

Saudi Arabia Payments Market - Growth, Trends, Covid -19 Impact, and Forecasts (2023 - 2028)

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Report description:

The Saudi Arabia Payments Market is expected to grow at a CAGR of 15.4% over the forecast period 2022 to 2027. It is supposed to be one of the most advanced markets, with payment methods that meet customers' needs and help the Kingdom's drive toward a cashless society. According to the Cebr, the theoretical impact of real-time payments on formal GDP might increase by 2.8% by 2026. However, these are hypothetical advantages; they do not rule out the possibility of non-instant electronic or paper-based payments in the future.

Key Highlights

According to the Saudi Central Bank's 15th annual report on the insurance market, the insurance sector rose by 8.4% in 2021, with total written premiums of SAR 42 billion, with the Protection and Savings and Property insurance classes seeing significant increases in written premiums.

With the rapid increase in the global economy, mobile phones (especially smartphones) have become an essential part of an individual. Moreover, the internet has also become a necessary part of day-to-day life for most people worldwide. Due to this, the penetration of smartphones and internet users increased worldwide, resulting in a significant boost in the payments market. The increasing number of internet Smartphone users is driving the Saudi Arabia payment market. For instance, According to the Martech vibe magazine, stated on March 2022, Saudi Arabia, which has 40.20 million mobile customers, is seeing an increase in smartphone usage. With 24.2 million smartphone users, it ranks third globally, with over three-quarters of the population using smartphones.

The increasing internet penetration and an increase in the E-commerce sector are driving the Finland payment market. According to the Martech vibe magazine, The number of internet users in 2021 is expected to be around 39.53 million. More than 95% of the population has access to the internet. This is a great figure in terms of internet penetration in the country. The internet penetration rate is expected to reach 97 percent by 2025. The number of people who use the internet on their phones is 32.03

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million.

Furthermore, the Covid-19 epidemic has supported a significant shift in payment practice, such as a decrease in cash payments, a move from in-store to online payment methods, and the adoption of quick settlements. These shifts have offered new opportunities for Saudi Arabia's payment providers.

Saudi Arabia Payments Market Trends

E-commerce to Drive the Saudi Arabia Payments Market

With the increasing number of smartphones worldwide and high-speed cellular networks present in most countries worldwide, the e-commerce industry is growing. With an increase in the E-commerce industry, mobile transactions are also expected to grow rapidly, providing a significant boost to the mobile payments market.

During the COVID-19 pandemic, the E-commerce industry has seen a significant rise owing to lockdown worldwide. Customers were reluctant to purchase from offline stores due to fear of contracting COVID-19 through physical money. People use electronic payment methods, including mobile payment, to pay for goods and services.

According to the PAYPERS News, In Dec 2021, MoneyGram's API-driven infrastructure and network were used by urpay, a Saudi Arabia-based digital wallet, to enable international transactions from Saudi Arabia. This strategic agreement builds on MoneyGram's recent success in the Middle East, accelerating digital growth in one of the world's most important outbound remittance markets. MoneyGram will be able to increase the volume of payments processed through its platform as a result of this partnership, as well as expand its digital offering.

In June 2022, PayPal Holdings Inc. made a USD 45 billion offer to buy digital pinboard site Pinterest Inc., which could lead to additional e-commerce tie-ups between financial technology and social media companies. The conversations come as online buyers increasingly buy products they see on social media, frequently by following "influencers" on platforms like Instagram and TikTok. PayPal would be able to capture more of that e-commerce growth and diversify its revenue streams by purchasing Pinterest.

Retail sector to have a significant growth

The retail industry is one of the top industries in Saudi Arabia. As a result, the retail sector represents many opportunities for new business, trading, and investing. The payment market in Saudi Arabia is developing with the changing customer behavior. Trends such as mobile payments, internet banking, instant payments, and the Government's growth initiatives are affecting the payment market in the country.

In addition, citizens spend a significant share of money on categories that include food, beverages, tobacco, clothing, footwear, cosmetics, body care products, furniture, appliances for the household, and leisure items such as watches and accessories. Furthermore, various payment checkout solutions offered by top retail market players in the region are further accelerating the growth of the retail sector.

According to the Saudigazette on January 2022, The Saudi Central Bank (SAMA) stated that electronic payments accounted for 57% of total retail transactions in 2021, above the 55% objective set by the Financial Sector Development Program (FSDP), one of Saudi Vision 2030's core programs.

This continuous rise in the retail sector provides various opportunities to payments providers in the region to enhance their payment platforms and apps to cater to the increasing demand. Furthermore, the rising adoption of digital wallets and contactless payments by cards further provides lucrative opportunities for payment providers in the region.

BinDawood Holding Company, one of Saudi Arabia's top grocery retail operators of hypermarkets and supermarkets, announced

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the launch of a new Danube store in Jeddah, Danube Corniche Commercial Center, Al Balad, in October 2021.

Saudi Arabia Payments Market Competitor Analysis

The Saudi Arabia Payments Market is moderately competitive in the presence of market players such as Paypal, Moyasar, Payfort, Paytabs, and Alipay. Companies operating in the market are adopting various initiatives to expand their presence, which adds to market expansion. Furthermore, the government's promising efforts to promote digital payments will strengthen market competition in the coming years.

April 2022 - Following the successful pilot in the Regulatory Sandbox, the Saudi Central Bank (SAMA) announced the licensing of Sulhaf Financing Company, a closed joint-stock company with a capital of SAR 10 million, to conduct consumer microfinance activity utilizing financial technology.

March 2021 - Fiserv, Inc. (NASDAQ: FISV), a global provider of payments and financial services technology solutions, announced that it had signed a definitive agreement to acquire Pineapple Payments. Fiserv will continue to provide payment processing services to Pineapple Payments merchants while enhancing its seamless delivery of an array of customer-focused, innovative solutions.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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