a total value of **SAR 35,956,979,000**

Listing government debt instruments of a class already listed with a total value of **SAR 45,610,589,000**

## The National Debt Management Center Announces the Completion a USD 6 bn Trust Certificates Issuance

The total order book reached over USD 27 bn, which equals an oversubscription of 4.5 times the total of USD 6 bn issuance (equivalent to SAR 22.50 bn) via a dual-tranche Trust Certificates (Sukuk) offering:

The value of the first tranche was USD 3 bn (equivalent to SAR 11.25 bn) for a 6-years Sukuk maturing in May 2029 with a 4.274% profit rate.

The second tranche totaled USD 3 bn (equivalent to SAR 11.25 bn) for a 10-years Sukuk maturing in May 2033 with a 4.511% profit rate.



## The Saudi Minister of Finance Approves the 2023 Annual Borrowing Plan

The plan includes the public debt developments, the 2023 funding plan and its guidelines, in addition to the domestic Sukuk issuance calendar under the Saudi Arabian Government SAR-denominated Sukuk Program.

The 2023 plan has highlighted the estimation for financing needs at approximately SAR 45 bn, after securing approximately SAR 48 bn of the 2023 total financing needs in 2022 through pre-funding activities.

Despite the expectation of achieving a budget surplus during the year 2023, the Kingdom aims to:

Continue its funding activities in the domestic and international markets with the objective of repaying debt principal that will mature during the year 2023 and during the medium-term.

Execute government-alternative funding transactions that will promote economic growth, such as capital expenditure and infrastructure financing.

Utilize opportunities based on market conditions to enter into pre-funding and liability management transactions, financing strategic projects.

## With a value exceeding SAR 35 bn, the National Debt Management Center (NDMC) Completes Arranging the Fourth Early Purchase Transaction in the Local Market

This is considered the largest early purchase transaction arranged by the NDMC, in addition to an issuance of new Sukuk under the Local Saudi Sukuk Issuance Program in Saudi Riyal with a total value of around SAR 35.9 bn.

This initiative is a continuation of the NDMC's efforts to strengthen the domestic market, which have been reflected positively on the growing trading volume in the secondary market. It also reflects the NDMC's role in managing the government debt obligations and its future maturities.

## Moody's Revises Saudi Arabia's Outlook to "Positive" and Affirms "A1" Credit Rating

As a result of the Kingdom's continued development of fiscal policy, comprehensive regulatory and economic structural reforms, and investments in various non-hydrocarbon sectors; the credit rating agency Moody's affirmed its credit rating for the Kingdom of Saudi Arabia at "A1" while revising the outlook from stable to positive.





## Fitch Upgrades Saudi Arabia's Credit Rating to "A+" with a Stable Outlook

As a result of the Kingdom's strong fiscal and external balance sheets with large sovereign net foreign assets, as well as continued progress with fiscal, economic and governance reforms; the credit rating agency Fitch Ratings has upgraded its Saudi Arabia's Rating to 'A+' with a Stable Outlook.

## S&P Global Rating Affirms its Credit Rating of Saudi Arabia to A/A-1 with Stable Outlook

The rating is a result of the continuation of the Kingdom's reform agenda in recent years, and its realization of structural improvements that contributed to supporting a sustained development of the non-oil sector, in addition to improving public finances and maintaining balanced public debt level. The international credit rating agency S&P Global Rating updated its credit report for Saudi Arabia affirming its foreign and local currency sovereign credit ratings at 'A/A-1' with Stable Outlook.

## The National Debt Management Center wins the Sovereign, Supra & Agency Bond Deal of the Year 2022

The award came as a result of the NDMC's arrangement of the first partial repurchase offer for the Kingdom's dollar-denominated bonds and the U.S. dollar-denominated issuance of Sukuk and bonds maturing in 2028 and 2032, respectively, with a total value of USD 5 bn.

The transaction is part of the Kingdom's effective debt management, which includes the pro-active management of its refinancing risk and debt maturities of the debt portfolio.

## The National Debt Management Center (NDMC) Announces the Successful Completion of the 1st International Offering During the Year 2023 With a Total Value of USD 10 bn

The value of the first tranche is USD 3.25 bn (equivalent to SAR 12.19 bn) for a 5-year bond maturing in January 2028.

The value of the third tranche is USD 3.25 bn (equivalent to SAR 12.19 bn) for a 30-year bond maturing in January 2053.

The value of the second tranche is USD 3.50 bn (equivalent to SAR 13.13 bn) for a 10.5-year bond maturing in July 2033.

