



RESULTS
2021



SAUDI ARABIA **NATIONAL FINTECH ADOPTION SURVEY**



INTRODUCTION

Welcome to Fintech Saudi's National Fintech Adoption Survey Results!

Since the launch of Fintech Saudi, we are pleased to have seen the fintech industry in Saudi Arabia advance forward. Whilst supporting the growth of the fintech industry, we also need to evaluate the demand for fintech solutions, track the level of fintech adoption and understand the barriers that are preventing more users from embracing fintech solutions.

The National Fintech Adoption Survey is the first of its kind in Saudi Arabia and was conducted by Fintech Saudi at the beginning of 2021 to measure the level of fintech adoption in the Kingdom and understand how the fintech industry is supporting individuals and companies.

We are pleased to present the survey results in five areas:



CASH USAGE



FINTECH ACTIVITY



**BANKING
RELATIONSHIP**



OPEN BANKING



**ENVIRONMENTAL, SOCIAL
AND GOVERNANCE (ESG)**

This report provides a summary of the key insights from the survey, which will be built upon in the coming years.

We would also like to take this opportunity to thank our partners that supported us in promoting the survey and all the companies and individuals that took the time to complete the survey and contribute to the results. Thank you for helping to shape the future of the fintech industry in Saudi Arabia!

We hope that you find the National Fintech Adoption Survey Results useful and we would love to hear your feedback on how the survey can be improved.

Sincerely,

The Fintech Saudi Team

SURVEY KEY FINDINGS



The majority of the population still **use cash once a week** but overall cash usage is declining



There are **regional and age disparities** in the use of cash



3 out of 4 individuals have used at least one fintech solution but age, tech savviness and regional disparities remain



E-payments activity is **the biggest contributor** to fintech adoption



Only **2 out of 10** customers visited their bank branch in the last month and 93% of customers primarily conduct their banking activities electronically



9 Out of 10 customers trust their primary bank relationship and 84% believe that they receive a good service from their bank



Just over **half** of individuals are concerned about sharing their data for a better service



Customers are looking for fintech solutions that can support them with **payments, investments and saving** more



6 Out of 10 customers consider environmental, social and governance goals of a company when choosing a financial services provider

CASH USAGE

THE MAJORITY OF THE POPULATION STILL USE CASH ONCE A WEEK BUT OVERALL CASH USAGE IS DECLINING

A major target of Saudi's Vision 2030 is to move towards a cashless society and increase the number of non-cash transactions to **70%** in 2025. The COVID-19 outbreak has led to an acceleration in cashless activity with digital payments increasing by **75%** over the last year, whilst cash withdrawals from ATMs and other payment points have declined by **30%** over the same period. ¹

Whilst the overall number of transactions carried out using cash have reduced, our survey results show that nearly **60%** of individuals still use cash at least once a week and **1 out of 4** use cash every day.

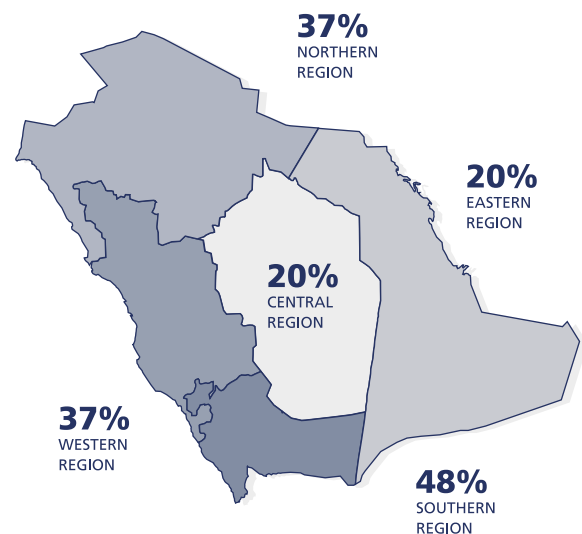
HOW OFTEN DO THE RESPONDENTS USE CASH



THERE ARE REGIONAL, AGE DISPARITIES IN THE USE OF CASH

In the Central Region (which includes Riyadh) and Eastern Region, just under **20%** of the population use cash every day. However, in the Southern Region, nearly half the population use cash every day.

