



## Middle East FinTech Study

June 2020



MAKING AN  
IMPACT THAT  
MATTERS  
*Since 1845*

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# At a glance



**Rushdi Duqah**  
Deloitte Middle East  
Digital Leader



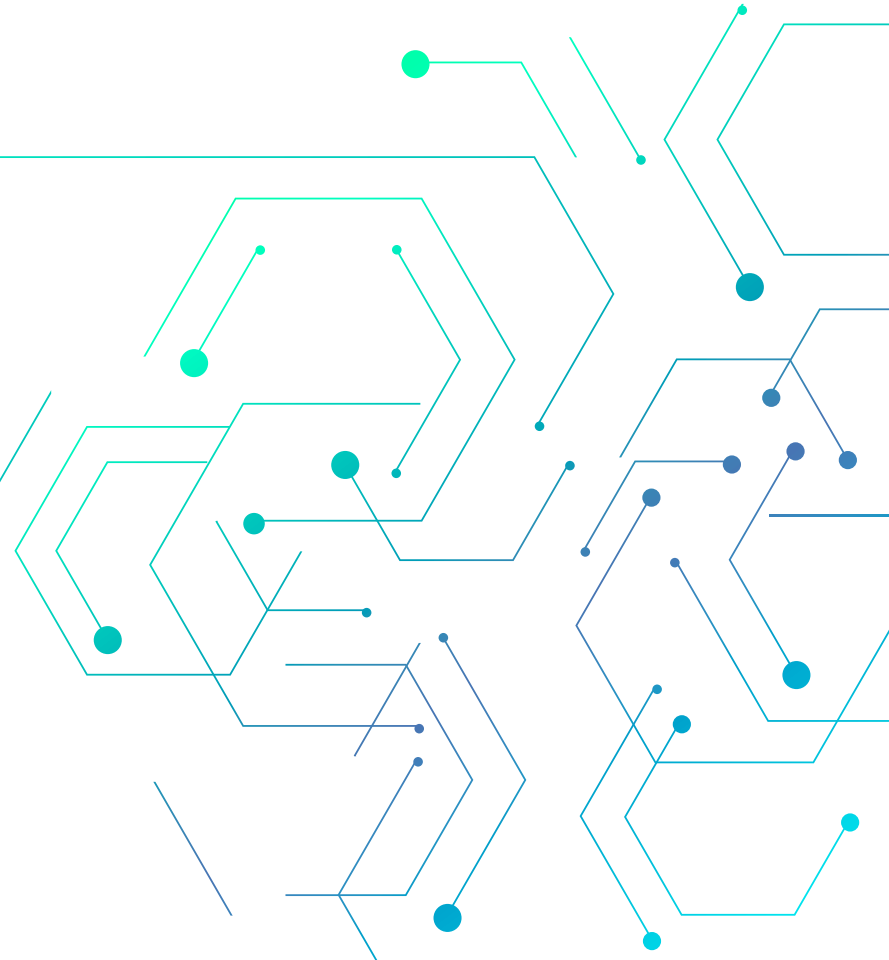
**Anthony Yazitzis**  
Financial Services &  
FinTech Partner

## Our ambition

Our ambition is to provide insights that increase transparency on the evolution of the Middle East FinTech ecosystem, and to strengthen the cooperation between banks and FinTechs, enabling banks to offer their customers innovative value propositions.

## Our purpose

The purpose of this report is to serve as a decision-making tool and to shed light on one of the world's highest-potential ecosystems. To achieve that, we have captured the point of view of digital leaders, who represent banks, regulators, governmental agencies, and FinTech entrepreneurs, as well as captured the voice of Middle East banking customers.



# At a glance

## Key findings

### Limited alignment between customer expectations and bank offerings

The FinTech ecosystem in the Middle East is characterized by a certain degree of contradiction and dichotomy:

- The ecosystem is evolving rapidly when it comes to deploying innovative solutions, however it is struggling to attract additional financing that will boost its footprint and impact.
- Banks are keen to engage with FinTechs in a broad range of exploratory projects, however, they are reluctant to integrate FinTechs into their strategy, as they prefer to follow a “wait and see” approach.
- Customer behavior across the Middle East, especially in KSA, is characterized by a willingness to adopt innovative solutions offered by banks; in particular, when it comes to peer-to-peer money transfers, account aggregation and automated investment advice.
- However, banks are not leveraging the full suite of FinTech solutions/features to address customers’ needs and requirements to enhance the daily banking journey and experience.

## The way forward

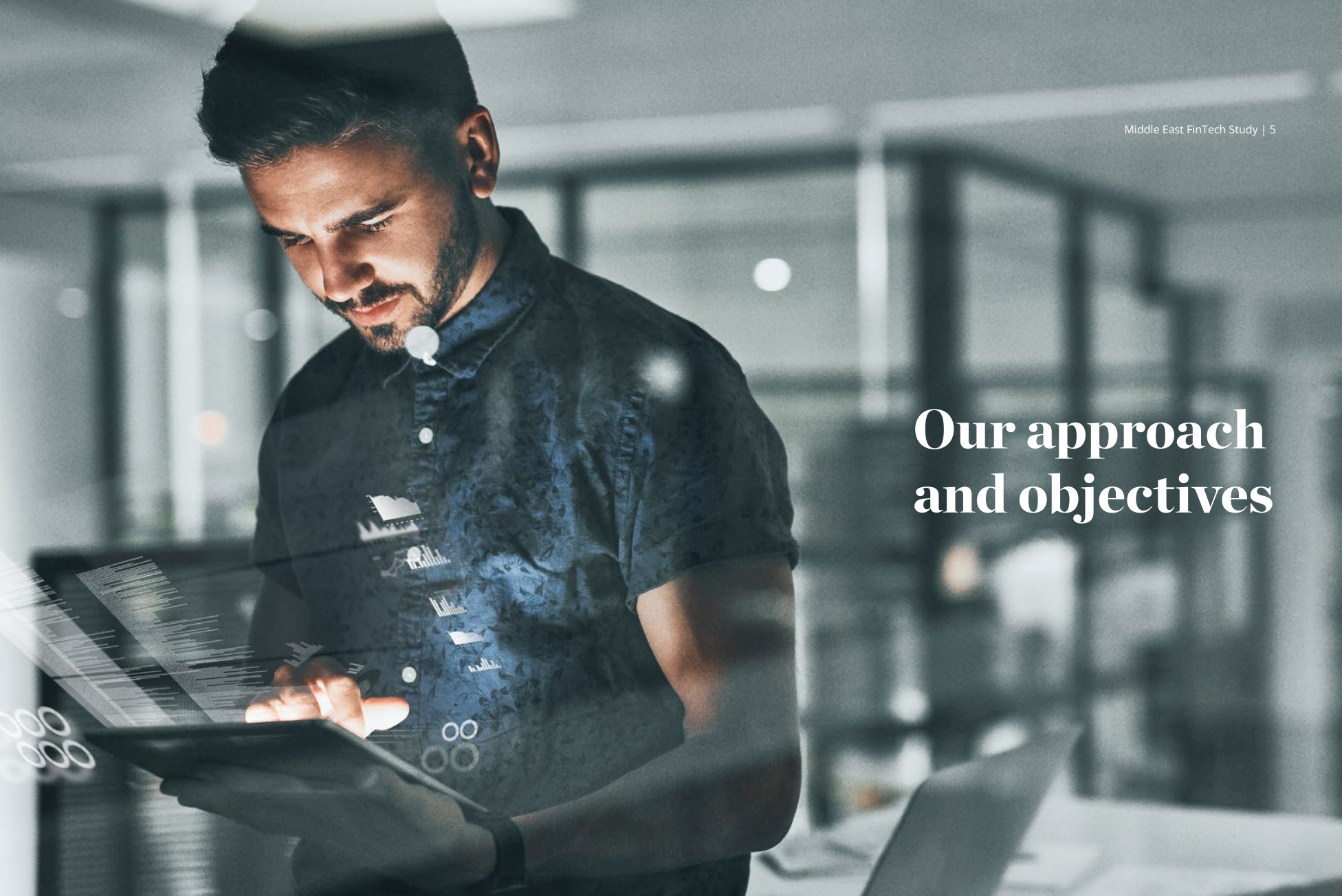
### Harmonization and trust

Two key levers require urgent attention to enable the Middle East FinTech ecosystem to reach its potential:

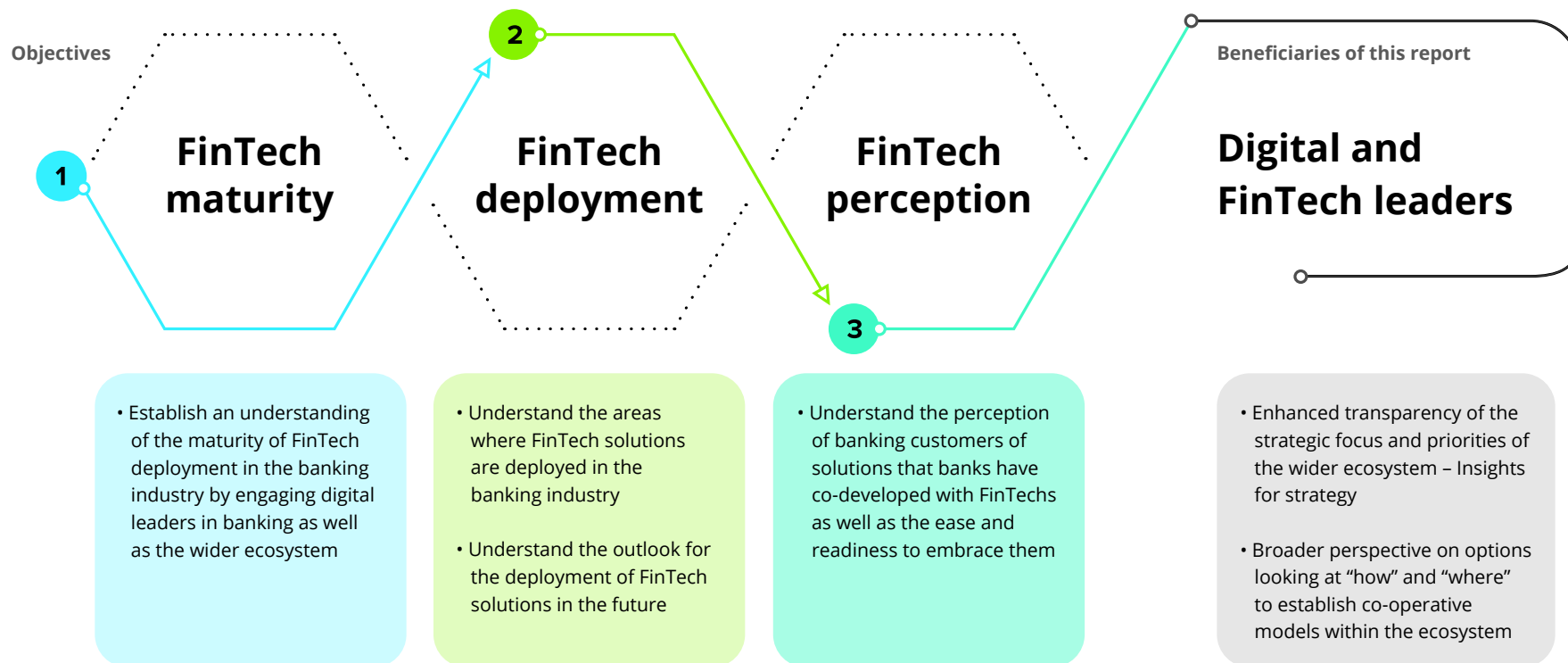
- Regulatory harmonization within each of the countries in the Middle East FinTech ecosystem and ultimately across several Middle East countries.
- Developing trusting relationships between banks and FinTechs and integrating the latter in banking strategies, on the basis of a long-standing partnership to meet increasing customer expectations.



# Our approach and objectives



The target audience for this report is digital leaders in banking, FinTechs and the wider ecosystem



We gathered a set of insights from 1,500 banking customers and more than 50 digital leaders in the Middle East

Digital leaders

Face to face interviews



> **50**

Digital leaders

Banking executives

Regulators

Governmental agencies

Banking customers

Face to face interviews and a survey



~ **1500**

Customers

20-50 age group


Age

Income


Bankability

Countries in scope


BAHRAIN




EGYPT




JORDAN




KSA




KUWAIT




LEBANON




OMAN



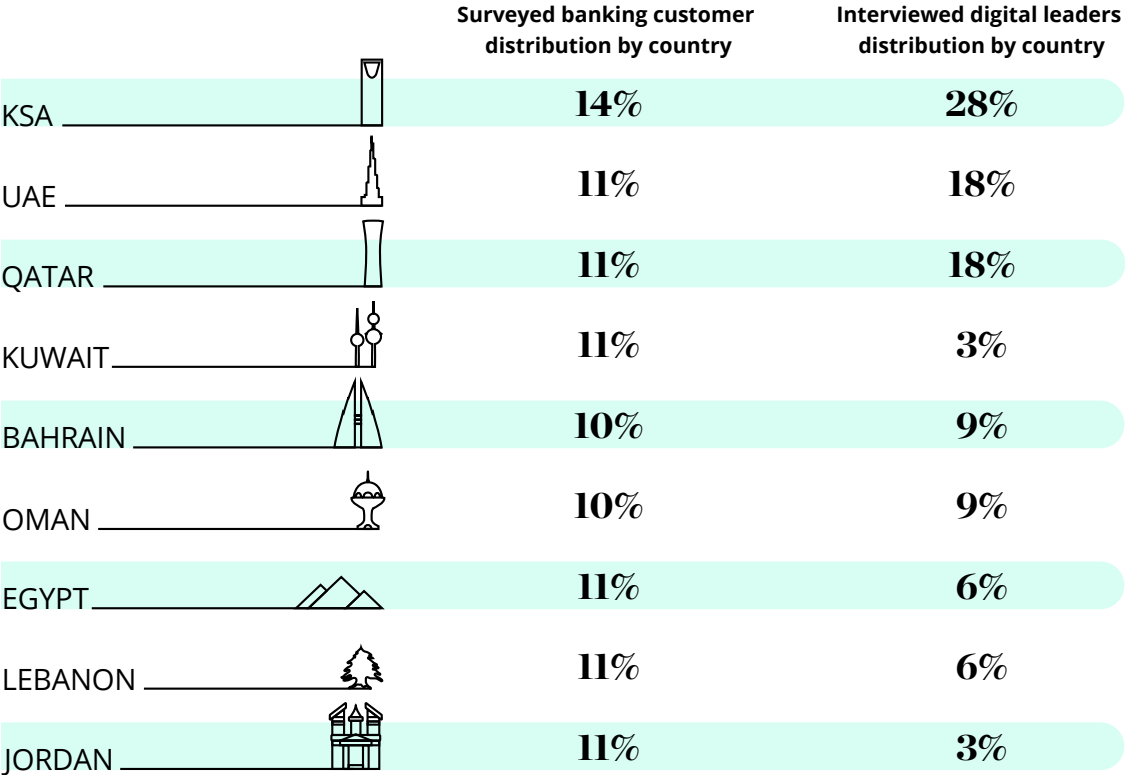
QATAR



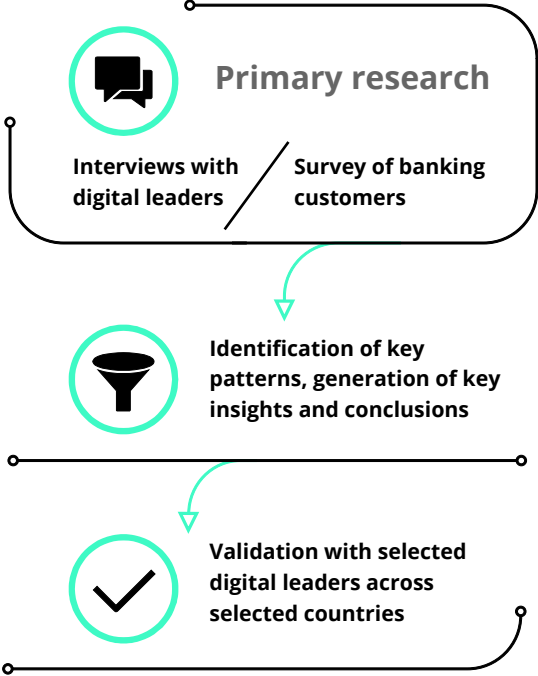
UAE



# Breakdown of banking customers and digital leaders



## Methodology







# Middle East digital leaders' views on FinTech solutions

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“In the Middle East banking sector, FinTechs are considered as legitimate players of an emerging ecosystem. However, to date, they have yet to be deployed by banks as their strategic partners.”

