

**UAE Buy Now Pay Later Business and Investment Opportunities - 75+ KPIs on BNPL  
Market Size, End-Use Sectors, Market Share, Product Analysis, Business Model,  
Demographics - Q1 2025 Update**

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**Report description:**

According to PayNXT360, BNPL payment market in United Arab Emirates is expected to grow by 15.6% on annual basis to reach US\$2,843.7 million in 2025.

The BNPL market in the country experienced robust growth during 2021-2024, achieving a CAGR of 24.5%. This upward trajectory is expected to continue, with the market forecast to grow at a CAGR of 11.2% during 2025-2030. By the end of 2030, the BNPL sector is projected to expand from its 2024 value of USD 2,459.3 million to approximately USD 4,827.8 million.

This report provides a detailed data-centric analysis of the Buy Now Pay Later (BNPL) industry in United Arab Emirates, covering market opportunities and risks across a range of retail categories. With over 75 KPIs at the country level, this report provides a comprehensive understanding of BNPL market dynamics, market size and forecast, and market share statistics.

It breaks down market opportunities by type of business model, sales channels (offline and online), and distribution models. In addition, it provides a snapshot of consumer behaviour and retail spending dynamics. KPIs in both value and volume terms help in getting an in-depth understanding of end market dynamics.

PayNXT360's research methodology is based on industry best practices. Its unbiased analysis leverages a proprietary analytics platform to offer a detailed view of emerging business and investment market opportunities.

Key Insights

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The BNPL market in the UAE is experiencing rapid growth, driven by the expansion of e-commerce, diversification into new sectors, and the entry of traditional financial institutions. These trends reshape consumer payment preferences, leading to broader adoption of BNPL services across various industries.

Over the next 2-4 years, the BNPL landscape in the UAE is expected to become more competitive, with increased participation from both fintech firms and traditional banks. This evolution will likely result in more innovative and diversified BNPL offerings, further embedding flexible payment solutions into the UAE's economic fabric.

#### Rapid Growth in BNPL Adoption

- The UAE's BNPL market has grown substantially, driven by rising consumer demand for flexible payment options. Consumers increasingly opt for installment-based transactions as an alternative to credit cards, highlighting the growing preference for short-term, interest-free financing.
- E-commerce expansion has played a crucial role in driving BNPL adoption, with major providers such as Tabby, Spotti, Postpay, and Tamara forming partnerships with retailers across various sectors. Consumers gain greater access to flexible financing solutions as more merchants integrate BNPL options into their payment systems. The trend is further reinforced by the increasing reliance on digital payments in the UAE, making BNPL a seamless fit for online and offline purchases.
- As BNPL expands across retail and service industries, providers will likely introduce new financing models and partnerships to sustain market momentum.

#### Diversification of BNPL Applications

- BNPL services in the UAE are expanding beyond traditional retail, reaching sectors such as automotive and education. This shift reflects the growing demand for installment-based payments for higher-value transactions. A notable instance is Arabian Automobiles' partnership with Spotti, which introduced the region's first BNPL service for automotive sales, allowing consumers to purchase cars through flexible payment plans.
- Consumers seeking manageable and interest-free payment solutions for significant purchases drive the demand for BNPL in high-ticket transactions. BNPL providers are adapting their services to cater to this evolving demand, offering installment options for industries traditionally relying on loans or upfront payments. As financial accessibility remains a priority, BNPL providers increasingly target non-retail sectors to diversify their revenue streams.
- Over the next 2-4 years, the expansion of BNPL into new sectors is expected to accelerate, broadening adoption across various industries. Installing installment-based payments for high-value goods and services will encourage consumers to make large-scale purchases, driving overall spending. As a result, BNPL providers will likely develop customized financing models tailored to different sectors, further solidifying their role in the UAE's digital payments ecosystem.

#### Entry of Traditional Financial Institutions into BNPL

- Traditional financial institutions in the UAE are entering the BNPL market to capitalize on the growing demand for installment-based payments. Abu Dhabi Islamic Bank (ADIB) has partnered with Spotti to launch a virtual BNPL prepaid card, enabling customers to split purchases into flexible installments. This move signals a shift in how banks integrate BNPL offerings to complement their existing credit and financing products.
- The increasing adoption of BNPL among consumers has prompted banks to explore partnerships with established providers rather than developing standalone solutions. By collaborating with fintech companies, traditional banks can leverage existing BNPL infrastructure while expanding their product portfolios. This approach allows financial institutions to remain competitive in the evolving digital payments landscape and cater to consumer preferences for alternative credit options.
- Over the next 2-4 years, banks' involvement in BNPL is expected to enhance trust and regulatory compliance within the sector. Consumers may be more inclined to use BNPL services established banks offer, leading to broader adoption. Additionally, the entry of financial institutions could lead to more structured and regulated BNPL products, ensuring responsible lending while maintaining the flexibility consumers seek.

