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Knowledge for All

# Saudi Arabia Banking & Finance Industry Outlook



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# 1. EXECUTIVE SUMMARY

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## 1.1. INITIATIVES TO PROMOTE BANKING & FINANCE

The Financial Sector Development Program (FSDP) is one of the 12 executive programs of the Council of Economic and Development Affairs aimed at achieving Saudi Arabia's Vision 2030 goals. The FSDP aims to develop the financial sector and help the country's economic growth by encouraging savings, finance, and investment. Emerging players in financial technology, as well as improvements in the financial services sector (particularly banks), indicate that the digitization and transition to a cashless society are on track. This enabled the FSDP to meet its goal of raising the share of non-cash transactions from 18 percent in 2016<sup>1</sup> to 28 percent by 2020.

To create financial awareness among children, the Saudi Investment Bank (SAIB) opened a virtual branch in theme parks—Kidzzdom and Kidzania. The staff is trained by SAIB to explain the process of banking services and teach children about the bank's work.<sup>2</sup>

## 1.2. FUTURE OUTLOOK

The banking and finance industry has been designated as a significant growth engine in the Saudi Arabia Vision 2030 economic diversification agenda. Mohammed Al-Jadaan, the finance minister of Saudi Arabia, wants to put Riyadh among the top 10 global financial centers by 2030.<sup>3</sup> FSDP will also help Saudi Arabia create a sustainable and successful insurance sector by increasing non-cash transactions from 36 percent in 2019 to 70 percent in 2025.<sup>4</sup> According to monthly data released by the Saudi Central Bank, the Mada system processed 25.84 million online sales transactions in March 2021. The total value of sales for the month was US\$1.4 billion (SAR5.31 billion), up 196 percent year on year.<sup>5</sup> By increasing the share of non-cash transactions from 16 percent in 2016 to 28 percent by 2020 and 70 percent by 2030, FSDP aims to promote electronic payments and convert Saudi society to a cashless society.<sup>6</sup>

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<sup>1</sup> <https://www.arabnews.com/node/1444711>.

<sup>2</sup> <https://www.saib.com.sa/en/saibs-virtual-branches-%E2%80%9Ckidzzdom-kidzania-kids-edutainment-cities>.

<sup>3</sup> <https://vision2030.euromoney.com/>.

<sup>4</sup> <https://www.vision2030.gov.sa/v2030/vrps/fsdp/>.

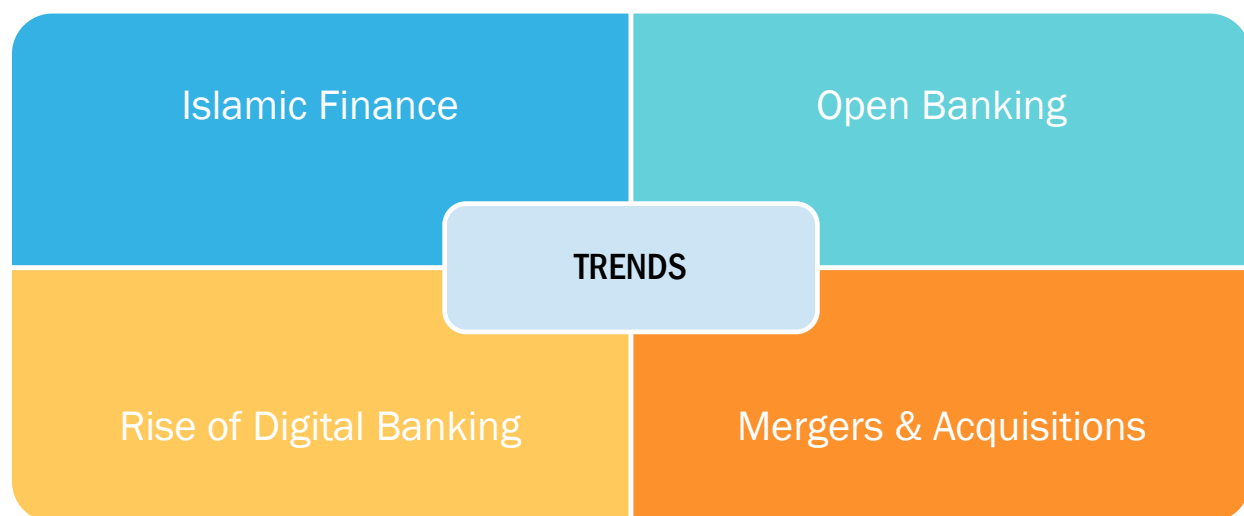
<sup>5</sup> <https://www.arabnews.com/node/1857466/business-economy>.

<sup>6</sup> <https://www.arabnews.com/node/1599471>.

## 2. INTRODUCTION TO BANKING & FINANCE SECTOR

### 2.1. OVERVIEW AND KEY INDUSTRY TRENDS

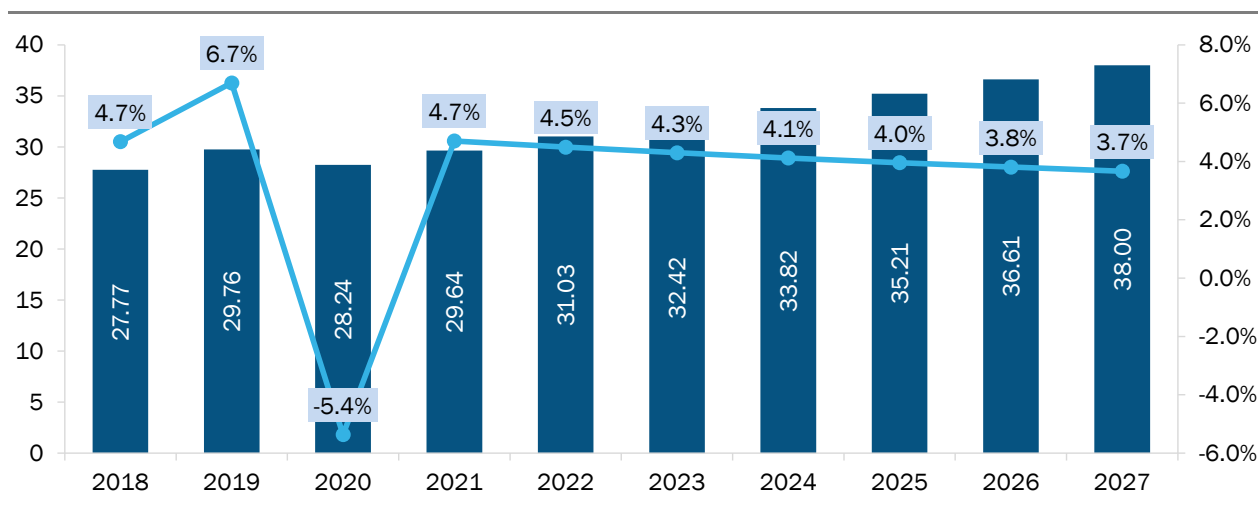
FIGURE 1. BANKING & FINANCE SECTOR IN SAUDI ARABIA – SNAPSHOT



Source: Gulf Research Center Analysis, 2021.

## 2.2. SAUDI ARABIA BANKING & FINANCE: MARKET SIZE AND FORECASTS (2018–2027)

**FIGURE 2. SAUDI ARABIA BANKING & FINANCE: MARKET SIZE AND FORECAST, 2018–2027 (US\$ BILLION)**

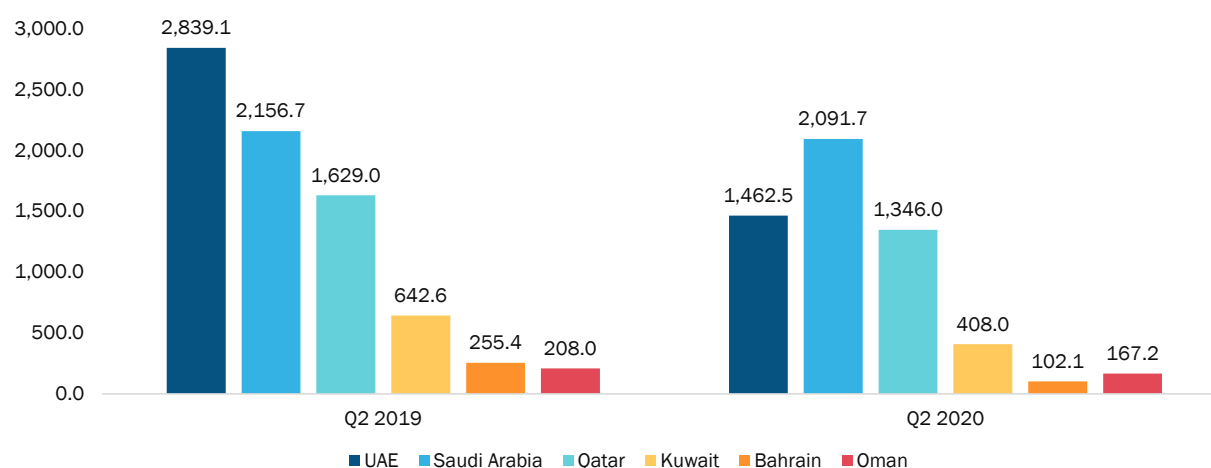


Source: Gulf Research Centre Analysis, 2021.

The Saudi Arabia banking & finance market is projected to reach US\$38 billion by 2027 from US\$29.76 billion in 2019. Factors such as the changing banking ecosystem, Vision 2030 (i.e., promoting cashless transactions), and favorable demographics are expected to propel the growth of the banking and finance sector in the country.

## 2.3. COVID-19 IMPACT ON NET PROFIT OF THE MIDDLE EAST BANKING SECTOR

**FIGURE 3. ESTIMATED COVID-19 IMPACT ON NET PROFIT OF BANKING SECTOR IN MIDDLE EAST, 2020**

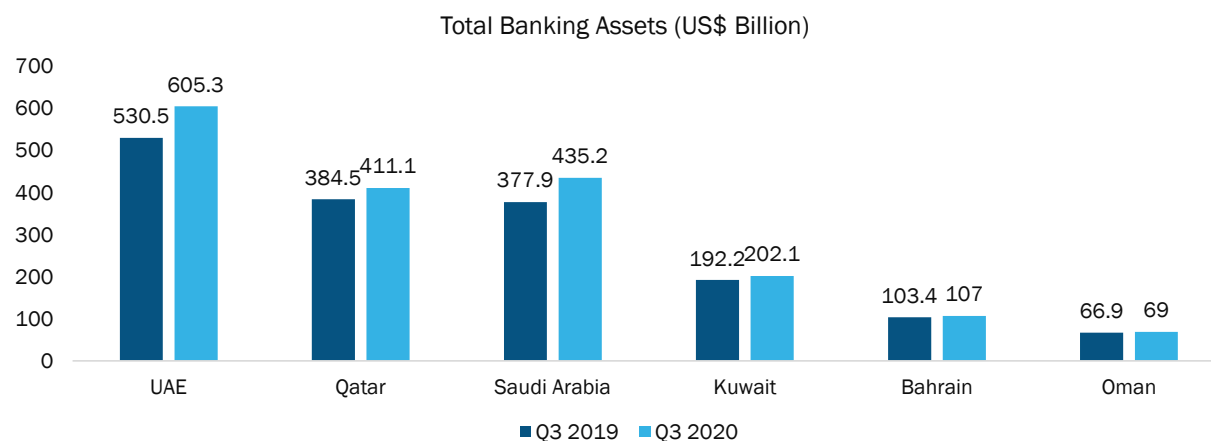


Source<sup>7</sup>: Leading Consulting Firm

COVID-19 has had an influence on Saudi Arabia's net profit of banking in Q2 2020 compared to Q2 2019.

<sup>7</sup> [https://www.ey.com/en\\_qa/banking-capital-markets/mena-quarterly-banking-report/in-response-to-covid-19-how-fintech-can-drive-the-thrive-of-the-banking-sector-in-the-mena](https://www.ey.com/en_qa/banking-capital-markets/mena-quarterly-banking-report/in-response-to-covid-19-how-fintech-can-drive-the-thrive-of-the-banking-sector-in-the-mena).



**FIGURE 4. TOTAL ASSETS, Q3 2019 TO Q3 2020 (US\$ BILLION)**

Source<sup>8</sup>: Leading Consulting Firm.

Comparing the banking results of Q3 2019 with that of Q3 2020, it is clear that the COVID-19 pandemic has had a favorable influence on the total assets of Saudi Arabia banks. The total assets were valued at US\$377.9 billion in Q3 2019, whereas in Q3 2020, they reached ~US\$435.2 billion.

<sup>8</sup> [https://www.ey.com/en\\_qa/banking-capital-markets/mena-quarterly-banking-report/in-response-to-covid-19-how-fintech-can-drive-the-thrive-of-the-banking-sector-in-the-mena](https://www.ey.com/en_qa/banking-capital-markets/mena-quarterly-banking-report/in-response-to-covid-19-how-fintech-can-drive-the-thrive-of-the-banking-sector-in-the-mena).

### 3. BANKING & FINANCE SECTOR

#### 3.1. TYPES OF BANKS IN SAUDI ARABIA

In Saudi Arabia, there are 26 approved banks, including 12 local banks and branches of 14 international banks.<sup>9</sup> The Saudi Arabian Monetary Authority (SAMA)—Saudi Arabia's central bank—supervises commercial bank operations in Saudi Arabia. Local banks and international banks are further divided into commercial banks, real estate banks, industrial banks, and agricultural banks<sup>10</sup>.

**TABLE 1. LIST OF LOCAL BANKS**

Sr No.	Bank Name
1	National Commercial Bank
2	The Saudi British Bank
3	Saudi Investment Bank
4	Alinma Bank
5	Banque Saudi Fransi
6	Riyad Bank
7	Samba Financial Group (Samba)
8	Al Rajhi Bank
9	Arab National Bank
10	Bank AlBilad
11	Bank AlJazira
12	Gulf International Bank Saudi Arabia (GIB-SA)

Source: SAMA, 2021.<sup>11</sup>

<sup>9</sup> <https://www.sama.gov.sa/en-US/BankingControl/Pages/LicensedBanks.aspx>.

<sup>10</sup> <https://corporatefinanceinstitute.com/resources/careers/companies/banks-in-saudi-arabia/>.

<sup>11</sup> <https://www.sama.gov.sa/en-US/BankingControl/Pages/LocalBanks.aspx>.

**TABLE 2. LIST OF INTERNATIONAL BANKS**

Sr No.	Bank Name
1	Emirates NBD
2	National Bank of Bahrain (NBB)
3	National Bank of Kuwait (NBK)
4	Muscat Bank
5	Deutsche Bank
6	BNP Paribas
7	J.P. Morgan Chase N.A
8	National Bank of Pakistan (NBP)
9	State Bank of India (SBI) Bank business has been stopped upon the bank request of license
10	T.C. ZIRAAT BANKASI A.S.
11	Industrial and Commercial Bank of China (ICBC)
12	Qatar National Bank
13	MUFG Bank, Ltd.
14	First Abu Dhabi Bank
15	Trade bank of Iraq (Licensed - has not started yet)
16	Standard Chartered Bank (Licensed - has not started yet)
17	Credit Suisse Bank (Licensed - has not started yet)
18	Bank of China Limited (Licensed - has not started yet)

Source: SAMA, 2021.<sup>12</sup>

### 3.1.1. Commercial Banks

Deposit accounts, lines of credit, merchant services, payment processing, commercial loans, foreign trade services, treasury services, and other business-oriented products are among the products and services offered by commercial banks.

National Commercial Bank, Saudi British Bank, Arab National Bank, and Saudi Investment Bank are among the commercial banks operating in Saudi Arabia.

<sup>12</sup> <https://www.sama.gov.sa/en-US/BankingControl/Pages/ForeignBanks.aspx>.