**Anthony Yazitzis**

Financial Services & FinTech Partner





# What banking executives in the Middle East think about FinTechs

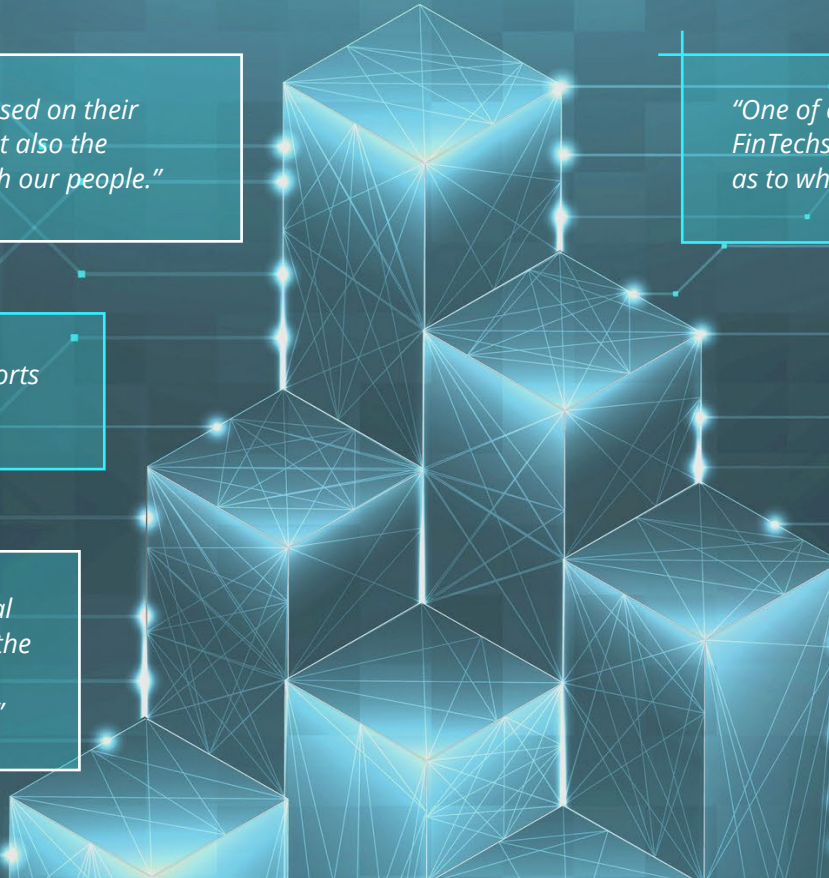
*"We select FinTechs based on their proposed solutions but also the cultural fit to work with our people."*

*"One of our executives was keen to bring FinTechs on board...there is no plan though as to what should happen next."*


*"FinTechs add to our PR efforts to refresh our brand."*

*"We want to meet more FinTechs than those that have already approached us before we select with whom we will partner."*

*"FinTechs will become an integral part of our next strategy within the next year, although we have not considered them actively so far."*



# What banking executives in the Middle East think about FinTechs



*"FinTechs are key to our future growth strategy – they help us reach more customers and develop more relevant propositions for certain customer groups."*

*"FinTechs are our strategic partners and we treat them like that as well."*

*"We have a window of two years before FinTechs enter the market. Until that point our FinTech strategy is 'wait and see.'"*

*"We don't need to partner with FinTechs; our people can deliver the same solutions better and faster."*

# Key take-aways – FinTech deployment in banking

## In-house or wait and see

Banks have two views regarding the necessary capabilities, either to build in-house FinTech-like capabilities or follow a “wait and see” approach with an aim to become fast followers once the “FinTech dust” has settled.



## A positive perception

FinTechs are perceived by the majority of banks as enablers. Most banks consider FinTechs as legitimate players of an emerging banking ecosystem, but without a clear role yet.

## Exploratory role

Banks are in an exploratory phase of how to best cooperate with FinTechs and where to deploy the solutions. Cooperation is currently driven by select individuals in organizations i.e. executives, PR and marketing.

## ‘Filling the gap’ role

A few banks currently deploy FinTechs in a targeted fashion to initially address certain capability gaps within their business and will then gradually expand over broader functional areas.



## A strategic partner

Banks aim to deploy selected FinTechs in strategic projects to enhance their product depth through augmentation or to increase their network distribution.



## Middle East banks have reacted differently to FinTechs... (1/2)



### **"Intense discussions but limited partnering"**

Other banks are considering options of co-creation of "white label products" with FinTechs, e.g. in the micro-lending business for (very) small enterprises being assigned a FinTech for the distribution of these products.

For this reason, banks remain keen to meet many FinTechs. However, the nature of these discussions remains exploratory and the plans are at an embryonic stage.

### **"Do nothing" or "partial deployment"**


With a few exceptions, the majority of banks have integrated ways to deploy FinTechs within their corporate strategy for a strategic purpose or for long-term.

FinTech deployment tends to be tactical with a short-term focus linked to the longevity and success of certain strategic initiatives.

### **"Do it yourself"**

Some banks have even launched FinTech-dedicated funds, aiming to finance the growth of selected FinTechs that can be deployed for "in-house" projects or across the ecosystem.

## Middle East banks have reacted differently to FinTechs... (2/2)



### Open banking as the game changer

The introduction of open-banking frameworks provides opportunities for FinTechs to scale and open the market for a new set of opportunities. Regulators in the region are at different stages of introducing their open banking regulatory frameworks.

In addition, the FinTech sector in the region would benefit from collaboration and coordination among regional FinTech hubs and sandboxes.



### Response to entrance of neo-banks

With a few exceptions, none of the banks have incorporated ways to deal with the market-entry of neo-banks into their corporate strategy, i.e. well-established foreign neo-banks expanding into the market or newly established neo-banks founded locally.

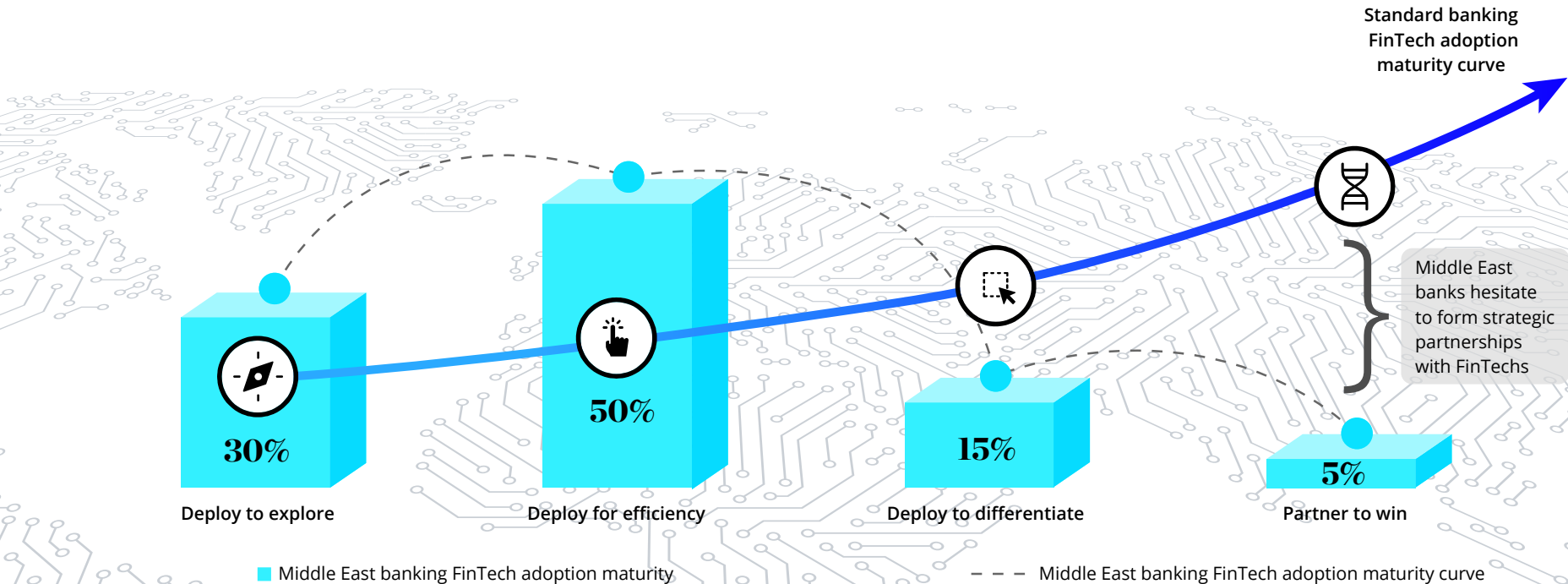


### FinTech maturity concentrated around payments

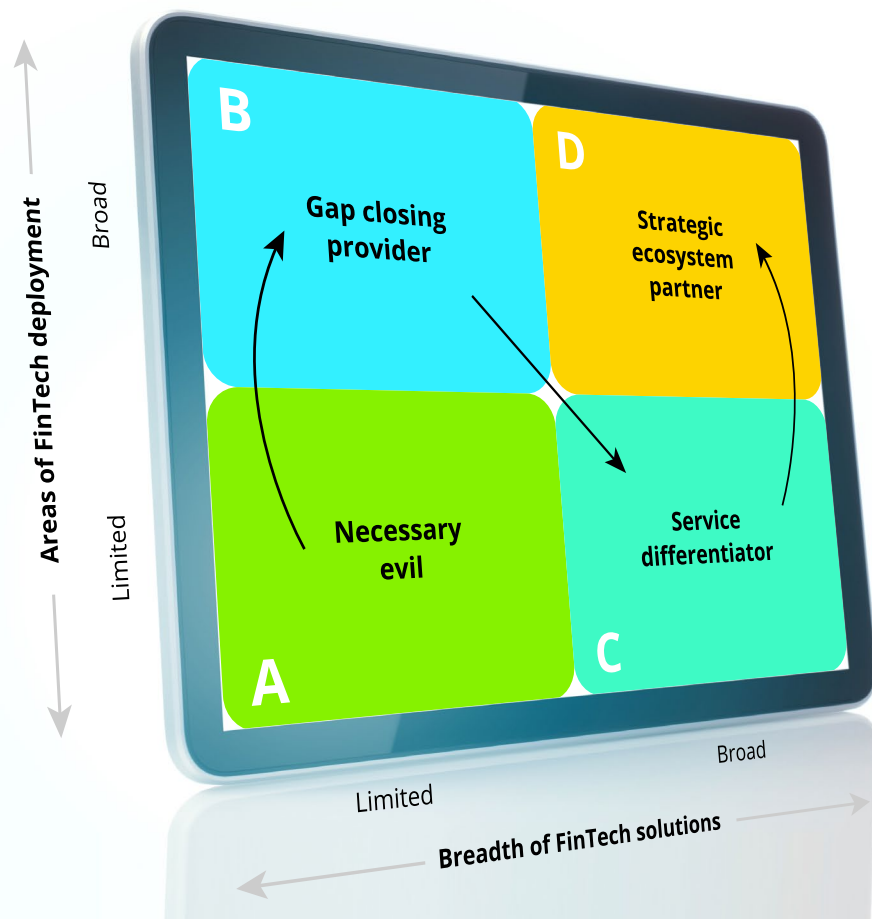
Regional and international FinTechs are looking to enter the market, more specifically the KSA market. The GCC market is showing signs of focus on two key areas: in the wider payment space and digital banking domain across a selected number of topics, e.g. onboarding.

# Middle East banking FinTech adoption maturity vs. Standard banking FinTech adoption maturity

Indicative allocation of Middle East banks deploying FinTech along the maturity curve...

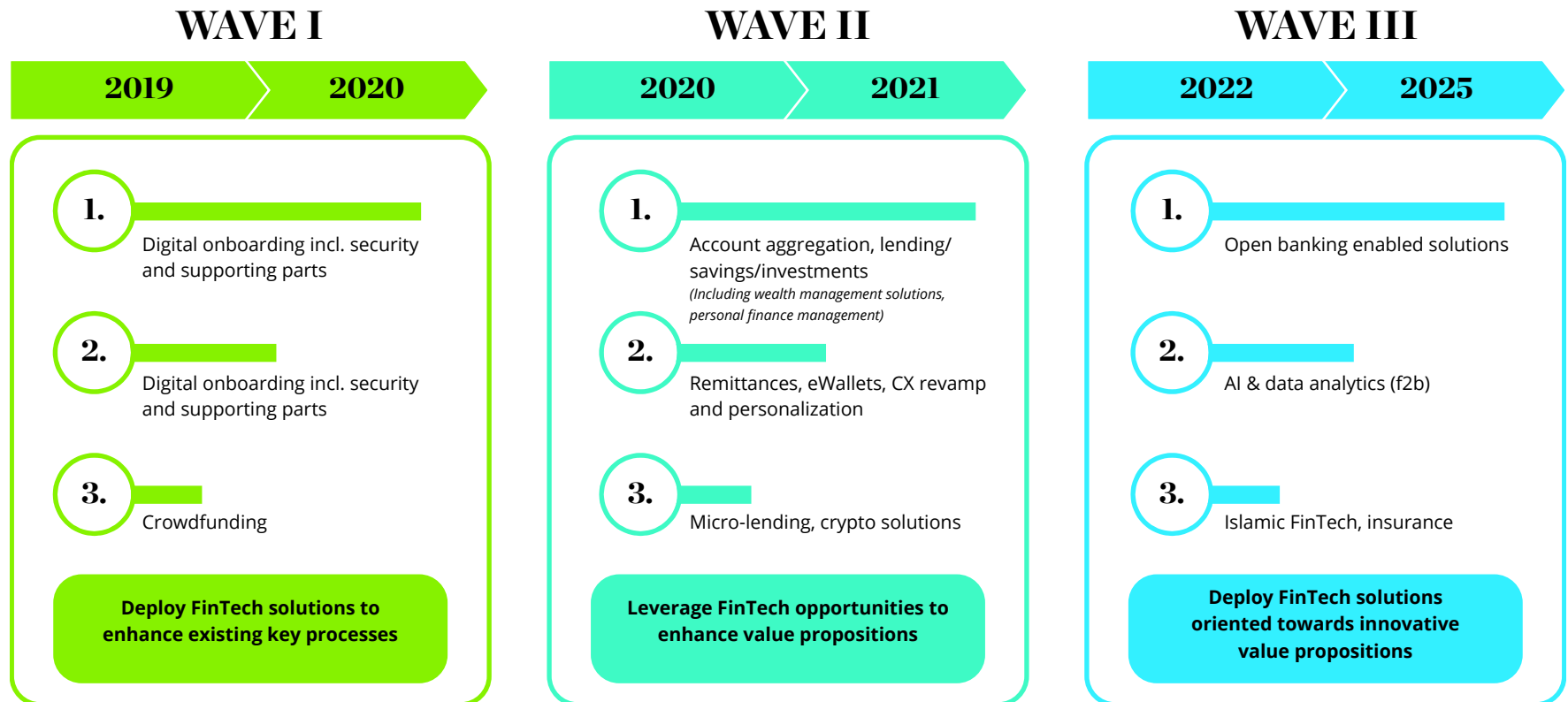


# Four key models for banks to partner with FinTechs



- A** **Limited deployment of FinTech solutions** to address the need of exploration, mainly driven top-down by certain executives, without this being part of a cohesive innovation strategy.
- B** **Deployment of FinTechs as “outsourcing” service providers** with innovative solutions, which are leveraged selectively.
- C** **Deployment of a wide range of FinTech solutions** across a limited number of value propositions and customer journeys. Differentiation through value proposition augmentation.
- D** **Development of an ecosystem with clearly assigned roles** and based on agreed monetization rules. Differentiation through value proposition augmentation and distribution network expansion.

# FinTech solutions key deployment areas – Middle East view





# FinTech solutions key deployment areas – Global view



## North America



Payments



B2B FinTech solutions



Security solutions



## Europe



Hyper-personalized banking solutions



Payments and personal finance and wealth lending



Blockchain



## Asia Pacific



Wealth management



Hyper-personalized banking solutions



SME lending

At this stage, the key deployment areas of FinTech solutions in the Middle East are similar to those of large hubs in the payments area across the globe.

