

SME MONITOR

MONSHA'AT QUARTERLY REPORT Q2 2024

Inside this report:

- › Quarterly highlights from the ecosystem and Monsha'at
- › Initiatives supporting SME growth
- › Key interviews from experts and entrepreneurs
- › The next frontier of Saudi fintech
- › Fintech: A global market on the move

Yazeed Al-Nafjan

Deputy Governor for Financial Innovation,
SAMA



Saudi Arabia is experiencing dynamic growth across multiple fields, with fintech emerging as one of the most rapidly developing sectors in recent years. The Fintech Strategy, a key pillar of the Financial Sector Development Program, itself a Saudi Vision 2030 Realization Program, aims to help create 525 fintech companies by 2030. In addition to strengthening the Saudi financial sector, these will help drive economic growth and meet the needs of the broader economy.

In line with its mission and the aspirations of Saudi Vision 2030, SAMA is committed to developing the financial sector through various initiatives. These include developing the national payments infrastructure, driving growth in fintech, and enabling sectors under its supervision to innovate and foster entrepreneurship. To do so, SAMA has various initiatives to stay abreast of the latest fintech developments, including its Regulatory Sandbox, which supports the development of innovative products. Since its inception in 2018, this program has graduated over 60 fintech business models now operating in the Saudi market and contributing to national economic growth.

Other initiatives include the Open Banking Lab, which SAMA launched in 2023 to give banks and fintech companies a safe environment to develop and test open banking services to ensure compliance with SAMA's new regulatory framework. Building on this progress, Fintech Saudi also launched the Makkan Program in 2023 to empower SMEs in fintech by offering technical and technological services, support, and shared workspaces. SAMA

has also issued several new regulations, policies, and frameworks that align with SME-friendly fintech models without compromising SAMA's supervisory role in maintaining monetary and financial stability.

The Saudi fintech sector has experienced significant growth as the number of active fintech companies reached 224 by the end of Q2 2024. As a testament to our leadership's wise support for the sector, Saudi Arabia led the region in venture capital investment in 2023, while fintech investments remained the most popular sector for venture capitalists. By Q2 2024, the sector had created over 7,000 direct jobs, creating rich and transformative opportunities for thousands of inventive and highly motivated young people.

Given their tremendous impact on the national economy, SAMA will continue to support and empower SMEs through various Monsha'at initiatives. Among the most notable is a program called "Effective Mechanisms for Financing Fintech SMEs," which provides incentives and financial support for SMEs in the fintech ecosystem, enabling financial institutions to support private sector growth and contribute to achieving the objectives of the Fintech Strategy.

SAMA values Monsha'at's continued support and enablement of small and medium-sized fintechs. For that reason, among others, we look forward to reading its quarterly SME Monitor exploring the latest developments in the sector and highlighting the support it provides entrepreneurs in collaboration with other authorities.

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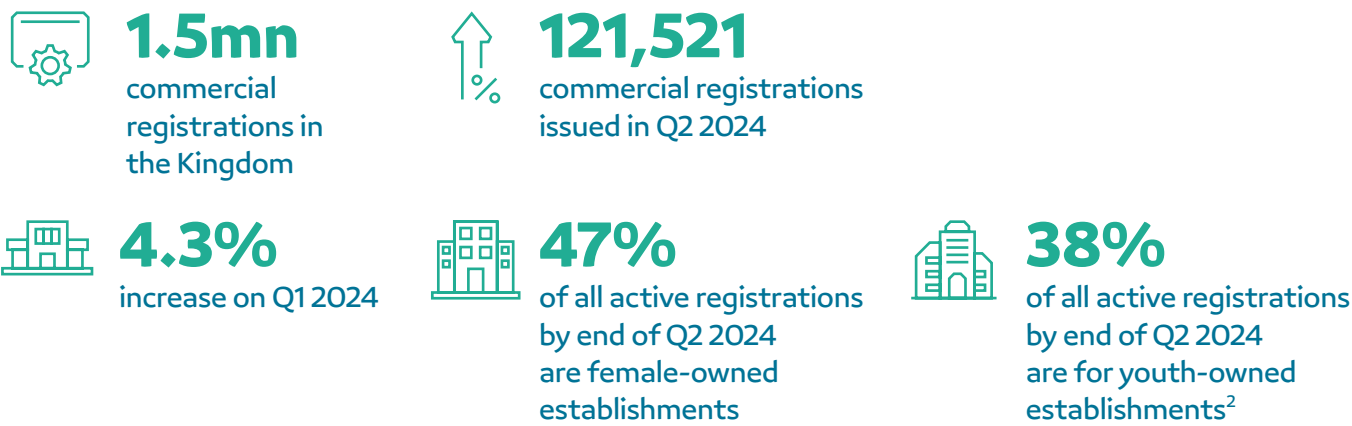
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KEY COMMERCIAL INDICATORS

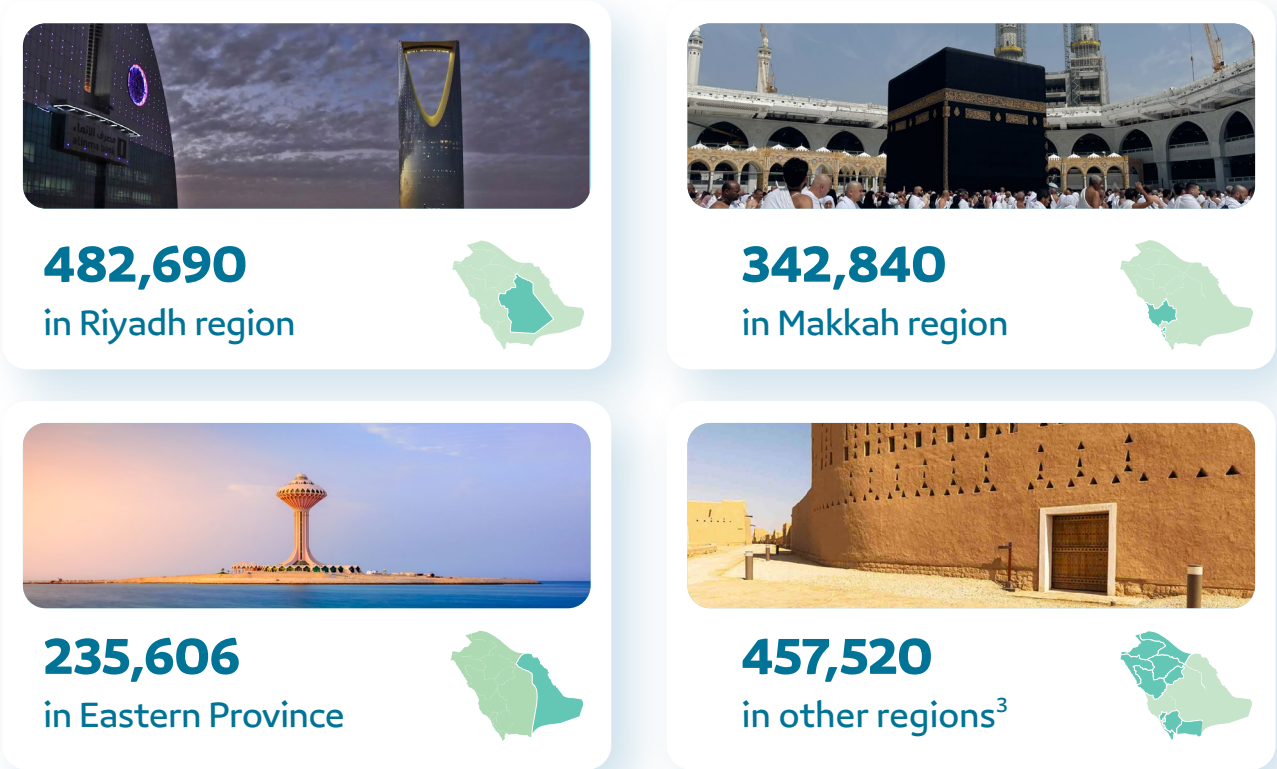
Despite global economic headwinds, Saudi Arabia's resilient private sector continued to exhibit remarkable growth in Q2 2024, with the number of commercial registrations, growing by 78% y-o-y. Buoyed by thousands of new registrations by young and female entrepreneurs, new businesses continued to drive critical growth across the Saudi economy.

COMMERCIAL REGISTRATIONS GROWTH SNAPSHOT

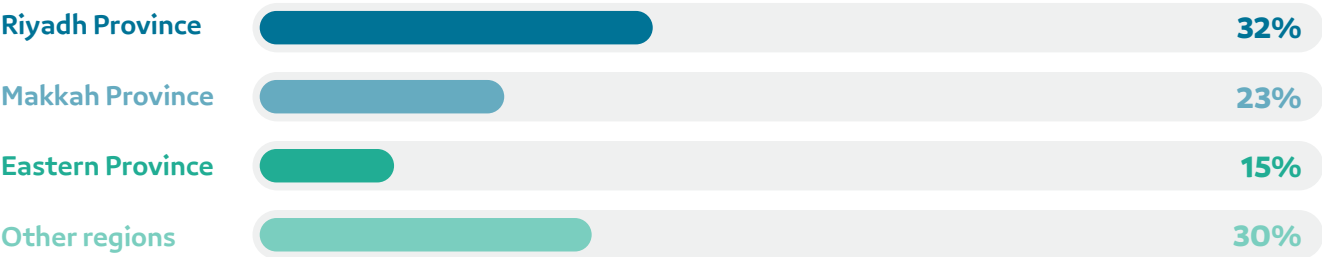
The Kingdom saw a huge uptick in commercial registrations in Q2 2024, which grew 78% y-o-y, a clear indication that private sector activity continues to power the Saudi economy. In line with efforts to empower female entrepreneurs, 45% of new registrations went to female-owned establishments.¹



New commercial registrations by region, Q2 2024



Commercial registrations regional distribution, Q2 2024



THE NEXT FRONTIER OF SAUDI FINTECH

Since the launch of the Fintech Saudi initiative in 2018, the Kingdom has seen the creation of 216 fintech startups and more than \$1.84 billion in VC investments in the booming young sector, securing Saudi Arabia's place as a growing financial technology innovation hub.