PERCENTAGE IN EACH REGION THAT USE CASH EVERYDAY

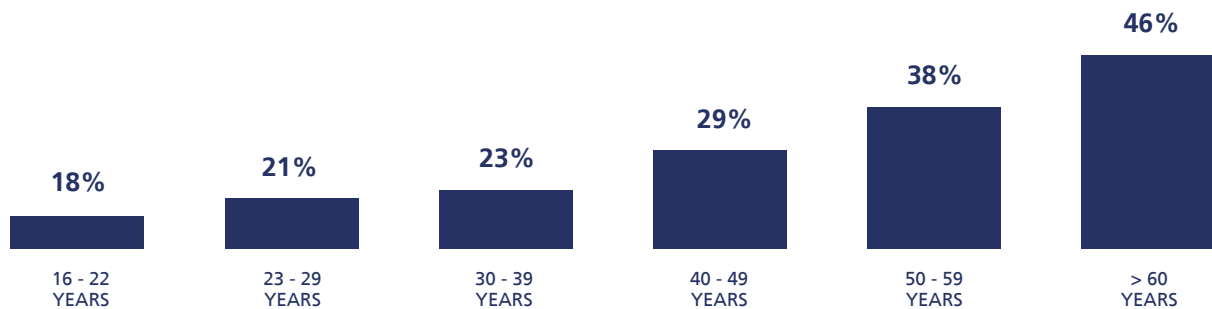


1: Financial Sector Development Program

CASH USAGE

We also see a strong correlation between age and use of cash every day. **18% of 16-22 year olds** use cash every day, which increases to **46% of 60 years and above** using cash every day.

PERCENTAGE OF EACH AGE GROUP THAT USE CASH EVERYDAY



INSIGHT

CASHLESS ACTIVITY IS EXPECTED TO CONTINUE TO GROW



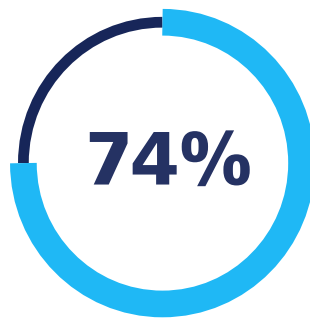
As we transition out of the pandemic, the cashless habits that have been formed are expected to remain. Together with increased spending from younger consumers that already use low levels of cash, growth in e-commerce, stronger digital payments infrastructure and government support, cashless activity is expected to continue to grow.

FINTECH ACTIVITY

3 OUT OF 4 INDIVIDUALS HAVE USED AT LEAST ONE FINTECH SOLUTION BUT AGE, TECH SAVVINESS AND REGIONAL DISPARITIES REMAIN

74% of individuals have used at least one fintech solution. Whilst the adoption rate between men **75%** and women **73%** is similar, our analysis shows disparities in fintech adoption related to tech savviness, region and age.

PERCENTAGE OF INDIVIDUALS IN EACH AGE GROUP THAT USE AT LEAST ONE FINTECH SOLUTION

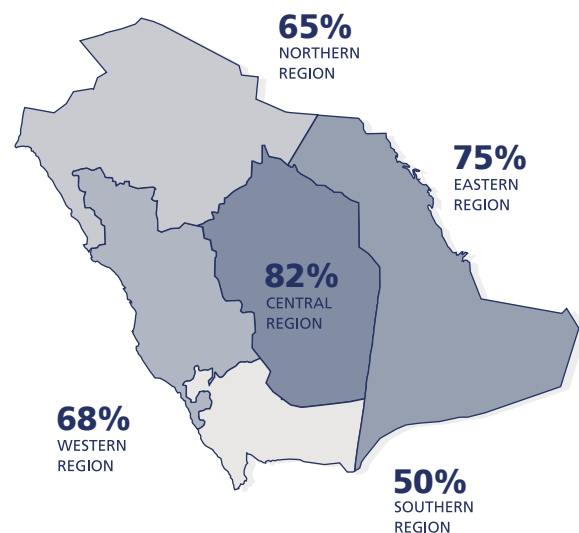
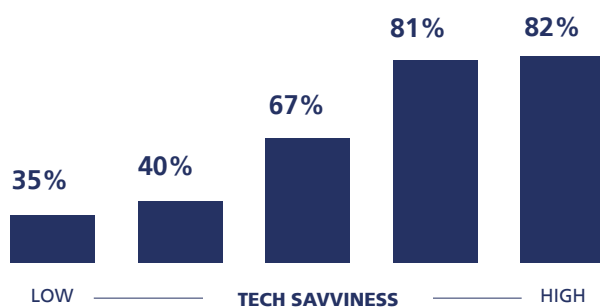