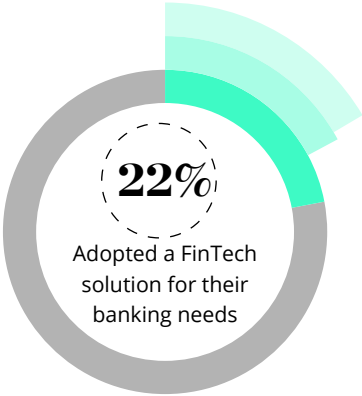
The image features a person's hands holding a smartphone. From the screen, several glowing, semi-transparent icons are projected outwards, including a bar chart, a line graph, a document, and a coin. In the background, a network of glowing orange and white dots connected by thin lines is visible, set against a dark blue backdrop with a faint world map and binary code patterns.

# Middle East banking customers' perceptions of FinTech solutions

# Middle East banking customers' perceptions of FinTech solutions/features – Key facts out of Deloitte survey March 2020

## FinTech deployment

How many customers have adopted FinTech solutions/features?



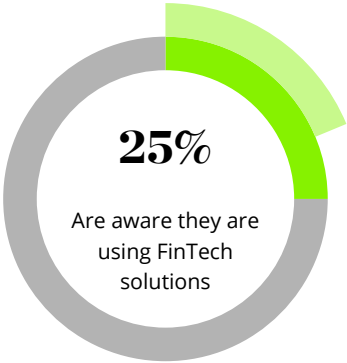
of which

**78%**  
Adopted P2P transfers and account aggregation

**75%**  
Are heavy to moderate users of FinTech solutions

## FinTech maturity

How mature are customers with regard to FinTech use?



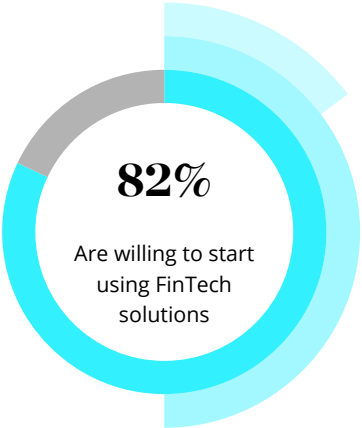
of which

**75%**  
Consider FinTech solutions make banking easier

**20-30**  
Year-olds are the major drivers for FinTech usage

## FinTech perception

What is the general position of customers in the Middle East?



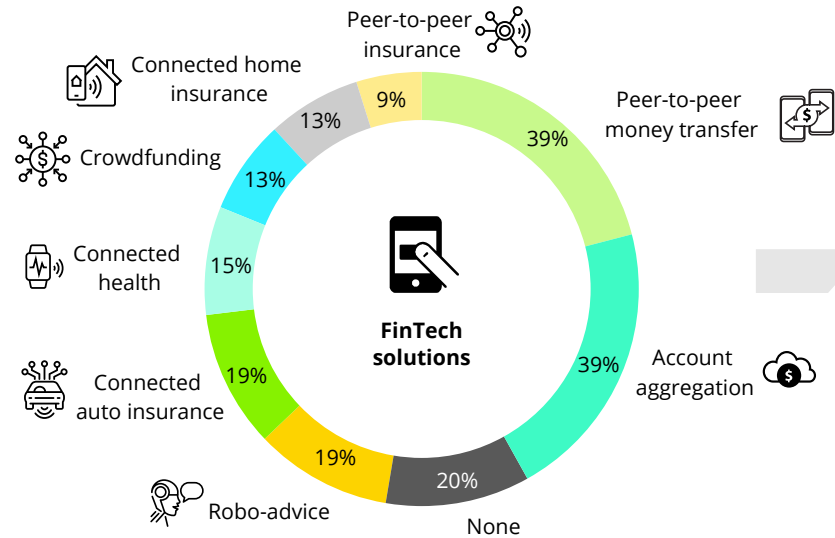
of which

**61%**  
Are motivated to use solutions that address their banking needs

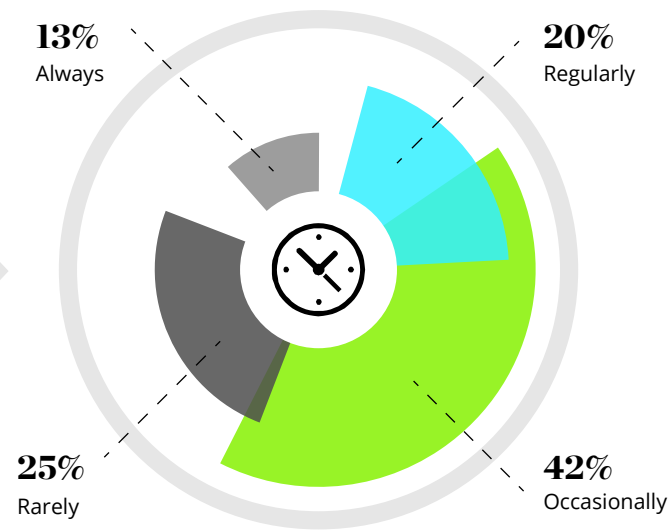
**however 18%**  
Are unwilling to use the solutions – 40% of which is due to security/privacy concerns

Of the 22% of customers using FinTech solutions/features, money transfers are the most popular

Which FinTech solution have you used?



How often do you use the FinTech solution?

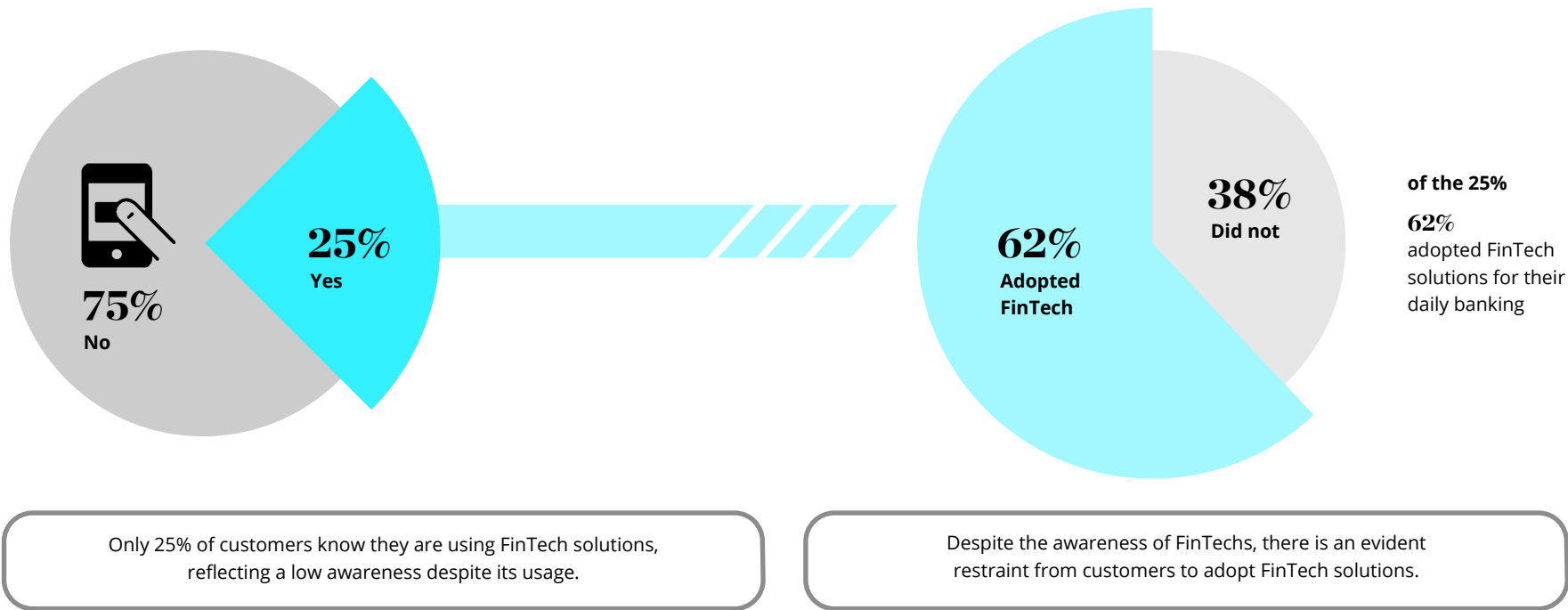


Customers are interested in having a global view of all their accounts and a simplified process to complete transfers.

When FinTech solutions are available, the majority of customers use the services to conduct their banking on a daily basis.

However, of the 22% using a FinTech solution/feature, only 25% are aware that they do so

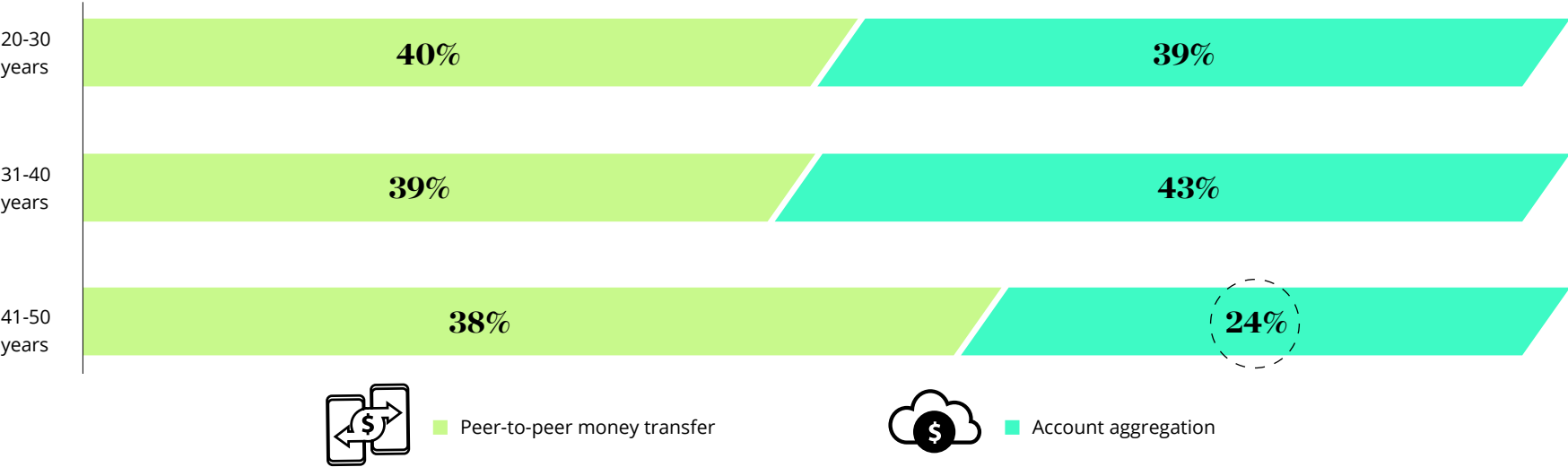
Were you aware you are using a FinTech solution/feature?





# Most popular FinTech solutions for Middle East banking customers – P2P transfers and account aggregation...

Solutions vs. demographic – By age

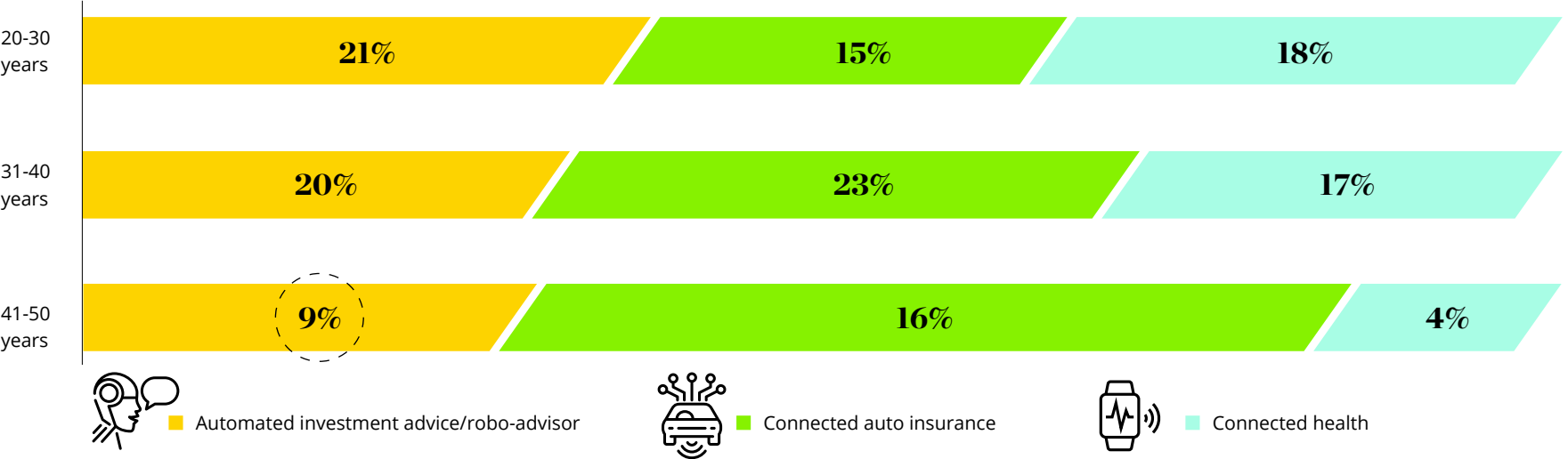


Transfers are a common banking activity carried out by customers – this remains true with regard to FinTech-enabled transfers.

Account aggregation usage is highly driven by mid-age and young populations – the 41-50 age group is the current challenge.

...followed by robo-advisors, connected auto insurance and connected health...

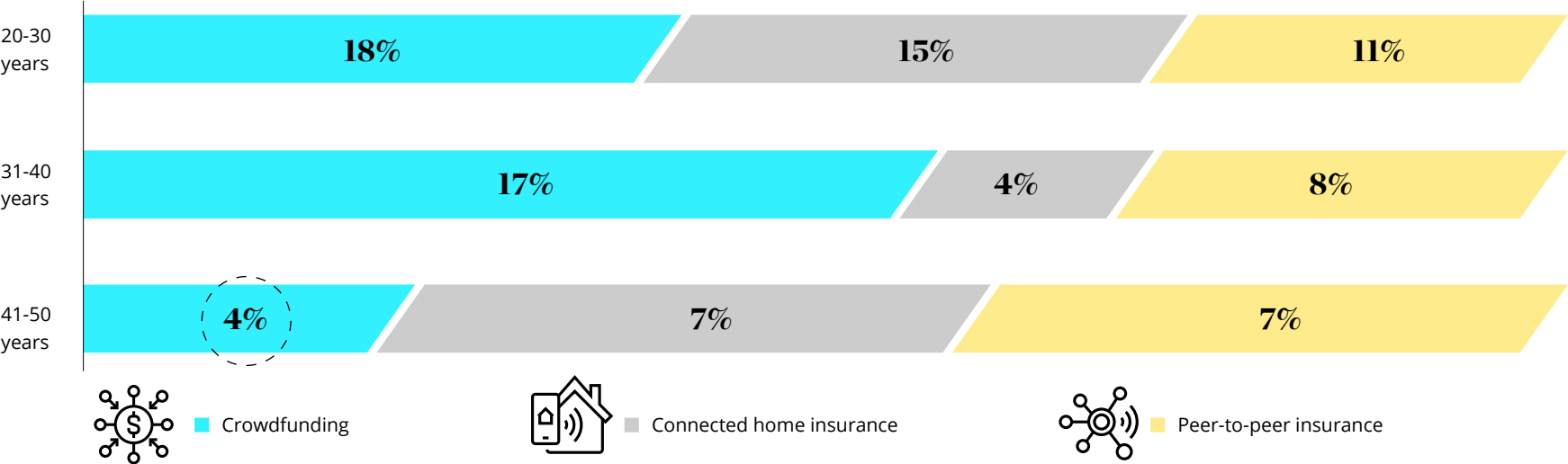
Solutions vs. demographic - By age



The usage of automated investment advice for the age group of 41-50 age group is low, primarily due to the privacy and security concerns of banking customers.

