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Saudi Arabia Mobile Payments - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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

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Report description:

The Saudi Arabian mobile payments market was valued at USD 120.96 billion last year and is expected to reach USD 229.75 billion in the next six years, registering a CAGR of 11.49% over the forecast period. The primary factor driving the growth of the Saudi Arabian 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, including 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 makeup 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 reached 62% of total transactions, including cash conducted in 2022, surpassing the 60% target set out by the Financial Sector Development Program, one of the main programs of Saudi Vision 2030.
-Moreover, Checkout.com's "Digital Transformation in MENA 2022" report shows that cash transactions in Saudi Arabia reduced from 27% in 2021 to 20% in 2022.
-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 rising need for online shopping among buyers primarily drives the e-commerce market of Saudi Arabia. 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 strengthen the e-commerce market in the country. The Kingdom has launched numerous initiatives to support e-commerce, including developing and promoting e-commerce education programs in academic institutions, building the capacity of local service providers, restructuring the postal sector, supporting e-commerce services in nonmainstream cities, and establishing guidelines for cybersecurity in e-commerce.
- Additionally, when the coronavirus initially hit Saudi Arabia, the country's government reacted swiftly by banning cash on delivery, with offline retailers requiring POS devices to accept debit and credit card payments, leading to a significant 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 initiative, the number of Fintech companies in Saudi Arabia rose to 147 in 2022, an increase of 14.7 times compared to 2018, when there were only ten companies.
- Moreover, as per Checkout.com's "Digital Payments in MENA 2022" report, more than one in ten people in Saudi Arabia spend money online at least once a day via e-commerce platforms. Additionally, 91% of Saudi shoppers regularly buy from e-commerce platforms, and 14% shop at least once daily.

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

- The Saudi Arabia mobile payments market is 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 further encourages consumers to shift towards mobile wallets as they provide ease and convenience with the best global security standards.
- 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 indicated 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, eventually

boosting the adoption of mobile payments faster. 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 to support their 5G standalone network. The operator will grow the 5G network within the country, providing better performance to end-users and meeting new government mandates.

Saudi Arabia Mobile Payments Industry Overview

The Saudi Arabian 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 of the Saudi Arabian 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 indulging in strategic partnerships and acquisitions to gain more market presence.

In May 2023, SAB partnered with Ottuto to enhance its Digital Payments Solution. This partnership was to provide SAB merchants with an Online Payment Management Solution (OPMS) using direct integration with the payment gateways offered by SAB.

In June 2022, Geidea, a leading fintech company in Saudi Arabia, announced that it entered a strategic partnership with Nayifat, one of the pioneers in the financing space in KSA. Geidea was to provide Nayifat's customers with a full suite of POS solutions as part of the collaboration. This will empower merchants to accept payments via numerous methods, including contactless cards and wearable devices through Geidea's POS terminals and Tap-on-Phone solutions.

Additional Benefits:

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

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