With respect to regions, Central Region (which includes Riyadh) has the highest rate of fintech adoption at **82%** followed by the Eastern Region **75%**, Western Region **68%** and Northern Region **65%**. The Southern Region has the lowest rate of fintech adoption with only **50%** of individuals having used at least one fintech solution.

PERCENTAGE OF INDIVIDUALS IN EACH REGION THAT USE AT LEAST ONE FINTECH SOLUTION

There is a strong correlation between the tech savviness of individuals and their level of fintech adoption. This ranges from **35%** for individuals with the lowest level of tech savviness to **82%** for individuals with the highest level of tech savviness.

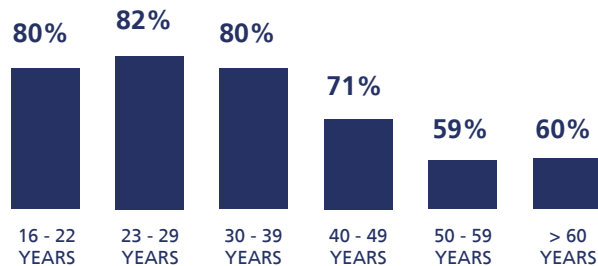
PERCENTAGE OF FINTECH ADOPTION BY THE LEVEL OF TECH SAVVINESS OF THE RESPONDENTS



FINTECH ACTIVITY

We also see a strong correlation between age and the level of fintech adoption. Fintech adoption for individuals between **16 to 39 years old** remains above **80%** with **23-29 year olds** having the highest level of fintech adoption at **82%**. For **50 years and above**, the level of fintech adoption drops to around **60%**.