CURRENT STATE OF FINTECH IN SAUDI ARABIA

Since the Saudi Central Bank (SAMA) and Capital Market Authority (CMA) initiated Fintech Saudi in 2018, aimed at creating a thriving fintech ecosystem in the Kingdom, Saudi Arabia's fintech sector has demonstrated remarkable growth and resilience. A testament to this success, The Kingdom's first fintech initial public offering (IPO), Rasan, was a testament to this success, witnessing remarkable investor interest in May 2024.⁴

A prioritized sector of Vision 2030 and a key pillar of the Kingdom's Financial Sector Development Program, fintech is central to the government's efforts to diversify the economy. Thanks to its highly sophisticated and increasingly banked and cashless consumer base, a range of exciting new sub-sectors are emerging.

Fintech emerging subsectors



Payments



Finance



Insurance



Open Banking

Thanks to an unprecedented level of investment, the Saudi fintech sector boasted 216 companies at the end of 2023, with more than 6,500 highly skilled professionals working overtime to develop this highly promising and profitable area of the economy.

Fintech 2023 key highlights



216

active fintech companies in the Kingdom



6,500+

direct jobs in the sector



5,973

fintech jobs under SAMA authority



\$1.84bn+

the volume of VC investments in fintech in Saudi Arabia



10

companies participated in the third edition of the Fintech Saudi Accelerator



300+

job-training opportunities through Fintech Saudi's Fintech Training



12,000+

attendees at 2023 Fintech Tour



8,000+

participants at Fintech Careers Fair⁵

Fintech sector aspirations for 2024

Open Banking Lab: Give banks and fintechs a collaborative environment in which to develop, test, and certify new open banking services.

Financial Academy: Increase professional trainings and certificates for fintech-focused entrepreneurs and SMEs.

Makken Program: Continue to enable fintech startups by reducing cost of regulatory and technological compliance.

REGULATORY ENVIRONMENT AND GOVERNMENT INITIATIVES

Financial Sector Development Program (FSDP)



Founded in 2018 to empower the Kingdom's financial sector, FSDP works hand in hand with SAMA and CMA to develop Saudi Arabia's banking, insurance, and capital markets. As the force behind the 2018 Fintech Strategy, its strategic objectives are fourfold.

Ensure creation of advanced capital market

Promote financial planning

Enable financial institutions to support private sector growth

Implement Fintech Strategy

Saudi Central Bank (SAMA)



SAMA oversight and guidance is central to the growth and development of the Saudi fintech industry. Building on the successful launch of two new digital banks in 2023, STC Bank and D360 Bank, SAMA has a robust agenda for 2024, focusing on several key fintech priorities and oversight areas.⁶

- › Develop digital solutions (SupTech) to supervise the financial sector
- › Enable local and international fintechs in Saudi Arabia
- › Update debt-based crowdfunding rules
- › Commercial launch of licensed digital banks
- › Intelligent cash management
- › Buy Now, Pay Later
- › Insurance aggregation
- › Debt-based crowdfunding
- › Digital consumer microfinance

Capital Market Authority Fintech Lab



The Capital Market Authority (CMA) was formally launched in 2003 to ensure market efficiency, integrity, competition, and transparency; as well as protect investors and increase the attractiveness of Saudi capital markets to foreign investors. With fintech central to its mandate, CMA launched an experimental Fintech Lab in 2018 to give firms the chance to test innovative business models within a simplified regulatory framework before launching to market.

Successful applicants have been awarded a Financial Technology Experimental Permit across key sectors.



Debt instruments



Real estate fund distribution platform



Distributed Ledger Technology (DLT) securities and custody services



Social trading



Equity crowd funding



Robo-advisory



AI advisory



Investment and real estate fund distribution platform

Ahmad Alajlan

Manager of Fintech Permit,
CMA



Founded in 2003, Saudi Arabia's Capital Market Authority (CMA) sets and enforces the rules and regulations related to the Kingdom's capital markets, including Tadawul, its stock exchange, to create a healthy investment environment, boost confidence, reinforce transparency, and protect investors.

Can you provide an overview of the current state of the fintech sector in Saudi Arabia and the role the CMA has played in shaping the landscape?

The sector is spurring innovation and development by using the latest technologies to provide innovative and efficient financial services that enhance financial inclusion. As things stand, the ecosystem is growing rapidly thanks to technological advances and increasingly sophisticated e-government services, progress that can be attributed to collaborative regulatory efforts in enabling the sector.

In line with the strategic objectives of Vision 2030 and the National Fintech Strategy, a key pillar of the Financial Sector Development Program (FSDP), the CMA has played a pivotal role in supporting the fintech sector. For example, the launch of the Fintech Lab allows startups to test innovative new business models within specific regulatory requirements. Overall, we aim to facilitate innovation that enhances financial services and data management and strengthens fintech infrastructure.

What challenges do fintech startups typically face when entering the Saudi market, and what advice can you offer entrepreneurs to overcome these?

A main challenge is finding the necessary skills and expertise. My advice to entrepreneurs is this: invest in building a strong team that combines technical, financial, and legal expertise; focus on offering an innovative and comprehensive product that meets market needs; and take advantage of the supportive regulatory environment by actively participating in sector-promoting programs such as Fintech Saudi and the various regulatory sandboxes. It is also crucial to adapt to rapid changes by continuously evolving, adopting agile methodologies, and building strategic partnerships with stakeholders across the sector.

The CMA's Fintech Lab has emerged as a crucial driver of innovation in the Saudi fintech landscape. How does the Fintech Lab facilitate the growth and innovation of fintech startups?



The Fintech Lab drives growth and innovation by providing a supportive regulatory environment, allowing entrepreneurs and startups to test and develop innovative products and services under clear regulatory standards. In the process, it has contributed to the launch of many innovative business models, helping fintech startups to emerge and expand. Additionally, the Fintech Lab offers investment solutions for all types of investors and provides financing options for SMEs. Authorized fintechs have also played a significant role in creating a wide variety of jobs across multiple sectors.

How does the CMA strike a balance between encouraging innovative fintech business models and ensuring they operate within a compliant framework?

The CMA aims to strike a balance between fostering innovation and ensuring stability and safety, which spur growth in a healthy ecosystem. That is why the CMA adopted an approach that is flexible enough to accommodate new innovations while maintaining the highest levels of investor protection. This is achieved through the Regulatory Sandbox at Fintech Lab, which provides a safe space for startups to test new products and services in a controlled environment and assess potential risks before launching on a larger scale. The CMA continuously reviews relevant regulations to ensure they keep pace with developments in the sector and respond to emerging challenges. This allows for continuous risk assessment and early detection, enabling adjustments to our framework when needed.

What trends or technologies could shape the future of the fintech sector in Saudi Arabia, and how can SMEs be ready to implement them?

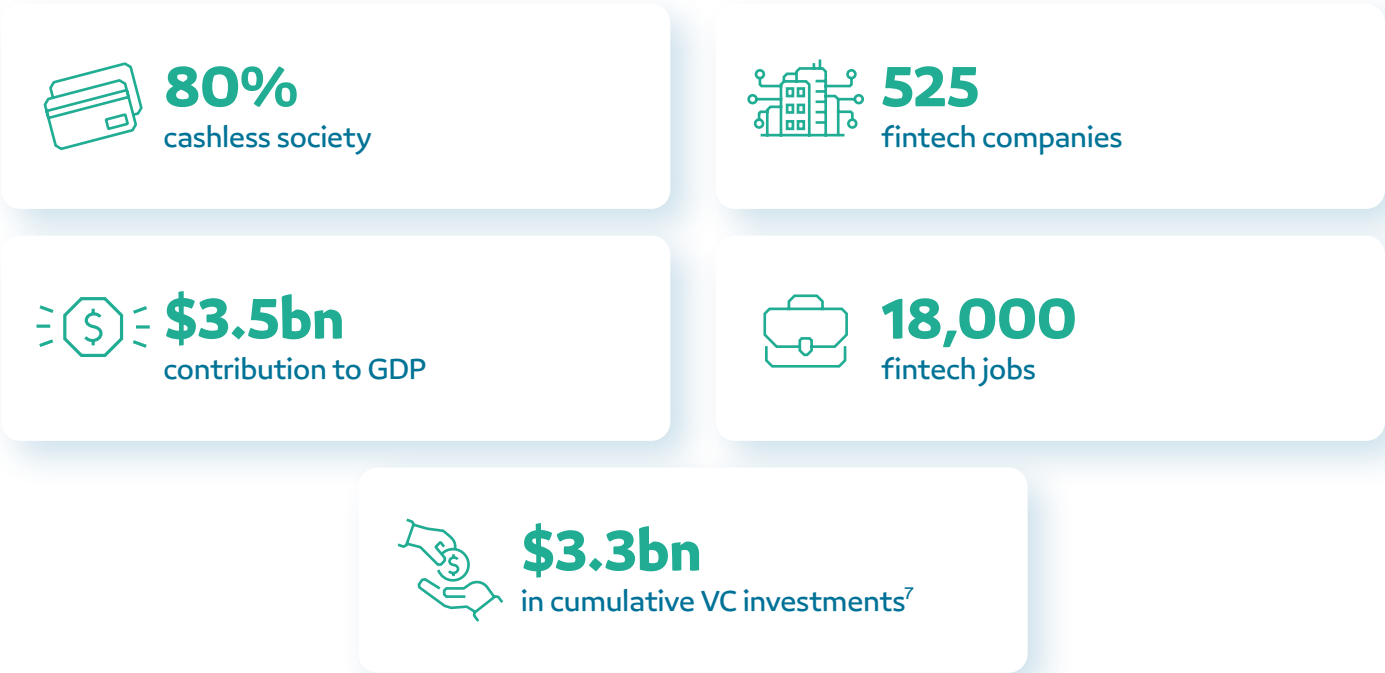
As technology matures, we can expect to see more practical applications such as AI, infrastructure technologies, and big data. These developments will certainly open up new horizons for SMEs, allowing them to offer innovative and more efficient financial services that enhance financial inclusion. In the end, success in this sector requires continuous adaptation, investment in technology, and building and maintaining strategic partnerships.