### 3.1.2. Industrial Banks

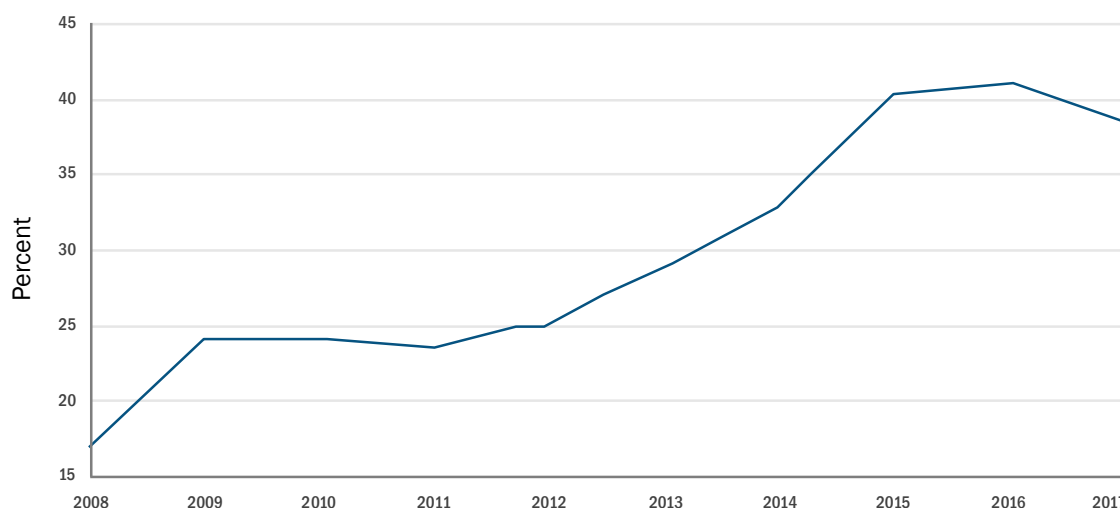
An industrial bank is a financial institution that provides only a limited set of services. Industrial banks take deposits from customers and sell certificates.

Industrial and Commercial Bank of China (ICBC) and Saudi Investment Bank are the industrial banks operating in Saudi Arabia.

## 3.2. ECONOMIC CONTRIBUTION

At present, apart from the non-oil sectors, banking & finance is one of the important sectors in Saudi Arabia. Saudi Arabia's financial system deposits as a percentage of GDP was 40.76 percent in 2016 and reached 38.35 percent in 2017.<sup>13</sup>

**FIGURE 5. FINANCIAL SYSTEM DEPOSITS, PERCENT OF GDP – SAUDI ARABIA**



Source: Federal Reserve Bank in St. Louis.

<sup>13</sup> <https://fred.stlouisfed.org/series/DDDI08SAA156NWDB>.



**TABLE 3. HISTORICAL MONETARY SURVEY: ASSETS, 2009–2019 (MILLION RIYALS)**

Year	Net Foreign Assets		Bank Claims on		
	SAMA	Commercial Banks	Private Sector	Government*	Non-financial Public Sector Enterprises
2009	15,20,042	1,11,235	7,34,237	75,691	28,136
2010	16,51,523	98,421	7,75,756	61,915	32,285
2011	20,07,087	1,39,890	8,63,226	47,711	31,952
2012	24,28,572	1,33,999	10,07,515	42,617	39,705
2013	26,87,792	1,37,703	11,33,180	49,753	44,354
2014	27,15,989	1,52,607	12,70,481	53,259	46,088
2015	22,83,382	2,22,627	13,84,858	86,158	38,986
2016	19,82,348	1,37,730	14,17,920	1,78,416	55,336
2017	18,33,355	1,42,938	14,05,210	2,54,545	53,823
2018	18,35,866	1,20,899	14,45,252	3,05,154	53,765
2019	18,52,626	70,475	15,46,519	3,83,672	61,646

Source: SAMA Annual Statistics 2019.

\* The number has been modified in accordance with international methodology to exclude central bank bills.

### 3.2.1. Government Initiatives and Programs

- **Open Banking Policy:** SAMA has introduced a new system called Open Banking, which aims to boost the growth of the Kingdom's financial services industry. This initiative is in line with Saudi Vision 2030 and the strategic priorities of the FSDP. Developing a digital economy and allowing financial intermediaries to promote private sector development through open financial services to new players are among the priorities.
- In February 2020, SAMA initiated the governing insurance aggregation to expand the provision of payment services in Saudi Arabia. The regulation's goals are to promote financial inclusion and dependence on technology in the payments sector to minimize cash transactions and regulate the payments sector, as well as deal with changes in accordance with international best practices.<sup>14</sup>

<sup>14</sup> <https://www.sama.gov.sa/en-us/news/pages/news-391.aspx>.

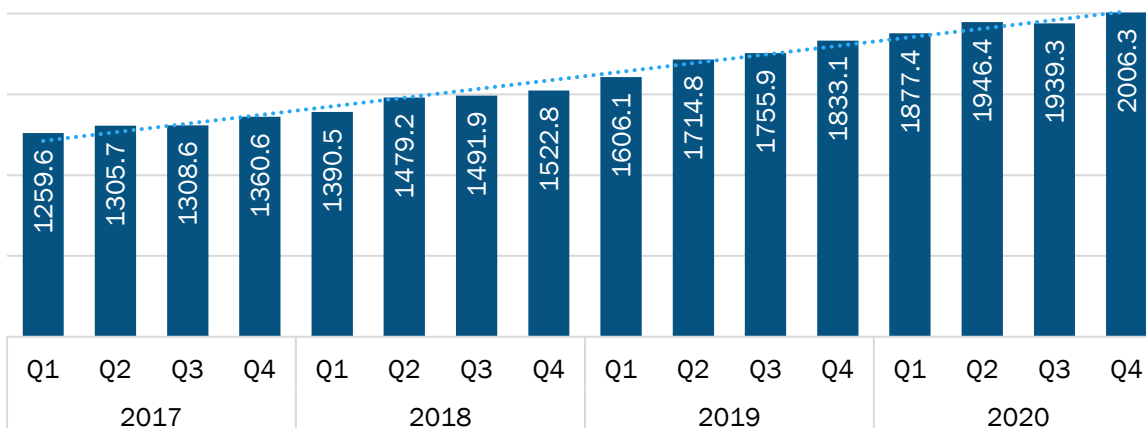
- The Small and Medium Enterprises (SMEs) Bank was established by Saudi Arabia's General Authority for Small and Medium Enterprises (Monshaat) to increase funding for the SME sector and close the financing gap. In line with Saudi Vision 2030, the aim is to reinforce innovative financing solutions as well as the stability and contribution of the SME sector.<sup>15</sup>
- SAMA plans to inject US\$13.33 billion into the banking system to boost liquidity.<sup>16</sup> The stimulus package aims to boost liquidity and enable banks to continue providing credit to their customers.

### 3.3. CAPITAL INVESTMENTS AND MAJOR INVESTORS IN THE FINANCE SECTOR

Saudi Arabia's Public Investment Fund (PIF) holdings are expected to reach SAR10 trillion by 2030, according to Crown Prince Mohammed bin Salman. In 2020, PIF invested SAR90 billion, and by 2021, plans to invest SAR160 billion.<sup>17</sup>

According to the Saudi Central Bank's most recent official figures, foreign investment in Saudi Arabia surpassed SAR2 trillion for the first time at the end of 2020.

**FIGURE 6. FOREIGN INVESTMENT IN SAUDI ARABIA (SAR BILLION)**



Source: Argam.<sup>18</sup>

<sup>15</sup> <https://english.mubasher.info/news/3772172/Monshaat-launches-SME-Bank-to-boost-sector-growth-fill-financing-gap/>.

<sup>16</sup> <https://www.arabnews.com/node/1683376/business-economy>.

<sup>17</sup> <https://www.argaam.com/en/article/articledetail/id/1462935>.

<sup>18</sup> <https://www.argaam.com/en/article/articledetail/id/1460691>.

The total foreign investment in Saudi Arabia was valued at SAR1,256.6 billion (US\$334.3 billion) in Q1 2017 and reached SAR2,006.3 billion (US\$541.7 billion) in Q4 2020. This increased investment in Saudi Arabia provides investors with best returns.

### Shareek (Partner) Program:

Mohammed bin Salman bin Abdulaziz, Saudi Arabia's Crown Prince, created the 'Shareek' (Partner) program to foster collaboration with the business sector in Saudi Arabia. By the end of 2030, the program will have invested a total of SAR5 trillion (US\$1.33 trillion) locally. Aside from this initiative, PIF, Saudi Arabia's sovereign wealth fund, would contribute SAR3 trillion (US\$0.8 trillion) by 2030, as planned in 2021. In addition, the National Investment Strategy will invest SAR4 trillion (US\$1.07 trillion).<sup>19</sup>

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<sup>19</sup> [http://www.xinhuanet.com/english/2021-03/31/c\\_139847832.htm](http://www.xinhuanet.com/english/2021-03/31/c_139847832.htm).

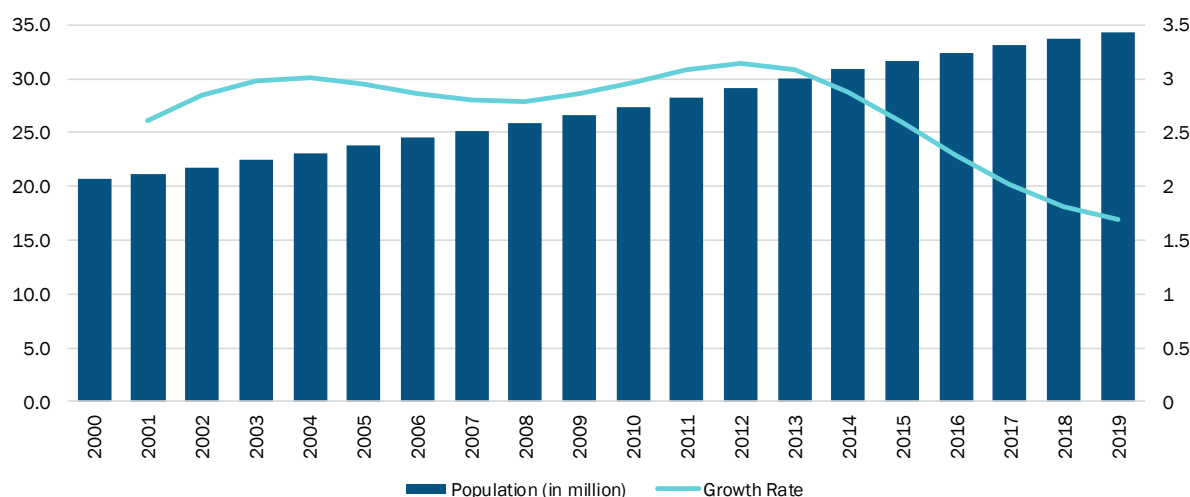
## 4. BANKING & FINANCE INDUSTRY DYNAMICS

### 4.1. KEY INDUSTRY DRIVERS

- Increase in population seeking funds for buying cars, schooling, and housing to meet basic needs.
- Ability of Saudi banks to secure a salary assignment for consumer loans is a key factor in consumer finance's rapid growth.
- The Saudi Credit Bureau was established to provide banks with up-to-date information on customers' creditworthiness.
- New forms of consumer loans for margin trading (secured by shares) and loans secured by real estate are being introduced.

According to a Bloomberg report published in 2020, ~50 percent (~34.2 million) of the population of Saudi Arabia is under 25 years of age. The growth rate of population in the country is decreasing due to the reduction in non-nationalized immigrants. According to a World Bank report (2019), ~1.8 million foreign workers left the country in 2017.<sup>20</sup>

**FIGURE 7. POPULATION AND GROWTH RATE OF POPULATION (2011–2019)**



Source: World Bank, 2019.

<sup>20</sup> <http://pubdocs.worldbank.org/en/341171570664063635/EN-MPO-OCT19-Saud Arabia.pdf>



## 4.2. KEY INDUSTRY CHALLENGES AND SUSTAINABILITY ISSUES

- Growing loan books outside of SME lending and mortgages
- Driving cost efficiency through digitization and countering competition from digital payment platforms.
- Many banking structures in the Gulf Cooperation Council (GCC) are dominated by a few large banks, with various smaller banks vying for the remaining market share. These circumstances highlight the need for merged, stable, and competitive organizations.

## 4.3. KEY INDUSTRY OPPORTUNITIES

### Digital Banking

In recent years, Saudi Arabia has developed strategies to boost its digital banking sector. As told by Bashar Khalil Baidas, CEO and Founder of Digital Cash International, to Oxford Business Group (OBG), “Traditionally Saudi Arabia has been a cash-based society; however, with the rise of new platforms and a young, tech-savvy population, we are anticipating increase in the use of digital payment systems.”

Raising the percentage of electronic transactions from 18 percent in 2016 to 28 percent by the end of 2020 is one of the key goals of the FSDP, according to SAMA. The authority has already established the foundations for a digital banking segment by issuing guidelines for online-only banks, which were updated in February 2020.

### Fintech

Saudi banks are devoting considerable resources to the financial technology (fintech) sector. For instance, Riyadh Bank announced the launch of its Digital Partnerships Program and its partnership with an investment of SAR100 million (US\$26.7 million) venture capital fund in October 2019, making it the first bank in Saudi Arabia to invest in fintech. Also, to promote advancements in digital platforms and new banking products, the bank has established partnerships with technology start-ups and entrepreneurs. In November 2019, SABB and HSBC became the first institutions in Saudi Arabia to use blockchain technology to execute a foreign trade transaction. A letter of credit released on a blockchain-based platform was used to ship homogenized aluminum billets from Aluminum Bahrain to Saudi Arabia's Altaiseer Aluminum Corporation.

Meanwhile, Al Rajhi Bank, a retail bank, updated its mobile app with a feature that enables customers to add beneficiaries using their mobile phone numbers. According to the bank's annual report for 2019, more than half of new accounts are opened digitally, and most customer transactions are completed via online or mobile platforms.

Looking ahead, sector players argue that digital banking will reshape the way that physical branches operate. "Banks are continuing to invest in innovation to strengthen their digital strategies and expand their digital offerings," Faisal Al Saggaf, CEO of NCB, told OBG. "While banks will continue to expand physical networks in order to extend their reach, branches are likely to be smaller and run efficiently, aided by technology."

Saudi Arabia's rapidly developing digital payments system is at the heart of these innovations. The Global Payment Initiative (GPI) was launched by SWIFT in 2017 with the aim of improving the transparency and traceability of cross-border payments. In October 2019, SABB became the first bank in the MENA region to offer the SWIFT GPI for corporates. This service enables corporate clients in the region to make international payments at the same pace as domestic transactions, with processing times reduced from days to hours or even minutes.

Saudi Payments, a wholly owned subsidiary of SAMA, oversees the Kingdom's digital transactions infrastructure, ensuring that banks and fintech firms have a stable payment system. In June 2019, the company launched Esal, a B2B invoicing platform designed to make the payment process transparent and effective. As of March 2020, the Kingdom had four electronic wallets: local firms STC Pay, Halalah, and BayanPay, along with global major Apple Pay network.

However, as the fintech segment continues to expand, new players are likely to enter the Saudi market. "In 2019, the Kingdom's e-commerce market expanded by 50 percent and e-payment transactions increased by over 100 percent. In the coming years, we expect these figures to grow exponentially and at an even faster rate," Muhannad Ebwini, CEO of online payment solutions company HyperPay, told OBG.

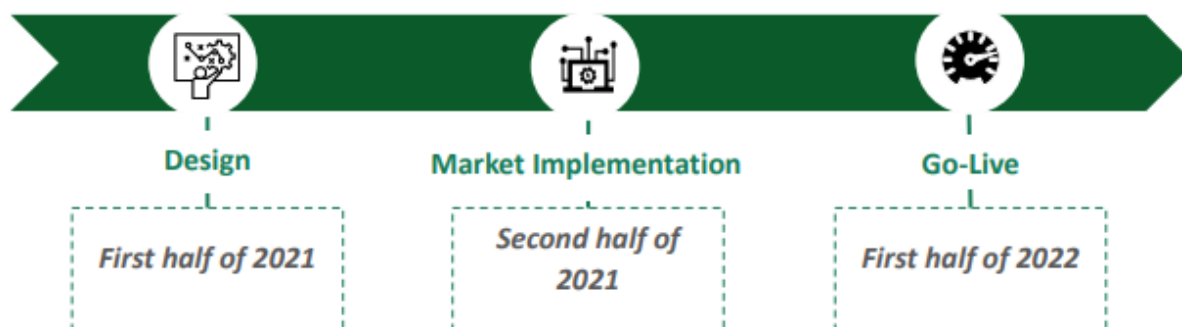
## Open Banking Policy

SAMA is introducing a new system called Open Banking, which aims to boost Saudi financial service industry growth. This initiative is in line with Saudi Vision 2030 and FSDP's strategic priorities.

### Major Benefits of Open Banking Policy

- **Increased Competition:** It lowers entry barriers for new members and provides them a deeper understanding of consumer needs.
- **Improved Efficiency:** Customers can share their bank data with the third party immediately, potentially lowering the cost of innovation and making it easier to collaborate with third-party providers.
- **Direct Innovation:** It helps develop new goods and services to improve the value proposition of financial players and generate new revenue streams.