PERCENTAGE OF INDIVIDUALS THAT USE AT LEAST ONE FINTECH SOLUTION

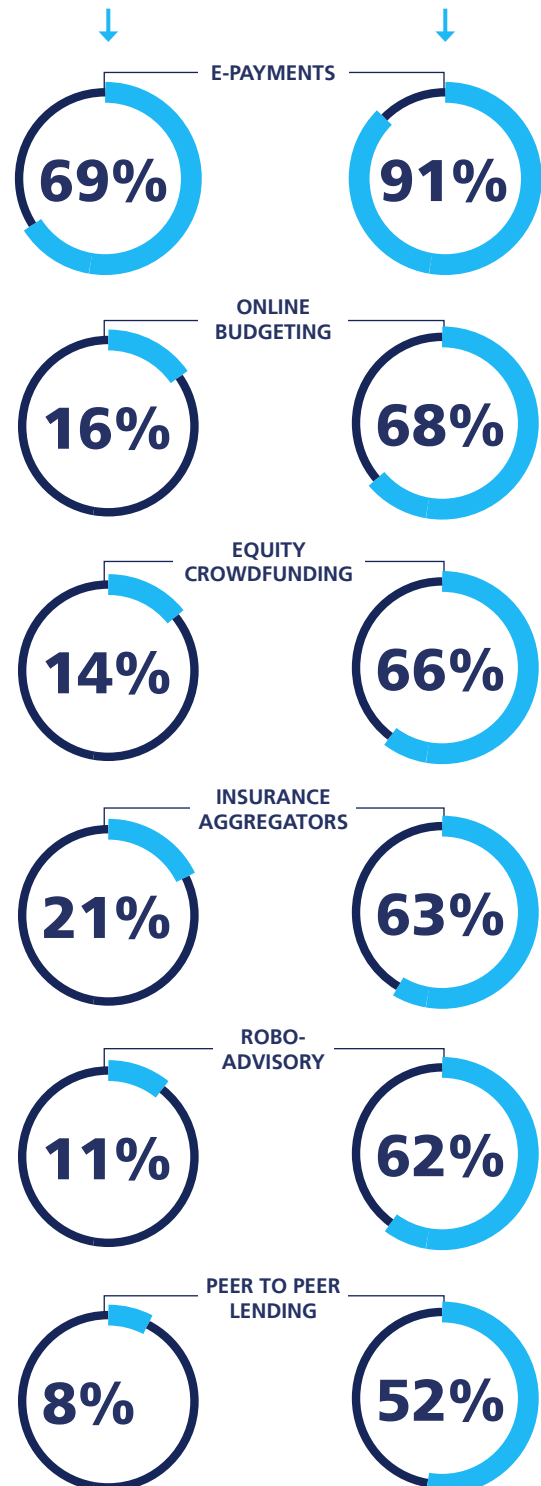


E-PAYMENTS ACTIVITY IS THE BIGGEST CONTRIBUTOR TO FINTECH ADOPTION

E-Payments activity has provided the largest contribution to fintech adoption. **91%** of individuals have heard of e-payments with **69%** of individuals regularly using e-payment solutions. A robust payment law introduced by the Saudi Central Bank, acceleration in cashless activity and the prominence of a number of large and well known e-payment fintech companies have contributed to the growth in e-payments. The launch of Sarie, the Instant Payment System by Saudi Payments is also expected to contribute to a further growth in e-payments.

EXPERIENCE IN USING A SOLUTION

AWARENESS OF SOLUTION



FINTECH ACTIVITY

Whilst fintech adoption levels for other fintech activities are currently low (**ranging from 8% to 21%**), the respondents are familiar with the activities. **Over 60%** of individuals have heard of activities such as online budgeting / financial planning **68%**, equity crowdfunding **66%**, insurance aggregators **63%** and robo-advisory **62%**. We therefore expect adoption in these activities to increase in the future, as regulations are developed and more fintech companies providing such solutions enter the market.

INSIGHT

E-PAYMENTS DRIVEN FINTECH ADOPTION



In many markets, the first introduction to fintech activity for individuals tends to be e-payment solutions. Customers may use a solution such as an e-wallet to transfer funds or make digital payments. For many individuals, this may also be the first non-banking solution that they use. If individuals receive a good experience in e-payments, they are more likely to consider other non-banking digital financial services solutions, which supports greater adoption in other areas of fintech activity.

CUSTOMERS ARE LOOKING FOR FINTECH SOLUTIONS THAT CAN SUPPORT THEM WITH PAYMENTS, INVESTMENTS AND TO SAVE MORE

Despite the high level of e-payments activity, **65%** of individuals and companies are in search of fintech solutions that can help them to make payments faster, cheaper and easier. This suggests that whilst customers have adopted the current generation of e-payment solutions, there remain pain points in payments where customers need support.

Solutions that support investing and saving were also a priority for individuals. **51%** of individuals were looking for solutions that could help them to invest more easily and **39%** of individuals were looking for solutions that could assist them with budgeting / saving.

TOP 3 REASONS CUSTOMERS USE FINTECH SOLUTIONS:



24/7
AVAILABILITY



BETTER CUSTOMER
EXPERIENCE



BETTER TECHNOLOGY,
FUNCTIONS AND
FEATURES

FINTECH ACTIVITY

TOP 3 AREAS WHERE INDIVIDUALS ARE LOOKING FOR MORE SUPPORT



65%

MAKE PAYMENTS
FASTER, CHEAPER, EASIER



51%

INVEST MORE EASILY



39%

SUPPORT WITH
BUDGETING & SAVING

6 OUT OF 10

WANT TO USE FINTECH SOLUTIONS
THAT ARE BASED LOCALLY

TOP 4 AREAS WHERE COMPANIES ARE LOOKING FOR MORE SUPPORT



65%

MAKE PAYMENTS
FASTER, CHEAPER, EASIER



47%

IMPROVE / AUTOMATE
BUSINESS OPERATIONS



43%

SOLUTIONS TO RAISE
CAPITAL



42%

IMPROVE BUSINESS
SECURITY

Companies were looking for solutions that could help them improve their business activities. **47%** of companies were looking for solutions to improve / automate their business operations, **43%** were looking for solutions to help them raise capital and **42%** were looking for solutions to help them improve their business security.