ECONOMIC IMPACT OF FINTECH: NATIONAL FINTECH STRATEGY

As the fourth strategic pillar of Vision 2030’s Financial Sector Development Program (FSDP), the National Fintech Strategy was launched in 2022 to vastly increase the number of fintechs in Saudi Arabia and expedite the transition to a cashless society.

Fintech Vision 2030 targets



In addition to attracting FDI and increasing SME and private sector contribution to GDP, the strategy is also designed to boost economic growth and innovation across multiple key sectors.

- | | | |
|--|--|---|
|  Retail |  Real estate |  Transportation |
|  Hospitality |  Investment |  Healthcare |

To achieve its targets, the strategy has highlighted six key drivers:



Elevate Saudi Arabia's regional and international profile through tailored media plans and programs.



Create a regulatory framework that enhances trust and mitigates risks through implementation of international standards.



Provide marketing and funding through programs that support the establishment, market entry, growth, and development of fintech companies.



Cultivate a pipeline of future leaders by fostering talent development programs within regulatory bodies, the financial services, and educational institutions.



Build technical infrastructure that enables innovative solutions in cloud services, cybersecurity, IoT, AI, and open banking applications.



Foster local and international collaboration through programs that enhance interdependence with stakeholders from across the global ecosystem.

The strategy is particularly focused on prioritizing companies that provide the following solutions:



Lending: Crowdfunding, digital banking channels, credit scoring



Payments: Mobile wallets, payment aggregators, e-gateways



Data: RegTech, SupTech, personal and business financial management



Capital markets services: Social trading, debt instruments, robo-advisory



Insurance: Aggregation, digital insurance, wearable IoT



Market support: Infrastructure, cloud computing, blockchain and smart contracts

FINTECH SAUDI

To enable a robust fintech ecosystem, Fintech Saudi provides entrepreneurs with the necessary tools to learn, connect, build, and grow their businesses, thereby advancing the Kingdom's goal of becoming a global fintech hub.



Fintech Saudi takes a comprehensive approach to empowering stakeholders across the ecosystem from ideation to launch. A suite of powerful resources allows startups and entrepreneurs, to gain insights, capital, access, and experience across key areas of the industry.

- › **Ecosystem development:** Providing critical resources, tools, and guidance to startups and entrepreneurs, from access to funding to mentorship and networking opportunities.
- › **Regulatory support:** Creating a supportive regulatory framework that facilitates the growth of fintech startups while ensuring consumer protection and financial stability.
- › **Education and awareness:** Organizing events, workshops, and training programs to raise awareness about fintech and enhance the skills of professionals in the sector.
- › **Collaboration and innovation:** Promoting collaboration between public and private sector stakeholders to drive innovation and develop new fintech solutions.
- › **Market access:** Helping startups access the Saudi market by providing market insights, facilitating partnerships, and supporting the adoption of fintech within the financial sector.

Fintech Saudi initiatives

- | | | |
|---|---|--|
|  <p>Internships: Work experience for promising young fintech professionals at leading firms.</p> |  <p>Fintech tour: Annual series of events with industry experts serves as a key platform for networking and upskilling.</p> |  <p>Podcast: Discussions with leading stakeholders on recent key developments.</p> |
|  <p>Accelerator: A well-structured program aimed at accelerating the growth of fintech companies through support services, workshops, coaching, and mentorship sessions.</p> |  <p>Makken: A comprehensive range of subsidized services to enable early-stage fintechs.</p> |  <p>Summer sessions: Ten virtual one-hour weekly sessions that dive into many of the biggest fintech-related themes.</p> |

Salah Khashoggi

Founder & Managing Director,
Tamra Capital



Founded in 2022, Tamra is a Jeddah-based financial services company that allows individuals to manage their investments and wealth seamlessly through a robo-advisory platform.

What inspired you to establish Tamra Capital, and how does the company aim to enhance access to investment opportunities in Saudi Arabia?

The inspiration for establishing Tamra Capital was to address a personal problem. As a banker, I aimed for early retirement, which required investing in a diversified and low-cost manner, and that was quite difficult in 2016-17. My co-founder and I faced the same issue; there was no single platform for global, diversified investments. After listening to a podcast featuring the founder of Betterment, we realized that a digital investment platform could simplify investing for everyone in Saudi Arabia.

Although Saudi Arabia has one of the highest financial inclusion ratios globally, investment adoption lags behind. Most people use digital banking channels, but investments are a different story. Tamra Capital aims to bridge this gap by making investment opportunities more accessible and turning non-investors into investors. We promote the mindset that investing is a necessity, not a luxury. This mentality will also contribute to the Financial Sector Development Program's goal of raising the savings rate to 10%.

What challenges did Tamra Capital encounter when setting up operations, and how did you overcome them?

The main challenge was obtaining the necessary licensing. The only way to get a permit at the time was through the Fintech Lab Cohort, so we had to wait for that. To cover some bases in the meantime, we applied for an advisory license. Just before the approval of our license, however, the Capital Market Authority (CMA) updated its rulebook, which allowed us to operate under an investment management license instead. CMA and other regulators have been very helpful for us to navigate this process effectively.

We continue to engage in a healthy dialogue with the regulators to address unique aspects of our business model, improving the financial product environment. This ongoing

communication ensures that financial products become more convenient for consumers, highlighting the regulators' involvement in creating a better financial landscape.

How does Tamra Capital integrate scientific research into its investment strategies?

We aim to introduce a new investment philosophy by promoting long-term wealth-building through proper education. By focusing on dollar-cost averaging, we encourage everyone to allocate a portion of their income for long-term investments. There is a fear of investing in the stock market and that stems from a hit-and-run mentality, influenced by past crises. So, we advise clients to treat stocks like real estate investments, holding them for the long term to build wealth. Our risk assessment model, which is both behavioural and scientific, helps clients choose the most suitable portfolio based on their investment horizon. For instance, those investing for more than ten years should opt for the most aggressive portfolios.

What advice would you give to aspiring entrepreneurs looking to enter the financial services sector in Saudi Arabia, particularly in fintech?

When we came up with our business idea, we didn't know where to begin. We flew from Jeddah to Riyadh and consulted with multiple advisors, and one of them developed a roadmap for us, expediting the licensing process. That's how we got started. So, my advice for aspiring entrepreneurs would be to seek as much guidance as possible and to attend industry seminars and gatherings. The fintech community in Saudi Arabia is supportive and shares valuable insights and guidance.

Saudi Arabia is investing heavily in entrepreneurship and fintech, offering numerous resources. I advise all entrepreneurs to learn from those who have gone before them and leverage the incredible support from government initiatives and the fintech community.




CASE STUDIES OF SUCCESSFUL FINTECH STARTUPS


Tamara: Payments




Saudi Arabia’s first fintech unicorn, the Riyadh-based Buy Now, Pay Later (BNPL) platform was founded in 2020 to revolutionize how people shop, pay, and bank. With over 10 million users in the GCC, it also has offices in Germany, UAE, Vietnam, and Egypt.




10mn+
customers




30,000+
partner
merchants




\$500mn+
raised in equity
funding



\$400mn
in debt
financing⁹



The first company
to be granted
BNPL permit by
SAMA




Shariah-compliant

Tamara empowers customers through simple, flexible, and hassle-free payment options that boost sales and reduce risks for merchant partners through upfront payments.


Lendo: Lending & finance




Founded in Riyadh in 2019, Lendo is a Shariah-compliant, peer-to-peer (P2P) digital lending marketplace that helps pre-finance outstanding invoices for SMEs by connecting creditworthy borrowers with sophisticated investors.




\$480mn+
in financing to SMEs




4,300+
deals disbursed




15.4%
average return on
investment (ROI)



0.8%
default rate¹⁰



\$28mn
in Series B funding
from Sanabil Investments
in Q4 2023




\$35.2mn
in funding since 2021¹¹

Designed to help SMEs succeed with tailor-made, flexible financial solutions, Lendo is promoting financial inclusion in Saudi Arabia by closing the SME financing gap.

Sukuk Capital: Capital markets

Founded in Riyadh in 2020 to facilitate investments in private companies through bond issuance, Sukuk Capital is empowering businesses by enabling the issuance and trading of debt instruments.



\$1.09bn+
in financing
since 2021



1,906+
issuances
to-date



100%
coverage from
previous issuance



93%
of financing
for SMEs¹²

A beneficiary of CMA's Fintech Lab Sandbox, Sukuk Capital is pioneering a Sharia-complaint bond market, enabling private companies to access alternative financing through the issuance of sukuk.

Lean Technologies: Infrastructure

Founded in Riyadh in 2019 with a license from SAMA's Regulatory Sandbox, Lean is a fintech platform that provides a universal API to enable fintech innovators to seamlessly connect to customers' bank accounts to retrieve their account information and initiate real-time payments.



\$37mn
in total funding¹³



170+
clients



500,000+
unique customer
accounts connected¹⁴

Now with offices in Riyadh, Dubai, and London, Lean is building the essential infrastructure foundation, empowering the next generation of MENA fintechs with cutting-edge solutions.