**FIGURE 8. THE KINGDOM'S OPEN BANKING TIME CYCLE**



Source: SAMA.

#### 4.4. PORTER'S FIVE FORCE ANALYSIS

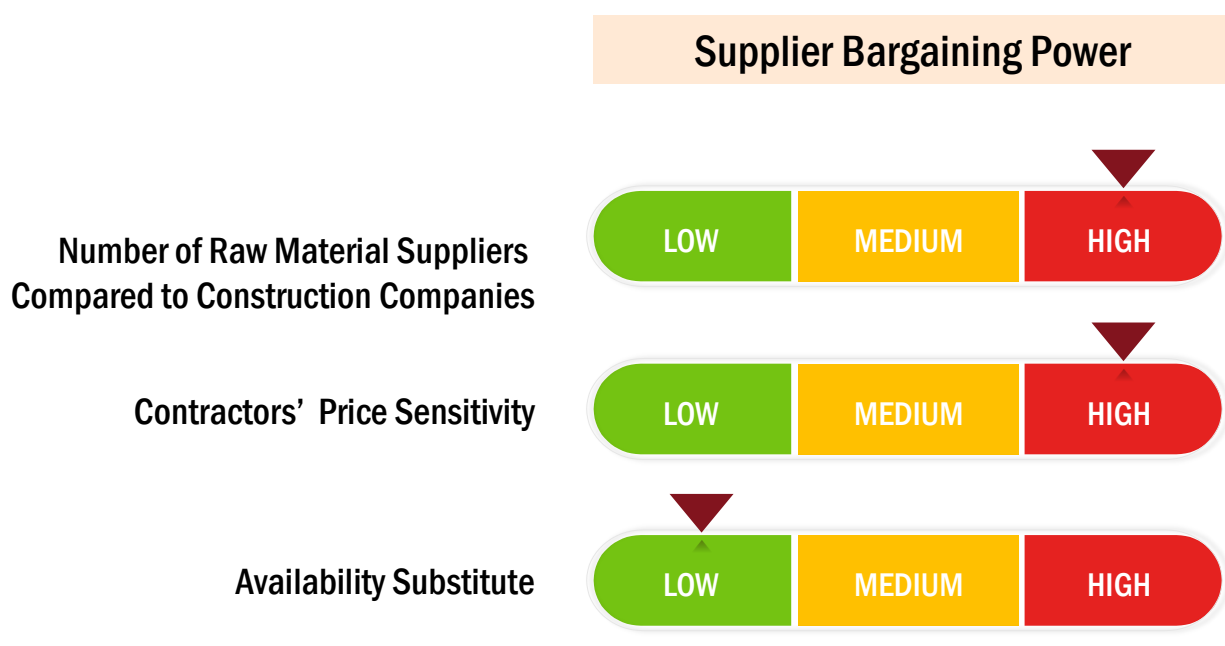
##### Bargaining Power of Suppliers: Medium

Capital is the primary resource of any bank, and there are four major suppliers (various other suppliers contribute to a lesser degree) of capital in the industry.

- Customer deposits
- Mortgages and loans
- Mortgage-backed securities
- Loans from other financial institutions

By utilizing these four major suppliers, the bank can ensure that they have necessary resources to provide services to their customers while maintaining enough capital to meet their withdrawal requirements. The power of the suppliers is largely based on the market and may often fluctuate between medium to high.

**FIGURE 9. SUPPLIER BARGAINING POWER: MEDIUM**



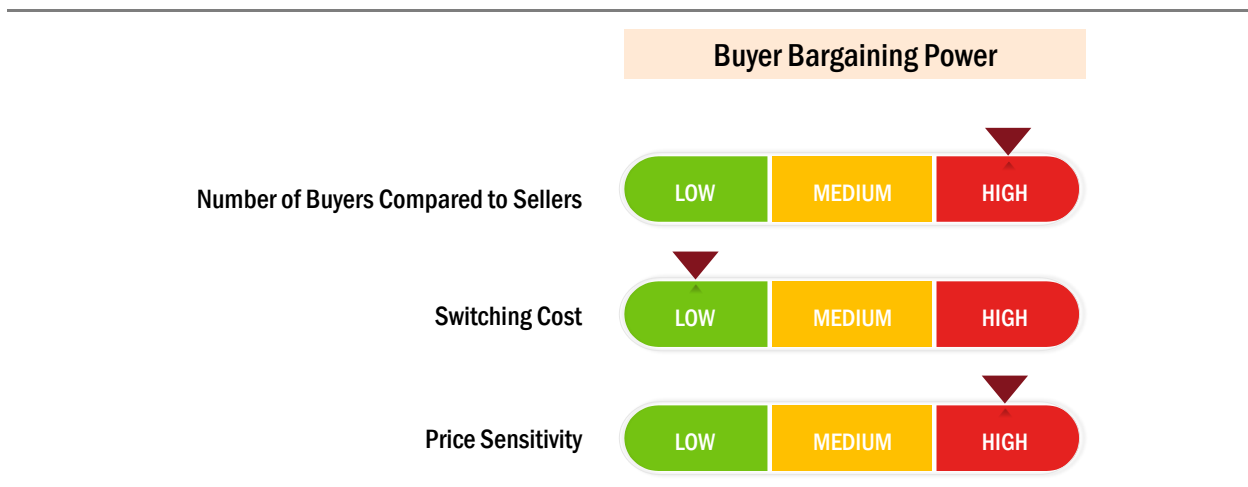
Source: Gulf Research Center Analysis, 2021.

### Bargaining Power of Buyers: High

An individual does not pose much of a threat to the banking industry, but a major factor affecting the power of buyers is relatively high switching costs. If a person has one bank that provides services such as banking needs, mortgage, and savings, it can be a huge hassle for that person to switch to another bank.

The Internet has increased the power of consumers in the banking industry by easing the procedures and reducing the costs incurred by consumers by allowing them to compare the prices of opening/holding accounts as well as the rates offered at various banks. ING Direct introduced high yield savings accounts to catch the buyers' attention; further, they made it easy for customers to transfer their money from their current bank to ING. With this, ING succeeded in keeping switching costs low, in terms of time and capital.

**FIGURE 10. BUYER BARGAINING POWER**

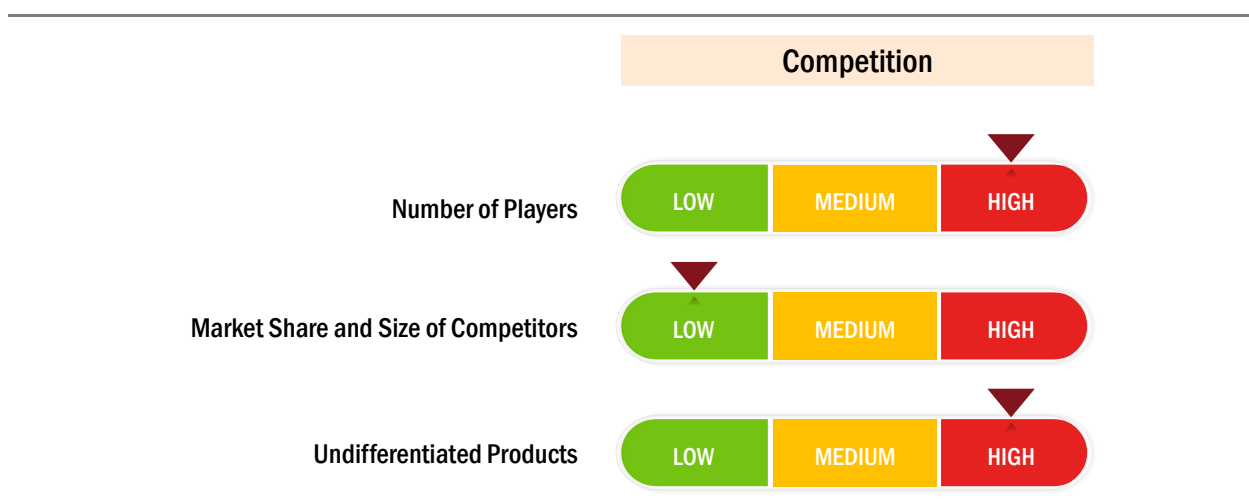


Source: Gulf Research Center Analysis, 2021.

## Competitive Rivalry: Medium

As the financial services industry has been part of the system for long and a large section of the population has had access to the banks as well as related services for years, the presence of established players in the banking industry makes it highly competitive. Thus, banks in Saudi Arabia, to lure clients away from their competitors, have to provide facilities such as lower financing, higher rates, investment services, and greater conveniences. However, the attempts to provide fastest and most efficient services are incurring high costs to the banks, leading to low returns on assets (ROA). Rather than spending money on marketing and advertising, major banks prefer acquiring other banks or merging operations with them.

**FIGURE 11. COMPETITION**

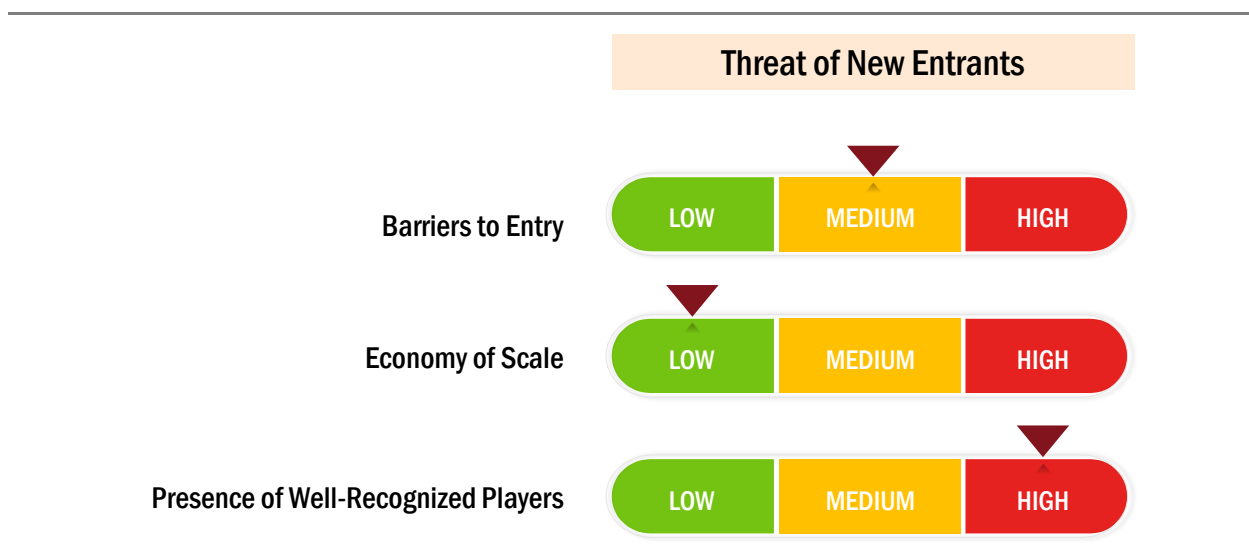


Source: Gulf Research Center Analysis, 2021.

## Threat of New Entrants: Medium

The Saudi banking industry has undergone consolidation, in which major banks seek to serve all financial needs of customers under one roof; Wells Fargo is one of the banks that has adopted this strategy as its business model. Market consolidation strengthens the role of trust or customer loyalty as a barrier to entry of new banks looking to compete with major banks. Although the barriers to entry of new players are relatively low in the banking industry, it is nearly impossible for new banks to enter a market with prominent presence of industry giants that offer a full range of services, thereby bagging customer loyalty. Nevertheless, it is easy to open smaller banks which operate on a regional level.

**FIGURE 12. THREAT OF NEW ENTRANTS**



Source: Gulf Research Center Analysis, 2021.

## Threat of Substitutes: Low

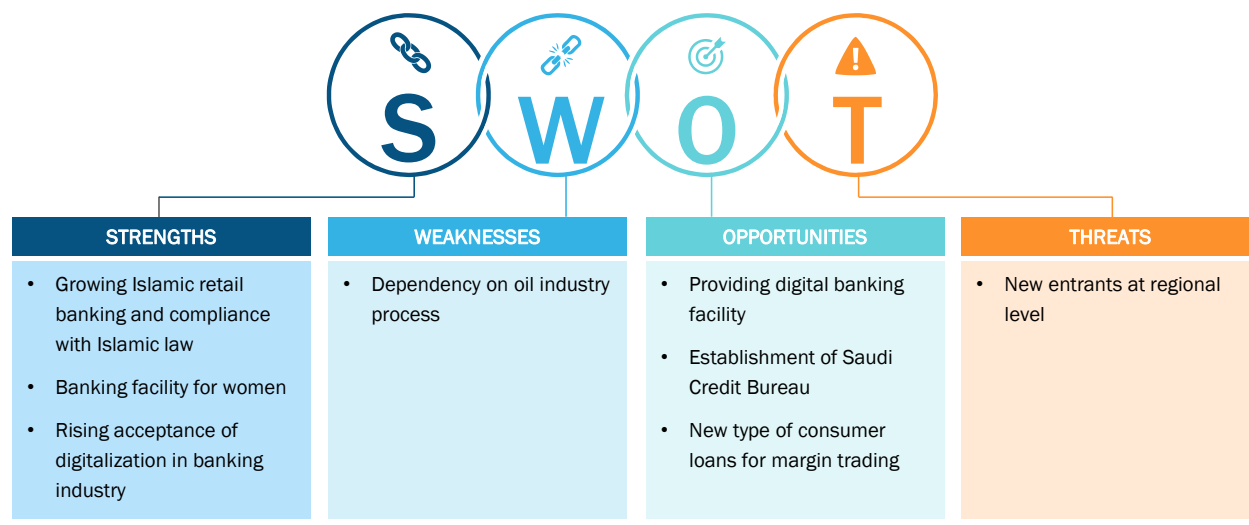
Non-financial competitors pose a major threat of substitution to a few banking players. The industry does not suffer any real threats of substitutes as far as deposits or withdrawals are considered; however, non-banking services may offer insurance plans, mutual funds, and fixed income securities, among others, to compete with traditional banking institutions. These non-banking companies offer a lower interest rate on payments than the consumer would get from a traditional bank loan.

**FIGURE 13. THREAT OF SUBSTITUTES**



Source: Gulf Research Centre Analysis, 2021

**FIGURE 14. SWOT ANALYSIS**

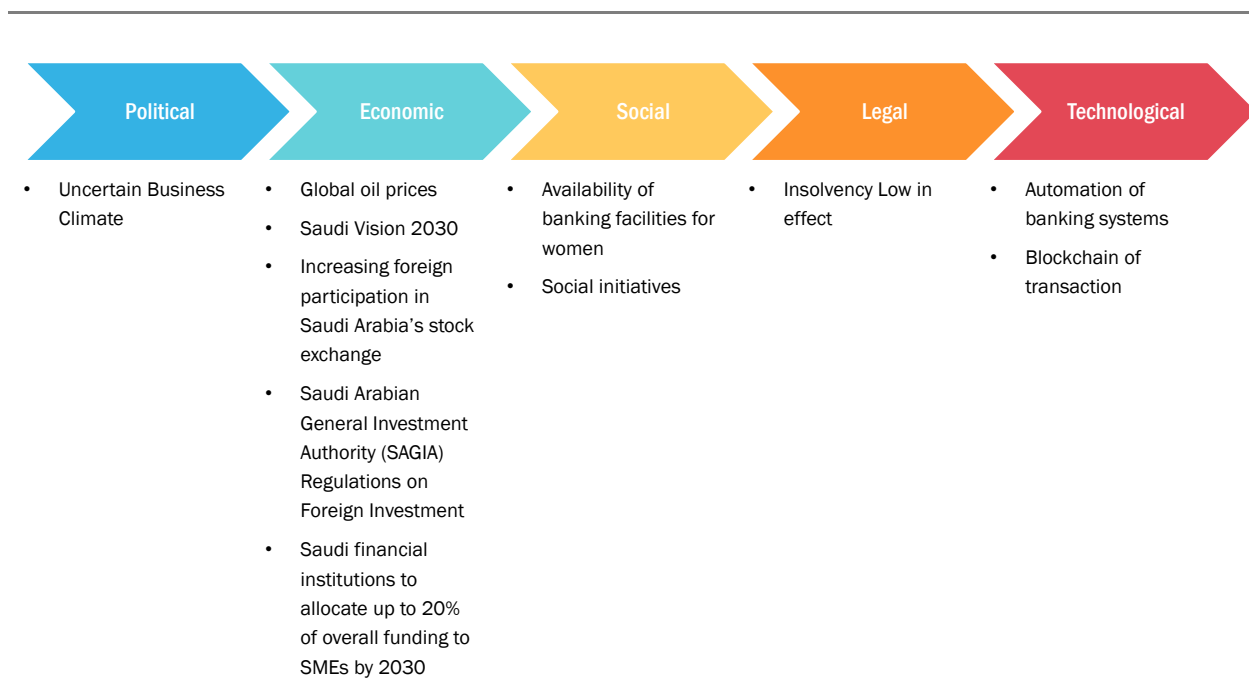


Source: Gulf Research Center Analysis, 2021.