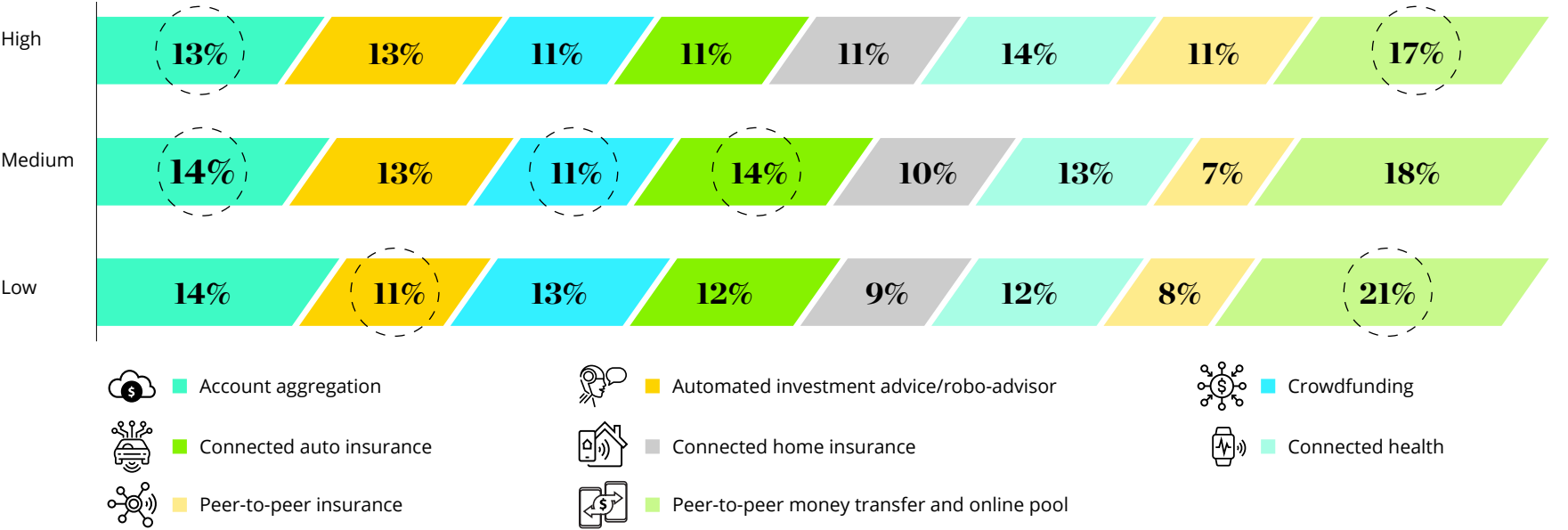
...then crowdfunding, connected home insurance and peer-to-peer insurance

Solutions vs. demographic - By age



The ecosystem efforts of both banks and FinTechs should prioritize increasing awareness and market adoption of FinTech solutions for insurance and crowdfunding in innovative ways that focus on their target audience.

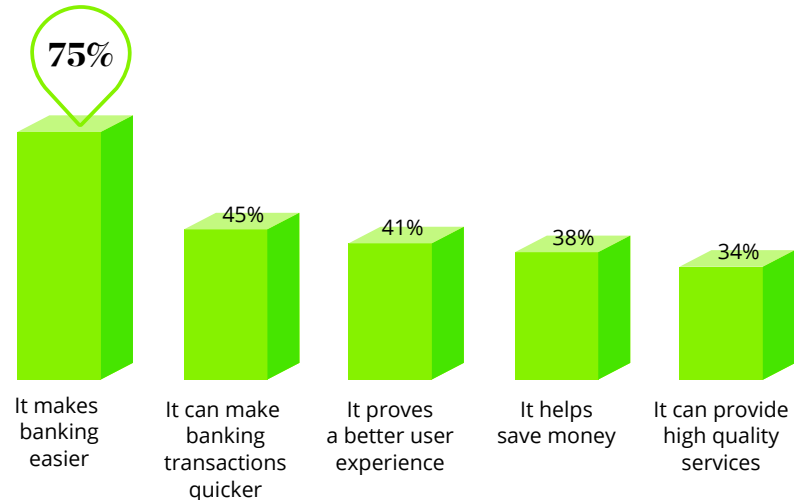
# Usage of FinTech solutions/features is also driven by the income of banking customers



Peer-to-peer transfer is the most popular FinTech solution across all income brackets. Account aggregation and automated investment advice are also major activities used by the public. The higher the income, the more homologous the use of FinTech.

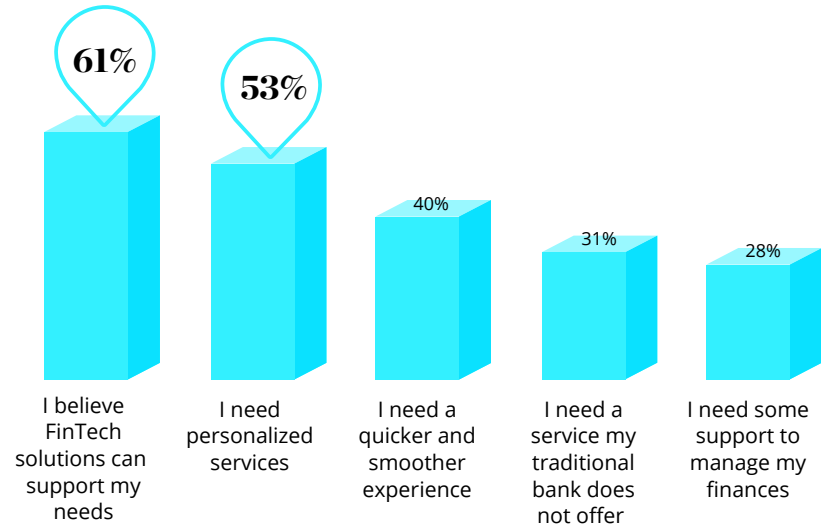
The demand and adoption of FinTech solutions is driven by the ease and convenience provided...

What are the reasons for using FinTech solutions?



Customers utilize FinTech solutions as they provide an enhanced and easier experience with higher efficiency.

What are your expectations if you were to start using FinTech solutions?

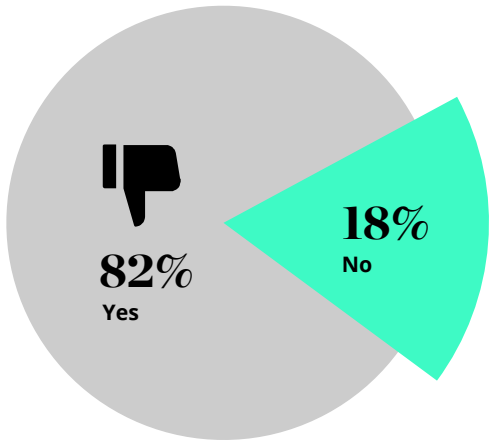


Customers who have not adopted FinTech solutions are looking for a better experience that supports their needs.

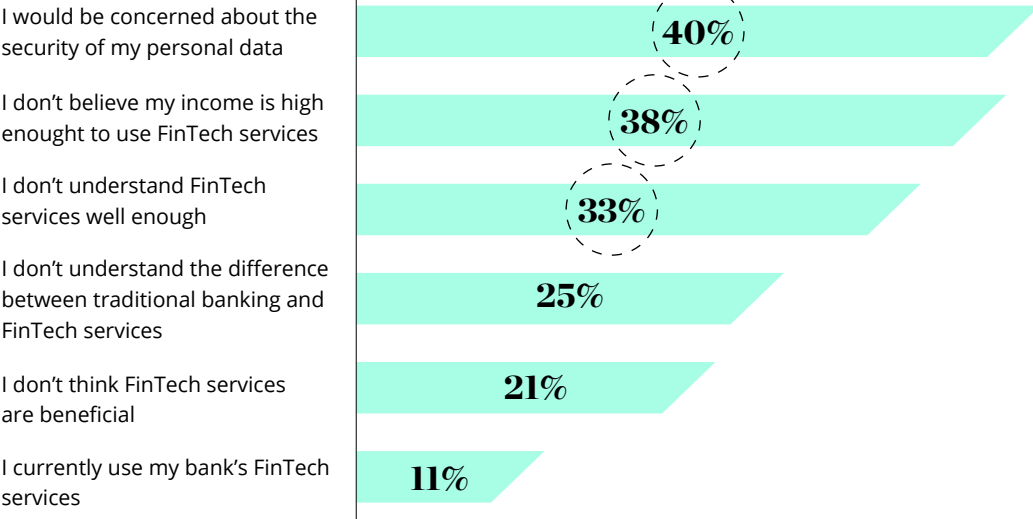


# ...yet adoption is hindered due to concerns about security and lack of understanding about FinTech

Are you willing to start using FinTech solutions?



Why are you unwilling to start using FinTech solutions?

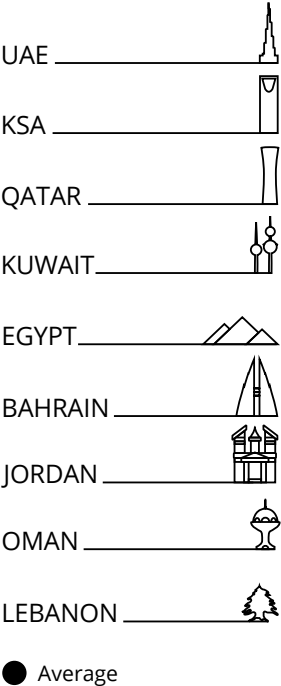
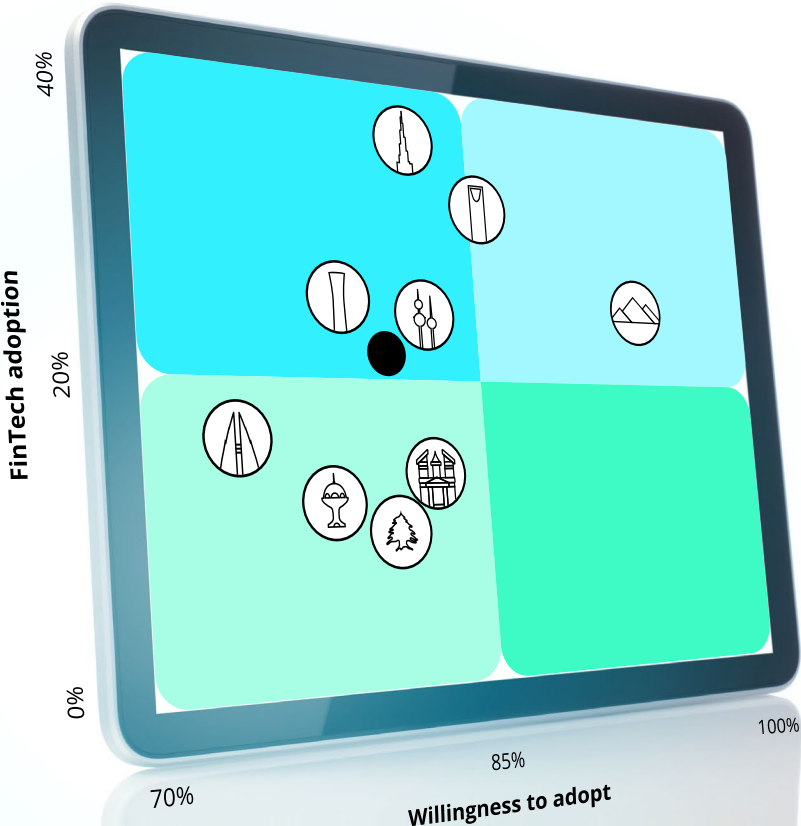


Banks and FinTechs should focus on addressing the clear concerns regarding the security of personal data, improve the understanding of the customers that can use FinTech services and its associated benefits.



## Country deep-dive

# FinTech solutions/features adoption rate vs. willingness to adopt

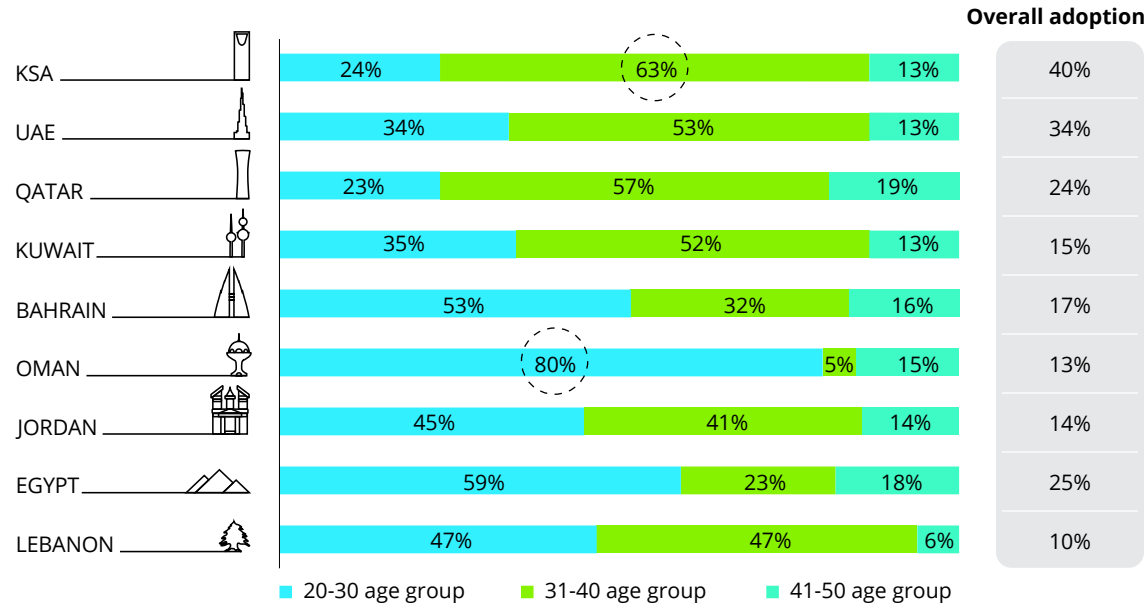
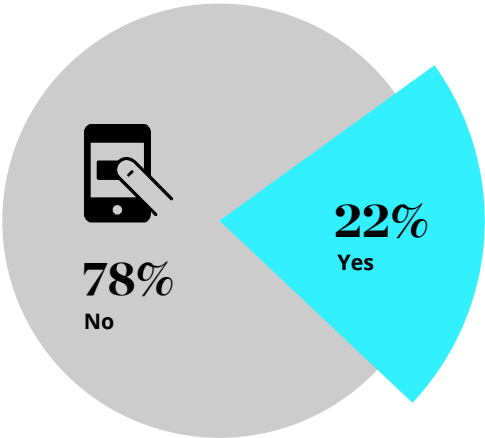


Banking customers in KSA demonstrate a strong appetite to adopt FinTech solutions due to a high exposure to innovative solutions outside the banking sector.

The FinTech adoption of banking customers in the UAE is the highest in the region as most of the FinTechs in the Middle East are in the UAE.

