

Saudi Arabia Buy Now Pay Later Services - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2020 - 2029

Market Report | 2024-02-17 | 120 pages | Mordor Intelligence

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Report description:

The Saudi Arabia Buy Now Pay Later Services Market size in terms of transaction value is expected to grow from USD 0.73 billion in 2024 to USD 2.30 billion by 2029, at a CAGR of 25.76% during the forecast period (2024-2029).

The Buy Now, Pay Later (BNPL) services market was one of the major beneficiaries of the Covid-19 pandemic in Saudi Arabia. It grew in popularity dramatically during the epidemic, as the idea of deferred payment became more appealing in light of the financial uncertainties caused by the decrease in unemployment.

Buy Now Pay Later (BNPL) services are increasingly becoming popular in Saudi Arabia and are eclipsing credit cards more conveniently and transparently to fund transactions. The acceleration of E-commerce after the pandemic has aided to the BNPL's popularity as the pandemic forced consumers to shop from behind their screens. The digital payment market has changed dramatically in recent years and the expansion of e-commerce has further fueled BNPL. The Buy Now Pay Later service is becoming quite popular in Saudi Arabia due to its youthful population embracing the new and innovative ideas around personal finance.

Saudi Arabia has a longstanding aversion to using credit cards, due to which BNPL's business strategy is being able to tap into a growing market for delayed payments. Because BNPLs are merchant-funded, they have a significantly smaller appetite for lending to risky consumers who can't pay. The Saudi Arabian central bank has made it essential for all buy now pay later (BNPL) enterprises to obtain a permit, owing to the growing popularity of BNPL products in the country. Failure to obtain a permit from Saudi Arabia's central bank will result in legal action. The central bank's announcement comes as industry experts increasingly call for regulation of the deferred payment sector.

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Raising E-Commerce is Fueling the BNPL Services Market in Saudi Arabia

In Saudi Arabia, buy now, pay later (BNPL) arrangements are growing more common, a trend spurred by the country's e-commerce growth and embraced by the country's young, tech-savvy populace ready to adopt what they believe is a more convenient and transparent way to finance purchases. In 2021, digital spending increased across the Saudi economy for business-to-consumer (B2C) goods and services. Nearly half (48%) of Saudi consumers aim to increase their e-commerce spending in the coming year, with 40% mentioning the ability to purchase across borders as a major motivation for doing so. According to Checkout.com's research, 55 percent of Saudi Arabian consumers used BNPL payment methods such as Tamara in 2021, demonstrating a shift in payment preferences. Another 27% stated they have not utilized BNPL yet but want to do so in 2022.

BNPL Culture is on Rise Among Youths of Saudi Arabia

In the aftermath of the outbreak, Saudi Arabia has seen a significant surge in online short-term credit options such as buy now, pay later services. BNPL's early users are primarily Millennials and Generation Z. However, as with all new trends, a trickle-down effect will extend adoption throughout generations. According to the current data, BNPL platforms are primarily targeting a tech-savvy young audience. BNPL's quick growth illustrates that Millennials and Gen Z, who account for 75% of BNPL users, are increasingly rejecting traditional services in favor of something that better suits their financial needs. BNPL is seen by Saudi Arabia's younger generations as an easy way to buy luxury products without depleting their money.

Buy Now Pay Later Services KSA Industry Overview

The Buy Now Pay Later services market is relatively new and the market is relatively fragmented. However, a large number of players are entering the market with the approval from the Central Bank of Saudi Arabia as it had made approval mandatory for providing BNPL services. A high number of retailers is focusing on accepting these point-of-sale and online installment loans as a payment method, thereby creating growth opportunities for the BNPL solution providers in the Kingdom. The growing e-commerce industry is further expected to drive market growth over the forecast period. The major players covered in Saudi Arabia buy now pay later market report are Tamara, Tabby, Spotti, Postpay, Cashew Payments, etc

Additional Benefits:

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

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