#### 4.5. POLITICAL, ECONOMIC, SOCIAL, LEGAL (REGULATORY), AND TECHNOLOGICAL FACTORS ANALYSIS

**FIGURE 15. PESLT ANALYSIS<sup>21</sup>**



<sup>21</sup> <https://www.riyadbank.com/en/personal-banking/learn/ladies-banking>.

## 5. CURRENT INDUSTRY LANDSCAPE

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### 5.1. POPULAR BANKING & FINANCE TRENDS AND LOCATIONS

Saudi Arabia has one of the oldest banking industries in the region, with roots going back to the twentieth century. At present, it accounts for more than 27 percent of the GCC's overall banking assets. Also, it is the second-largest banking sector in terms of assets and the largest in terms of market capitalization.

Two royal decrees created SAMA in 1952, and it oversees the banking industry till today. Following its establishment, it licensed various local and foreign institutions that introduced new products and services to retail and commercial consumers in Saudi Arabia. As a result, major players such as the National Commercial Bank and Riyadh Bank grew.

#### Trends

Saudi banks have seen a new wave of mergers and acquisitions. The merger of Alawwal Bank and Saudi British Bank is leading to a structural change in the industry.

**Banking licenses:** SAMA granted new banking licenses to Credit Suisse and Standard Chartered Bank. Despite the pandemic, it appears that there is space for new banks in Saudi Arabia.

For example, National Commercial Bank, Saudi Arabia's largest bank by assets, is expected to acquire Samba Financial Group. It has offered US\$15.6 billion to Samba Financial Group as part of the agreed transaction. The merger is expected to create the third-largest lending institution in the GCC region, with total assets of around US\$210 billion, after Qatar National Bank and First Abu Dhabi Bank.

In this context, Christos Theofilou, a senior analyst at Moody's, told the media: "NCB would benefit from Samba's strong corporate and investment banking franchise and well-established risk management practices. The merger would combine NCB's large franchise across most business lines and mass retail capabilities with Samba's upper-middle-income retail presence and well-established corporate banking franchise."

Even before the pandemic, Saudi Arabia and the rest of the GCC countries were on the verge of mergers and acquisitions to improve productivity, lower operational costs, and raise capital, against the backdrop of slowing economic growth. SAMA has fast-tracked the application process for banking licenses, making the Kingdom an appealing hub for banks looking to enter the domestic market.

### Bank Credit

Owing to an increase in real estate loans related to the government's housing program, bank credit in Saudi Arabia increased by 7.6 percent at the end of 2019 and trended upwards in the beginning of 2020. The credit disbursement has decreased after the implementation of lockdown measures, and credit uptake is projected to remain below pre-COVID-19 levels in the near future. Deposits grew by 18.2 percent in 2019 owing to a rise in public sector deposits, which were mainly funded by the proceeds of Saudi Aramco's stake sale.

### New Projects

**Open banking:** Open banking is used in various countries across the world. It enables third-party developers to access consumer data from their banks (with their permission) and serves as a link to fintech platforms such as accounting and personal finance apps. Moreover, it allows payment platforms such as Venmo to function in the US.

With the help of transparent and regulated open banking, customers and companies can have control over their finances and access bespoke financial services. Also, open banking uses application programming interfaces (APIs) to allow data sharing. Open banking is a lucrative market for fintech providers and start-ups, with 70 percent of Saudi Arabia's 34 million population aged under 30 years. As a result, a wide range of fintech services will become available based on competition, innovation, and customer preference. Hisham al-Falih, CEO of Riyadh and London-based fintech start-up Lean Technologies, underscores this as an essential factor for further modernization and digitization of Saudi banking and finance.

SAMA has been “slowly enabling more technologies and innovations to the market. However, these fintech’s can only go so far without being able to access customer data, so I’m really happy to see Saudi adopt open banking,” al-Falih said.

## 5.2. UPCOMING BANKING & FINANCE PROJECTS

**TABLE 4. UPCOMING BANKING & FINANCE PROJECTS**

Date	Type	Description
April 2021	Investment	Tamara, a Buy Now, Pay Later (BNPL) service provider based in Saudi Arabia, recently announced the completion of a US\$110 million Series A funding round led by Checkout.com. <sup>22</sup>
April 2021	Service Launch	Saudi Payments, controlled by the Saudi Central Bank (SAMA), has announced the launch of 'Sarie,' Saudi Arabia's instant payments system, in collaboration with IBM and Mastercard. This partnership is a significant moment for payments innovation in the region, and it aligns with Saudi Payments' goal of improving the Kingdom's financial ecosystem, primarily through the adoption of faster payments and better banking reconciliation. <sup>23</sup>
March 2021	Solution Upgradation	The new version of Fusion Kondor, Finastra's treasury management solution, has been deployed at Banque Saudi Fransi. This will allow the bank to expand its product portfolio and customer experience while staying updated with market changes. <sup>24</sup>
January 2021	Investment	Hakbah, an alternative savings app based in Saudi Arabia, has raised US\$1.2 million in a seed round. <sup>25</sup>
January 2021	Launch Plan	The Central Bank of Saudi Arabia intends to launch open banking in 2022. <sup>26</sup>
January 2021	Service Launch	Tamam will be the first digital microfinance service in Saudi Arabia. After 18 months of sandbox testing, the Saudi Central Bank approved Tamam services.
August 2020	Partnership	AlRaedah Finance and MasterCard have signed a memorandum of understanding (MoU) that will allow them to launch a payment solution for Saudi Arabia's small- and medium-sized businesses (SMEs). <sup>27</sup>

<sup>22</sup> <https://www.fintechfutures.com/us/region/saudi-arabia/>.

<sup>23</sup> <https://newsroom.ibm.com/2021-04-21-Saudi-Payments-Launches-Instant-Payments-System-sarie-in-Cooperation-with-IBM-and-Mastercard>.

<sup>24</sup> <https://www.finastra.com/news-events/press-releases/banque-saudi-fransi-goes-live-finastra-future-proof-treasury-and-trading>.

<sup>25</sup> <https://www.fintechfutures.com/2021/01/saudi-start-up-hakbah-raises-1-2m-in-seed-funding/>.

<sup>26</sup> <https://www.fintechfutures.com/2021/01/saudi-arabias-central-bank-plans-open-banking-go-live-for-2022/>.

<sup>27</sup> <https://www.fintechfutures.com/2020/08/mastercard-partners-with-alraedah-finance-on-saudi-sme-payments/>.

## 6. CURRENT INDUSTRY COMPETITIVE LANDSCAPE

### 6.1. LIST OF BANKING & FINANCE COMPANIES IN SAUDI ARABIA

There were a total of 30 licensed banks (including 13 licensed Saudi banks and 17 licensed foreign banks' branches) in Saudi Arabia at the end of 2019. Recently, in a historic merger, the National Commercial Bank (NCB) and Samba Financial Group combined their operations to create Saudi National Bank (SNB) which planned to start operations from April 2021. Also, Saudi Arabia has provided license to financing companies which are majorly engaged in Real Estate Finance and Other than Real Estate finance such as leasing, SME financing, and asset acquisition. SAMA, the central bank of Saudi Arabia, oversees the operations of commercial banks in the country.

**TABLE 5. LIST OF LICENSED SAUDI BANKS**

Name of Bank	Type	Website
National Commercial Bank (NCB)*	Saudi joint-stock company (Public)	<a href="https://www.alahli.com/en-us">https://www.alahli.com/en-us</a>
The Saudi British Bank**	Saudi joint-stock company and an associate of HSBC Holdings plc.	<a href="https://www.sabb.com">https://www.sabb.com</a>
Saudi Investment Bank (SAIB)	Saudi joint-stock company (Public)	<a href="https://www.saib.com.sa/en">https://www.saib.com.sa/en</a>
Alinma bank	Saudi joint-stock company (Public)	<a href="https://alinma.com/">https://alinma.com/</a>
Banque Saudi Fransi	Saudi joint-stock company (Public)	<a href="https://www.alfransi.com.sa/english">https://www.alfransi.com.sa/english</a>
Riyad Bank	Saudi joint-stock company (Public)	<a href="https://www.riyadbank.com/en">https://www.riyadbank.com/en</a>
Samba Financial Group (Samba)*	Saudi joint-stock company (Public)	<a href="https://www.samba.com/en">https://www.samba.com/en</a>
Alawwal bank**	Saudi joint-stock company (Public)	<a href="https://www.alawwalbank.com/en">https://www.alawwalbank.com/en</a>
Al Rajhi Bank	Saudi joint-stock company (Public)	<a href="https://alrajhibank.com.sa/personal">https://alrajhibank.com.sa/personal</a>
Arab National Bank	Saudi joint-stock company (Public)	<a href="https://www.anb.com.sa/en/">https://www.anb.com.sa/en/</a>
Bank AlBilad	Saudi joint-stock company (Public)	<a href="https://www.bankalbilad.com/en">https://www.bankalbilad.com/en</a>
Bank AlJazira	Saudi joint-stock company (Public)	<a href="https://www.bankaljazira.com/en-us/">https://www.bankaljazira.com/en-us/</a>
Gulf International Bank Saudi Arabia (GIB-SA)	Foreign domiciled bank	<a href="https://www.gib.com/en/financial-statements">https://www.gib.com/en/financial-statements</a>

\*Saudi National Bank (SNB) - Merged entity of Samba Financial Group and National Commercial Bank (NCB) as of March 2021.

\*\*SAAB- Merged entity of the Saudi British Bank and Alawwal Bank as of June 2019.

Source: Saudi Central Bank, Company Websites, D&B Hoovers Database, Accessed April 2021.

**TABLE 6. LIST OF LICENSED FOREIGN BANKS BRANCH IN SAUDI ARABIA**

Financial Institution	Website
Emirates NBD	<a href="https://www.emiratesnbd.com.sa/en-sa/about-emiratesnbd-ksa/">https://www.emiratesnbd.com.sa/en-sa/about-emiratesnbd-ksa/</a>
National Bank of Bahrain (NBB)	<a href="https://www.nbbonline.com">https://www.nbbonline.com</a>
National Bank of Kuwait (NBK)	<a href="https://www.nbk.com/ksa">https://www.nbk.com/ksa</a>
Muscat Bank	<a href="https://www.bankmuscat.com">https://www.bankmuscat.com</a>
Deutsche Bank	<a href="https://www.db.com/mea/en/">https://www.db.com/mea/en/</a>
BNP Paribas	<a href="https://mea.bnpparibas.com/en/">https://mea.bnpparibas.com/en/</a>
J.P. Morgan Chase N.A	<a href="https://www.jpmorgan.com/SA">https://www.jpmorgan.com/SA</a>
National Bank of Pakistan (NBP)	<a href="https://www.nbp.com.pk">https://www.nbp.com.pk</a>
T.C.ZIRAAT BANKASI A.S.	<a href="http://www.ziraatbank.sa">www.ziraatbank.sa</a>
Industrial and Commercial Bank of China (ICBC)	<a href="http://www.saudi-cocc.net">www.saudi-cocc.net</a>
Qatar National Bank	<a href="https://www.qnb.com/">https://www.qnb.com/</a>
MUFG Bank, Ltd.	<a href="https://www.bk.mufg.jp/">https://www.bk.mufg.jp/</a>
First Abu Dhabi Bank	<a href="https://www.bankfab.com/en-ae">https://www.bankfab.com/en-ae</a>
Credit Suisse Bank	<a href="https://www.credit-suisse.com/sa/">https://www.credit-suisse.com/sa/</a>
Trade bank of Iraq (Licensed - has not started yet)	<a href="http://www.tb-irq.com">www.tb-irq.com</a>
Standard Chartered Bank (Licensed - has not started yet)	<a href="https://www.sc.com/sa-en">https://www.sc.com/sa-en</a>
Bank of China Limited (Licensed - has not started yet)	<a href="http://www.saudi-cocc.net/en">www.saudi-cocc.net/en</a>
National Bank of Kuwait (NBK)	<a href="https://www.emiratesnbd.com.sa/en-sa/about-emiratesnbd-ksa/">https://www.emiratesnbd.com.sa/en-sa/about-emiratesnbd-ksa/</a>
Muscat Bank	<a href="https://www.nbbonline.com">https://www.nbbonline.com</a>

Source: Saudi Central Bank, Company Websites.

**TABLE 7. LIST OF FINANCE ENTITIES ENGAGED IN REAL ESTATE FINANCE IN SAUDI ARABIA**

Financial Institution	Website
Riyad Bank	<a href="https://www.riyadbank.com/en">https://www.riyadbank.com/en</a>
Amlak International Company	<a href="https://www.amlakint.com/en">https://www.amlakint.com/en</a>
The Saudi British Bank	<a href="https://www.sabb.com">https://www.sabb.com</a>
Arab National Bank	<a href="https://www.anb.com.sa/en/">https://www.anb.com.sa/en/</a>
Dar Al Tamleek Company	<a href="https://www.daraltamleek.com/en">https://www.daraltamleek.com/en</a>
Samba Financial Group	<a href="https://www.samba.com/en">https://www.samba.com/en</a>
National Commercial Bank	<a href="https://www.alahli.com/en-us">https://www.alahli.com/en-us</a>
Banque Saudi Fransi	<a href="https://www.alfransi.com.sa/english">https://www.alfransi.com.sa/english</a>
Bank Albilad	<a href="https://www.bankalbilad.com/en">https://www.bankalbilad.com/en</a>
Al Rajhi Bank	<a href="https://alrajhibank.com.sa/personal">https://alrajhibank.com.sa/personal</a>

Financial Institution	Website
Saudi Home Loans Company	<a href="http://www.saudihomeloans.com">www.saudihomeloans.com</a>
Saudi Investment Bank	<a href="https://www.saib.com.sa/en">https://www.saib.com.sa/en</a>
Deutsche Gulf Finance	<a href="http://www.deutschegulf.com">www.deutschegulf.com</a>
Alinma Bank	<a href="https://alinma.com/">https://alinma.com/</a>
Alawwal bank	<a href="https://www.alawwalbank.com/en">https://www.alawwalbank.com/en</a>
Bank AlJazira	<a href="https://www.bankaljazira.com/en-us/">https://www.bankaljazira.com/en-us/</a>
Abdul Latif Jameel United Real Estate Finance	<a href="http://aljuref.com/en/">aljuref.com/en/</a>
Bidaya Home Finance	<a href="https://www.bidaya.com.sa/en">https://www.bidaya.com.sa/en</a>
Saudi Real Estate Refinance Co.	<a href="http://www.srco.com.sa">www.srco.com.sa</a>
Emirates NBD	<a href="https://www.emiratesnbd.com">https://www.emiratesnbd.com</a>
First Abu Dhabi Bank	<a href="https://www.bankfab.com/en-ae">https://www.bankfab.com/en-ae</a>

Source: Saudi Central Bank, Company Websites.