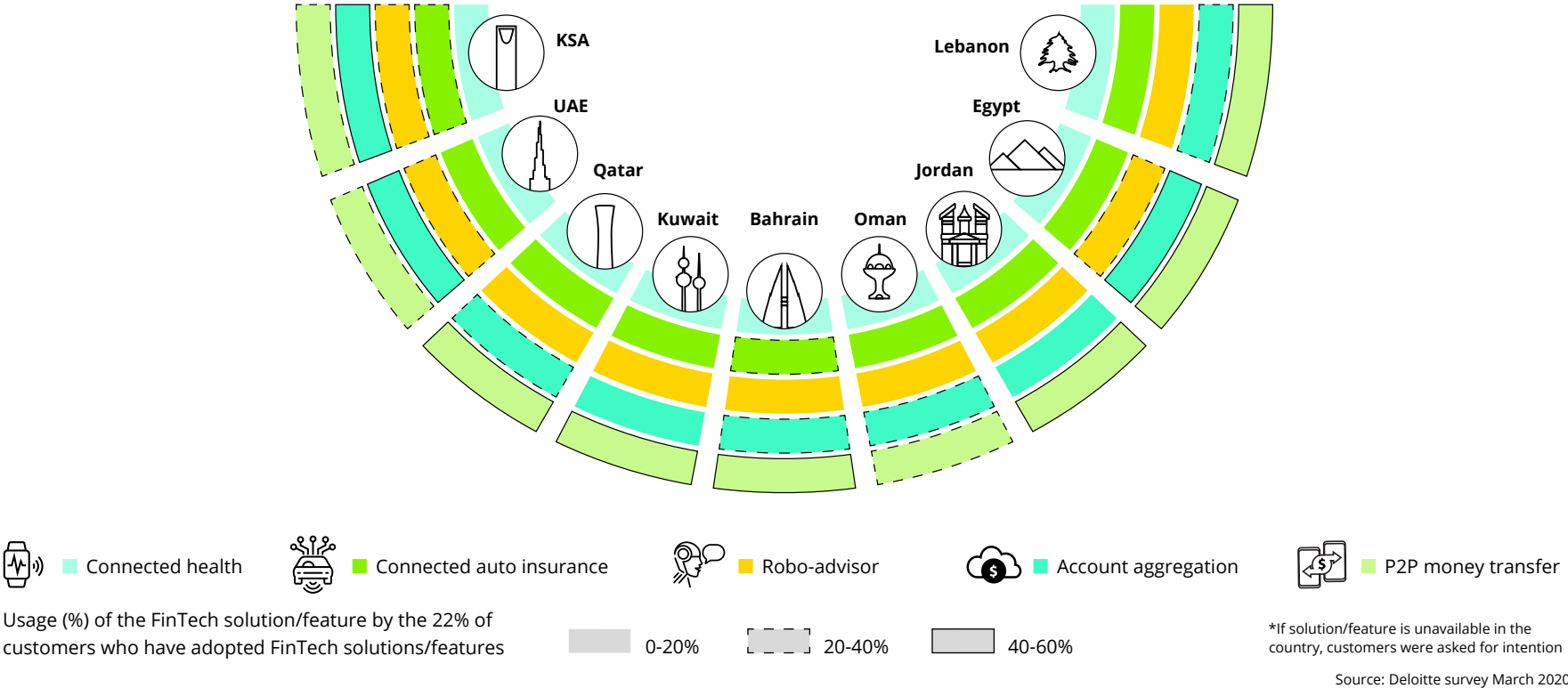
Banking customers in Egypt demonstrate the largest potential for high FinTech adoption due to a high percentage of unbanked population (84%).

# 22% of banking customers have adopted a FinTech solution/feature for their banking needs

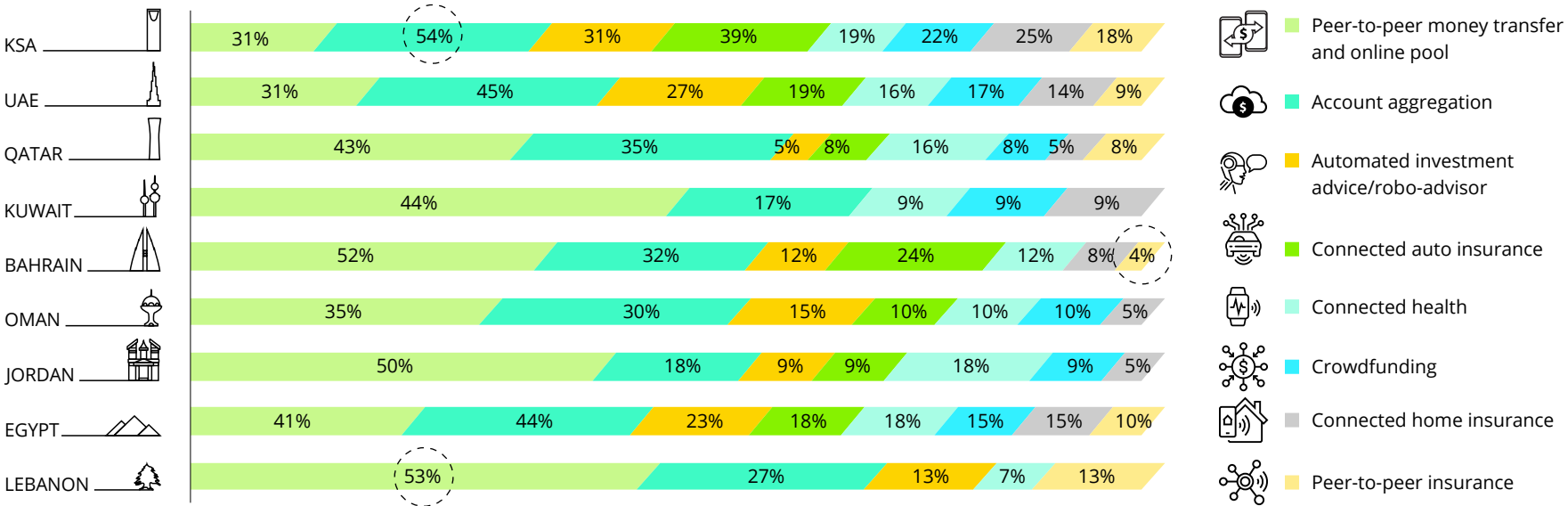


FinTech solutions/features are technology-enabled functionalities that could be developed by a bank in co-operation with a FinTech, delivered by a FinTech itself, or delivered by a bank itself following a FinTech approach.

# Usage of FinTech solutions/features from the 22% of customers who have adopted FinTech

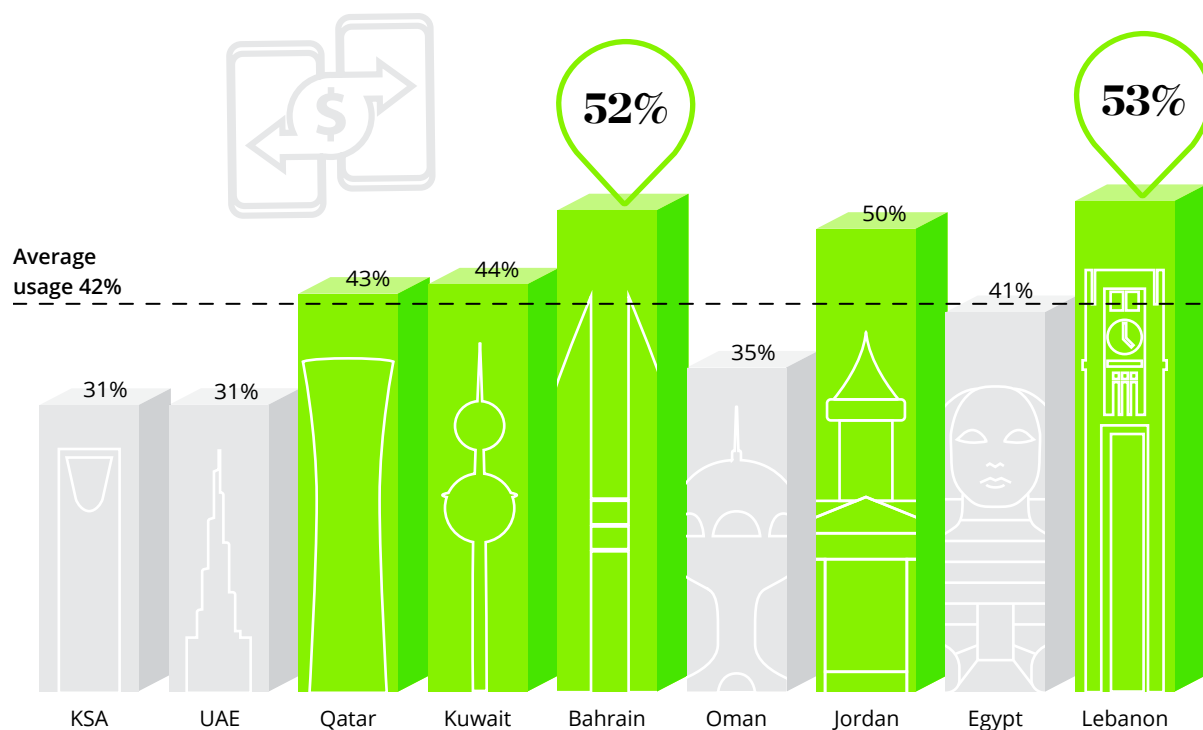


# The 22% of customers who have adopted FinTech utilize a wide range of FinTech solutions/features



Peer-to-peer transfers and account aggregation are the most adopted FinTech services across the 9 selected countries. Peer-to-peer insurance market penetration is a major challenge for both FinTechs and banks, especially in Kuwait, Oman, and Jordan.

# The average usage of P2P money transfer solutions among banking customers in the Middle East is 42%



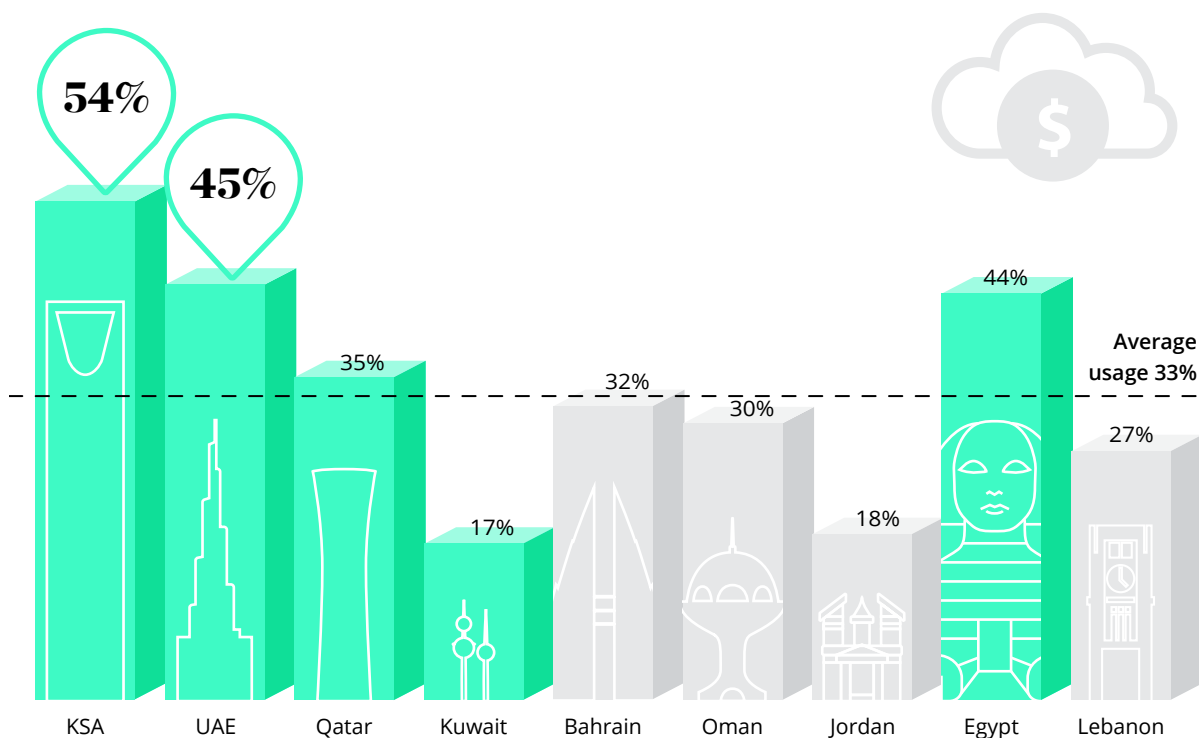
## High penetration level

- Peer-to-peer solutions are highly adopted in Lebanon, Bahrain, and Jordan, while usage is still low in KSA, UAE, and Oman.
- Peer-to-peer solutions are also heavily utilized by the younger population (20 -30 age group)
- In fact, high rates are registered across the younger population – the median age is 28-years-old, whilst 53% of Lebanese are using peer-to-peer solutions.
- The growth of the solution across all countries will be driven ever evolving payment regulations.

\*If solution/feature is unavailable in the country, customers were asked for intention



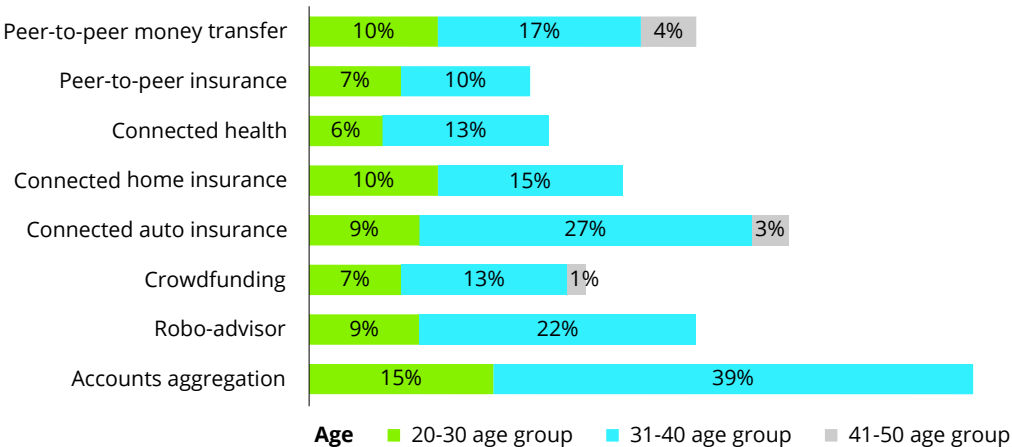
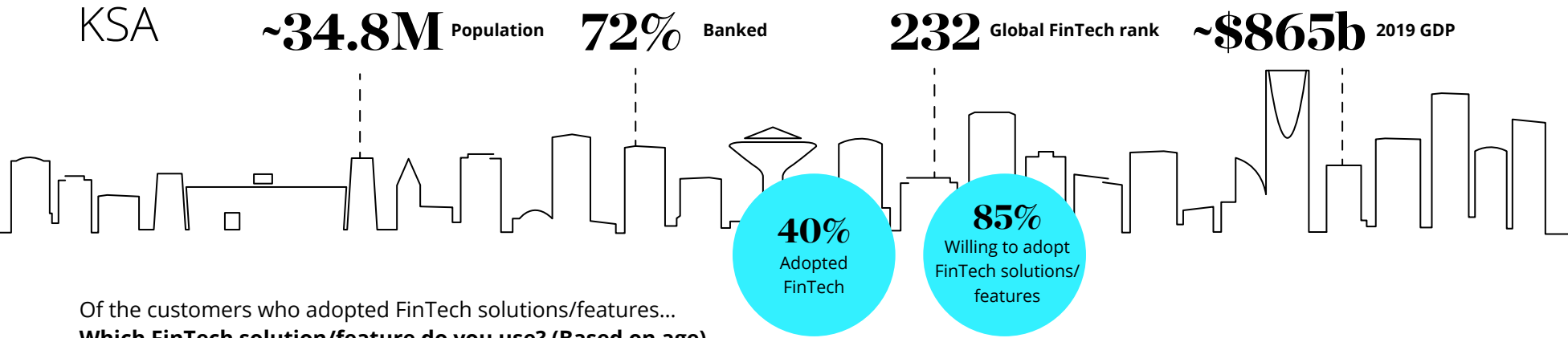
The average usage of account aggregation solutions among banking customers in the Middle East is 33%



### High penetration level

- Account aggregation is highly used within the more advanced banking markets (e.g. KSA, UAE, and Egypt), while the lowest rates can be seen in the less advanced countries (e.g. Kuwait).
- Use of account aggregation FinTech enabled solutions is driven by the 31-40 age group. In fact, 54% of Saudis adopted this solution, while the index for global FinTech adoption is 63%.
- An increase would be set to increase in the upcoming years if open-banking regulations become more widely adopted in Middle Eastern countries.

\*If solution/feature is unavailable in the country, customers were asked for intention



**Did not adopt**

- 69%
- 83%
- 81%
- 75%
- 61%
- 79%
- 14%
- 46%

- The age group of 31-40 indicated a high adoption rate.
- Market penetration among the 41-50 age group is almost non-existent. Both banks and FinTechs need to tap into this segment to better equip it.