## The National Debt Management Center (NDMC) Finalizes the Arrangement to Secure USD 11 bn Syndicated Loan to Accelerate Development and Infrastructure Projects

This arrangement reflects the broad international interest and high confidence in the Saudi Vision 2030 and the high flexibility of the Kingdom's economy, and aims to:

Diversify the Kingdom's funding sources at a fair cost in the medium to long term with an acceptable degree of risk and in accordance with the approved Annual Borrowing Plan.

Take advantage of market opportunities to implement alternative government financing activities that would enhance economic growth, such as financing development and infrastructure projects related to the Saudi Vision 2030.

## The National Debt Management Center (NDMC) Announces Finalizing the Arrangement of Financing Worth EURO 1 bn through the Italian Export Credit Agency (SACE)

This financing comes as part of the efforts to strengthen the commercial and investment relations between the two nations, and to capitalize on available financing channels for government projects in alignment with the Saudi Vision 2030.

It aims to finance development and infrastructure projects related to the Saudi Vision 2030.



## The National Debt Management Center and The Ministry of Finance Signed a Memorandum of Understanding with Japan Bank for International Cooperation (JBIC)

The MoU is focused on exploring potential expansion of the existing relationship and cooperation in order to facilitate activities of mutual benefit and foster further co-operation between the two sides.

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# Insurance





## The Council of Ministers' Approval of the Establishment of Insurance Authority

Contributes to:

Enhancing the efficiency of the insurance sector, increasing its contribution to the non-oil GDP, and keeping pace with developments in the insurance industry worldwide.

Providing the appropriate environment for creating strong insurance companies that are able to grow and compete.

Supporting the stability of the insurance sector in particular and the national economy in general.

Ensuring the protection of beneficiaries and policyholders' interests.

Keeping pace with FinTech developments, providing innovative services and products, and developing specialized national technical cadres.

## Updating the Unified Motor Insurance Policy and Amending the Comprehensive Motor Insurance Rules

The amendments made to the Unified Motor Insurance Policy document include:

Modifying appendices and some definitions therein to align with developments in the insurance industry.

Updating the exceptions and recovery cases.

Introducing the option where the third party is entitled to choose between a direct cash compensation, or to get the damaged vehicle repaired.

The Amendments on the Comprehensive Motor Insurance Rules include:

Expanding the insurance coverage to include relatives, private drivers and sponsors of the insured.

## Establishing a committee in Saudi Central Bank to transfer Insurance Authority responsibilities

The committee is tasked to take the necessary actions regarding:

Transferring employees and workers in the insurance sector, as well as vacant and occupied positions related to this sector in the Saudi Central Bank (SAMA) and the Council of Health Insurance (CHI), to the Insurance Authority.

Transferring assets, documents, financial allocations, and initiatives related to the insurance sector from the Saudi Central Bank (SAMA) and the Council of Health Insurance (CHI) to the Insurance Authority.

## Approval of the Insurtech Rules

This aims to keep pace with developments in Insurtech services, and enable Insurtech practitioners to carry out their work with flexibility of commitment, and support innovation.

These rules are characterized by:

Comprehensiveness in regulating the principles of InsurTech business in all its activities.

Encouraging fair competition in providing technical solutions and services.

Providing protection for the rights of those dealing with insurance financial technology practitioners.

Supporting the growth and stability of the insurance financial technology sector.

## Mergers in the Insurance Sector

The insurance sector in the Kingdom has witnessed 6 mergers aimed at developing the insurance industry and enhancing its financial solvency, enabling it to effectively manage risks.



## Saudi Central Bank Announces the License Granted to the Saudi Mortgage Guarantee Services Company “Dhamanat”

The license contributes to:

Promoting fiscal stability as well as regulating and governing insurance in the Kingdom.

Enhancing opportunities for citizens to own adequate housing.

Supporting growth and economic development opportunities.

Encouraging financiers to provide subsidized mortgages.

Overcoming challenges related to home ownership.

## The Issuance of the Marine Insurance Coverage Instructions with coordination with the Transport General Authority

The instructions aim to establish a comprehensive and regulatory framework for mandatory and non-mandatory marine insurance coverage, and determine the acceptable minimum limits for benefits and coverages.



# Small & Medium Enterprises





## Saudi Arabia Leads the Middle East & North Africa Region in the Volume of Venture Investments During the Fourth Quarter of 2023

In 2023, the implementation of investments exceeded SAR 5.2 bn. Additionally, Saudi Arabia secured the largest share, reaching 52% of the total venture investments in the Middle East and North Africa region in 2023, compared to 31% in 2022.