Malaa: Personal finance

Founded in 2020, Malaa is a personal wealth management app that simplifies financial decision-making for customers, helping them manage savings, loans, and investments. It also aims to achieve the FSDP's target savings rate of 10% by 2030.



\$1.7mn
in seed funding
in 2022



10%
national savings
rate target



Gen Z
financial
enablement tool¹⁵

Allowing users to track all their bank accounts in a single place, Malaa gives people greater financial freedom by letting them track expenses, monitor their credit score, and invest savings.

OPPORTUNITIES FOR SAUDI SMEs IN FINTECH

As the Kingdom goes increasingly cashless over the next six years, it is aiming to create 525 new fintech companies to meet growing consumer demand and higher levels of liquidity in MENA's largest and most dynamic economy.



\$753bn

in liquidity in Saudi Arabia by end of May 2024, an all-time high¹⁶



8.6%

increase in liquidity y-o-y by end of May 2024¹⁷



525

fintech companies to be created by 2030¹⁸



20%

of bank financing to go to SMEs by 2030 up from 5.7% in 2019¹⁹



80%

of transactions to be cashless by 2030 up from 36% in 2019²⁰

Opportunities

Fintechs are emerging as critical players in bridging the considerable financing gap facing SMEs due to the limitations of traditional lending from larger banks and legacy financial institutions.

- › Alternative lending platforms
- › Debt instruments
- › Crowdfunding
- › Peer-to-peer lending
- › Digital payments
- › Streamlined sales through better point-of-sale (POS) systems
- › Invoice financing
- › Real-time financial analytics
- › Cross-border payments
- › Currency exchange platforms
- › Purchase-order financing²¹

☆ SUCCESS STORY:

Osama AlRaei

Co-Founder & CEO,
Lendo



Founded in 2019, Lendo is a Shariah-compliant, peer-to-peer (P2P) digital lending marketplace that helps pre-finance outstanding invoices for SMEs, creating a community of creditworthy borrowers and sophisticated investors.

What was the inspiration behind launching Lendo, and how does its model address the financial needs of Saudi SMEs?

My co-founder, Mohammed Jabra, had seen the issues that companies have with the collection process and getting financing from banks, while I saw issues with internal approval processes—all issues that we wanted to help SMEs resolve. Thanks to the sandbox launched by the Central Bank, the timing was good. Digging deeper, we also discovered there was a SAR300-500 billion lending gap for SMEs in the country. With Vision 2030 setting a clear target to increase SME lending to 20% of GDP by 2030, we saw a huge opportunity worth hundreds of billions of riyals. We applied for the sandbox in January 2019, got the license in July, and did our first fundraising round in October with a seed round of \$1 million. In December 2019, we launched the company.

As the first licensed company in Saudi Arabia's crowd-lending domain, what were the key challenges in navigating the regulatory landscape, and how did Lendo overcome them?

The challenge was on us, the Central Bank, and the sandbox team to learn about each other's models and how startups and regulations work. It's an ongoing challenge, but things are getting better every year. There's also the market challenge. We are launching a debt platform, which is a new concept in this country and takes time for investors to learn about and trust. To overcome this, we need to continue to educate the market about its advantages.

How does you balance risk mitigation and minimize default rates, and how does Lendo ensure transparency and trust between investors and borrowers on its platform?

Investing in SMEs is high-risk, but we focused on a segment that is lower in risk and has high growth potential. These are B2B businesses that invoice large corporate clients or government but couldn't find the right lending solution.



We also provide retail and institutional investors with a new short-term asset class that provides impressive annual returns with low default rates.

To mitigate risk, we do a full underwriting process before taking corporate and personal guarantees from SME owners. In doing so, we reduce a lot of risk from the borrower's side. When it comes to transparency, we are the first to publicly publish our financials, statistics, default rates, and operations.

How does Lendo leverage technology and innovation to streamline the lending process and enhance the user experience for both borrowers and investors?

We provide a seamless onboarding experience for investors. All we need is their email, mobile, national ID, and date of birth. We also have a mobile app. On the borrower side, we collect extensive background information, and have invested a considerable amount in automating internal processes. We now lend around SAR1.5 to 1.8 billion per year, an annual figure we hope to scale to more than SAR10 billion. Today, we capture more than 15% of new lending to SMEs from non-banking financial institutions and crowdfunding platforms, which brings our total market share to 50% or 60%.

What trends do you predict will shape the future of the peer-to-peer lending market in Saudi Arabia?

The next phase is to bring in international and institutional money to promote SME financing, as well as create new products that help meet SMEs' needs. We have a strong economy that is growing under Vision 2030, creating the perfect environment for SMEs to grow. And we look forward to supporting them every step of the way.

ENABLING A NEW SAUDI FINTECH ECOSYSTEM



Fintech Accelerator Program

Developing state-of-the-art fintech accelerators is crucial to achieving the ambitious diversification targets of the Financial Sector Development Program and Vision 2030. To this end, Fintech Saudi partnered with Flat6Labs to launch the Fintech Accelerator Program in 2020. Participants in the program receive a comprehensive range of upskilling, mentorship, and support services.

Workshops

Mentorship and
coaching sessions

Investor and
business exposure

Enhanced pitching skills

Business
networking events

Support services

To qualify, companies must be commercially registered in Saudi Arabia, work in fintech or a fintech-related sector, and have a preexisting minimum viable product (MVP).

To learn more about the program, please click [here](#).



Makken Program

Launched in 2023 by Fintech Saudi in partnership with Deloitte, Makken offers a comprehensive range of subsidized services to fintech-focused SMEs and entrepreneurs by reducing technological compliance costs and allowing them to focus on developing and enhancing their products.



Accelerated setup: Cloud infrastructure deployment for new fintechs within 72 hours



Cloud consumption & managed services: Essentials and infrastructure management



Cybersecurity: 24/7 managed services by leading providers



Cybersecurity training: Awareness workshops and training programs



Financial support: Limited capital allocated to qualifying applicants

To apply for the program, please click [here](#).

TAQADAM Startup Accelerator



Launched in 2016 by King Abdullah University of Science and Technology (KAUST), TAQADAM was created to help Saudi startups get the capital, training, networks, knowledge, and exposure they need to launch and grow their business.



6-month

accelerator after
1-month bootcamp



374

startups supported



800+

yearly applicants



\$40,000

award for top post-
bootcamp teams



\$517mn

in investments
facilitated



36,765

jobs created



Pre-seed

funding to most
qualified graduates²²

To register your interest for the program, please click [here](#).

VC funds and fintech

With Saudi-based fintechs raising more capital across more deals from VC funds than any other sector in 2023, fintech-focused SMEs and entrepreneurs are poised to benefit from exceptional growth opportunities.

2023 VC stats



\$704mn

deployed to
Saudi fintechs



\$340mn

to Saudi fintech
Tamara in Series
C funding



\$250mn

to Saudi fintech
Tabby in Series
D funding



30

fintech deals,
most of any
sector



181%

y-o-y increase in
capital deployed to
fintech startups



51%

of all the Kingdom's
VC capital deployed
went to fintech



24%

of all VC deals
in the Kingdom
went to fintech



26

Saudi fintechs
received funding²³

Saudi Venture Capital (SVC) and fintech



As one of SVC's 14 priority investment sectors, fintechs stand to greatly benefit from SVC's colossal investments across the Saudi VC space.



50

private capital
funds supported



\$2.2bn

in assets under
management²⁴



\$14mn

Series A funding for Nearpay
from SVC-backed Hala and
Arzan VCs in 2023²⁵



700+

startups and SMEs
supported by SVC-
supported funds



\$5mn

SVC investment in
VentureSouq Fintech
Fund in 2023²⁶

Nora Alsarhan

Deputy CEO & CIO,
SVC



Founded in 2018 as a subsidiary of the SME Bank, SVC is an investment company that was created to stimulate and sustain financing for Saudi-based startups and SMEs from pre-seed to pre-IPO.

The Saudi venture capital (VC) landscape has significantly evolved in the last five years. Can you shed light on its recent evolution?

Steady growth in recent years has led to record VC funding of \$1.4 billion in 2023, making Saudi Arabia the most funded market in MENA. This historic achievement demonstrates our commitment to achieving Vision 2030 by promoting entrepreneurship and stimulating investment in startups. The Kingdom also set a new record in MEGA deals, i.e., which are more than \$100 million, with \$879 million invested across four deals, accounting for 77% of MEGA deals in MENA.

Overall, VC funding in Saudi Arabia grew 21 times between 2018 and 2023. Since SVC was established in 2018, it has increased from \$65 million to \$1.4 billion by 2023, positioning Saudi Arabia as a dominant force in MENA with a 52% VC market share, up from a 7% in 2018. Saudi Arabia also maintained its first rank across MENA in terms of VC funding in the first half of 2024, witnessing a total VC deployment of \$412 million, which further confirms its attractiveness as a market and solidifies its position as the largest economy in the region.

What are the key factors driving the impressive growth in Saudi VC investment?

The journey began with Vision 2030, an ambitious blueprint of government-driven initiatives to diversify the economy, foster VC investment, and empower entrepreneurs. One of the most important factors has been the continuous improvement of infrastructure through the development of legislative and regulatory frameworks by the relevant government entities. Other key factors include the creation of industry associations like the Venture Capital and Private Equity Association (VCPEA) and the establishment of strategic funds such as the Saudi Venture Capital Company (SVC) and the JADA Fund of Funds. In doing so, the Saudi government has significantly enhanced the entrepreneurial ecosystem by creating a more conducive environment for business, investment, and innovation.

Thanks to these efforts, Saudi Arabia now leads MENA in total VC funding. Considering the turmoil and macroeconomic challenges in the broader global market, this is a commendable achievement. Surpassing \$1 billion in venture capital funding



for the second consecutive year, it is evident that we are witnessing the rise of a dynamic, innovative, and robust entrepreneurial ecosystem.