**TABLE 8. LIST OF FINANCE ENTITIES ENGAGED IN OTHER THAN REAL ESTATE FINANCE IN SAUDI ARABIA**

Financial Institution	Website
Nayifat Finance Co.	<a href="https://www.nayifat.com/">https://www.nayifat.com/</a>
Yanal Finance Co.	<a href="https://yanal.com/">https://yanal.com/</a>
AlYusr Leasing & Financing Co.	<a href="https://www.alyusr.com.sa/en">https://www.alyusr.com.sa/en</a>
Ajil Financial Services Co.	<a href="https://www.ajil.com">https://www.ajil.com</a>
National Finance Co.	<a href="https://www.nfcmoney.com">https://www.nfcmoney.com</a>
Morabaha Marina Finance Co.	<a href="https://mmfco.net/en">https://mmfco.net/en</a>
Kirnaf Finance Co.	<a href="https://www.kirnafco.com">https://www.kirnafco.com</a>
Aljasriah Finance Co.	<a href="https://www.aljasriah.com">https://www.aljasriah.com</a>
Matager Finance Co.	<a href="http://www.matager.sa">www.matager.sa</a>
Saudi Finance Co.	<a href="https://sfco.com.sa/?lang=en">https://sfco.com.sa/?lang=en</a>
Abdul Latif Jameel Finance Co.	<a href="http://aljuref.com/en/">aljuref.com/en/</a>
Gulf Finance Co.	<a href="http://www.gulffinance.com">www.gulffinance.com</a>
Tamwily International Co.	<a href="https://tamwily.com/en">https://tamwily.com/en</a>
Alamthal Financing Co.	<a href="http://www.al-amthal.com.sa">www.al-amthal.com.sa</a>
Osoul Modern Finance Co.	<a href="https://osoulmodern.com/en">https://osoulmodern.com/en</a>
Dar Aletiman AlSaudi Co.	<a href="https://www.etiman.com.sa/">https://www.etiman.com.sa/</a>
Tawkelat Financing Co.	<a href="http://www.tawkelat.sa">www.tawkelat.sa</a>
Ijarah Finance Co.	<a href="https://www.ijarah.sa/">https://www.ijarah.sa/</a>
Tayseer Finance Co.	<a href="https://www.tayseerme.com">https://www.tayseerme.com</a>
Saudi Fransi for Finance Leasing Co.	<a href="https://www.fransileasing.com">https://www.fransileasing.com</a>

Financial Institution	Website
Tamweel Aloula Finance Co.	<a href="https://tamweel-aloula.com">https://tamweel-aloula.com</a>
American Express	<a href="https://www.americanexpress.com.sa">https://www.americanexpress.com.sa</a>
Aljabr Finance Co.	<a href="http://ajfc.com.sa">ajfc.com.sa</a>
Alraedah Finance Co.	<a href="https://alraedah.finance/en">https://alraedah.finance/en</a>
Raya Financing Co.	<a href="https://www.rayaфинancing.com">https://www.rayaфинancing.com</a>
Maalem Finance Co.	<a href="http://www.maalem.com.sa">www.maalem.com.sa</a>
Taajeer Finance Co.	<a href="https://taajeerfinance.com/en">https://taajeerfinance.com/en</a>
Gulf Lifting Financial Leasing Co.	<a href="https://www.glfl.com.sa">https://www.glfl.com.sa</a>
Bab Rizq Jameel Microfinance Co.	<a href="https://brjmf.com/en">https://brjmf.com/en</a>
United Company for Financial Services	<a href="https://www.tasheelfinance.com/en">https://www.tasheelfinance.com/en</a>
Emkan Finance Co.	<a href="https://www.emkanfinance.com.sa/en">https://www.emkanfinance.com.sa/en</a>
Tamam Finance Co.	<a href="http://www.tamam.life/">http://www.tamam.life/</a>









Source: Saudi Central Bank, Company Websites.



## 6.2. PROMINENT BANKING & FINANCE COMPANY PROFILES

### 6.2.1. National Commercial Bank (NCB)









National Commercial Bank (NCB) merged with Samba Financial Group to become Saudi National Bank (SNB) as of March 2021 and was slated to start operations from April 2021.

National Commercial Bank (NCB)*	
 <b>TYPE :</b> Public	 <b>FEATURES :</b> ATMs: 3,723 (As of 2019)
 <b>START OF OPERATIONS :</b> 1953	 <b>HEADQUARTERS :</b> The Saudi National Bank Tower King Fahd Road 3208 - Al Aqeeq District Unit No.778 Zip Code 13519 – Additional No. 6676 Riyadh, Kingdom of Saudi Arabia
 <b>BUSINESS AREAS :</b> Wholesale, Retail and Commercial banking products (Investment banking, Share trading, Asset Management, Leasing, Mortgages, Insurance and Credit facilities)	 <b>FINANCIALS (ANNUAL REPORT) :</b> Total operating income: SAR20.6 bn Net profit: SAR11.4 bn (As of December 2019)
 <b>BRANCHES :</b> 434	
 <b>REAL ESTATE FINANCING :</b> Yes	

Source: Company Website, Annual Report, 2021.

### 6.2.2. The Saudi British Bank

The Saudi British Bank merged with Alawwal Bank in June 2019 to form SAAB.

The Saudi British Bank	
 <b>TYPE :</b> Saudi joint stock company	 <b>FEATURES :</b> Retail customers: 1.7 million Corporate customers: 8,800 million
 <b>START OF OPERATIONS :</b> 1950	 <b>HEADQUARTERS :</b> SABB - Head Office P.O. Box 9084 Riyadh 11413 Kingdom of Saudi Arabia
 <b>BUSINESS AREAS :</b> Wholesale, Retail and Institutional banking products and services	 <b>FINANCIALS (ANNUAL REPORT) :</b> Total operating income: SAR8.9 bn Net loss: SAR4.1 bn (As of December 2020)
 <b>BRANCHES :</b> 84	
 <b>REAL ESTATE FINANCING :</b> Yes	

Source: Company Website, Annual Report, 2021.

### 6.2.3. Saudi Investment Bank (SAIB)

#### Saudi Investment Bank (SAIB)


**TYPE :**

Saudi joint stock company (Public)



**START OF OPERATIONS :** March 1977


**BUSINESS AREAS :**

Wholesale, Retail and Commercial banking products (Investment banking, Share trading, Asset Management, Leasing, Mortgages, Insurance and Credit facilities)



**BRANCHES :** 52 (49 are Shariah-compliant banking services)



**REAL ESTATE FINANCING :** Yes


**FEATURES :**

Cash Deposit Machines - 12  
Automated Teller Machines - 368  
Interactive Teller Machines - 04  
Point of Sales (PoS) – 9,895  
(As of December 31, 2020)


**HEADQUARTERS :**








The Saudi Investment Bank  
8081- Sheikh Abdul Rahman bin Hassan -  
Al-Wizarat – Al Maather  
Unit No: 2, AR Riyadh 12622 – 3144  
Kingdom of Saudi Arabia


**FINANCIALS (ANNUAL REPORT) :**

Total income: SAR2,892 mn  
Investment portfolio: SAR30.5 bn  
(As of December 31, 2020)









Source: Company Website, Annual Report, 2021.

#### 6.2.4. Banque Saudi Fransi

Banque Saudi Fransi	
 <b>TYPE :</b> Saudi joint stock company (Public)	 <b>FEATURES :</b> ATM including deposit machines: 569 Point of Sales: 29,541
 <b>START OF OPERATIONS :</b> June 1977	 <b>HEADQUARTERS :</b> Banque Saudi Fransi, P.O. Box 56006 Riyadh
 <b>BUSINESS AREAS :</b> Retail and Institutional banking	 <b>FINANCIALS (ANNUAL REPORT) :</b> Total operating income: SAR7.04 bn Total assets: SAR194.0 bn (As of December 2020)
 <b>REAL ESTATE FINANCING :</b> Yes	









Source: Company Website, Annual Report, 2021.

### 6.2.5. Riyadh Bank

Riyadh Bank	
 <b>TYPE :</b> Saudi joint stock company (Public)	 <b>FEATURES :</b> Point of Sales: 53,580 ATM: more than 2,542
 <b>START OF OPERATIONS :</b> 1957	 <b>HEADQUARTERS</b> Riyadh Bank, P.O. Box 22622 Riyadh 11416,
 <b>BUSINESS AREAS :</b> Retail, Corporate, Financer and lender of loan to oil and petro chemical companies	
 <b>BRANCHES :</b> 308	 <b>FINANCIALS (ANNUAL REPORT) :</b> Net income: SAR4,715 mn Total assets: SAR310,088 mn (As of December 2020)
 <b>REAL ESTATE FINANCING :</b> Yes	

Source: Company Website, Annual Report, 2021.

### 6.2.6. Samba Financial Group (Samba)

Samba Financial Group (Samba)	
 <b>TYPE :</b> Saudi joint stock company (Public)	 <b>FEATURES :</b> Speed Cash centers: 07 Centers for ladies' banking: 21
 <b>START OF OPERATIONS :</b> 1955	 <b>HEADQUARTERS :</b> Samba , P.O. Box 25895, Riyadh 11476, Kingdom of Saudi Arabia.
 <b>BUSINESS AREAS :</b> Retail, Corporate, Private Banking, Treasury and Investment Banking	 <b>FINANCIALS (ANNUAL REPORT) :</b> Total operating income: SAR9.4 bn Net profit: SAR4.2 bn Total asset: SAR296.9 bn (As of December 2020)
 <b>BRANCHES :</b> 73	
 <b>REAL ESTATE FINANCING :</b> Yes	

Source: Company Website, Annual Report, 2021.

### 6.2.7. Al Rajhi Bank

#### Al Rajhi Bank


**TYPE :**

Saudi joint stock company (Public)



**START OF OPERATIONS :** 1987


**BUSINESS AREAS :**

Retail banking, Credit cards, Personal financing including home and auto, Treasury



**BRANCHES :** 543



**REAL ESTATE FINANCING :** Yes


**FEATURES :**

ATMs: 5,211

Point of Sales: 2,04,549


**HEADQUARTERS :**

Al Rajhi Banking & Investment Corp.  
8467 King Fahd Road - Al Muruj Dist,  
Unit No (1) Riyadh 12263


**FINANCIALS (ANNUAL REPORT) :**

Total income: SAR20.7 bn








Net profit: SAR11.8 bn

Total assets: SAR469 bn

(As of December 2020)

Source: Company Website, Annual Report, 2021.

### 6.2.8. Alawwal Bank

Alawwal bank	
 <b>TYPE :</b> Public	 <b>FEATURES :</b> ATMs: 550
 <b>START OF OPERATIONS :</b> 1926	 <b>HEADQUARTERS :</b> Alawwal Bank Building, Al Dhabab Street , Opposite Riyadh Chamber of Commerce, Riyadh, 11431 Saudi Arabia
 <b>BUSINESS AREAS :</b> Corporate Banking, Personal Banking, Treasury, Investment Banking & Investment Services,	
 <b>BRANCHES :</b> More than 65	
 <b>REAL ESTATE FINANCING :</b> Yes	

Source: Company Website, Annual Report, 2021.



### 6.2.9. Arab National Bank

Arab National Bank	
 <b>TYPE :</b> Saudi joint stock company (Public)	 <b>FEATURES :</b> ATMs: 1,220 POS: 24,200 (As of 2019)
 <b>START OF OPERATIONS :</b> 1979	 <b>HEADQUARTERS :</b> 7317 King Faisal Rd. Al Murabba, unit number 1, Riyadh 12613-3536 - P.O. Box 56921, Riyadh 11564, Kingdom of Saudi Arabia
 <b>BUSINESS AREAS :</b> Corporate, Retail, Investment banking	 <b>FINANCIALS (ANNUAL REPORT) :</b> Net profit after tax: US\$552.6 bn Total assets: US\$48.1 bn (As of December 2020)
 <b>BRANCHES :</b> 167	
 <b>REAL ESTATE FINANCING :</b> Yes	

Source: Company Website, Annual Report, 2021.

### 6.2.10. Bank Al-Bilad

#### Bank Al-Bilad


**TYPE :**

Saudi joint stock company (Public)



**START OF OPERATIONS :** 2004


**BUSINESS AREAS :**

Retail, Investment banking, Corporate,  
International Remittance Services, Treasury



**BRANCHES :** 144



**REAL ESTATE FINANCING :** Yes


**FEATURES :**

ATMs: 1,000

Remittance Centers: 178


**HEADQUARTERS :**

Al Mutamarat 8229, Building No 2,  
RIYADH 3952 - 12711, Kingdom of  
Saudi Arabia


**FINANCIALS (ANNUAL REPORT) :**

Total operating income: SAR4.2 bn

Net income: SAR1.5 bn

Total assets: SAR95 bn

(As of December 2020)

Source: Company Website, Annual Report, 2021.

### 6.2.11. Bank Al-Jazira

#### Bank Al-Jazira


**TYPE :**

Saudi joint stock company (Public)


**START OF OPERATIONS :** 1975

**BUSINESS AREAS :**

Personal, Corporate, Investment, and Treasury


**BRANCHES :** 99

**REAL ESTATE FINANCING :** Yes

**FEATURES :**

ATMs: 600

Remittance Centers: 45


**HEADQUARTERS :**

Jeddah – Saudi Arabia, P.O. Box 6277

Jeddah 21442

Source: Company Website, Annual Report, 2021.

### 6.2.12. Gulf International Bank Saudi Arabia (GIB-SA)

#### Gulf International Bank Saudi Arabia (GIB-SA)



##### TYPE :

Foreign domiciled bank



##### FEATURES :

ATM: 11



**START OF OPERATIONS :** 1975



##### FINANCIALS (ANNUAL REPORT) :

Net income after tax: US\$63 mn

Total assets: US\$30,241 mn

(As of Dec 2019)



##### BUSINESS AREAS :

Retail, Wholesale, Treasury, Investment,  
Asset Management



**REAL ESTATE FINANCING :** Yes




Source: Company Website, Annual Report, 2021.

### 6.3. COMPETITIVE BENCHMARKING

There were a total of 30 licensed banks (including 13 licensed Saudi banks and 17 licensed branches of foreign banks) in Saudi Arabia at the end of 2019. Recently, in a historic merger<sup>28</sup> the National Commercial Bank (NCB) and Samba Financial Group (Samba) combined their operations to form Saudi National Bank (SNB) which planned to start operations from April 2021. SAMA oversees the operations of commercial banks in the country.

Competitive analysis for Saudi banking and finance industry has been provided based on Product Benchmarking, Financial Benchmarking, and Credit Ratings Benchmarking.

**FIGURE 16. PRODUCT BENCHMARKING OF SAUDI BANKING AND FINANCE COMPANIES**

			
Name of Bank	No. of ATMs	No. of Point of Sales	Bank Branches
The National Commercial Bank (NCB)	3723	71174	434
Riyad Bank	2558	53580	310
Banque Saudi Fransi	569	29541	87
Arab National Bank	1220	24200	138
Saudi British Bank	1433	45735	132
*Al-Jazira Bank	607	10192	78
Alawwal Bank	550	Not Available	Not Available
Saudi Investment Bank	469	9303	52
Al Rajhi Bank	5215	115324	544
Samba Financial Group	540	19039	73
Al-Bilad Bank	971	21498	110
Emirates NBD	17	Not Available	4
National Bank of Kuwait	4	Not Available	3
Muscat Bank	0	Not Available	1
**Alinma Bank	1527	43933	95
National Bank of Bahrain	2	Not Available	1
Gulf International Bank	11	Not Available	3

Source: Saudi Central Bank Yearly Statistics for the Year 2019.

Note: No. of ATMs excludes those belonging to SAMA.

\* Effective from First Quarter 2011, AL-Jazira Bank's Points of Sales have been included.

\*\* Effective from July 2011, Alinma Bank's Points of Sales have been included.

As of November 2005, data of commercial banks' branches have been reclassified.

<sup>28</sup> [https://www.alahli.com/en-us/about-us/news/Pages/Mar2021\\_News01.aspx](https://www.alahli.com/en-us/about-us/news/Pages/Mar2021_News01.aspx).

## 7. PUBLIC-PRIVATE PARTNERSHIP IN BANKING AND FINANCE SECTOR

### 7.1. RECENT DEVELOPMENTS ACROSS PPP IN BANKING AND FINANCE SECTOR

The growing non-oil sector development, such as tourism, healthcare, construction, and banking and finance sector, has a profound impact on Saudi Arabia's long-term vision to diversify economic growth and minimize the country's reliance on oil trade. The government's Public Investment Fund (PIF) continues to attract foreign direct investment across its varied industry portfolio of mega projects.<sup>29</sup>

**FIGURE 17. ESTIMATED CREDIT GROWTH IN SAUDI ARABIA – 2021 AND 2022 FORECASTS**



NOTE: e – estimated, f – forecast, SAR – Saudi Arabia Riyal.

Source: S&P Global Ratings.<sup>30</sup>

<sup>29</sup> [https://www.pif.gov.sa/en/Pages/Portfolio.aspx?gclid=EAlaIqobChMI38qkjfk8AIVSQQrCh2GiwzVEAAYASABEgLWvFD\\_BwE](https://www.pif.gov.sa/en/Pages/Portfolio.aspx?gclid=EAlaIqobChMI38qkjfk8AIVSQQrCh2GiwzVEAAYASABEgLWvFD_BwE).

<sup>30</sup> [https://www.spglobal.com/\\_assets/documents/ratings/research/100049139.pdf](https://www.spglobal.com/_assets/documents/ratings/research/100049139.pdf).