## SAR 10 bn Allocated to Support Small & Medium Enterprises

This allocation came to support SMEs across all regions and cities of the Kingdom, covering all economic activities, through all financing and investment entities and programs under the umbrella of SME Bank during the first half of 2023.

## Saudi Venture Capital Company Invests SAR 2.6 bn

Saudi Venture Investment Company invested SAR 2.6 bn in funds, startups, and small and medium enterprises from its establishment until the end of the fourth quarter of 2023.

## Saudi Venture Capital Company Invests in 40 Funds

Saudi Venture Capital Company has invested in 40 funds (venture investment, private equity, venture debt and private debt) since its establishment until the end of the fourth quarter of 2023.

## Saudi Venture Capital Company Invests in 1,293 Deals in Emerging Companies and Small & Medium Enterprises

Saudi Venture Capital Company has invested in 1,293 deals in emerging companies and small and medium enterprises through the Funds Investment Program and the Investment Program since its establishment until the end of the third quarter of 2023.



# Cooperation Agreement between SME Bank and Saudi Export Development Authority to Enhance Joint Cooperation in Facilitating Finance

The agreement aims to:

Facilitate the provision of appropriate financing in partnership with financing and development entities cooperating with the Bank to finance applications received through "Made in Saudi" Program.

Promote the development of Saudi SMEs sector, and increase its competitiveness and contribution to the GDP.

Provide competitive financing solutions, and enhance confidence in SMEs.

Refer the financing applications received through "Made in Saudi" Program to financing entities cooperating with SME Bank to evaluate the same and provide financial support in accordance with the approved financing programs.

Study the challenges and obstacles facing SMEs registered in "Made in Saudi" Program to Formulate appropriate financing solutions, and participate in the events and workshops held by the two parties to promote the appropriate services and programs for owners of SMEs.

Increase qualitative communication programs specialized in educating SMEs owners with the aim of enhancing awareness of the financing services and solutions provided to the small, medium and micro enterprise sector through many communication activities.

Increase joint cooperation for conducting market studies and opinion polls to measure the level of awareness about the available capabilities and solutions, identify challenges and find solutions suitable for SMEs owners.



## SME Bank Launches Credit Advisor Service

This service contributes to:

Enabling financing solutions for SMEs and providing supporting services and products for them.

Enabling SMEs owners to visit SMEs support centers and benefit from the services provided by the Bank in person, and all customers can benefit from e-services in any region of the Kingdom.

Enabling those applying for finance to SME Bank to understand the Bank's financing products, their features, the differences between them, their suitability to SME's situation, and the methods for application.

Clarifying to customers how to apply for the service.

## SAR 11 bn as Guarantee of Financing from Kafalah Program for SMEs

Kafalah Program aims to support and develop SMEs financing sector to help realize the Saudi Vision 2030's aspirations.

Kafalah Program works to continue the initiatives aimed at supporting SMEs during COVID-19 pandemic.

Providing support to female entrepreneurs who have benefited from the program's services, in addition to supporting promising regions in the Kingdom.

## Lending Programs: SME Bank's great success in 2023 supports the growth of SMEs

Through the joint financing program, SME Bank was able to provide SAR 504 mn, more than SAR 89 mn through the indirect lending program, over SAR 159 mn through the low-cost financing program in cooperation with financing companies, and more than SAR 88 mn through Wakalah Financing Program in cooperation with FinTech companies.

## SAMA Reduces Minimum Paid-Up Capital Required for Finance Companies to Carry-On Finance Business for SMEs from 100,000,000 to 50,000,000 S.R.

SAMA has amended Article (8) of the Implementing Regulation of the Finance Companies Control Law, in order to develop SMEs sector and attract a new segment of investors to establish finance companies specialized in financing SMEs. By reducing the capital requirements for practicing financing small and medium enterprises

The revised amendment states that the minimum paid-up capital for a finance company exclusively specialized in providing finance for SMEs shall not be less than (50,000,000) fifty million Saudi riyals.





# Regulations in the Financial Sector





## Saudi Central Bank Issued the Implementing Regulations of Law of Payments and Payment Services

The regulations aim to achieving the law's objectives through:

Enhancing soundness and efficiency of the payment systems infrastructure in the Kingdom.

Establishing regulatory and supervisory frameworks to activate the role of Saudi Central Bank in protecting and stabilizing the financial sector.

Enhancing compatibility with relevant international principles and standards, such as the Principles for Financial Market Infrastructures (PFMI).

Establishing regulatory requirements for practicing payments activities, and stimulating innovation and competition, which contributes to create services and products that keep pace with latest international trends in the payments sector and meet all clients' needs.