SVC plays a critical role in developing the Saudi private capital sector. Can you elaborate on SVC's mandate and impact on the ecosystem?

We play a crucial part in stimulating private investors to sustain and foster the steady growth of the private capital ecosystem in the kingdom. As of H1 2024, SVC has invested over \$827 million through our investments in funds and co-investment in startups and SMEs programs. Altogether, we have invested in 49 funds that have backed more than 700 startups and SMEs. In addition to increasing the number of investors in Saudi SMEs and startups, our strategy has also been able to encourage new and existing financial companies to establish VCs and PE funds, encourage the creation of accelerators and startup studio funds, motivate venture and private debt funds to invest in Saudi startups, stimulate new angel groups, and attract regional startups to move their headquarters to Saudi Arabia.

Given our lean and agile outlook, SVC backs local and emerging fund managers as well as regional and international funds. We require every fund we support to allocate the same amount as our commitment in the fund to be invested in Saudi-based startups and SMEs. This approach not only supports local fund managers but also enables us to attract top regional and international fund managers to invest in local startups and SMEs.

How do you see the future of the venture capital ecosystem in Saudi Arabia?

The journey to building a world-class VC ecosystem is just beginning. We can now see an increasing number of top regional and international funds investing in Saudi-based startups and SMEs. Looking ahead, our mission is to stay at the forefront of developing and nurturing nascent sectors in part by increasing investments in emerging sectors such as deep tech, biotechnology, and AI. Toward that end, we are committed to continuously developing and supporting the venture capital ecosystem to ensure its sustainability as a critical driver of growth and economic diversification in the Kingdom for years to come.

FINTECH: A GLOBAL MARKET ON THE MOVE

In an increasingly prosperous and interconnected world that is quickly becoming cashless, few sectors are more promising or profitable than fintech. In this chapter, the Monitor examines how SMEs can benefit from some of the global trends, technologies, compliance policies, and best practices shaping one of the world's most dynamic sectors.

THE GLOBAL FINTECH LANDSCAPE

The global fintech sector experienced huge investments in the past five years, peaking in 2021 at \$225.8 billion across 8,055 deals. Although global fintech investment hit a five-year low in 2023, with \$113.7 billion across 4,547 deals due to high interest rates and geopolitical conflicts, certain sub-sectors reached new heights that year. These include proptech, insurtech, and AI-based fintech solutions for cybersecurity and regulatory technology. The US accounted for the majority of these deals, driven by strong fintech expansion in Silicon Valley.²⁷

2023 global fintech figures



\$113.7bn

in global investment



4,547

deals



\$73.5bn

in funding across 1,734 deals
went to US-based fintechs



\$24.5bn

across 1,514 deals in EMEA region



\$10.8bn

across 882 deals in ASPAC region



\$46.3bn

in VC investments in fintech



\$20.7bn

in funding went to payments, the
largest share of fintech funding



\$13.4bn+

in proptech funding in 2023



\$12.1bn

in AI-related fintech investment²⁸



\$8.1bn

in insurtech funding in 2023



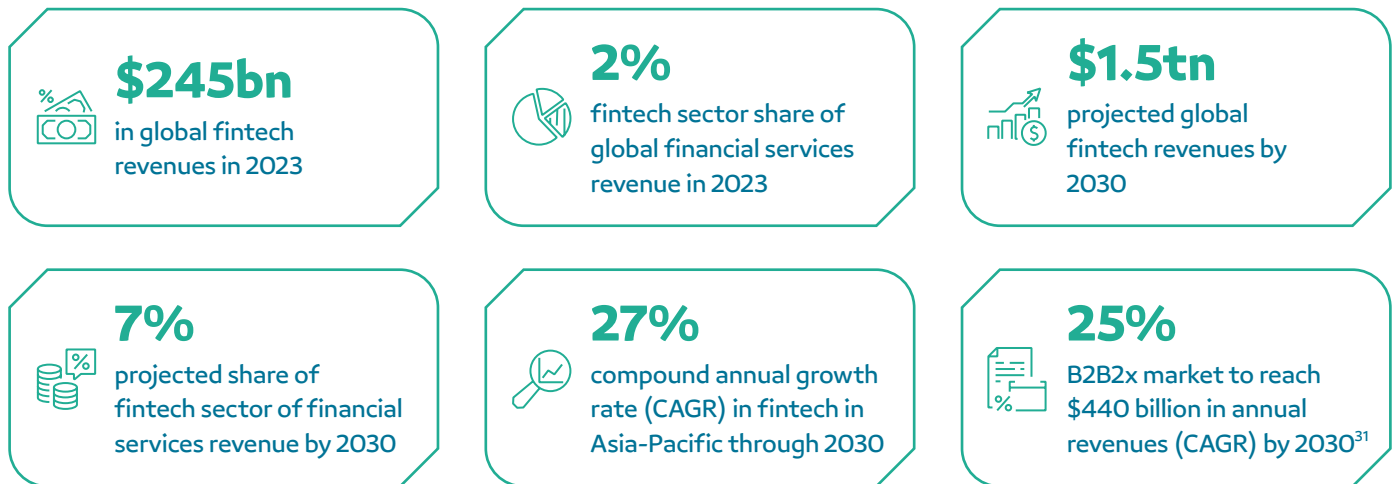
\$2.6bn

in regtech funding²⁹

Market size and growth projections

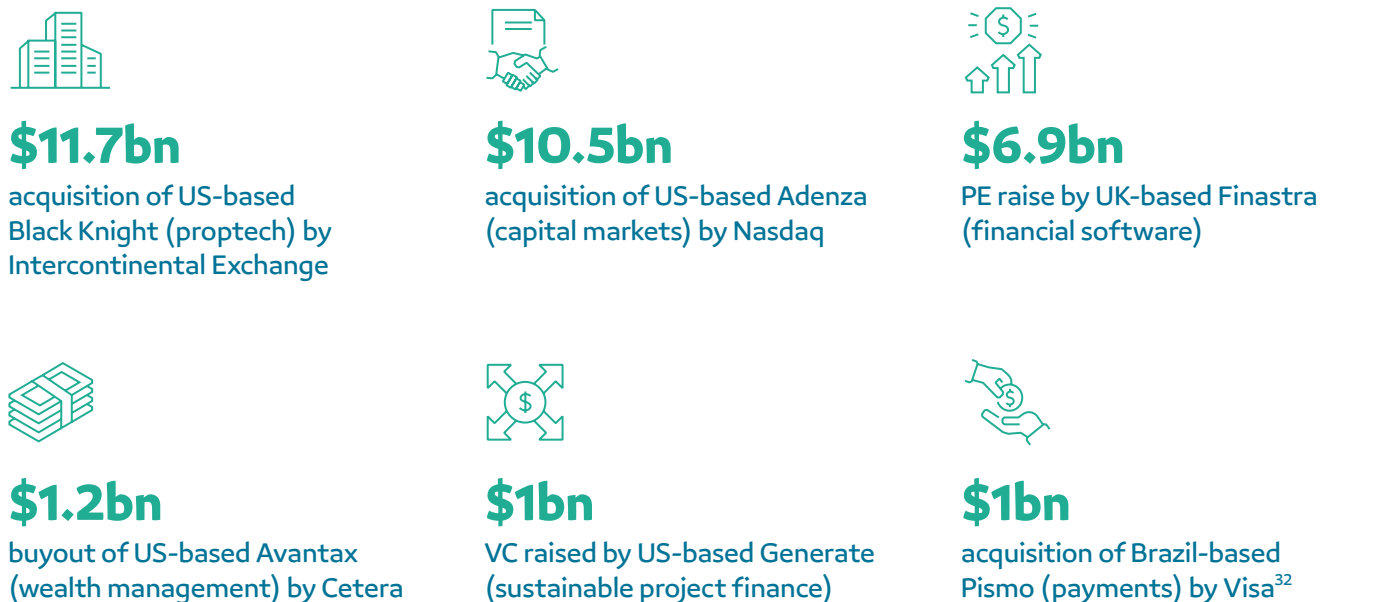
With \$245 billion in revenues in 2023, BCG expects the global fintech market to grow roughly six times to \$1.5 trillion by 2030.³⁰ Although payments in 2023 led the last few years, analysts predict AI and B2B2x will drive future fintech growth, with Asia-Pacific reaping the biggest rewards.

Current and future revenue predictions



Biggest deals of 2023

In its latest report on the global fintech sector, KPMG identified the six largest fintech-related deals of 2023, which accounted for nearly 29% of global investment in the industry in 2023.