When looking for a new fintech solution, **46%** of respondents conduct personal research (comparison sites, review sites, forums etc.), **25%** ask their network (friends, family, business associates etc.) and **21%** consult with their bank.

HOW RESPONDENTS LOOK FOR A NEW FINTECH SOLUTION



PERSONAL RESEARCH

46%

25%

FRIENDS AND FAMILY



BANK

21%

8%

OTHER



BANKING RELATIONSHIP

9 OUT OF 10 CUSTOMERS TRUST THEIR PRIMARY BANK RELATIONSHIP AND 84% BELIEVE THAT THEY RECEIVE A GOOD SERVICE FROM THEIR BANK

93% of respondents confirmed that they trust their bank. In well-regulated banking sectors, customers tend to trust their bank as custodians of their wealth. However, some banking sectors suffered a deterioration in customer trust levels after the **2008 / 2009** financial crises. The Saudi banking industry avoided much of the fallout from the financial crises, which may explain why high levels of customer trust remain.

Our survey results also showed that **84%** of respondents believe they receive a good service from their bank and **83%** are satisfied with the digital services provided by their bank. The high levels of satisfaction maybe partially explained by the investment made by Saudi banks into their digital services over the last few years.



TOP 3 REASONS CUSTOMERS DO NOT USE FINTECH SOLUTIONS:



BANK SERVICES MEET MY NEEDS



NOT HEARD ABOUT THE FINTECH SOLUTIONS



DO NOT UNDERSTAND THE FINTECH SOLUTIONS

However, there is also evidence to suggest that outside of e-payments, there maybe less awareness about the benefits of other non-banking solutions. When asked why customers were reluctant to use fintech solutions, two out of the top three reasons provided were either they had not heard about them or did not understand them. In addition, **4 out of 10** respondents confirmed that a better understanding of the benefits would incentivise them to try new fintech solutions.

4 OUT OF 10

MORE LIKELY TO USE FINTECH SOLUTIONS IF THEY BETTER UNDERSTAND THE BENEFITS

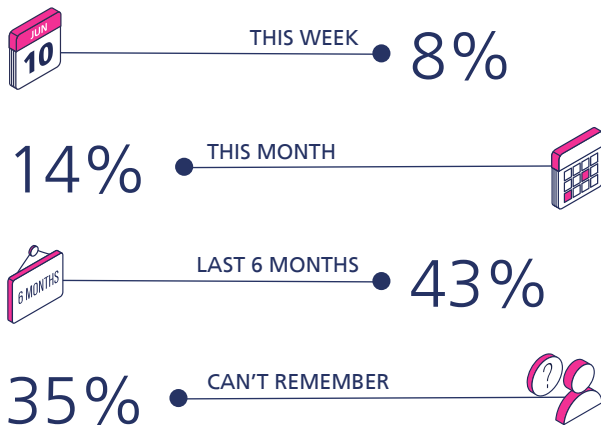


BANKING RELATIONSHIP

ONLY 2 OUT OF 10 CUSTOMERS VISITED THEIR BANK BRANCH IN THE LAST MONTH AND 93% OF CUSTOMERS PRIMARILY CONDUCT THEIR BANKING ACTIVITIES ELECTRONICALLY

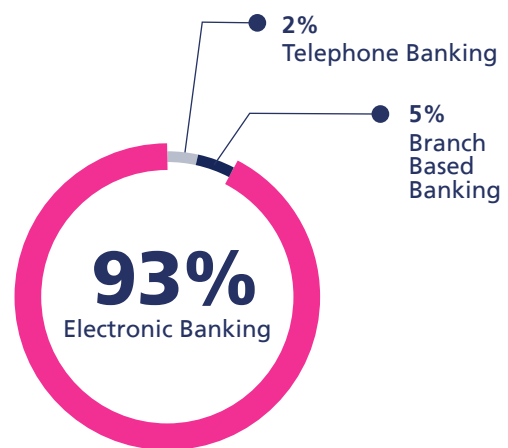
Whilst the bank remains at the centre of the customer's financial activities, only **22%** of customers visited their bank branch in the last month and **35%** of customers were not able to recall the last time that they visited their bank branch.