Protecting the rights of parties dealing in the payment sector, by including provisions related to the provision of payment services, and regulating the obligations of all parties in payment operations. The regulations also classified the important and final settlement payment systems in a way that ensures the integrity of transactions.

## Saudi Central Bank Issues Instructions for Practicing Aggregation Activity

The instructions is an annex of the Rules of Licensing Finance Support Activity, aims to:

Advance the finance sector and empower the financial technology sector.

Set the minimum standards and procedures required for practicing aggregation activity, ensuring its growth and sustainability.

Include principles and rules for protecting financial institutions' clients and their rights.

## SAMA issued the Rules for Regulating Buy Now Pay Later (BNPL) Companies, the rules

The rules aim to regulate the licensing of the BNPL companies and set minimum standards and procedures required to offer the service.



## Saudi Central Bank Issues the of the Rules Governing the Calculation of Annual Percentage Rate (APR)

The rules aim to improve disclosure practices for consumers and standardize the mechanism for calculating the Annual Percentage Rate (APR) for financing products to individuals.

## Extension of Financial Statements Submission Deadlines for Payment Service Providers

A circular introduced by Saudi Central Bank includes:

Extending the submission deadline for quarterly financial statements to be within 45 days following the end of the quarter, instead of 30 days.

Extending the submission deadline for annual financial statements to be within 90 days from the end of the financial year instead of 60 days.

## Approving the rules for foreign investment in securities

This includes considering facilitating qualified foreign investors' requirements, facilitating disclosure requirements and continuous obligations to ease Saudi capital market entry with the aim of minimizing the differences between qualified foreign investors and other investor categories in the Saudi market.

## Approving the implementing regulations of the new companies law for listed joint stock companies resolution

This includes amending six implementing regulations, which are: the Implementing Regulation of the Companies Law for Listed Joint Stock Companies; the Corporate Governance Regulations, the Merger and Acquisition Regulations; the Rules on the Offer of Securities and Continuing Obligations; the Procedures and Instructions related to Listed Companies with Accumulated Losses Reaching 20% or More of their Share Capital.

## Approving the amendments to the capital market institutions regulations

This comprises developing the provisions regulating capital market institutions' bankruptcy, in order to enhance the protection of clients' funds and assets and the confidence of participants in the capital market.

## Approving the Amended Prudential Rules

Aims to:

Enhance the stability of the capital market institutions to further boost the confidence of the capital market participants and create an attractive investment environment to support national economy growth.

Continuously regulate and develop the entities, subject to CMA's control, which carry out any securities business.

Enhance the control procedures and prudential level of such entities.

Raise efficiency of resources management of such institutions to provide optimum services to their customers in accordance with the best international practices.

## Approval of the Amended Trading and Membership Rules

This aims to:

Develop a number of structural procedures for debt instruments and exchange-traded funds.

Introduce a package of general improvements to trading procedures to increase flexibility, facilitate trading activity and enhance its attractiveness.

## New Banking Products and Services Regulation

SAMA issued the new Banking Products and Services Regulations. The first update that seeks to achieve a wide range of goals, most notably promoting robust practices in managing risks associated with products and services, and clarifying the roles and responsibilities of the board of directors, and senior management in the governance, development and oversight of banking products and services. In addition to, improving the mechanism for receiving and processing bank's notification to provide new banking products and services, and clarifying the products and services that require written non-objection.

## Model Contract for Individual's Consumer-Financing

The Central Bank issued the model contract for consumer-financing for individuals as part of the bank's efforts to protect the of financial institutions consumers.





The background of the cover is a dark olive green with a grid pattern. Overlaid on this are several financial charts: a line graph with a yellow line and a green shaded area, and a candlestick chart with green and yellow bars. The title 'Financial Literacy' is centered in white. The bottom right corner features a white circular graphic with a grid pattern.

# Financial Literacy



## Saudi Central Bank Launches Anti-Cyber Fraud Program

The program aims to:

Develop national talents by engaging them in an intensive development program specialized in combating cyber fraud at one of the most prestigious universities in UK.

Support national talents through theoretical and practical anti-financial fraud training.

Lay the foundations and adopting the best international practices and standards in the field of cybersecurity.

## Financial Sector Conference - Second Edition

Saudi Central Bank participated as a strategic partner in addition to the Ministry of Finance and Capital Market Authority in the second edition of FSC, contributed to enhancing its impact in exchanging expertise and developmental insights for the financial sector participants.

## Participation in a working group to prepare the general vision for including financial literacy concepts in public education, led by the Ministry of Education

This work resulted in the adoption of a financial knowledge course taught to high school students in the Kingdom of Saudi Arabia to provide them with the basic concepts of financial knowledge, which contributes to instilling savings and investment habits in students so that they can manage savings and invest them with essential financial practices.