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## Competitive Landscape and Regulatory Developments in United Arab Emirates's Buy Now, Pay Later (BNPL) Market

The UAE's BNPL market is highly competitive and rapidly evolving. Local players such as Tabby, Spotii, and Tamara dominate, while new entrants and banks are entering the space. As BNPL expands into new sectors, such as healthcare and automotive, competition will continue to increase, leading to further market innovation and consolidation. The CBUAE's regulatory changes in 2023 have introduced strict oversight and licensing requirements, ensuring BNPL providers operate within a structured financial framework. Over the next few years, regulations will shape the future of BNPL, promoting consumer protection while allowing for continued growth and market expansion.

### Current State of the BNPL Market

- The BNPL market in the UAE has expanded rapidly, fueled by growing consumer demand for flexible payment solutions and the rise of digital commerce. The increasing preference for BNPL reflects shifting financial habits, particularly among younger consumers and expatriates seeking alternative credit solutions.
- The UAE's BNPL sector is projected to continue its strong growth trajectory over the next five years. The expansion of e-commerce, partnerships with retailers, and entry of financial institutions are expected to drive wider adoption. As competition intensifies, BNPL providers will likely focus on service diversification and user-friendly payment models to maintain market share.

### Key Players and New Entrants

- Tabby - One of the UAE's leading BNPL providers, recently secured US\$700 million in debt financing from JPMorgan.
- Tamara - A Saudi-based provider expanding aggressively in the UAE market.
- Spotii - A BNPL provider partnered with Abu Dhabi Islamic Bank (ADIB) to integrate flexible payment options into banking services.
- Postpay and Cashew - Both players partner with retailers and financial institutions to expand their BNPL offerings.
- International entrants such as Klarna and Alif also expanded into the UAE, increasing market competition.

### Recent Launches, Mergers, and Acquisitions

- The UAE's BNPL market has seen significant financial investments and strategic expansions in recent months. In November 2023, Tabby secured an additional US\$250 million in Series D funding, reinforcing its position as the country's leading BNPL provider. This funding enables Tabby to scale its services, expand partnerships, and maintain its competitive edge against emerging players in the market.
- Beyond retail, BNPL services are diversifying into new sectors. In September 2023, Tabby partnered with Arabian Automobiles, extending BNPL to vehicle maintenance and repairs, signaling the expansion of installment-based payments beyond traditional shopping. This move highlights the potential for BNPL to penetrate industries with limited flexible financing options.
- New entrants and collaborations between fintech firms and banks are also reshaping the market. Alif, a global fintech firm, entered the UAE in September 2023, introducing BNPL and remittance services to compete with existing players. Additionally, Abu Dhabi Islamic Bank (ADIB) launched a BNPL virtual prepaid card in partnership with Spotii, integrating BNPL into banking services. These developments indicate increased competition and further integration of BNPL into the UAE's financial ecosystem.

### Outlook

- This sustained growth will be driven by increasing consumer demand for flexible financing options and expanding BNPL offerings into new sectors. As more consumers shift away from traditional credit models, BNPL is expected to solidify its role as a preferred payment method.

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- Beyond retail, BNPL is expanding into healthcare, education, automotive, and travel, broadening its adoption across a wider demographic. Introducing installment-based payments in these industries will enable consumers to finance essential services, further embedding BNPL into the UAE's financial ecosystem. As a result, BNPL providers will continue innovating their offerings to cater to industry-specific needs and customer preferences.
- The competitive landscape will evolve as traditional banks enter the BNPL space by launching their services or partnering with fintech firms. This shift will drive increased regulation and oversight, ensuring BNPL providers maintain financial transparency and responsible lending practices. As the UAE Central Bank strengthens its regulatory framework, BNPL companies must adapt to compliance requirements while expanding their market reach.

## Regulatory Changes

- To enhance consumer protection, the CBUAE has mandated that BNPL providers disclose all fees and repayment terms transparently. Additionally, total fees, including late payment charges, cannot exceed 30% of the loan amount, preventing excessive consumer debt burdens. These measures ensure that consumers are fully aware of the costs associated with BNPL transactions and protect them from predatory lending practices.
- As BNPL adoption grows, the CBUAE is enforcing responsible lending practices to mitigate risks associated with over-indebtedness. The new framework encourages financial sustainability, requiring providers to assess borrowers' repayment capacity before extending BNPL services. These regulatory changes will shape the future of BNPL in the UAE, balancing market expansion with financial security and ensuring that BNPL remains a viable and regulated payment option.

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