\*If solution/feature is unavailable in the country, customers were asked for intention

KSA

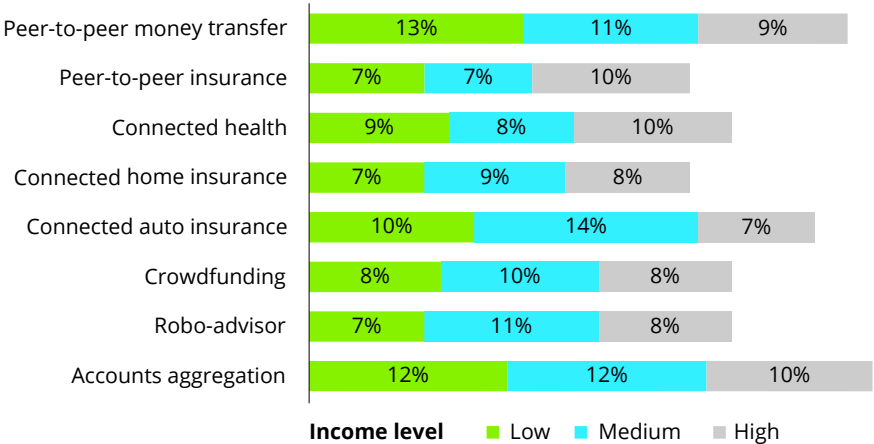
90% Mobile banking  
(of the banked)

70% Website banking  
(of the banked)

69% believe FinTech solutions are highly adopted in the country

40%  
Adopted  
FinTech

Of the customers who adopted FinTech solutions/features...  
Which FinTech solution do you use? (Based on monthly income)

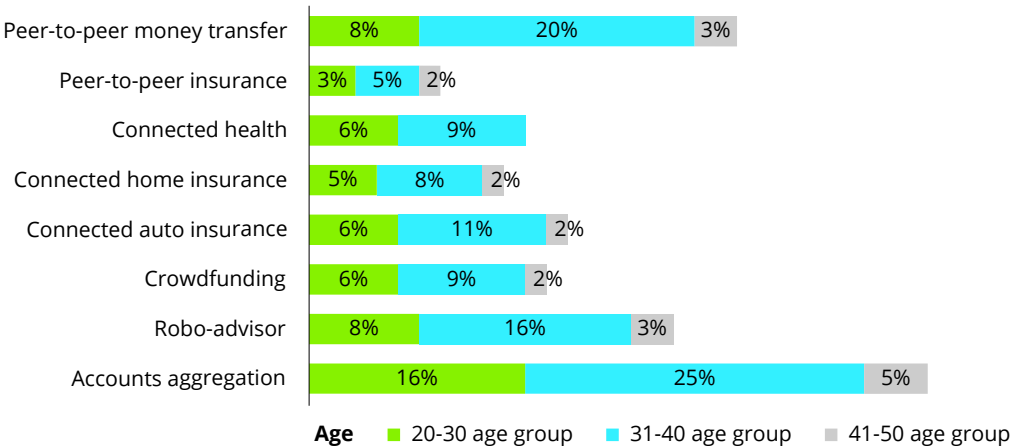
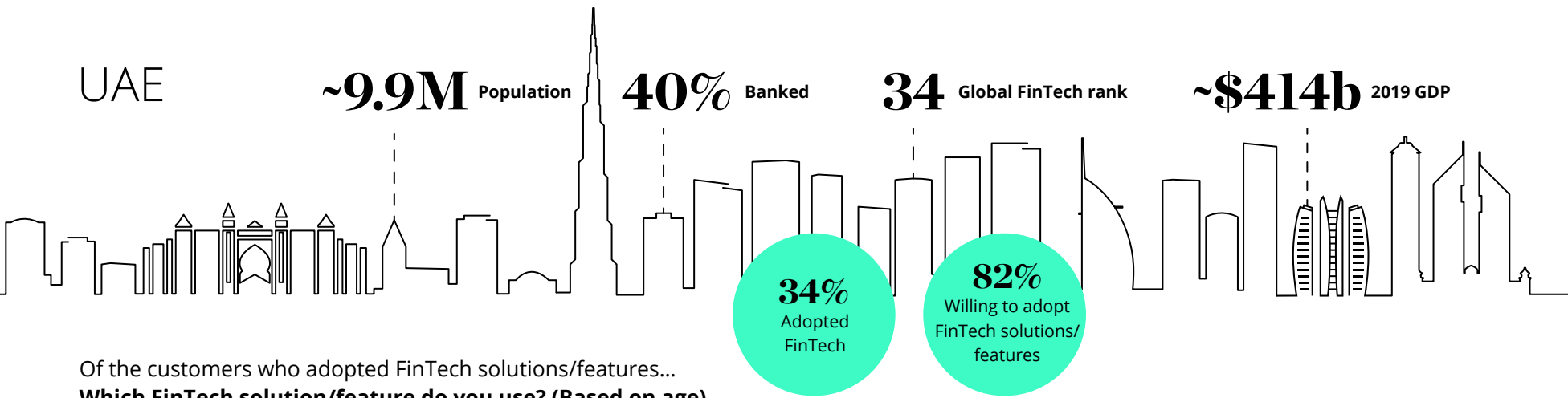


Did not adopt

67%  
76%  
81%  
76%  
69%  
74%  
74%  
66%

- FinTech solutions are used equally by Saudis across all levels of income.
- High income segments are mainly attracted by innovative insurance solutions, while Saudis with lower incomes are keen to see new methods for money transfer.

Low: <7500SAR    Medium: 7,501-17,500SAR    High: >17,501SAR



Did not adopt

69%
90%
85%
85%
81%
83%
27%
46%

- FinTech solution are highly popular in the 31-40 age group. In addition, the 41-50 age group of Emiratis seem to have adopted a wide variety of solutions.
- Crowdfunding and insurance solutions are the areas that both banks and FinTechs could focus on developing within the UAE.

\*If solution/feature is unavailable in the country, customers were asked for intention

# UAE

84% Mobile banking  
(of the banked)

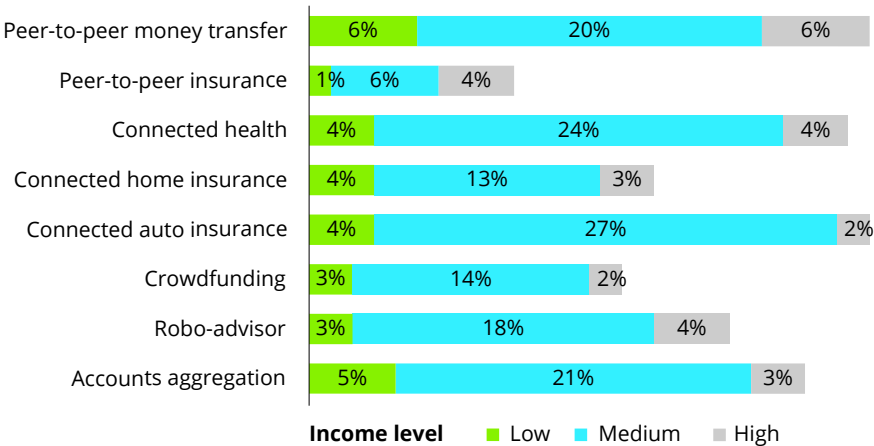
64% Website banking  
(of the banked)

66% believe FinTech solutions are highly adopted in the country

34%

Adopted  
FinTech

Of the customers who adopted FinTech solutions/features...  
**Which FinTech solution do you use? (Based on monthly income)**

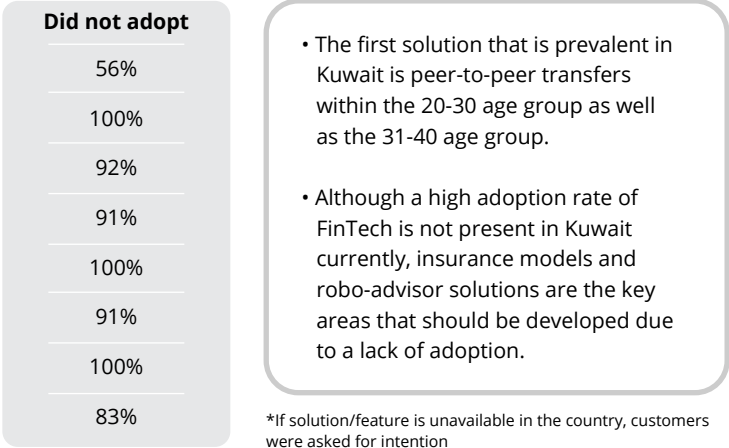
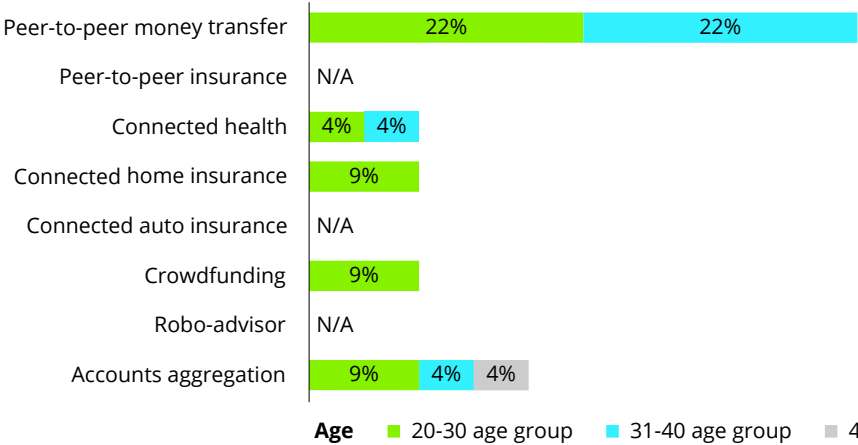
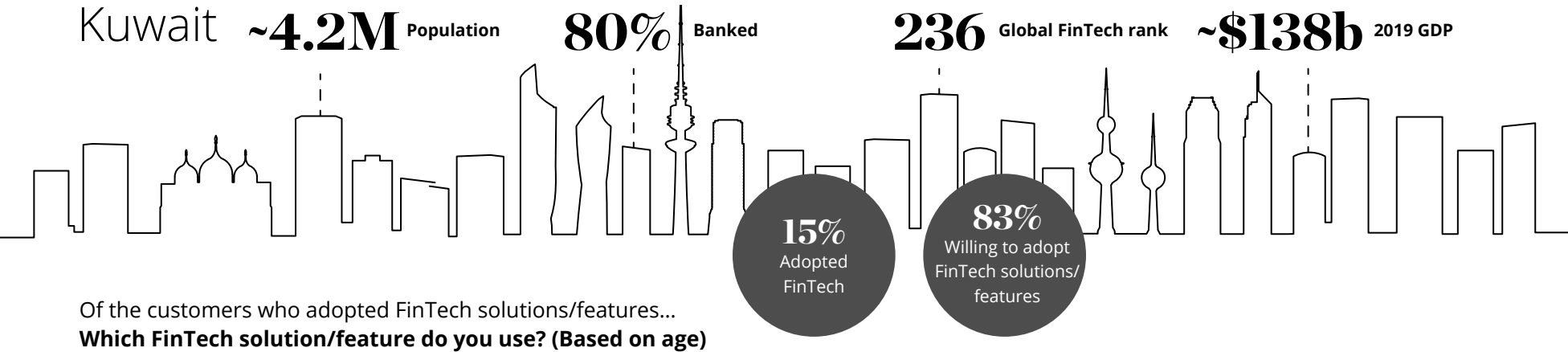


## Did not adopt

68%  
89%  
68%  
80%  
67%  
81%  
75%  
71%

- By far, the population with the medium level of income in the country adopt FinTechs first, more specifically connected auto insurance and connected health solutions.
- Fintech services based on a peer-to-peer model have been identified as a market that is yet to be explored.

Low: <7000AED    Medium: 7,001-25,000AED  
High: >25,001AED



# Kuwait

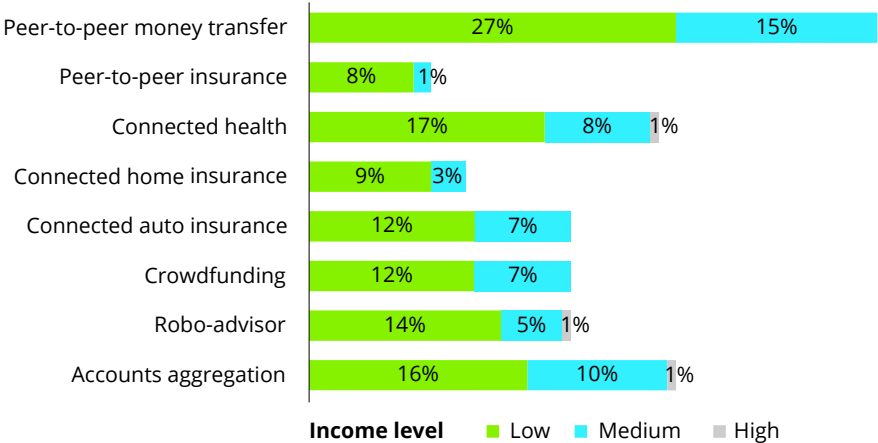
66% Mobile banking  
(of the banked)

54% Website banking  
(of the banked)

61% believe FinTech solutions are highly adopted in the country

15%  
Adopted  
FinTech

Of the customers who adopted FinTech solutions/features...  
Which FinTech solution do you use? (Based on monthly income)



Did not adopt

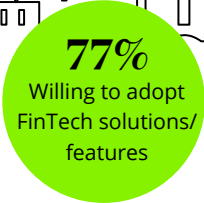
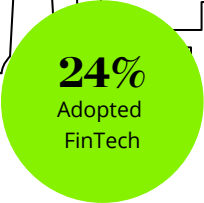
- 58%
- 91%
- 74%
- 88%
- 81%
- 81%
- 80%
- 73%

- Most FinTech usage is prevalent among the lower income segment.
- The major challenge for both banks and FinTechs that are evolving in the Kuwaiti market will be to increase the market penetration among wealthier segments by catering for their needs.

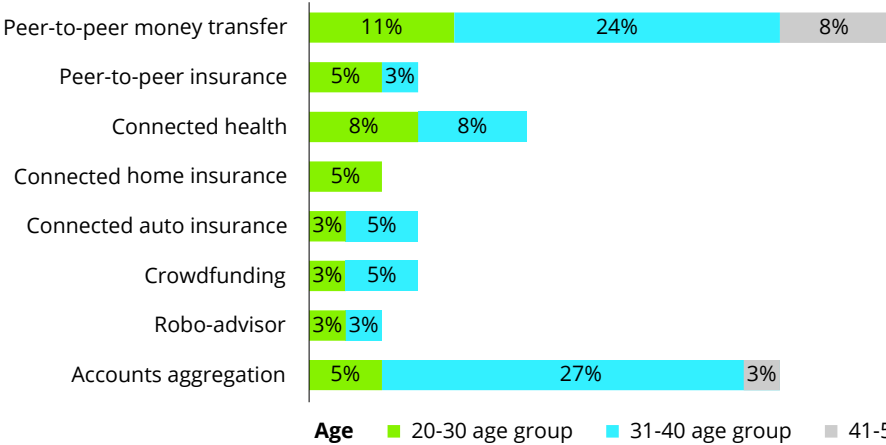
Low: <400KD    Medium: 401-1,800KD    High: >1,801KD



Qatar      ~2.9M Population      74% Banked      N/A Global FinTech rank      ~\$192b 2019 GDP



Of the customers who adopted FinTech solutions/features...  
**Which FinTech solution/feature do you use? (Based on age)**



**Did not adopt**

657%
92%
84%
95%
92%
92%
94%
65%

- Qataris that are categorised into the 31-40 age group are the major adopters of FinTechs across the majority of solutions.
- The high willingness rate to use such solutions, combined with the low percentages of use among the 41-50 age group, represents a viable market opportunity.