THE LAST TIME RESPONDENTS VISITED A BANK BRANCH



In addition, **93%** of respondents confirmed that they primarily conduct their banking activities electronically (through internet banking or their mobile banking app) and only **5%** of respondents primarily conduct their banking activities through bank branches.

PRIMARY WAY CUSTOMERS CONDUCT BANKING ACTIVITIES



Although these results may have been impacted by the disruptions caused by the COVID-19 pandemic, which restricted individuals from visiting their bank branch, the longer term trend of a growth in digital services suggests that electronic banking activities will continue to grow whilst the need for customers to visit bank branches will decline.

OPEN BANKING

INSIGHT

WHAT IS OPEN BANKING?



Open banking is the process of opening up of bank's transaction data to third parties such as other banks and fintech companies in order to boost innovation and improve products and services for customers. The main principle behind Open Banking is that customers are in control of their bank transaction data and if they choose to, they can provide explicit and informed consent to their data being shared securely with third parties in return for receiving better financial products and services.

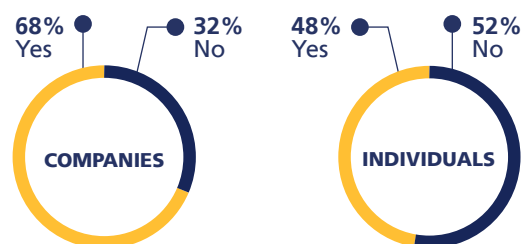
JUST OVER HALF OF INDIVIDUALS ARE CONCERNED ABOUT SHARING THEIR DATA FOR A BETTER SERVICE

Our survey found that just over half of individuals **52%** and a third of companies **32%** would not be comfortable with sharing their bank data with third parties for a better service. Out of the respondents that disclosed that they would be comfortable with sharing their bank data, **86%** of respondents confirmed that they would want their data to be shared with regulated financial services companies.

Whilst the results suggest that individuals are sensitive about sharing their data, the levels are not dissimilar to what has been witnessed in other developed markets when Open Banking was first introduced. Open Banking is expected to be introduced in Saudi Arabia in **2022**. Once customers experience the benefits of Open

Banking, we expect there to be an increase in the number of individuals that are comfortable with sharing their data.

PERCENTAGE OF RESPONDENTS THAT ARE WILLING TO SHARE THEIR DATA WITH THIRD PARTIES FOR A BETTER SERVICE



ENVIRONMENTAL, SOCIAL AND GOVERNANCE

INSIGHT

WHAT IS ESG?

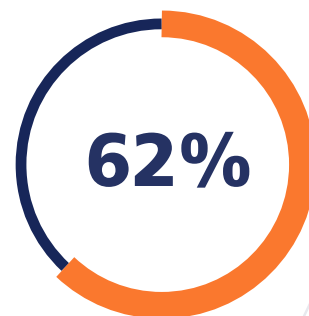


ESG refers to the consideration of the environmental, social and governance goals of a company that drives the company's sustainability impact and activities in society. Globally, ESG in financial services is gaining increasing importance with customers considering more ethical investments and evaluating ESG goals of a company as part of their selection process in choosing financial services providers.

6 OUT OF 10 CUSTOMERS CONSIDER ENVIRONMENTAL, SOCIAL AND GOVERNANCE GOALS OF A COMPANY WHEN CHOOSING A FINANCIAL SERVICES PROVIDER

62% of customers consider environmental, social and governance goals to be **an important factor** in their decision making when choosing a financial services provider. As customers prioritise ethically-led products and services, we expect more financial services companies including fintech companies to position themselves and their activities to align with their customer's needs.