KEY TRENDS AND DEVELOPMENTS

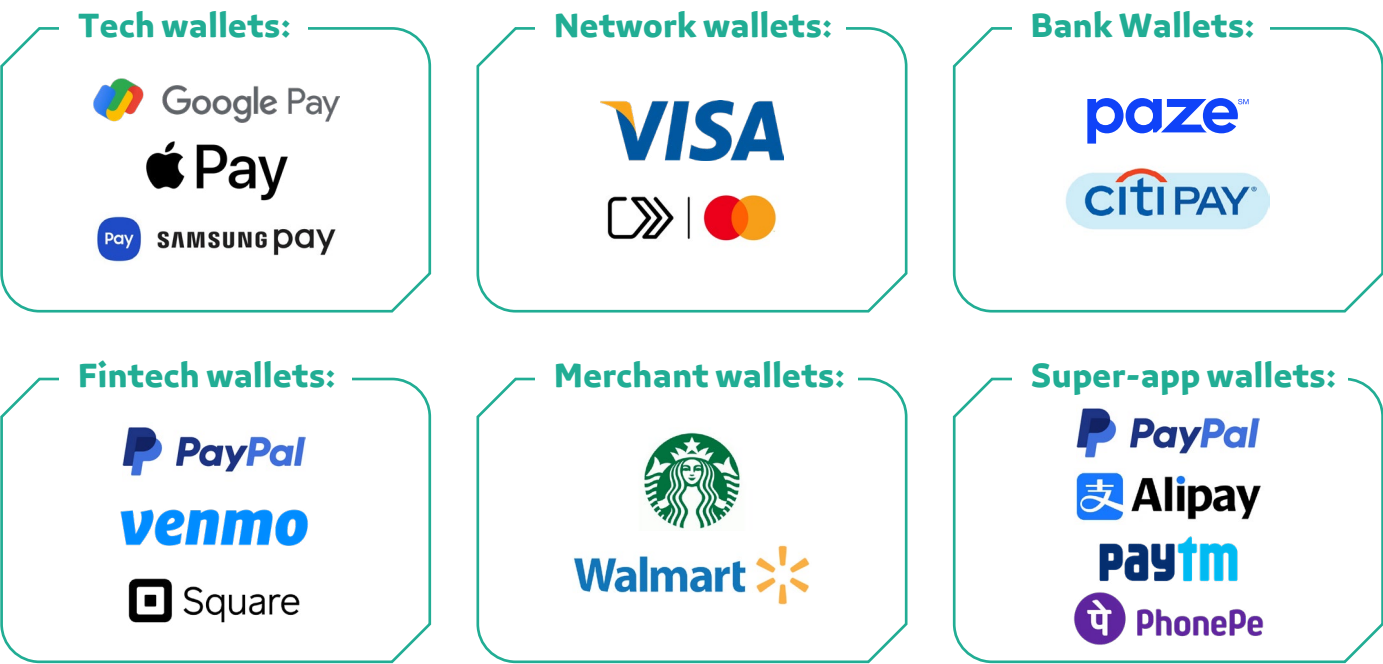
As one of the world’s fastest-growing and best-funded sectors, fintech is constantly innovating. These are several of the latest trends to revolutionize how people spend, borrow, and save.

Mobile wallets

Mobile payments predate the smartphone, with firms like Alipay in China and M-Pesa in Kenya providing this service since the early 2000s. Now growing as fast as smartphone adoption, analysts expect mobile wallets to account for over half of all transactions by 2025.³³



With a large and growing variety on offer, these are several of the most popular mobile wallets.



Open Banking

Another rapidly growing subsector of fintech is open banking, which enables customers to share their banking data with third-party providers through application programming interfaces (APIs), typically fintech apps, that provide access to new financial services.

- › Streamline loan applications and lending decisions
- › Allow third party payments
- › Make real-time bank transfers
- › Aggregate different accounts into single dashboard
- › Gain actionable budgeting and money management insights
- › Achieve greater financial visibility

By Now, Pay Later (BNPL)

A new spin on an older form, BNPL is a rapidly growing new model of fintech that allows customers more convenience and flexibility through short-term interest-free installment loans. As of 2023, these were the leading global BNPL firms.



AI and Machine Learning

Thanks to the growing sophistication of data science and visualization tools, AI and ML-powered data analysis is becoming more accessible, yielding comprehensible insights and a raft of new fintech-related financial products.

- › Robo-advisory
- › Predictive analytics for lending
- › Improved financial decision making
- › Security & fraud detection
- › Asset management
- › Customer support
- › Insurance
- › Loans
- › Forecasts
- › Personalization

Huy Nguyen Trieu

Co-Founder,
Centre for Finance, Technology,
and Entrepreneurship (CFTE)



Founded in 2017, CFTE is a London-based global platform for education in fintech and the future of financial services whose programs have benefited more than 100,000 professionals from 100+ countries looking to accelerate their careers in finance.

How would you assess the current state of global fintech education, and what are the opportunities for developing more adaptable and future-proof educational models?

We need to better prepare the workforce for the new world of finance, the future of which is rapidly evolving technology. Two or three years ago, we never would have thought about generative AI or quantum computing. Now the question is: how do we acquire this knowledge? The biggest challenge is for professionals, who need domain expertise and an understanding of technology to excel. If you have both, you become what I call a super-charged professional. That's why fintech education must ensure that everyone in financial services gains this technological expertise, which requires four key features.

First, education must be relevant. There are many programs from Google, Microsoft, Amazon, and others, but these aren't enough for people in finance because relevance is crucial. For example, a compliance officer needs to know about machine learning for compliance, not just machine learning in general. And a fintech entrepreneur needs to know how to scale a fintech company, which is different from scaling in other sectors. Second, education must be updated continuously as things can change on a daily or monthly basis. For instance, new open banking regulations in Saudi Arabia need to be quickly incorporated into educational programs. Third, education should be personalized. This is perhaps the biggest opportunity today, thanks to AI. Courses can be tailored to individual interests, skill levels, and learning styles, making education more effective. Finally, there needs to be a mindset shift. Finance has traditionally been static, but innovation requires adaptability, and embracing change is crucial for thriving in fintech.

What programs and resources does CFTE offer to support and nurture professionals in the fintech space?

CFTE's programs have two main objectives. First, they focus on people by helping them transform, improve their skills, launch startups, grow in their careers, and feel better equipped for the future. Second, they aim for scale by working with organizations such as governments, central banks, and large financial institutions. In Saudi Arabia, for instance, we collaborate with SAMA and Fintech Saudi to reach a wider audience and teach essential skills.

We also experiment a lot with our programs because adult education differs from children's education. For professionals, studying isn't their main activity, but there's still much to learn. Our goal is to achieve education at scale in part by recognizing these challenges. We approach this in three ways. First, we partner with governments, central banks, and large organizations. In Egypt, for example, we have a program with the central bank that allows financial system innovators to feel they are part of the ecosystem and learn through a program designed for them. Second, we offer specific programs on key topics, including the three areas essential for everyone in financial services: fintech and digital finance, the new infrastructure of finance, and AI. Third, we focus on experiential activities. People learn best by doing, which is why we stress hands-on experiences.



The rise of blockchain and digital assets has the potential to redefine finance. How does CFTE prepare students for a future driven by these technologies?

At CFTE, we view crypto assets as speculative, but the technology behind them is transformative. We've invested time and money to understand this ecosystem, participating in central bank initiatives like Project Orchid in Singapore. CFTE is perhaps the only education platform involved in a CBDC project, which has given us real firsthand experience.

On that note, we offer a certification in blockchain and digital assets issued with Singapore Management University and another one created with Elevandi. We also hold monthly live sessions with experts, publish reports, and facilitate debates on topics like CBDCs and stablecoins. Experimentation is crucial. Everyone is learning quickly, including central banks like SAMA, which has been involved in projects like Project Aber with the UAE and Project mBridge. Staying at the forefront of these developments is essential for our participants.

Collaboration between educational institutions and industry leaders is key to fintech innovation. How can these partnerships be best structured to benefit the fintech ecosystem?

Fintech sits at the intersection of finance and technology, covering the entire value chain. Collaboration must occur at all levels and involve various stakeholders. One success story is London's Level 39, an ecosystem bringing together fintech startups, financial institutions, and regulators. This collaboration has led to significant success stories.

At CFTE, we collaborate in three ways. First, we work with around a thousand experts who teach on our platform, providing diverse perspectives. Second, we partner with global fintech ecosystems, and collaborate for events and knowledge. Third, we create programs with institutions like Hong Kong University or the Central Bank of Hungary, offering different viewpoints. Creating an ecosystem involves building bridges and ensuring people see diverse points of view. At the end of the day, we strive to make our community part of a global network by sharing knowledge and opportunities in equal measure.

Looking ahead, what are your aspirations for the future of the global fintech industry, and how does CFTE envision contributing to this vision?

There is no better time to be in finance. Knowledge and tools are easily accessible, creating incredible opportunities. For economies to thrive, however, they need dynamic financial systems, and we're not quite there yet. Financial literacy remains a global issue, too. Finance and fintech have the potential to make a significant impact on society, and anyone, regardless of background, can be part of this exciting world. Recent collaboration among regulators has also made scalability possible.

My advice is not to miss the AI boat, which has drastically increased capabilities and created supercharged and far more proficient professionals. At CFTE, we aim to be the global ecosystem for new finance, a place where those interested in the future of finance can join a global community striving to make an impact.

REGULATORY ENVIRONMENT AND GLOBAL STANDARDS

International regulatory frameworks

Fintech, in its current form, has been around for approximately two decades. Consequently, many of the world's leading markets adopt a flexible and evolutionary approach to their regulatory regime. These are but several of the many ways in which fintech-dominant countries work together with entrepreneurs to develop optimal regulations for both companies and consumers.

- › **Open banking requirements (UK):** As a pioneer in the field, the UK requires major banks to provide open application programming interface (APIs) to third-party developers to increase competition and innovation in financial services.
- › **Payment Services Act (Singapore):** Enacted in 2020, PSA provides regulatory certainty and consumer safeguards while encouraging innovation and growth of payment services and fintech through a flexible and forward-thinking framework that ensures user protection and financial stability.
- › **Regulatory sandbox (Hong Kong):** While the Hong Kong Monetary Authority (HKMA) promotes fintech through a regulatory sandbox, the Fintech Supervisory Sandbox, its Securities and Futures Commission regulates fintech related to securities and investment, including robo-advisors and crypto exchanges.
- › **Innovation Hub (Australia):** To spur its fintech ecosystem, Australia's regulatory body, the Securities and Investments Commission (ASIC), established an Innovation Hub and regulatory sandbox to support fintech innovation and help businesses navigate regulations and licensing process. It also implements open banking under the Consumer Data Right (CDR) framework.
- › **CSA Financial Innovation Hub (Canada):** To spur fintech growth in capital markets, among other sub-sectors, Canada introduced FinHub to take a proactive approach in considering new technologies and innovative business models, including working with companies to decide how to modernize the securities regulatory model.
- › **Revised Payment Services Directive (EU):** PSD2 promotes innovation, competition, and security in the payments industry by making banks open their payment services and customer data to third-party providers through open APIs, thus fostering fintech service growth and encouraging the provision of card, internet and mobile payment services across borders within the EU.