In 2017, Saudi Arabia was the most active market for PPP in the Middle East and North America with 18 projects worth US\$42.9 billion, spread across housing (54 percent), transport (37 percent), and social infrastructure<sup>31</sup> (4 percent). This was due to the decline in Saudi government revenue because of volatile oil prices in recent years.<sup>32</sup> A few major developments related to PPP in the Saudi banking and finance sector are as follows:

- In 2013, the National Commercial Bank (NCB) participated in the Kafala program, under which several small and medium enterprises were provided financial support through loans. The NCB emerged as the biggest lender among banks participating in the program.<sup>33</sup>
- The NCB extended loans to the US\$280 million PPP project for the development of an independent sewage treatment plant for Jeddah airport. The 25-year long PPP project will be led by Marafiq in partnership with Veolia and Amwal AlKhaleejiah to provide financial, developmental, and engineering, procurement, and construction (EPC) assistance during the project.<sup>34</sup>
- In 2019, the Saudi government finalized six public-private partnerships worth US\$3.5 billion. Further, the country aims to increase the number of such PPPs to at least 23 by 2020.<sup>35</sup>

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<sup>31</sup> <https://argaamplus.s3.amazonaws.com/321ad358-202d-47af-8536-e9c732863040.pdf>.

<sup>32</sup> <https://argaamplus.s3.amazonaws.com/321ad358-202d-47af-8536-e9c732863040.pdf>.

<sup>33</sup> <https://www.arabnews.com/news/453356>.

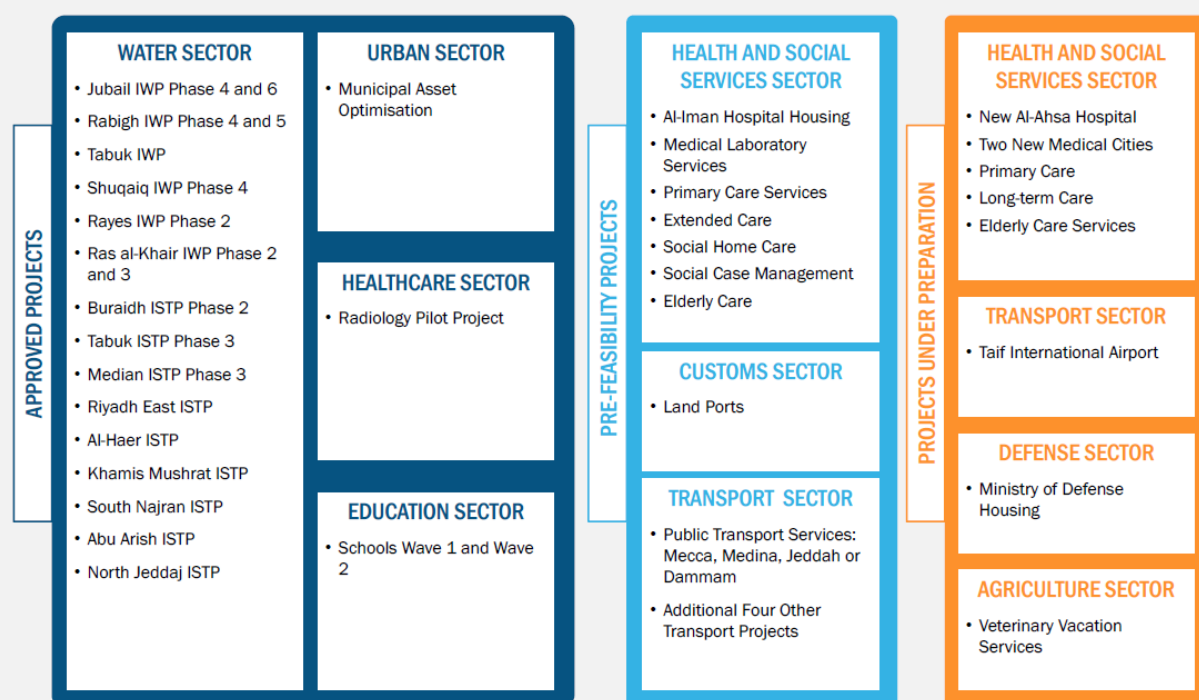
<sup>34</sup> <https://www.veolia.com/middleeast/press-release-saudi-arabias-jeddah-sewage-treatment-plant-reaches-financial-closing>.

<sup>35</sup> <https://www.reuters.com/article/us-saudi-privatisation/saudi-seals-six-private-sector-deals-worth-3-5-billion-plans-many-more-idUSKBN1QT28R>.

## 7.2. LIST OF MAJOR PUBLIC-PRIVATE PARTNERSHIPS

Some of the recently completed and upcoming public-private partnership projects in Saudi Arabia as well those at the pre-feasibility stage are mentioned in Figure 18.

**FIGURE 18. TENTATIVE SAUDI PPP PIPELINE, 2017**



NOTE: IWP – Independent Water Projects and ISTP – Independent Sewage Treatment Plant.

Source: MEED and Saudi Arabia's National Center for Privatization.<sup>36</sup>

<sup>36</sup> [https://www.meed.com/saudi-ppp-and-privatisation-progress-and-prospects#:~:text=Public%2Dprivate%20partnership%20\(PPP\),participation%20of%20the%20private%20sector.](https://www.meed.com/saudi-ppp-and-privatisation-progress-and-prospects#:~:text=Public%2Dprivate%20partnership%20(PPP),participation%20of%20the%20private%20sector.)



## 8. BANKING & FINANCE SECTOR COMPARISON – SAUDI ARABIA VERSUS REST OF MIDDLE EASTERN ECONOMIES

### 8.1. CASE STUDY – 1: EMERGING ISLAMIC BANKS IN SAUDI ARABIA: ALINMA BANK

#### 8.1.1. Introduction

Alinma Bank is regarded as one of the prominent banks that follow Shariah rules in its banking and finance services. To maintain its growth and competitiveness, the Alinma bank continues to provide various loan and investment options to its customers, meet the needs of the business sector, extend and diversify its investment portfolio, and enter into international markets through joint ventures. The management activities and internal environment of Alinma Bank are based on Islamic values. Alinma Bank encourages employees to take breaks to offer daily prayers and provides prayer rooms at all branches. Moreover, Muslim workers at the bank are allowed to adjust or cut down working hours during the month of Ramadan.<sup>37</sup>

**TABLE 9. FINANCIAL POSITION 2015–2019 (SAR MILLION)**

Years	Net Financing	Investments	Total Assets	Customer Deposits	Total Liabilities	Shareholders' Equity
2019	94,801	23,478	131,839	102,063	109,395	22,445
2018	83,889	18,399	121,538	90,128	100,240	21,298
2017	79,063	15,066	114,752	89,065	94,408	20,344
2016	70,312	6,157	104,730	80,612	85,551	19,178
2015	57,006	6,468	88,725	65,695	70,372	18,352

Source: Annual Reports of Alinma Bank.<sup>38</sup>

<sup>37</sup> *IJUM Journal of Case Studies in Management*: Vol.12, Special Issue, 2021, pp.1-10, e-ISSN 2710-7175; Received: Nov 1, 2020; Revised: Jan. 5, 2021; Accepted: Jan. 25, 2021.

<sup>38</sup> [https://www.alinma.com/wps/wcm/connect/alinma/d0e80c86-ffdc-484d-90f1-776536561e76/Annual+Report+E+2019-2.pdf?MOD=AJPERES&CACHEID=ROOTWORKSPACE.Z18\\_MA161940L0OG50AQAK1OKV30K7-d0e80c86-ffdc-484d-90f1-776536561e76-nigCbEm](https://www.alinma.com/wps/wcm/connect/alinma/d0e80c86-ffdc-484d-90f1-776536561e76/Annual+Report+E+2019-2.pdf?MOD=AJPERES&CACHEID=ROOTWORKSPACE.Z18_MA161940L0OG50AQAK1OKV30K7-d0e80c86-ffdc-484d-90f1-776536561e76-nigCbEm).

### 8.1.2. Conclusion

Alinma Bank has been innovative in maintaining its vision of being a preferred financial partner for all its associates, be it individuals or businesses, by offering unique and creative products and services while adhering to the Islamic Shariah provisions and jurisdictions. In 2019, the bank was honored with awards such as the Excellence Award in Islamic Banking, the Best Bank Award in Corporate Banking, and the Global Standard for Business Continuity Quality. Further, the bank succeeded in creating appealing and suitable working environments for Muslim employees.

## 8.2. CASE STUDY – 2: ALJAZIRA BOOSTS SALES BY LAUNCHING ON TWITTER

### 8.2.1. Solution

Bank AlJazira (@BankAlJazira) used Twitter to communicate with its key customers to increase leads and sales for its personal finance “Buyout” product, which allows people to move their loan to Bank AlJazira that provides a higher loan at a lower profit cost.

Bank AlJazira also used Twitter as a platform to promote a variety of successful ad formats, thereby increasing exposure, recognition, and leads, as well as product launches. Using Promoted Trend Spotlight unit launched by Twitter, Bank AlJazira focused on brand awareness campaigns to catch the attention of its customer base. Bank AlJazira effectively reached its target audience on Twitter and increased campaign engagement by collaborating with the Saudi Professional League to run pre-roll advertisements on premium video content targeted at football fans.<sup>39</sup>

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### Key results

**45.1M**  
impressions

**300%**  
increase in leads

**32%**  
increase in sales

---

### 8.2.2. Conclusion

Bank AlJazira successfully launched their Buyout product via a 6-second video clip on Twitter. They made an instant impact as the first bank in Saudi Arabia to use the Masthead Spotlight. Bank AlJazira received over 45 million impressions and 962,000 engagements from its target audience during the campaign. Therefore, sponsoring a premium content provider has enabled Bank AlJazira to engage with its key audience, which resulted in 300 percent rise in leads and 32 percent increase in revenue, indicating real business performance.

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<sup>39</sup> [https://marketing.twitter.com/en\\_gb/success-stories/bankaljazira-buyout-campaign](https://marketing.twitter.com/en_gb/success-stories/bankaljazira-buyout-campaign).

### 8.3. CASE STUDY – 3: PROVIDE A SECURE AUTHENTICATION SOLUTION FOR CORPORATE AND RETAIL CUSTOMERS

#### 8.3.1. Problem

To protect transactions, the Riyadh Bank required a high degree of protection, with a focus on usability and flexibility.<sup>40</sup>

#### 8.3.2. Solution

Riyadh Bank implemented OneSpan's proprietary Digipass authentication systems to place the Saudi financial sector on the cutting edge. It was the first bank in Saudi Arabia to use authentication devices for both corporate and retail customers. SMS and Digipass authentication are used by Riyadh Bank for retail customers, whereas Digipass technology has been made mandatory for corporate customers.

#### 8.3.3. Result

The following points depict the advantages of the solution:

- Increases customer confidence regarding bank's online services
- Attracts new customers
- Promotes customer comfort with maintained transaction security
- Eliminates transaction conflicts with proven authentication

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<sup>40</sup> <https://www.onespan.com/resources/riyad-bank-implementing-onespan-authentication-solutions/case-study>.

## 8.4. CASE STUDY – 4: INTERNET BANKING ADOPTION CHALLENGES IN SAUDI ARABIA<sup>41</sup>

### 8.4.1. Introduction

As an upgrade to traditional financial processes, Internet banking has so far resulted in favorable improvements in the banking sector. Customers are using Internet-connected gadgets for executing their banking transactions and with evolving new technologies, banks are able to provide more efficient services.

However, cultural and personal issues are among the barriers to online banking adoption in Arab countries. The acceptance of e-banking among individuals is highly subjective. The fear of privacy breach and losing money are among the reasons restraining Arabs from adopting Internet banking. Moreover, the high significance laid on Sharia laws and Islamic banking is encouraging some users to continue with conventional banking procedures.

### 8.4.2. Conclusion

Trust, privacy, complexity, and insufficient infrastructure are among the top issues of concern reported by Saudi bank clients. Therefore, it is imperative to instill faith and demonstrate to customers that financial institutions can be managed without compromising their privacy and that technology can improve the efficiency of bank transactions.

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<sup>41</sup> <http://www.ijstr.org/final-print/feb2021/Internet-Banking-Adoption-Challenges-In-Saudi-Arabia.pdf>.

## 8.5. CASE STUDY – 5: AL RAJHI BANK – EMPLOYEE-DRIVEN INNOVATION<sup>42</sup>

### 8.5.1. Business Challenge

Established in 2008, Al Rajhi Bank is one of Saudi Arabia's fastest-growing banks. Although innovation is a new business strategy for the bank, it encouraged its employees to submit innovative ideas in order to discover a way to link its 8,000 workers across the world.

### 8.5.2. Solution

The bank began rolling out the HYPE application to all 8,000 workers in two languages—Arabic and English—in February 2010 to allow all employees to participate in their preferred language. It is considered essential that no innovation is stifled because of language limitations.

### 8.5.3. Benefits

There are presently nine concepts being executed. Every idea is a high-value notion that is in line with the company's innovation goals. These concepts are expected to either accelerate growth or cut costs inside the company. Employees now feel empowered to participate and submit ideas, and the process and system provide greater assurance that their suggestions will be thoroughly reviewed and treated with respect.

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<sup>42</sup> [https://i.hypeinnovation.com/hs-fs/hub/314186/file-508573899-pdf/collateral/HYPE\\_CS\\_AI\\_Rajhi\\_Bank\\_EN.pdf](https://i.hypeinnovation.com/hs-fs/hub/314186/file-508573899-pdf/collateral/HYPE_CS_AI_Rajhi_Bank_EN.pdf).

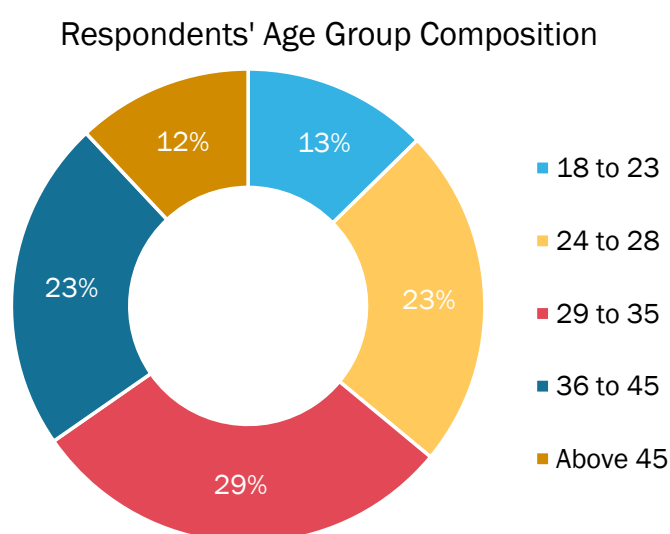
## 9. PRIMARY RESEARCH STUDY ANALYSIS

### 9.1. OVERVIEW

The following primary research was conducted through online mode across Saudi Arabia to gather insights pertaining to the banking and finance sector. The finalized questionnaire utilized for the study has been included in the Appendix.