\*If solution/feature is unavailable in the country, customers were asked for intention

# Qatar

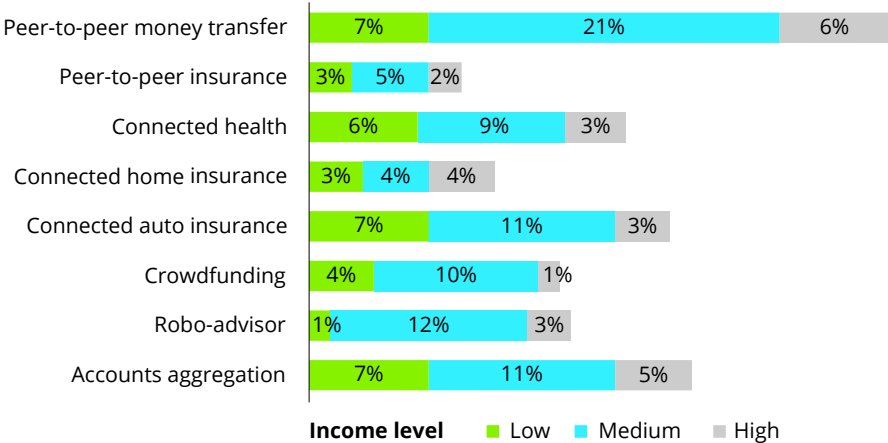
82% Mobile banking  
(of the banked)

61% Website banking  
(of the banked)

56% believe FinTech solutions are highly adopted in the country

24%  
Adopted  
FinTech

Of the customers who adopted FinTech solutions/features...  
**Which FinTech solution do you use? (Based on monthly income)**



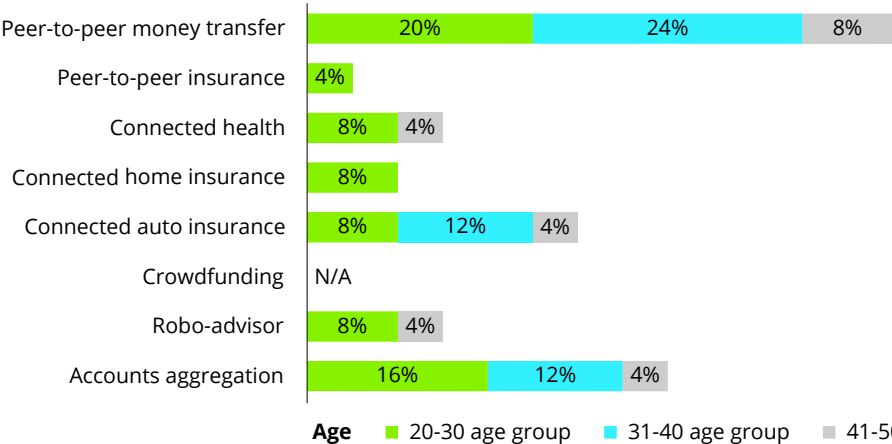
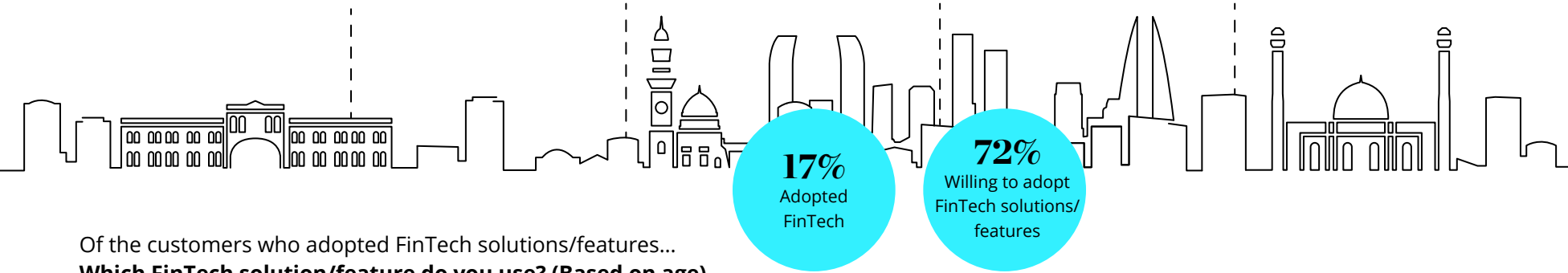
**Did not adopt**

66%  
90%  
82%  
90%  
79%  
85%  
84%  
77%

- As per the situation in many other countries, peer-to-peer transfer is the most utilized solution across all income segments.
- Qataris with a medium range income constitute the core market of consumers, while an effort needs to be made to equip populations with both low and high incomes.

Low: <5,000QAR    Medium: 5,001-20,000QAR  
High: >20,001QAR

Bahrain ~1.7M Population 87% Banked 153 Global FinTech rank ~\$38b 2019 GDP



Did not adopt	
	48%
	96%
	88%
	92%
	76%
	100%
	88%
	68%

- The 20-30 age group is the group which has a high adoption of FinTech solutions, as well as the sole group of users for some types of financial technologies (e.g. peer-to-peer insurance and connected home insurance).
- Enhancing the market penetration among the 31-40 age group is the key challenge for FinTechs and banks in this market.

\*If solution/feature is unavailable in the country, customers were asked for intention

# Bahrain

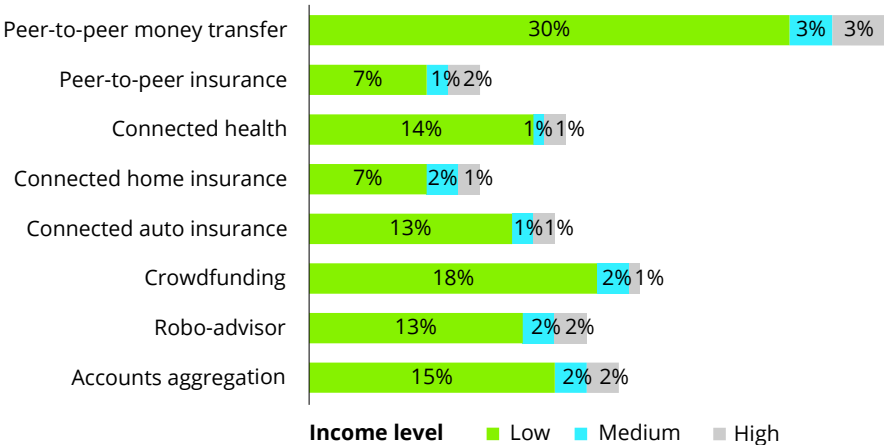
65% Mobile banking  
(of the banked)

56% Website banking  
(of the banked)

70% believe FinTech solutions are highly adopted in the country

17%  
Adopted  
FinTech

Of the customers who adopted FinTech solutions/features...  
Which FinTech solution do you use? (Based on monthly income)

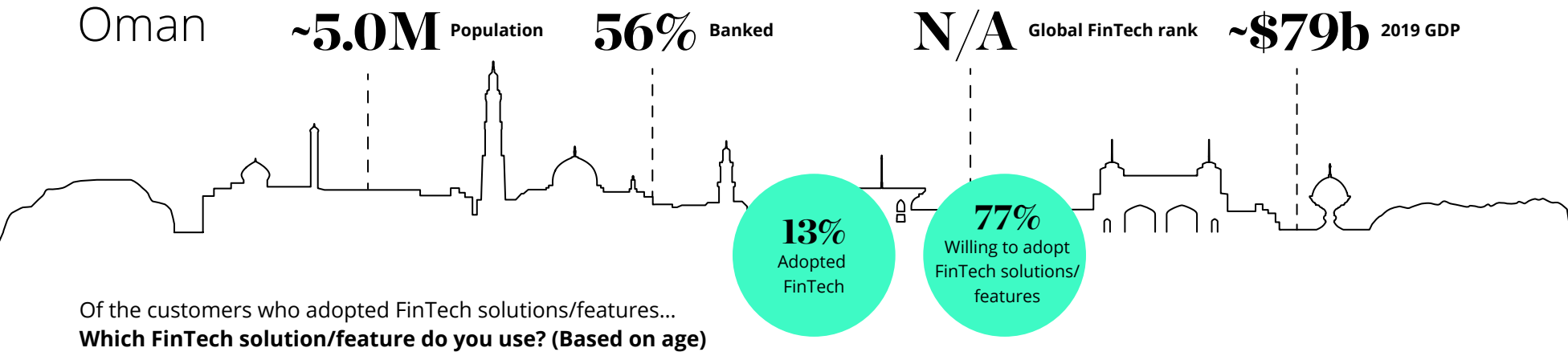


Did not adopt

- 64%
- 90%
- 84%
- 90%
- 85%
- 79%
- 83%
- 81%

- Bahrain is with lower incomes are heavy users of all Fintech solutions, regardless of their type. The population with medium and higher incomes have been identified as moderate users of FinTech solutions.
- Banks and startups need to better understand the specific requirements of both medium and high income segments to further develop adoption rates.

Low = <1,400BHD Medium: 1,401-2,500BHD  
High: >2,500BHD



**Did not adopt**

65%
100%
90%
95%
90%
90%
85%
70%

- FinTech use is highly driven by the 20-30 age group. The exception is peer-to-peer insurance, where the segment has no recorded use.
- The market is currently availing of a variety of FinTech solutions within the categories identified. This can be seen more specifically within accounts aggregation, due to the adoption rate spanning all age categories.

\*If solution/feature is unavailable in the country, customers were asked for intention

# Oman

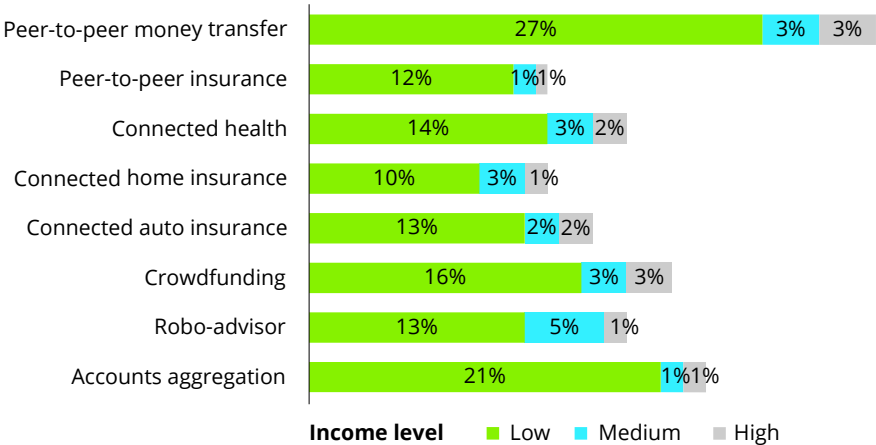
49% Mobile banking  
(of the banked)

26% Website banking  
(of the banked)

57% believe FinTech solutions are highly adopted in the country

13%  
Adopted  
FinTech

Of the customers who adopted FinTech solutions/features...  
**Which FinTech solution do you use? (Based on monthly income)**

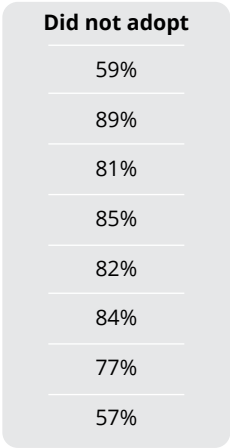
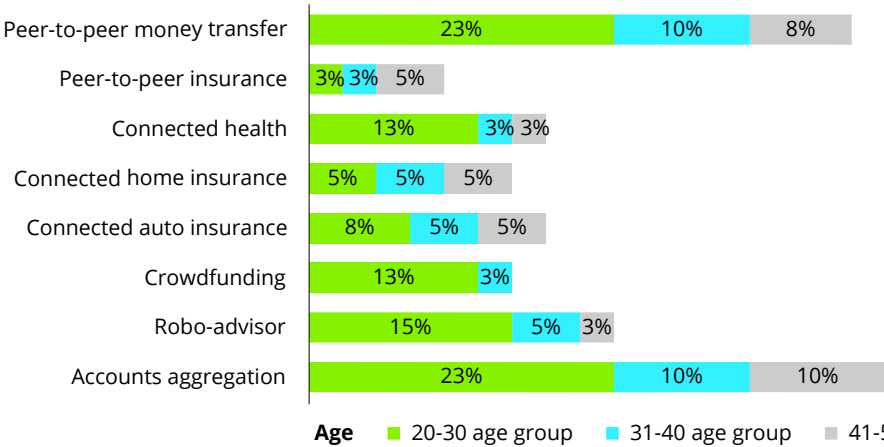
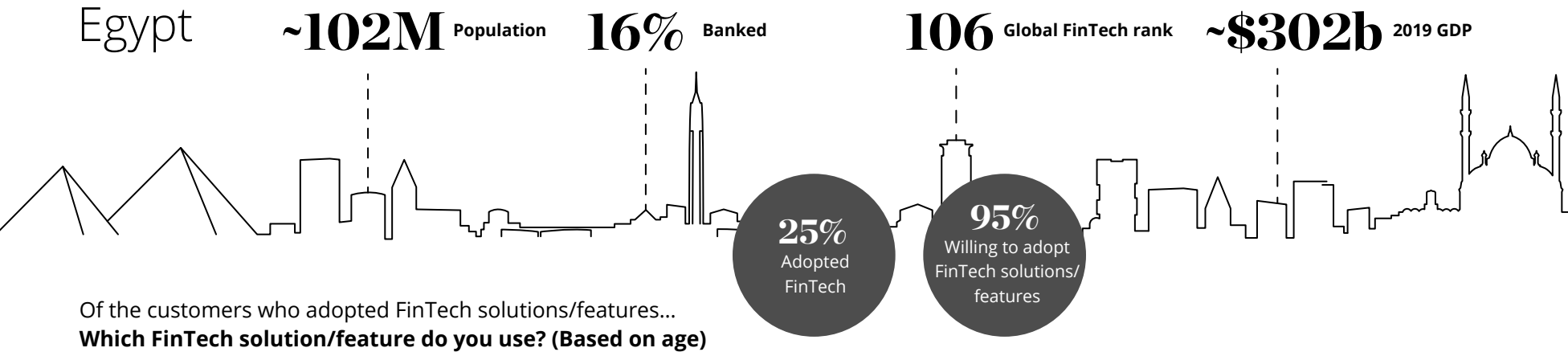


**Did not adopt**

67%  
86%  
81%  
86%  
83%  
78%  
81%  
77%

- Peer-to-peer money transfer as well as account aggregation are the most widely used FinTech solutions.
- Uplifting the FinTech market in Oman will require targeting the high-income population, followed by the medium income population, with solutions surrounding new insurance models and account aggregation.

Low: <1,400OMR Medium: 1,401-2,500OMR  
High: >2,500OMR



- Money transfer and account aggregation are the most used solutions in the Egyptian market across all age categories.
- The 20-30 age group of Egypt are the heaviest users; the market penetration for older segments is still very low or nonexistent (e.g. no crowdfunding usage was recorded for the 41-50 age group).