FINTECH SECTOR BEST PRACTICES

As a quickly expanding, and dynamically evolving sector, there are few hard-set rules for how to thrive in fintech beyond offering a great product, protecting consumers, and complying with local and international regulations. These best practices are crucial for maximizing chances of success in the sector.

Regulatory compliance

Robust KYC/AML procedures: Implement Know Your Customer (KYC) and Anti-Money Laundering (AML) processes to verify customer identities, monitor transactions for suspicious activity, and comply with local and international regulations.

Data privacy: Ensure compliance with GDPR, CCPA, and other data privacy laws. This includes obtaining consent for data collection and providing clear privacy policies.

Regtech: Encourage the growth and development of a robust regtech sector to ensure a strong culture of compliance.

Regulatory sandboxes: Implement regulatory sandboxes to spur innovation, test new ideas, and ensure compliance for innovative new products.

Cybersecurity

Cybersecurity frameworks: Develop and maintain robust cybersecurity frameworks with regular risk assessments, vulnerability scans, penetration testing, and incident response plans.

Encryption and data protection: Use strong encryption methods to protect sensitive data both at rest and in transit. Implement access controls and regularly update software to mitigate vulnerabilities.

Technology and innovation

Agility: Utilize agile development practices to enhance flexibility, improve product quality, accelerate time-to-market, and incorporate regular feedback loops.

Cloud computing: Use cloud services to efficiently scale operations, reduce costs, and enhance flexibility.

Collaboration and partnerships

Strategic partnerships: Seek partnerships with established financial institutions, technology providers, and other fintech companies to enhance product offerings, expand market reach, and leverage complementary strengths.

Industry collaboration: Engage with industry associations, participate in regulatory sandboxes, and collaborate with regulators to stay informed about regulatory changes and industry best practices.

OPPORTUNITIES FOR INTERNATIONAL COLLABORATION

Collaboration between fintech companies and traditional financial institutions creates opportunities and provides solutions for stakeholders on both sides. While traditional institutions offer scale, reach, and regulatory insight, fintech companies inject speed, innovation, and novel perspectives into legacy systems. These partnerships allow fintech companies to access resources and customer bases, while legacy institutions receive the technology and experience necessary to stay relevant.

The collaborative potential of fintechs and traditional banks



**Expanded
distribution
networks**



**Enriched
product lines**



**Modernized
platforms**



**Optimized
operations**



**Increased
competitive
edge**



**Better service
quality and
provision**

From digital payment solutions that integrate into existing banking apps to blockchain ventures that enhance security and efficiency, many international collaborations stand out.



- › **Centime and First National Bank of Omaha (FNBO):** Boston-based fintech, Centime, helped FNBO bring SMEs its AI-driven Cash Flow Control solution, allowing them to monitor inflows and outflows, improve decision-making with real-time forecasting, nudge late-paying customers, and instantly access cost-effective credit.



- › **Santander (Spain) and Ripple (US):** This leading European bank worked with the San Francisco-based fintech to leverage its blockchain technology for launching One Pay FX, an international money transfer service offering rapid, transparent, and affordable cross-border payments.



- › **Standard Chartered (UK) and Paxos (US):** The London-based banking behemoth partnered with the NY-based fintech to develop a digital asset custody solution that provides a secure storage and management platform for institutional clients' digital assets.



- › **HSBC (Hong Kong) and Tradeshift (US):** In August 2023, the 160-year old bank and cloud-based business platform fintech signed a \$35 million agreement to launch a new, jointly-owned business focused on the development of embedded finance solutions and financial services apps.³⁶



- › **Santander UK and Kabbage (US):** The UK giant partnered with the Atlanta-based fintech in 2016 to hasten the underwriting process so that SMEs could access working capital of up to \$130,000 on the same day as part of a broader move to accelerate automated lending and allow customers to draw down credit as often as once a day.³⁷

CASE STUDIES OF GLOBAL FINTECH SMES

SquareOne (New Zealand): This fintech began as a 'pocket money' app for parents to teach their children about the basics of finance, money, and saving by providing them with a debit card and monitorable online savings balance. It now plans to expand its services to SMEs as a neobank.



2021
launch

\$5.8mn
seed expansion
in 2023

180,000
downloads in New
Zealand by 2023

Zero
fees and account costs
when it plans to launch as
neobank for SMEs³⁸

Wafeq (UAE): Wafeq is a modern and easy-to-use software that powers MENA-based SMEs' finance-related needs, starting with accounting. It was launched in 2019 to help companies in the GCC comply with the recent introduction of VAT.



\$3mn
in seed funding in
January 2024 from
Raed Ventures³⁹

7,000+
businesses
use Wafeq

2mn+
invoices created
every month

\$400mn+
invoiced every
month⁴⁰

Paysky (New Cairo): Launched in 2016, Paysky is a digital payment solutions provider, building the payments infrastructure to power MENA's new digital economy. Its mission is to democratize e-payments by empowering financial institutions, businesses, and individuals to remit, pay, and get paid.



18
countries
throughout MENA

250
financial
institutions

60mn
customers

2mn
businesses

\$605.8mn
in total transaction
value⁴¹

iCred-Crédito Inteligente (Brazil): Founded in 2020, iCred is a smart credit and online fintech platform that offers personal credit and loan services for millions of individuals, starting with social security beneficiaries in Brazil whose creditworthiness can be verified in three minutes.



\$58mn
raised in Q1 2023

3 minutes
to cross-check loan
applicant before
dispensing⁴²

1.5mn+
active clients

40,000+
accredited agents⁴³

Branch (San Francisco): Founded in 2015, Branch is a for-profit socially conscious company that uses the power of data science to reduce the cost of delivering financial services in emerging markets. With offices in Nairobi, San Francisco, Mumbai, and Lagos, Branch provides millions of users access to instant loans with no physical documentation.



\$100mn+
in Series C funding
from Silicon Valley⁴⁴

4mn+
customers

29mn+
loans issued

\$1bn+
dispersed⁴⁵

Spiros Margaris

VC & Advisor,
Margaris Ventures



Spiros Margaris is a venture capitalist, founder of Margaris Ventures, and a global influencer in fintech, finance, and AI. He has advised a number of successful fintech startups and serves as a senior advisor and board member for multiple companies, including the Saudi fintech Barq. He joined SparkLabs as a venture partner, leading Saudi Arabia's AI.M Accelerator in Riyadh in collaboration with NTDP, SDAIA, and KAUST.



What advantages do emerging markets offer for fintech startups compared to developed markets?

Emerging markets present a wealth of opportunities for fintech startups. In these regions, digital transformation is still evolving, creating a strong demand for innovative financial services. In South America, for example, Nubank, a Brazilian fintech, achieved massive international success by targeting a previously underserved population with over 100 million customers. In contrast, developed countries like Switzerland face more challenges because the market is often saturated, and customers are generally satisfied with their existing services, even if they are outdated. Additionally, the regulatory frameworks in emerging markets tend to be more accommodating, which encourages innovation and makes it easier for startups to grow.

How is Vision 2030 fostering fintech innovation, and how can Saudi startups leverage this platform to establish a global presence?

Saudi Arabia is taking significant steps to create a flexible regulatory environment that supports fintech innovation. One of the key initiatives toward this end is the establishment of regulatory sandboxes, which provide a safe space for startups to experiment with new ideas without facing the full burden of regulation. This approach allows regulators and companies to learn and adapt, ensuring the regulatory framework evolves to support growth. This flexibility is crucial because a rapidly growing industry will inevitably face challenges and mistakes. However, by maintaining a dynamic regulatory environment, Saudi Arabia is well-positioned to foster a thriving fintech sector.

In line with these efforts, Vision 2030 is driving a robust digital transformation, fostering an ideal environment for fintech innovation. Saudi startups must prioritize strong global branding and attract the right talent to compete globally. These companies should look beyond local markets and offer services that stand out worldwide. This approach will generate jobs within the country and position Saudi Arabia as an attractive destination for skilled professionals.

What challenges do fintech startups face when scaling, and how can they overcome them?

Scaling a fintech startup comes with several challenges, particularly navigating the regulatory environment, acquiring the right talent, and penetrating the market. Regulatory challenges are significant since companies must comply with local laws while trying to innovate.

As startups grow, data protection and cybersecurity become more critical. The cost of making big mistakes during this phase can be high, both in terms of regulatory scrutiny and customer trust.

Another significant obstacle is funding. As a company expands, the cost of talent and technology inevitably rise, necessitating additional rounds of funding to sustain growth. This is particularly true in specialized fields like AI, where the competition for skilled professionals is fierce. Securing consistent funding becomes crucial to cover these escalating costs and continue innovating and maintaining a competitive edge in the market. This emphasis on sustained funding will make the audience more aware of the financial challenges and importance of strategic planning in the fintech industry.

How do you envision blockchain technology influencing the future of fintech?

Blockchain holds immense potential to revolutionize various facets of fintech. For starters, smart contracts can streamline processes by automating predefined agreements, making transactions faster and more efficient. This is especially beneficial in areas like claims processing. Regarding cross-border payments, blockchain solutions like Ripple have already demonstrated the ability to make international transactions more seamless and cost-effective. Beyond these, blockchain can also play a pivotal role in establishing trust in an era of misinformation and deepfakes. For instance, news and critical information could be validated through blockchain, ensuring authenticity. As AI and digital manipulation become more sophisticated, blockchain's role in verifying and securing information will become increasingly vital.

What advice would you give to aspiring fintech entrepreneurs?