It also included a number of proposed initiatives and projects that aim to develop students' abilities at an early age to become more aware of potential financial risks and opportunities, and more able to make informed and considered financial decisions.

## Financial Academy Achievements

The total number of examinees reached 31,623.

The number of trainees from the financial sector reached about 37,451 until the end of the year 2023, bringing the total number of training beneficiaries since the establishment of the academy to more than +76 trainees.

## Professional Certifications

The Academy launched the second edition of the “Professional Certification for Compliance in the Finance Sector”.

The number of certifications offered and hosted at the Academy also reaches 43 professional certifications.

The Academy cooperated with finance sector experts to update the educational material per Saudi market practices to provide beneficiaries with the necessary knowledge and skills and acquaint them with real case scenarios and practices.

The Academy received five specialized professional certifications sponsored by the Human Resources Development Fund (HADAF), to enable and support Professionals in the financial sector to develop their capabilities.

## Partnerships

The Financial Academy signed 16 partnerships and MoUs with several parties.

To contribute to developing the capabilities of human resources in the financial sector, through specialized programs in financial technology.

## Launching the Future Financial Leaders Program

Focuses on the rapid development and alternative solutions for the financial sector by 2030





## Actuarial Risk Workshop

The Academy held an actuarial risk workshop, through which more than 120 officials in the insurance sector were qualified for actuarial risks, with the participation of 12 international actuarial experts with the aim of introducing participants to the role of the actuary in risk management, and the role of automation and artificial intelligence in developing actuarial work.

## The Financial Academy Forum

The Financial Academy Forum represents a vital gathering of decision-makers in the financial sector, and the number of participants reached more than 1,500 attendees, including senior government officials, heads of agencies and institutions, CEOs, and an elite group of influential figures in the financial sector, featuring researchers, academics, experts, practitioners, and specialists in matters of banking, and finance. Insurance and securities, and those working and interested in the financial sector locally, regionally and internationally.

It aims at exchanging knowledge, experiences and expertise, and reviewing best practices. To develop and develop the capabilities of human resources in the financial sector.

15 interviewers and speakers were hosted, in addition to holding three workshops in the accompanying exhibition, which included two interactive platforms for activities and interactive games using virtual reality technology. The exhibition witnessed the signing of 5 agreements and memorandums of understanding between the academy and local, regional and international bodies.

## Building an Advisory Committee for Training in the Banking Sector

Responsible for reviewing training need plans, studies and reports related to the training needs of human cadres in the banking sector.

## Launching the “Your Advisor” Platform

With the aim of enabling workers in the financial sector to make informed decisions to learn about career paths based on their professional fields to increase their chances of success. This platform is considered a valuable tool for personal and professional development, and contributes to planning professional advancement in the financial sector.

## The Financial Gate

The initiative offers a program that lasts for four months, with the aim of qualifying graduates expected to enter the financial sector by focusing on the technical and professional aspects and developing the personal and administrative skills necessary to work in the financial sector. The program includes two tracks: securities, and banking and finance. The initiative was implemented in its first edition in cooperation with King Faisal University, and more than 74 male and female graduates benefited from it.

## The Innovation Leadership Program

Aims to provide participants with the necessary skills to lead their teams and organizations in the financial sector considering the accelerating changes that the sector is expected to witness in the next decade.

## “Irtiqaa” Initiative

The initiative aims to attract and qualify Saudi practitioners and trainers enabling them to benefit from the financial academy’s training programs and specialized conferences and seminars. The trainers are qualified through a specialized training program available for registration throughout the year. 27 candidates benefited from the initiative to join the database of expert practitioners and trainers in the academy.

The Financial Sector Development Program is one of the executive programs launched by the Council of Economic and Development Affairs (CEDA) to achieve the objectives of Vision 2030. The role of the program is to create a diversified and effective financial sector to support the development of the national economy, diversify its sources of income and stimulate savings, finance, and investment.

### Sources

Ministry of Finance, Saudi Central Bank (SAMA), Capital Market Authority (CMA), Small and Medium Enterprises Bank, National Debt Management Center (NDMC), General Authority of Statistics, Bloomberg, Reuters Eikon.

This report has been published by Financial Sector Development Program Office. For questions or comments, please contact us at [fsdp@ceda.cm.gov.sa](mailto:fsdp@ceda.cm.gov.sa)

for more information, please visit <https://www.vision2030.gov.sa/v2030/vrps/fsdp/>

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