\*If solution/feature is unavailable in the country, customers were asked for intention

# Egypt

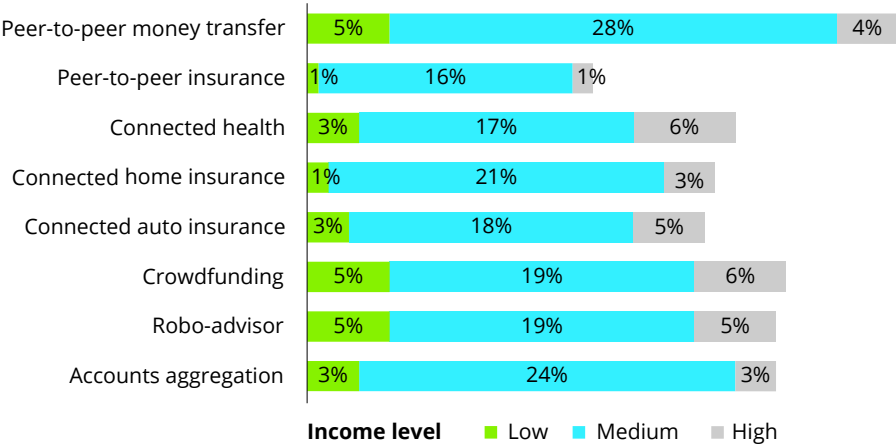
58% Mobile banking  
(of the banked)

66% Website banking  
(of the banked)

63% believe FinTech solutions are highly adopted in the country

25%  
Adopted  
FinTech

Of the customers who adopted FinTech solutions/features...  
**Which FinTech solution do you use? (Based on monthly income)**



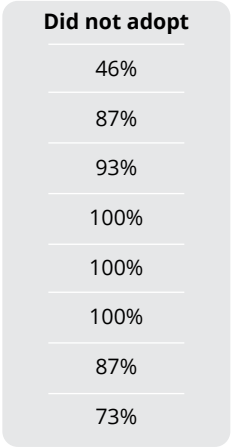
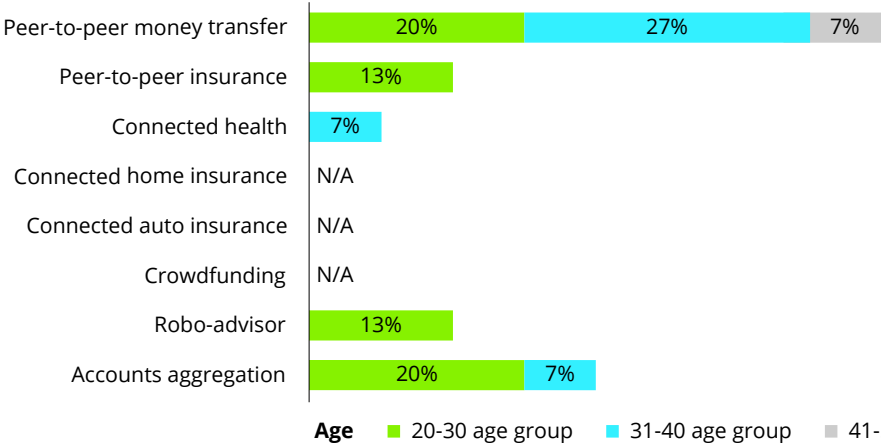
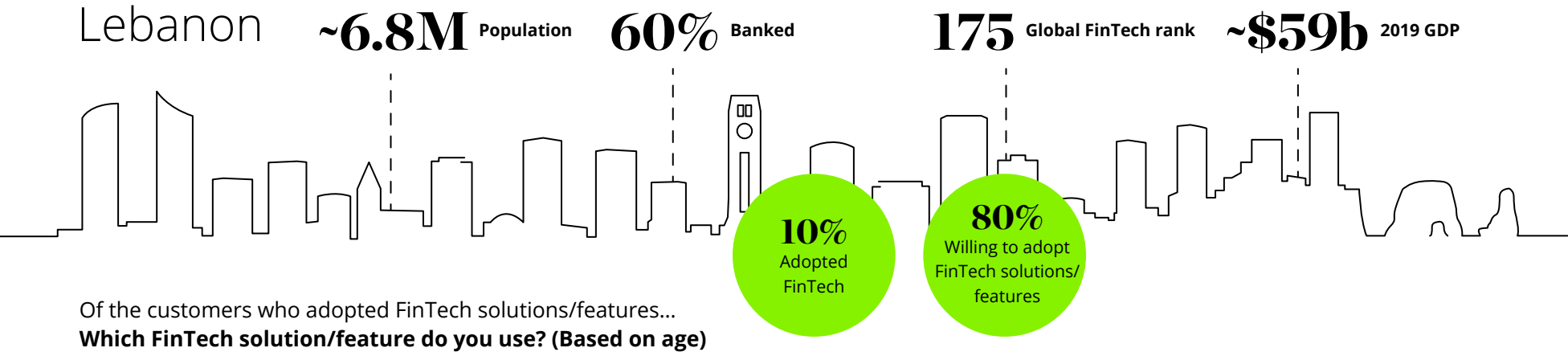
**Did not adopt**

63%  
82%  
74%  
75%  
26%  
70%  
71%  
70%

- FinTech solutions in Egypt are mainly used by the medium income population, although surprisingly the low- and high-income segments show a fairly similar usage pattern.
- The latter categories should be tackled as a priority by both FinTechs and banks as they offer a sizeable opportunity to disrupt the market.

Low: <2,500EGP    Medium: 2,501-20,000EGP  
High: >20,001EGP





- The Fintech market in Lebanon is heavily focused on only a few solution areas, despite a high enthusiasm from users to adopt those solutions.
- The 41-50 age group is currently only using peer-to-peer money transfer solutions, while other FinTech categories are completely forgotten in the market, regardless of the age segment.

\*If solution/feature is unavailable in the country, customers were asked for intention

# Lebanon

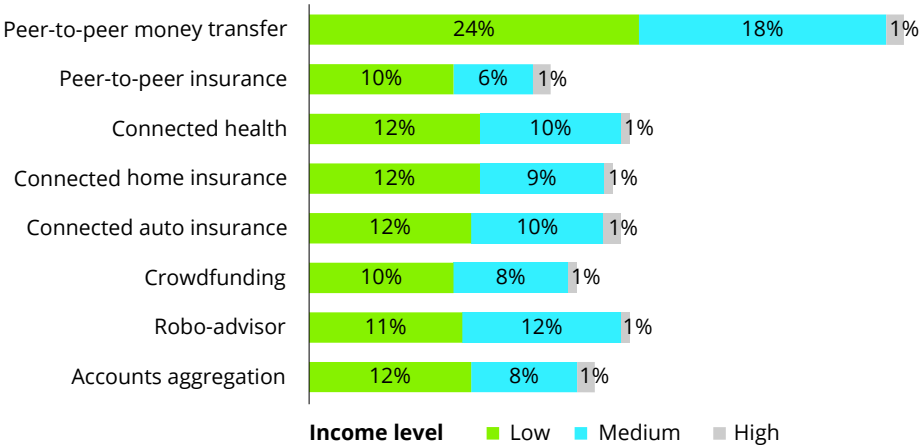
76% Mobile banking  
(of the banked)

35% Website banking  
(of the banked)

29% believe FinTech solutions are  
highly adopted in the country

10%  
Adopted  
FinTech

Of the customers who adopted FinTech solutions/features...  
**Which FinTech solution do you use? (Based on monthly income)**



**Did not adopt**

53%  
83%  
77%  
78%  
77%  
79%  
76%  
79%

- FinTech solutions in the Lebanese market are mainly used by the low-income population, while the high-income population has a very poor uptake (e.g. on average, the high-income percentage of adoption across all solutions is 1%).
- Peer-to-peer transfer can be seen as the most used solution across all the income levels.

Low: <1,500USD    Medium: 1,501-6,000USD    High: >6,001USD

Jordan

~10.2M

Population

25%

Banked

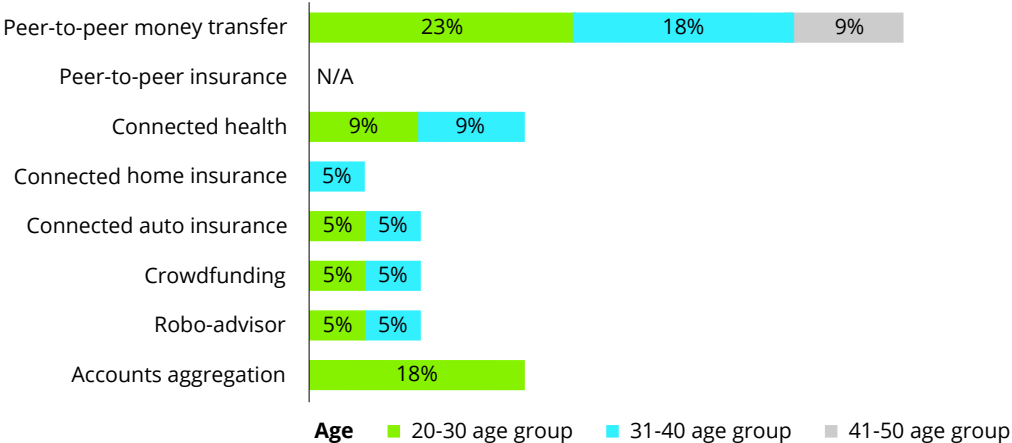
N/A

Global FinTech rank

~\$4b

2019 GDP

Of the customers who adopted FinTech solutions/features...  
Which FinTech solution/feature do you use? (Based on age)



14%  
Adopted  
FinTech

83%  
Willing to adopt  
FinTech solutions/  
features

Did not adopt
50%
100%
82%
95%
90%
90%
90%
82%

- The youngest population constitutes the main users of FinTech solutions. However, the overall market is concentrated on one activity, which is peer-to-peer transfer.
- The 41-50 age group has not shown interest in adoption of the available FinTech solutions, whilst peer-to-peer insurance is not used at all in the Jordanian market.

\*If solution/feature is unavailable in the country, customers were asked for intention

# Jordan

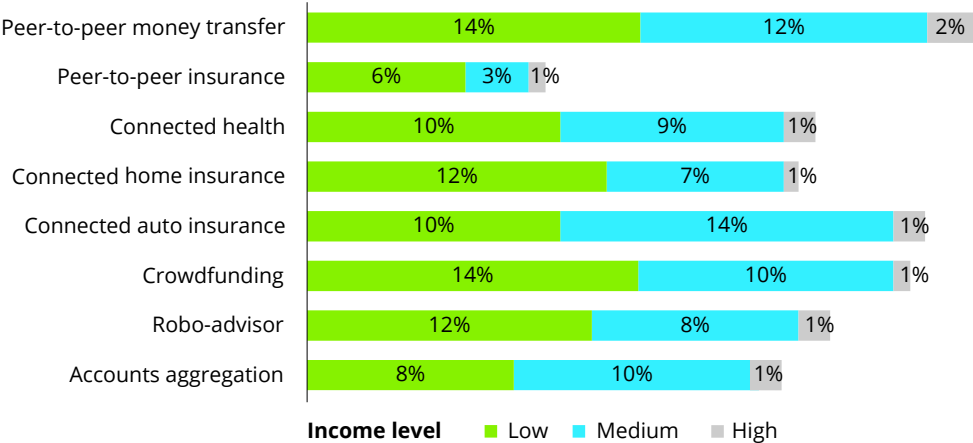
53% Mobile banking  
(of the banked)

28% Website banking  
(of the banked)

55% believe FinTech solutions are highly adopted in the country

14%  
Adopted  
FinTech

Of the customers who adopted FinTech solutions/features...  
**Which FinTech solution do you use? (Based on monthly income)**



**Did not adopt**

- 72%
- 90%
- 80%
- 80%
- 75%
- 75%
- 79%
- 79%

- FinTech solutions are being used with approximately the same level of adoption by both low- and medium- income populations.
- High income use of FinTechs is very low, which proves once again that this segment should be targeted as a matter of priority by offering suitable and personalized value propositions.

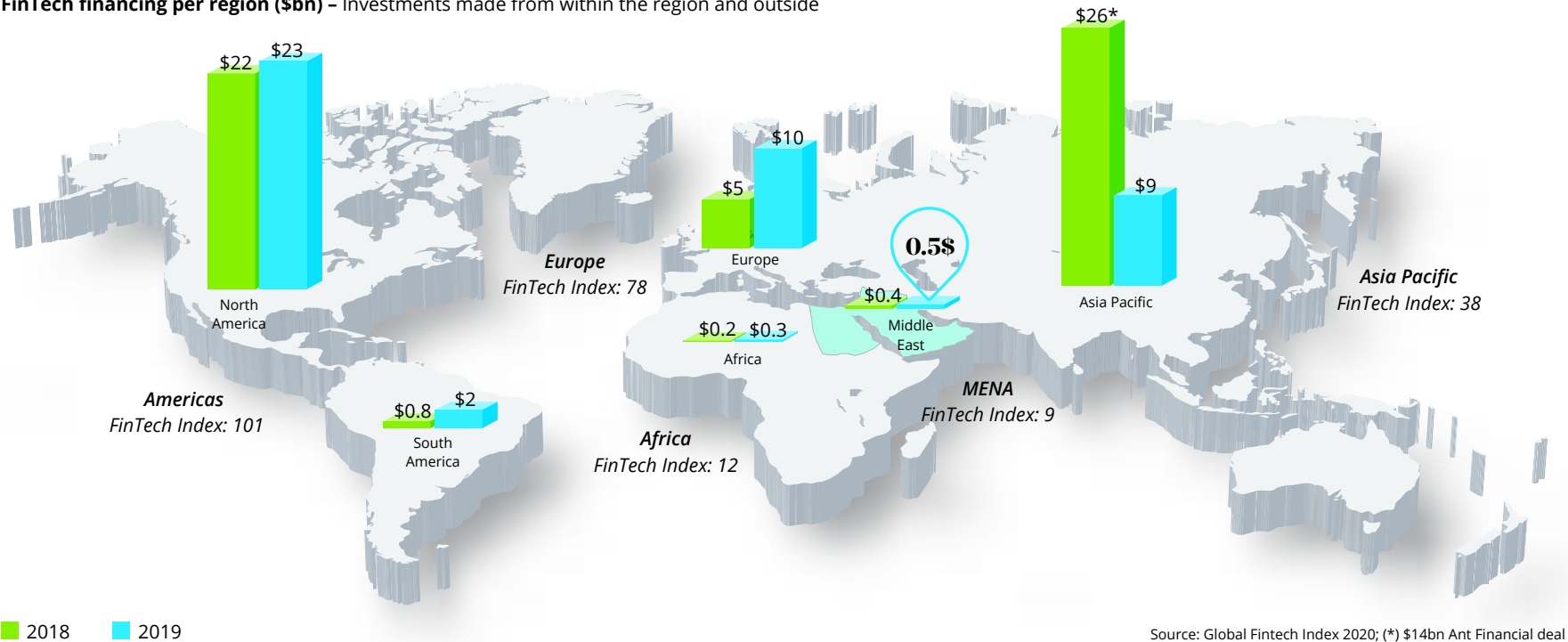
Low: <400JOD    Medium: 401-1,000JOD    High: >1,001JOD

# The Middle East FinTech ecosystem

## Key considerations

Although the Middle East attracts 1% of global FinTech financing (\$45bn) only, there is significant potential in the region

FinTech financing per region (\$bn) – Investments made from within the region and outside





# To realize this potential, governments and regulators need to focus on eight key priorities...

## Capital

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1. Foster public funding in innovative FinTech solutions – incentivize private sector/personal funding
2. Define a transparent monetization and value creation path for FinTechs – support them to realize it

## Policy Regulation

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3. Establish regulatory harmonization within each of the Middle East countries' FinTech ecosystems
4. Aim to build harmonized regulation across several Middle East countries – start small and pilot

## Demand

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5. Define a vision and higher purpose, and establish an innovation hub that motivates and unites all key players of the ecosystem around a single objective i.e. achieving global leadership in selected domains



## Infrastructure

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6. Drive strategic alignment and harmonization across different governmental agencies and departments that run FinTech initiatives – ensure target infrastructure is more competitive than that of other global hubs

## Talent

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7. Attract and develop local talent by offering the right incentives and career path
8. Recruit recognized global leaders in the chosen domain and incentivize them to share knowledge

# ...and banking and digital leaders should consider a three-fold strategy to integrate FinTechs



# Key terms



## FinTech solution/feature

FinTech solutions/features are technology-enabled functionalities that could be developed by a bank in co-operation with a FinTech, or delivered by a FinTech itself, or delivered by a bank itself following a FinTech approach

## Peer-to-peer money transfer

A digital solution that enables the transfer of funds from one person to another over the internet or mobile networks without a bank's intervention – including instant payments

## Account aggregation

Aggregation of a customer's financial data such as saving products, investment tools, bank accounts, etc. to enable users to manage their portfolio under a single comprehensive view – if unavailable in the country, customers were asked for intention

## Robo-advice

Solutions focused on automated, algorithm-driven financial planning and coaching services, including finance management/ budgeting, with little to no human intervention

# Key terms



## Connected health

Use of technology such as smart watches, to prevent and provide healthcare services remotely and thus determine a suitable insurance premium and advise on the best coverage alternative

## Connected auto insurance

Solutions that utilize the Internet of Things (IoT), such as sensors to monitor the speed of a customer's car to determine an insurance premium based on a driver's behavior

## Crowdfunding

Any FinTech solution that helps a project or venture gather funding from several investors, which could be individuals or companies and with several forms of benefits (assets, interest rate, etc.)

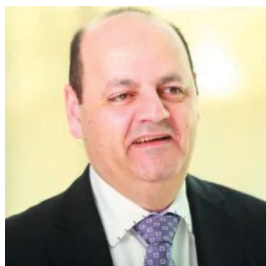
## Connected home insurance

Solutions that utilize IoT, such as sensors to detect leaks, in order to determine a customer's insurance premium and advise on the best coverage alternative

## Peer-to-peer insurance

Provide access to risk-sharing networks where a group of individuals pool their premiums together to insure against a risk

# Reach out to us for more information



**Rushdi Duqah**  
**Deloitte Middle East**  
**Digital Leader**  
rduqah@deloitte.com



**Anthony Yazitzis**  
**Financial Services &**  
**FinTech Partner**  
anyazitzis@deloitte.com

## Key contributors

**Ichrak Hadj Aissa**  
**Senior Consultant**  
ihadjaissa@deloitte.com

**Abdullah Wali**  
**Consultant**  
abwali@deloitte.com

**Tara Horgan**  
**Consultant**  
thorgan@deloitte.com

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