My advice to aspiring fintech entrepreneurs is straightforward but crucial: focus on acquiring customers. Having customers means someone believes in your idea and your execution of it. Success in fintech isn't just about having a great concept; it's about proving there's a market for it. This journey will demand hard work, unwavering commitment, and the readiness to make sacrifices. The competition is intense, but if you have a truly better solution, don't shy away from pursuing it. Stay hungry, work hard, and be consistent. Remember, it's not always the most talented person who succeeds, but the one who works the hardest. Surround yourself with like-minded, hardworking individuals, and you'll build a team capable of achieving great things.

MONSHA'AT & ECOSYSTEM UPDATES

The Kingdom's rapidly maturing SME landscape continued to show signs of growth and development in Q2 2024, with more than 20,000 businesses and entrepreneurs benefitting from Monsha'at services and \$412 million being raised by Saudi-based startups in the first half of the year.

MONSHA'AT KEY FIGURES

Thanks to its wide variety of upskilling, enablement, financing, business development, franchising, and expansion programs, more than 20,000 SMEs and entrepreneurs benefitted from Monsha'at services in Q2 2024.



12,401

SMEs benefitted from
Monsha'at's SMEs
Support Centers

To learn more,
please [click here](#)



8,241

trainees benefitted
from Monsha'at's
e-Academy

To learn more,
please [click here](#)



581

SMEs qualified for
Monsha'at's Jadeer
service

To learn more,
please [click here](#)



692

beneficiaries availed
themselves of
Mazaya platform

To learn more,
please [click here](#)



500

beneficiaries availed
themselves of
Innovation Centers

To learn more,
please [click here](#)



86

brands listed on the
Franchise Center
platform

To learn more,
please [click here](#)



135

SMEs joined Tomoh
program

To learn more,
please [click here](#)



3

SMEs offered in parallel
Nomu market through
the Tomoh program



H1 2024 VC FUNDING

While total value and deal count were each slightly down y-o-y, Saudi Arabia continued to lead MENA in funding in H1 2024 with \$412 million going to Saudi-based startups, led by the region's only MEGA funding round. As further proof of investor confidence in the Kingdom, international participation also shot up to nearly 30% of all investments in Saudi-based startups.⁴⁶



\$412mn

in funding to Saudi-based startups in H1 2024



\$130mn

pre-IPO invested in e-commerce platform Salla



63

deals in H1 2024



30%

of all deals in MENA were in Saudi Arabia in H1 2024



54%

of all MENA funding to Saudi-based startups



72

entities backed Saudi-based startups in H1 2024



28%

of investors were international



17%

increase in international investors in Saudi-based startups⁴⁷

VC INSIGHT:

Philip Bahoshy

Founder & CEO, MAGNiTT

MAGNiTT

MAGNiTT is the leading venture capital data platform in MEAPT, enabling investors, corporations, tech companies, and government entities to make informed and data-driven decisions based on verified information.



"Saudi Arabia maintained its leading position as MENA's best funded country in the first half of 2024, with \$412 million going to Saudi-based startups, a remarkable 54% of all funding in the region over that period. Despite this, the Kingdom did see a 7% y-o-y decline in capital deployed, a retreat driven by a 55% y-o-y reduction in MEGA deal funding that was countered by an 83% increase in non-MEGA deal funding. Saudi Arabia's total decline was significantly less than the 34% y-o-y decrease seen in the rest of MENA in that same period.

Overall, Saudi Arabia continues to make significant strides in fostering innovation and supporting a robust startup ecosystem. This progress is evident in the Kingdom's deal flow, which accounted for 30% of H1 MENA deal activity, up from 24% in H1 2023. If deal flow in Saudi Arabia did see a marginal 3% y-o-y decrease at 63 in H1 2024, the Kingdom's VC landscape continued to attract investors, with the number of unique investors increasing 16% to 72 in the first half of 2024. This came amidst a surge of new interest from international investors, whose impact nearly tripled between H1 2023 and H1 2024."

PRIVATE SECTOR SME FINANCING

Thanks to strong institutional support and high investor confidence in the Kingdom's booming entrepreneurial ecosystem, private sector lending in Saudi Arabia increased by over 16% in Q1 2024 y-o-y to nearly \$80 billion, with banks leading the way in supporting the next generation of Saudi SMEs.

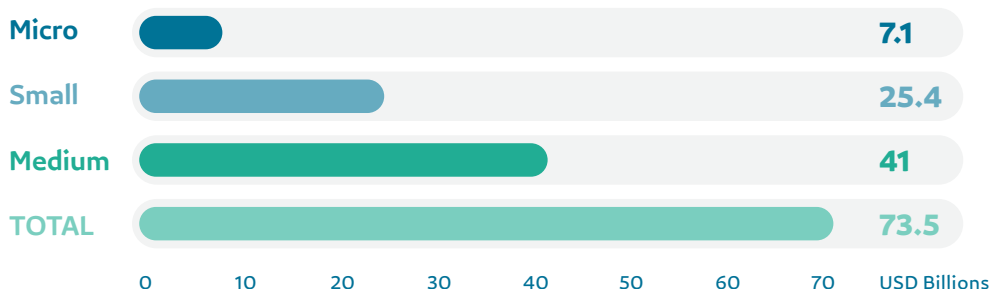
Banks



17.4%

y-o-y increase in SME financing provided by banks in Q1 2024

Credit facilities provided to SMEs by banks, by end of Q1 2024



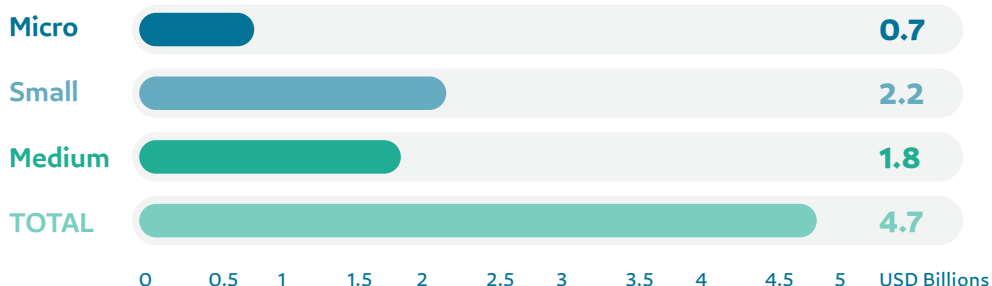
Finance Companies



2.4%

y-o-y increase in SME financing provided by finance companies in Q1 2024

Credit facilities provided to SMEs by finance companies, by end of Q1 2024



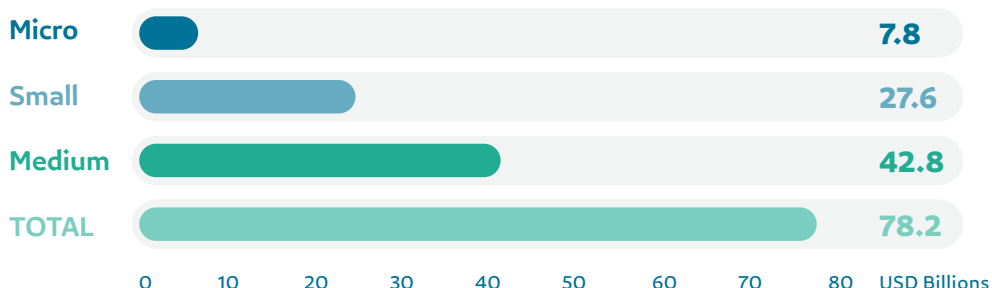
Total Credit Facilities



16.3%

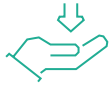
y-o-y increase in total credit facilities provided to SMEs in Q1 2024⁴⁸

Total credit facilities provided to SMEs, by end of Q1 2024



FUNDING AWARENESS SERIES: CREATING A STRONG PITCH

In this issue's quarterly funding awareness series, we discuss several themes for companies to consider when putting together a compelling pitch deck. Investors interested in building a strong portfolio, expect startups and entrepreneurs to have a strong vision of the following business components.



The need: Businesses are built because they have identified a problem in the market and want to solve it. When creating a pitch deck, it is essential to understand the size of the problem, the related market, and the percentage of each that your enterprise can potentially reach.



The solution: The enterprise must present how its solution is unique, timely, cost-effective, and more competitive than similar offerings on the market. You should also demonstrate that you understand broader market or technological trends related to your solution.



Market size: Investors need to know how big the potential market size is. If large, they will be more inclined to invest. If it is small, they may need considerably more convincing, despite the ingenuity or uniqueness of the solution being offered.



Short-term business plan: In addition to an analysis of the target market, define the specific, measurable, achievable, relevant, and time-bound (SMART) objectives you aim to accomplish within the planning period, from the product or service you intend to offer to your pricing strategy, distribution channels, and marketing tactics.



Objectives to be achieved: These must include an operational plan for how to run your daily business; a detailed financial plan outlining expected revenues, expenses, and profits; human resource plans for how you intend to staff and train your team; and a risk analysis with contingency plans.



The team: Who are your team members? What are their experiences? The more experience or previous success stories they have in the field, the more interested investors will be in the company and its future success.





ABOUT MONSHA'AT

Established in 2016, the General Authority for Small and Medium Enterprises (Monsha'at) chief objective is to organize, support, develop, and sponsor the SME sector in accordance with best global practices.

Monsha'at deploys a wide range of initiatives that directly speak to the challenges that SMEs face in the market, with assistance being further broken down by company size and type. In addition to providing firms with critical administrative, technical, and financial support, Monsha'at also assists SMEs with marketing and human resources.

Vision



To transform the Small and Medium Enterprises sector into a vital pillar for economic development in Saudi Arabia and an enabler for achieving Vision 2030 and beyond.

Mission



Support SMEs growth and competitiveness through building a supportive ecosystem and an entrepreneurial society, by driving the cooperation with our strategic partners in the public and private sectors and the non-profit sector, locally and internationally.

Please visit our website below for more information.



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