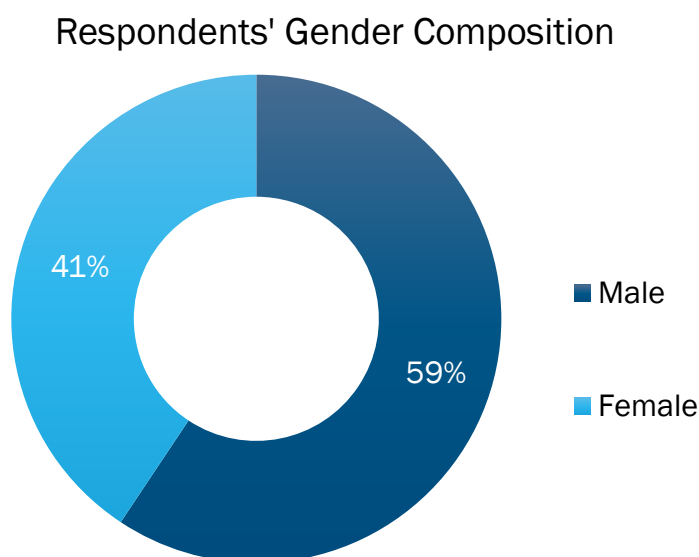
### 9.2. DEMOGRAPHICS

**FIGURE 19. AGE GROUP OF RESPONDENTS**



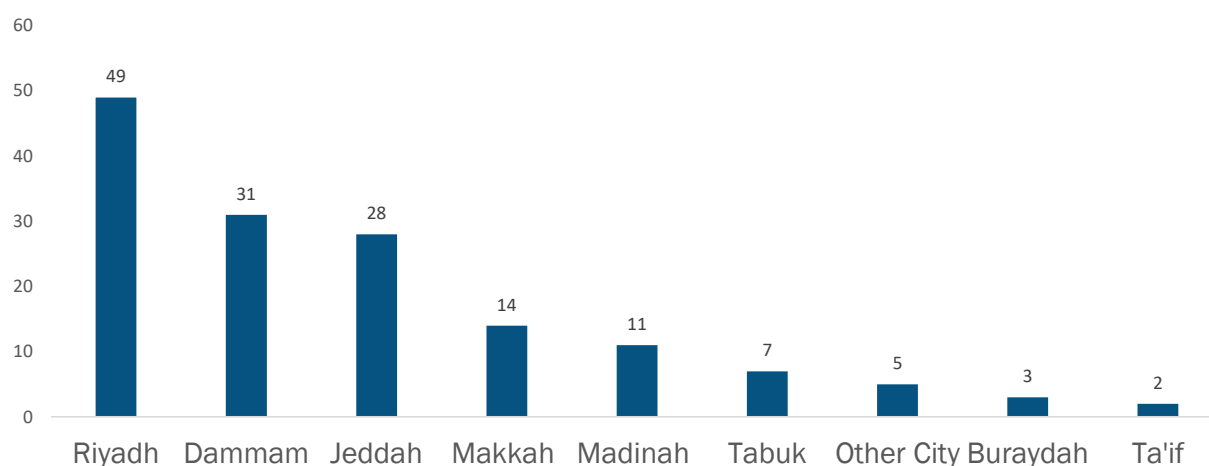
Source: Gulf Research Center Analysis and High Beam Global, 2021.

The young adult population in the age group 29-35 dominated the participation collectively and accounted for 29 percent of the primary respondents.

**FIGURE 20. GENDER COMPOSITION OF RESPONDENTS**

Source: Gulf Research Center Analysis and High Beam Global, 2021.

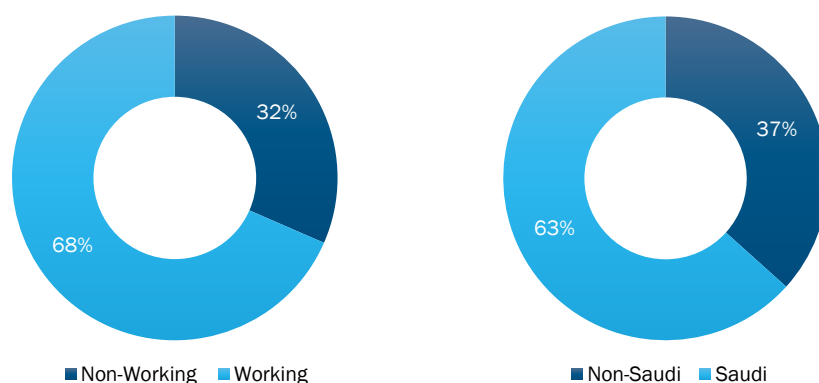
Males dominated primary respondents, accounting for 59 percent, while females accounted for 41 percent.

**FIGURE 21. LOCATION OF RESPONDENTS**

Source: Gulf Research Center Analysis and High Beam Global, 2021.

As shown in Figure 21, most respondents included in the study were from popular cities namely Riyadh, Jeddah, and Dammam which collectively accounted for 72 percent of total respondents. The non-metro cities-based respondents accounted for 28 percent of the total individuals surveyed.

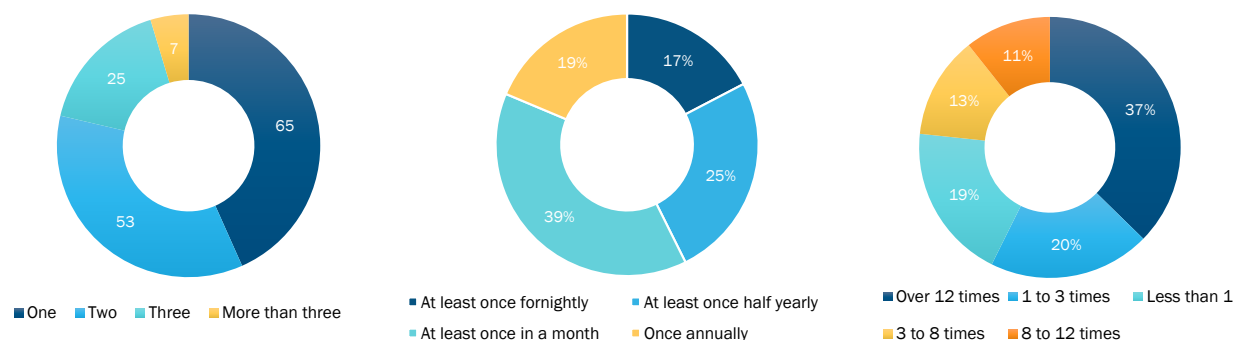


**FIGURE 22. RESPONDENT OCCUPATION STATUS AND NATIONALITY**

Source: Gulf Research Center Analysis and High Beam Global, 2021.

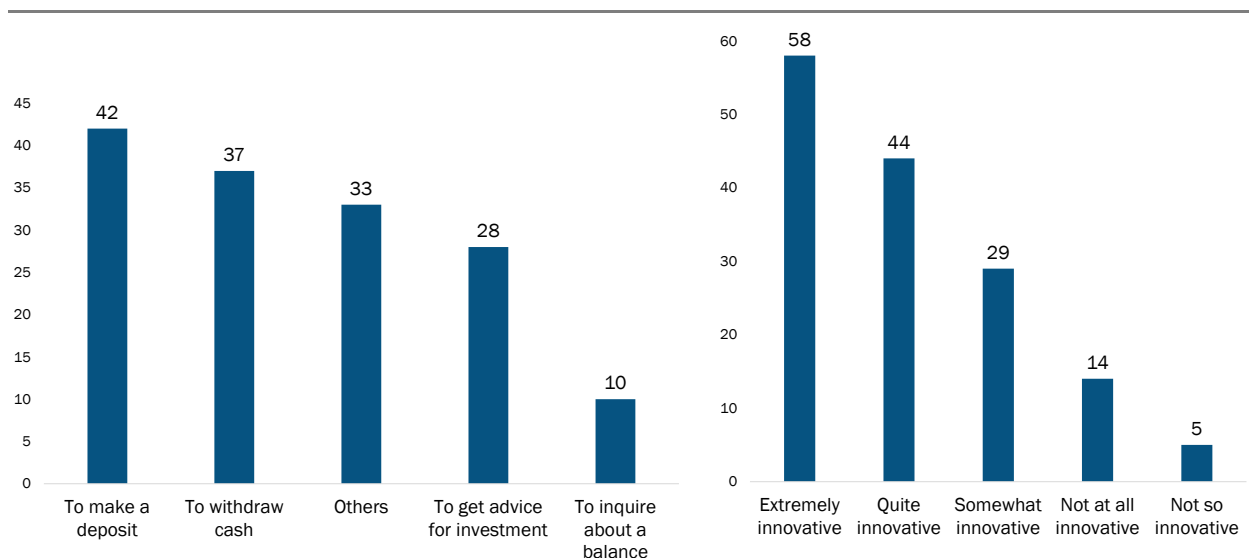
Working group-based respondents dominated the survey, accounting for almost two thirds of the total group. Besides, Saudi nationals formed the majority of survey respondents.

### 9.3. BANKING FACILITIES

**FIGURE 23. NUMBER OF BANK ACCOUNTS, FREQUENCY OF VISIT, AND USE OF ATM**

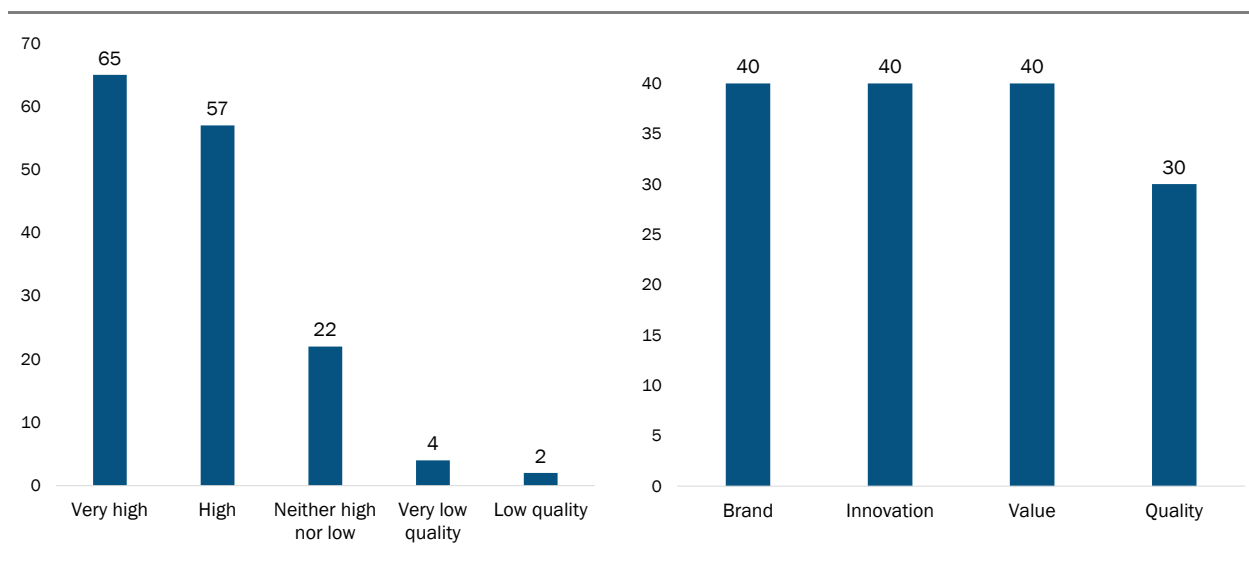
Source: Gulf Research Center Analysis and High Beam Global, 2021.

Most respondents have one bank account within Saudi Arabia. Also, about 39 percent of the respondents visit the bank once a month. 37 percent use the ATM more than 12 times.

**FIGURE 24. REASON FOR BANK VISIT AND RATE OF BANKING INNOVATION**

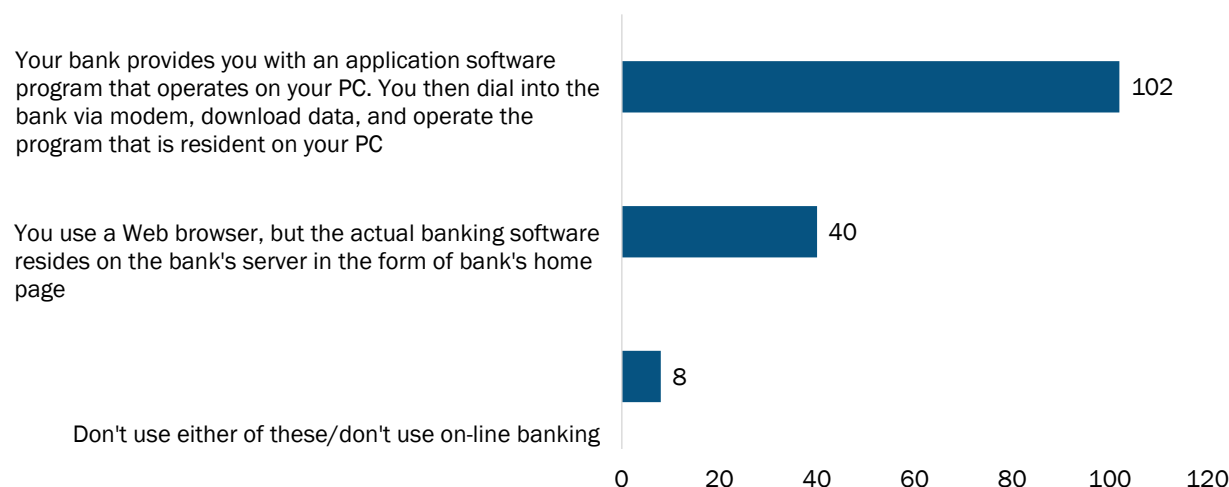
Source: Gulf Research Center Analysis and High Beam Global, 2021.

As demonstrated in Figure 24, the majority of people prefer to go to the bank to make a deposit. Similarly, 38.7 percent consider banking sector services to be extremely innovative.

**FIGURE 25. QUALITY OF BANKING SERVICES AND FACTORS THAT INFLUENCE CHOICE OF BANK**

Source: Gulf Research Centre Analysis and High Beam Global, 2021

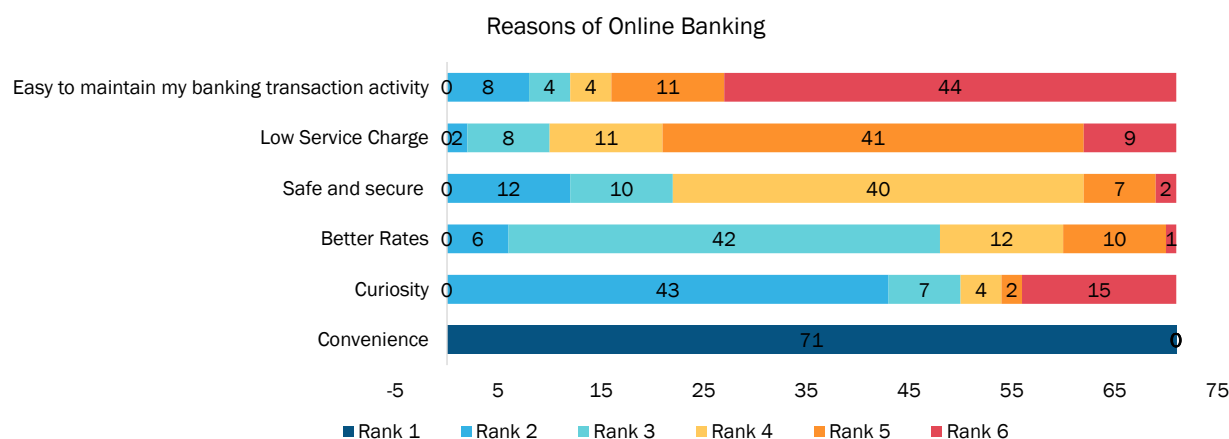
The majority of respondents rank the quality of banking services they now use as 'very high,' as shown in Figure 25. Individuals also consider the brand image, innovation, and value of banks when deciding to open an account with a new bank.

**FIGURE 26. CUSTOMERS' CONCERNS ABOUT THE STATE OF ONLINE BANKING**

Source: Gulf Research Center Analysis and High Beam Global, 2021.

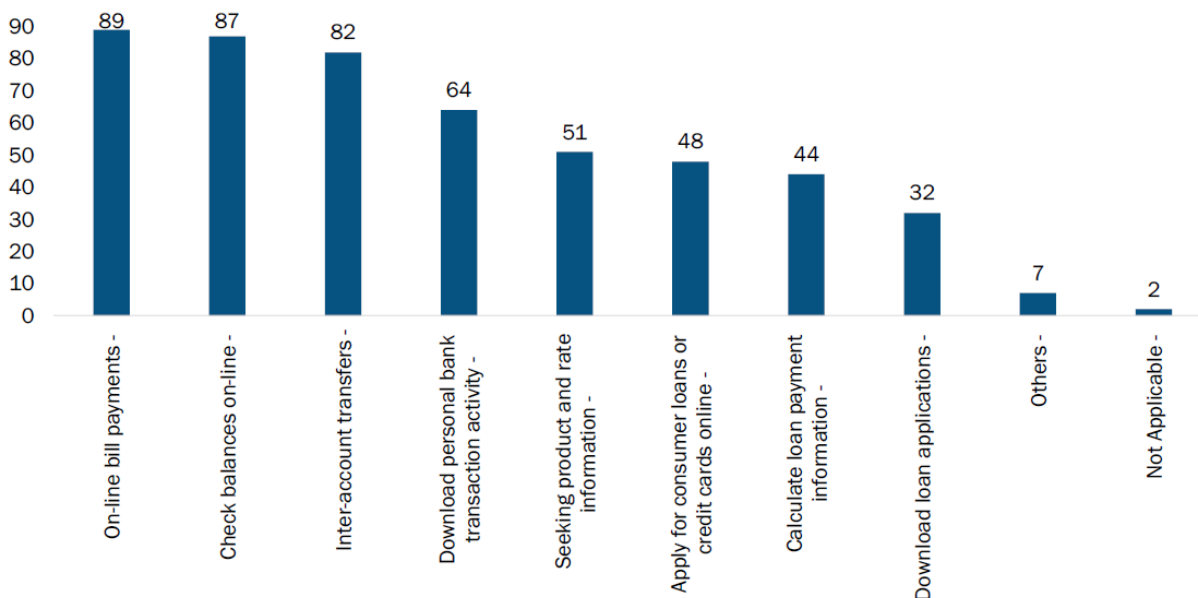
When it comes to Internet banking, two-thirds of respondents believe the bank should supply a PC-based application software package.