PERCENTAGE THAT CONSIDER THE ESG GOALS OF COMPANY WHEN CHOOSING A FINANCIAL SERVICES PROVIDER

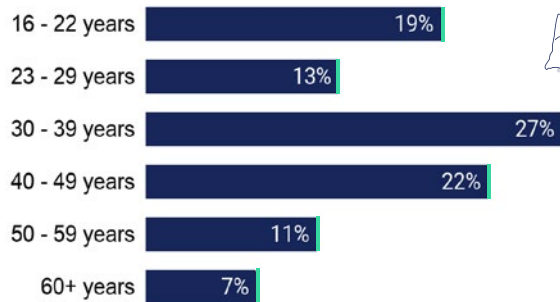


ABOUT THE SURVEY

INDIVIDUAL RESPONDENTS

2297
RESPONDENTS

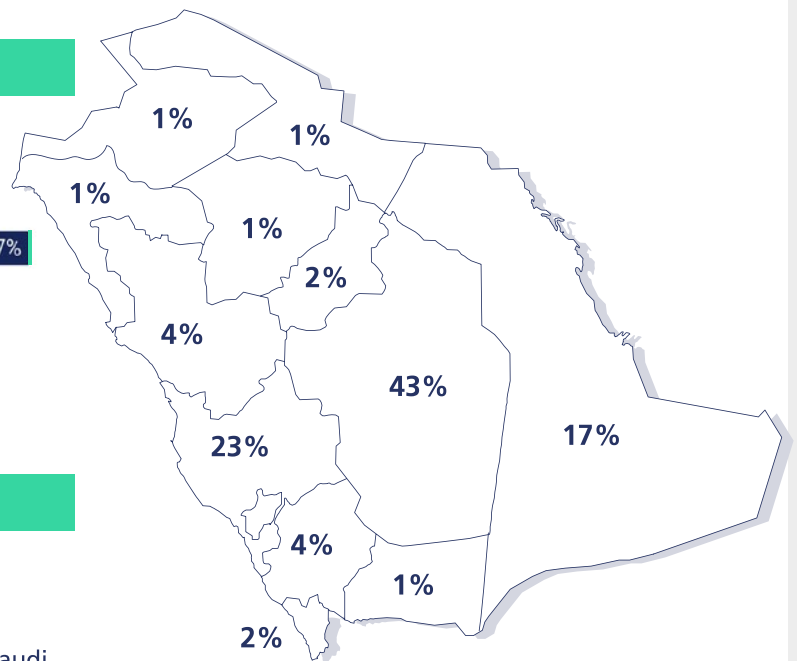
AGE



NATIONALITY



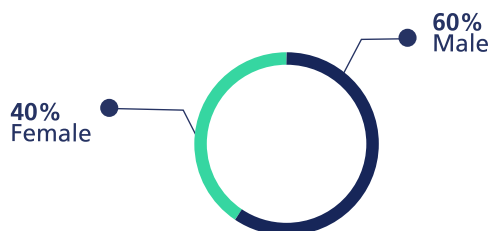
GEOGRAPHIC LOCATION



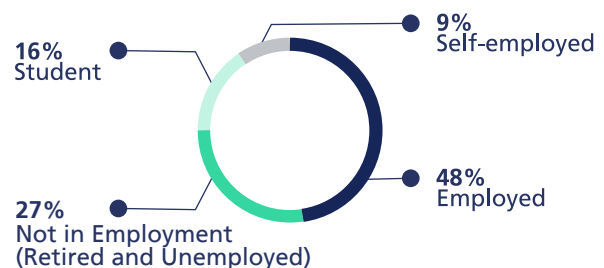
3.9

THE AVERAGE RESPONSE TO RATING THE RESPONDENTS TECH SAVVINESS LEVEL OUT OF 5

GENDER



EMPLOYMENT STATUS



