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

Market Report | 2023-01-23 | 100 pages | Mordor Intelligence

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Report description:

The Saudi Arabian mobile payments market is expected to register a CAGR of 22.7% during the forecast period. The primary factor driving the growth of the Saudi Arabia payments market is high internet and smartphone penetration, advancement in technology enabling secure and fast payments, and rising adoption of e-commerce and online shopping, among others.

Key Highlights
The Saudi Arabian financial services industry is experiencing unprecedented levels of change, with people moving towards new and disruptive technology payment trends from cash. As a result, several projects are already underway to evolve the payments and financial ecosystem.
For instance, the SAMA has taken many initiatives to encourage digital payments, one of which is a new electronic payments system, "Mada pay," which was recently created. Mada Pay is the kingdom's first multi-issuer mobile wallet application that supports contactless (NFC) transactions to launch in Saudi Arabia.
Further, as part of the Saudi Vision 2030 program, the kingdom aims to make digital payments make up 70% of the total by 2025. this type of initiative is expected to boost mobile payments in the region over the forecast period. For instance, The SAMA announced that the share of electronic payments in retail had exceeded 57% of total transactions conducted in 2021, surpassing the 55% target set out by the Financial Sector Development Program, one of the main programs of Saudi Vision 2030.
Despite the rapid rise of mobile wallet fintech, the sector faces challenges. According to the Fintech Saudi Report, access to talent, the regulatory landscape, and the ability to test products and services are among the top three challenges. Further, challenges related to data security and increased fraud in online payments may hinder the growth of the mobile payments market in the region.
COVID-19 triggered a widespread shift in adopting digital payment tools in Saudi Arabia. Restrictions on movement and the potential risks of handling cash led consumers to quickly shift from cash to digital payments, such as mobile payments, as a safer

and more accessible option.

Saudi Arabia Mobile Payments Market Trends

Growing E-commerce and Online Shopping Trends ?

The e-commerce market of Saudi Arabia is primarily driven by the rising need for online shopping among buyers. This has led e-commerce vendors from across the globe to invest in the country's fast-growing e-commerce market. Further, leading regional companies are offering mobile payments as a checkout solution.

The government is taking various initiatives to further strengthen the e-commerce market in the country. For instance, in September 2021, the E-commerce Council of Saudi Arabia announced its enactment to work on e-commerce legislation. This will help boost the e-commerce infrastructure and enable innovative payment systems, such as mobile payments, in the field of e-commerce transactions.

Additionally, when the coronavirus initially hit Saudi Arabia, the country's government reacted swiftly by banning cash on delivery (COD), with offline retailers requiring POS devices to accept debit and credit card payments, leading to a dramatic fall in cash transactions. This move resulted in a flurry of new fintech startups catering to the online market in the mobile payments sector. According to the Fintech Saudi Report, 82 fintech startups were registered in the country in the first half of 2021, up from just 10 in 2018.

Moreover, the government of Saudi Arabia is coming up with various initiatives to boost the growth of the e-commerce market in the country. For instance, In November 2021, Saudi Arabia signed a Memorandum of Understanding(MoU) with Oman to strengthen the digital economy. This will result in e-commerce platforms and payment service providers offering innovative digital payments, increasing the adoption of mobile wallets in the country over the forecast period.

Increasing Internet and Mobile Penetration Expected to Drive the Mobile Payments Market

The Saudi Arabia, mobile payments market is majorly driven by the region's high internet and mobile penetration. This digital ecosystem in the region supports the latest technologies, and increased mobile and internet penetration is further encouraging consumers to shift towards mobile wallets as it provides ease and convenience with the best global standards of security.

As per data reported by GSMA Intelligence, there were 41.03 million cellular mobile connections in Saudi Arabia at the start of 2022. GSMA Intelligence's numbers indicate that mobile connections in Saudi Arabia were equivalent to 115% of the total population in January 2022. The number of mobile connections in Saudi Arabia increased by 1.3 million (+3.3%) between 2021 and 2022.

Moreover, the region has access to high internet speed, resulting in the immediate transfer of funds through mobile payments. For instance, data published by Ookla indicate that internet users in Saudi Arabia could have expected the following internet connection speeds at the start of 2022: Median mobile internet connection speed via cellular networks: 91.06 Mbps and Median fixed internet connection speed: 80.39 Mbps.

Further, Ookla's data reveals that the median mobile internet connection speed in Saudi Arabia increased by 29.73 Mbps (+48.5%) in the twelve months to the start of 2022. Moreover, average download speeds in Saudi Arabia have reached more than twice the global average at 322 Mbps, according to network-testing company Ookla.

Moreover, leading network providers are enhancing their market presence by offering 5G services across the country, which will eventually provide a boost for faster adoption of mobile payments. For instance, in June 2022, Comtech Telecommunications Corp. announced that the firm's trusted Location Group, a division of Comtech's Commercial Solutions segment, was awarded an agreement with a tier-one operator in the Kingdom of Saudi Arabia (KSA) to support their 5G standalone network. The operator will grow the 5G network within KSA, providing better performance to end-users and meeting new government mandates.

Saudi Arabia Mobile Payments Market Competitor Analysis

The Saudi Arabia mobile payments market is moderately consolidated with the presence of major players such as SCT Pay, Mada Pay, and Bayan Pay, among others. These market players hold a significant share in the Saudi Arabia mobile payments market, with SCT Pay leading the way in terms of market share. The regional companies are offering innovative mobile money payment solutions and are indulging in strategic partnerships and acquisitions to gain more market presence in the region.

October 2021: Saudi-based telecommunications firm Mobily has teamed up with Ericsson to launch mobile wallet solutions in the Kingdom. The Swedish company will provide the technology allowing Mobily to provide platforms that aim to increase the share of Saudi Arabia's cashless payments to 70% by 2030.
October 2021: MoneyGram International Inc. announced a partnership with the digital wallet provider, Urpay, for cross-border power payments from Saudi Arabia. The partnership, expected to go live for customers early next year, lets Urpay connect to Moneygram's API-driven infrastructure and global network to provide its millions of users the ability to send money around the world.

Additional Benefits:

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

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