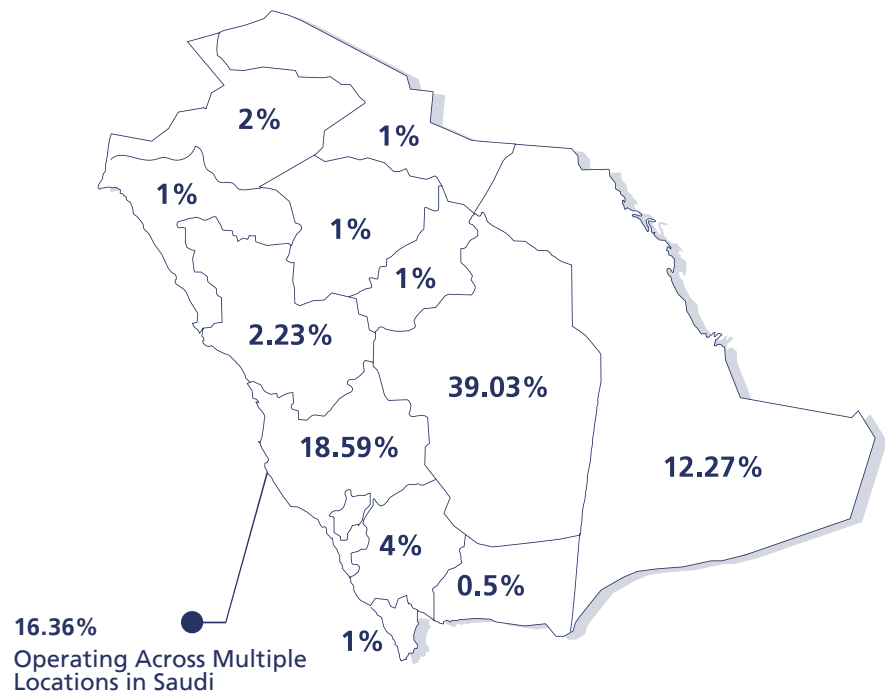
* NOTE: ALL THE DATA WAS NORMALIZED TO REFLECT THE DEMOGRAPHICS OF THE SAUDI POPULATION

ABOUT THE SURVEY

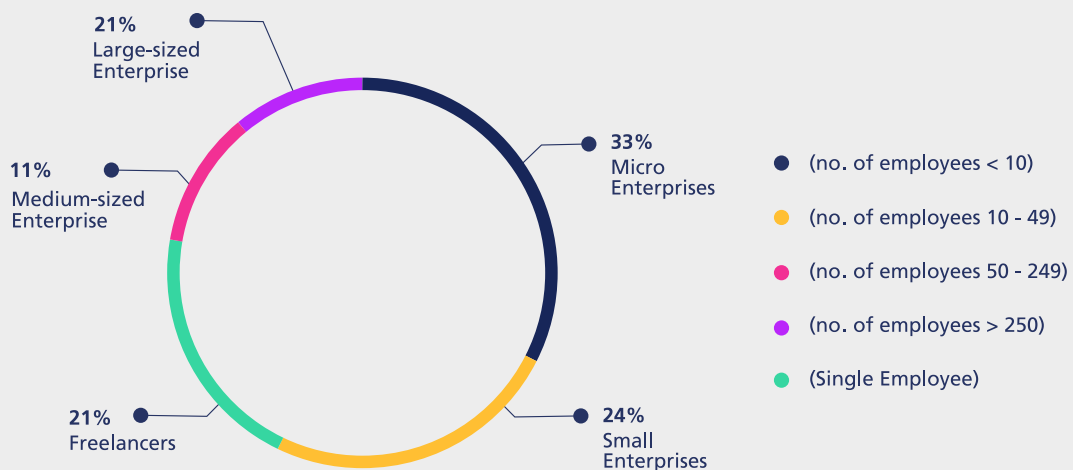
COMPANY RESPONDENTS

237
RESPONDENTS

GEOGRAPHIC LOCATION



COMPANY RESPONDENTS BY THEIR SIZE



* NOTE: ALL THE DATA WAS NORMALIZED TO REFLECT THE COMPOSITION OF COMPANIES ACROSS SAUDI ARABIA

THANK YOU

Thank you to our partners that supported us in promoting the National Fintech Adoption Survey throughout the Kingdom