#### 9.4. INTERNET BANKING

**FIGURE 27. REASON FOR ONLINE BANKING**

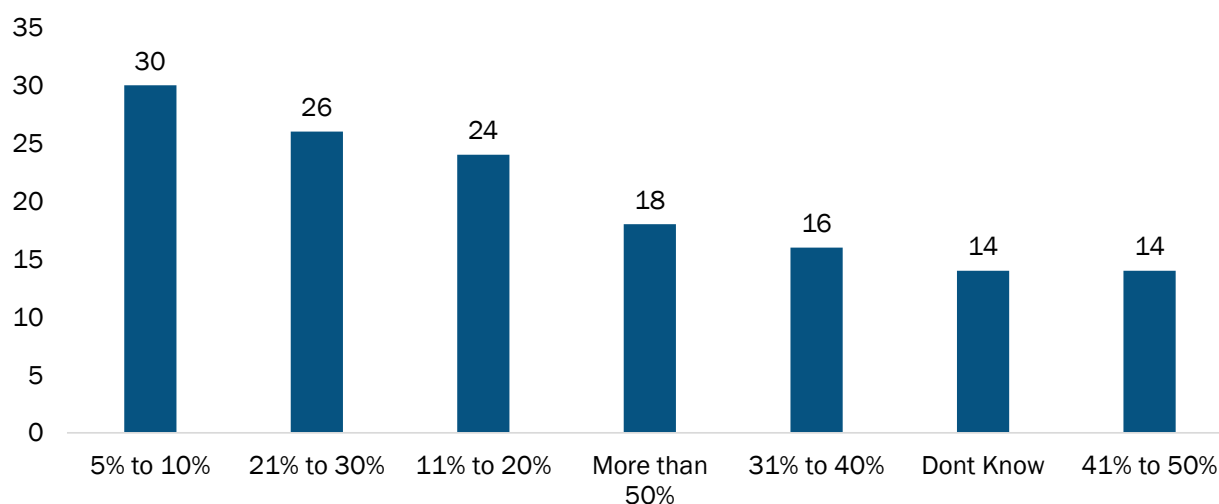
Source: Gulf Research Center Analysis and High Beam Global, 2021.

The majority of respondents utilize Internet banking for convenience, accounting for around 47.3 percent of all primary respondents.

**FIGURE 28. TYPES OF SERVICES USED IN INTERNET BANKING**

Source: Gulf Research Center Analysis and High Beam Global, 2021.

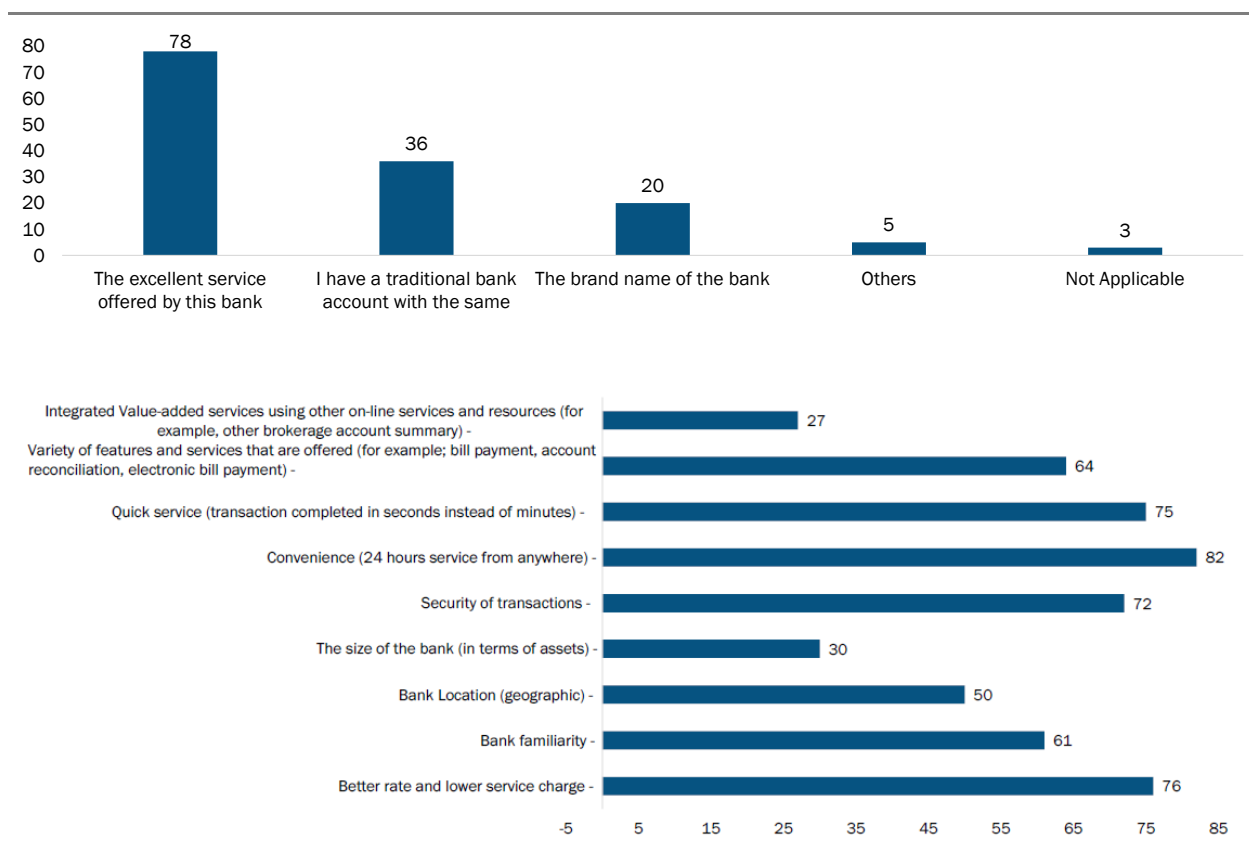
As shown in Figure 28, most respondents (53 percent) use Internet banking for online bill payments.

**FIGURE 29. HOUSEHOLD MONTHLY INCOME DEPOSIT IN BANK ACCOUNT**

Source: Gulf Research Center Analysis and High Beam Global, 2021.

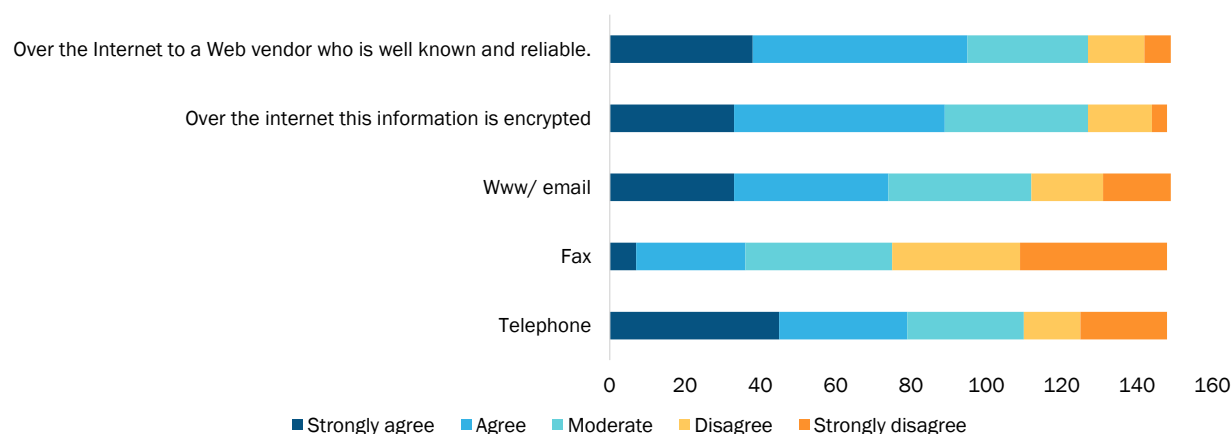
The majority of respondents deposited 5-10 percent of their household income into a bank account on a monthly basis.

**FIGURE 30. REASON FOR CHOOSING A BANK FOR INTERNET BANKING AND CHOICE OF AN INTERNET BANK**



Source: Gulf Research Center Analysis and High Beam Global, 2021.

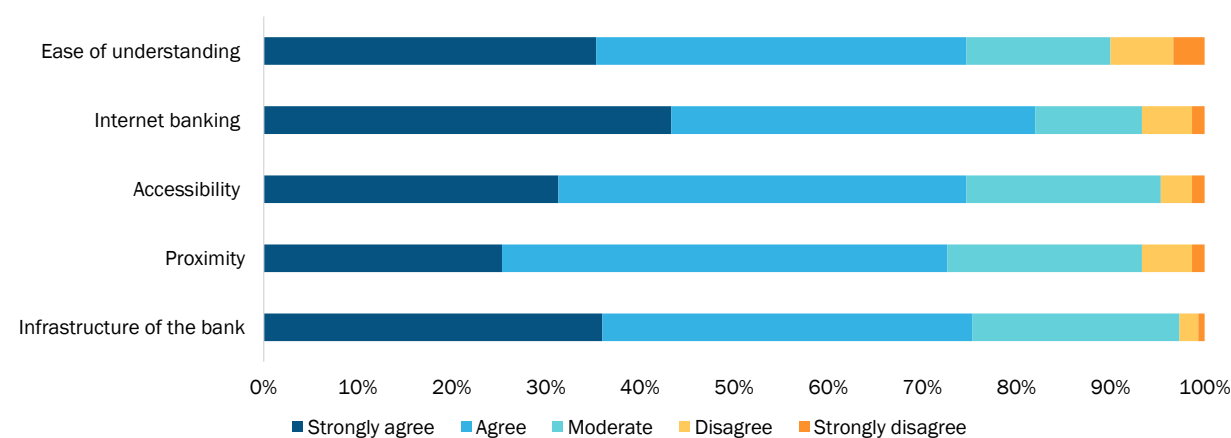
At least half of individuals open a bank account after comparing the quality of service provided by a bank to that of other banks. According to the data, nearly half of those individuals used Internet banking to avoid going to the bank.

**FIGURE 31. WILLINGNESS TO PROVIDE CREDIT CARD DETAILS**

Source: Gulf Research Center Analysis and High Beam Global, 2021.

The majority of those polled are willing to provide credit card and purchase information over the telephone.

## 9.5. RESPONDENTS' FEEDBACK

**FIGURE 32. LEVEL OF SATISFACTION ABOUT BANKING FACILITIES IN SAUDI ARABIA**

Source: Gulf Research Center Analysis and High Beam Global, 2021.

As shown in Figure 32, the majority of respondents are extremely satisfied with the Internet banking services provided by banks.

## 10. BANKING & FINANCE SECTOR COMPARISON – SAUDI ARABIA VERSUS REST OF MIDDLE EASTERN ECONOMIES

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### 10.1. OVERVIEW

The Middle East is one of the world's fastest-growing regions in the banking and capital market, and the financial services sector in the region is undergoing a major transformation. The banking sector is well established, profitable, and competitive in several GCC countries. Moreover, the banking sector in these countries is dominated by public sector banks, which are characterized by a government role in credit allocation, losses & liquidity problems, and high interest rate spreads.<sup>43</sup>

**Saudi Arabia:** In 2020, Saudi British Bank (SABB) was declared the best bank in Saudi Arabia. Further, SABB merged with Alawwal Bank to form Saudi Arabia's third-largest bank by assets with a network of 171 branches in Saudi Arabia. The bank has been a key digital trade innovator by providing a full range of treasury, liquidity, and cash management solutions to its corporate clients. SABB recently became the first bank in Saudi Arabia and Bahrain to promote a blockchain exchange.

**UAE:** First Abu Dhabi Bank (FAB) is the UAE's largest bank by assets and market capitalization. Also, according to Global Finance, FAB was the safest bank in the region as of 2019. As a part of an economic stimulus program, FAB recently signed an agreement with the Abu Dhabi government to expand state-backed loans to small and medium-sized enterprises (SMEs).<sup>44</sup>

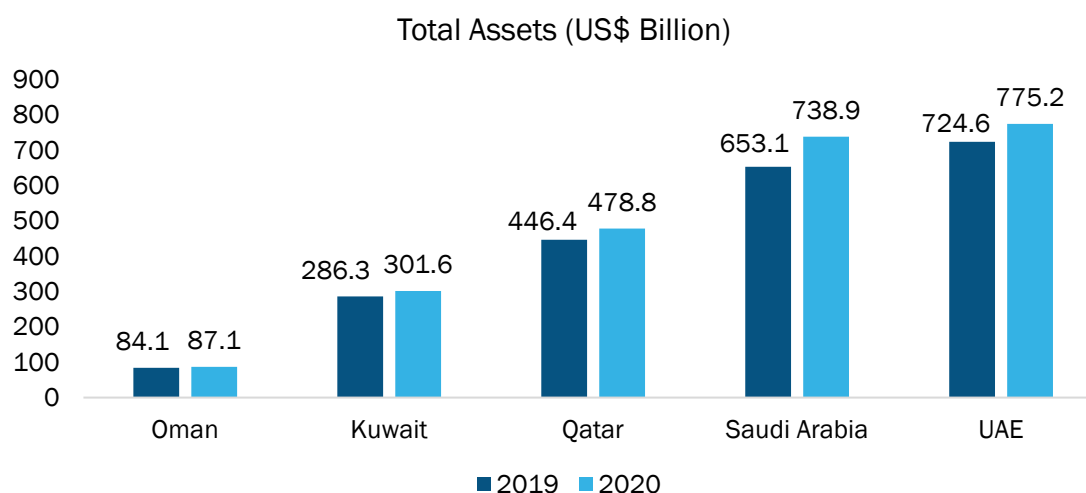
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<sup>43</sup> <https://www.pwc.com/m1/en/industries/banking-capital-markets.html>.

<sup>44</sup> <https://www.gfmag.com/magazine/may-2020/worlds-best-banks-2020-middle-east>.

### 10.1.1. Total Assets

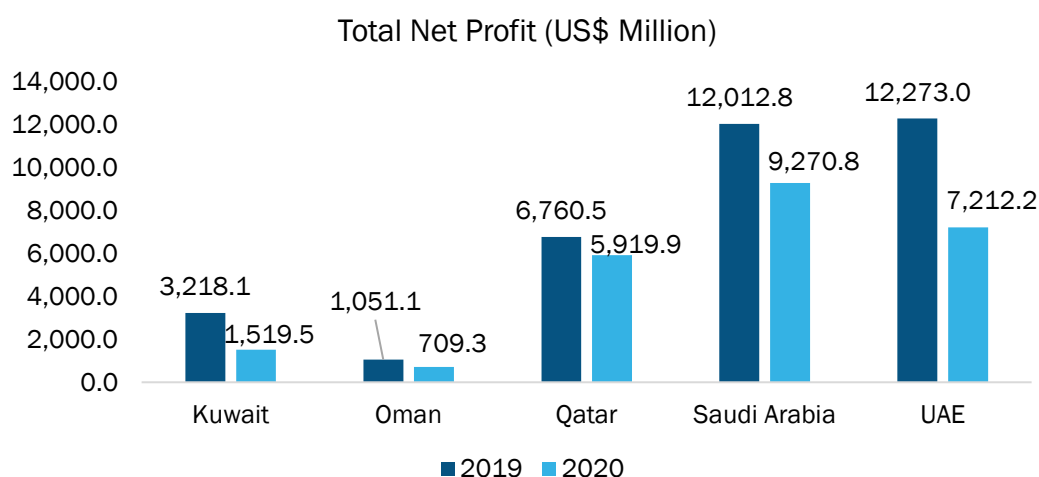
**FIGURE 33. TOTAL ASSETS (US\$ BILLION)**



Source: Annual Reports and KPMG.<sup>45</sup>

### 10.1.2. Total Net Profit

**FIGURE 34. TOTAL NET PROFIT (US\$ MILLION)**



Source: Annual Reports and KPMG.<sup>46</sup>

<sup>45</sup> [https://assets.kpmg/content/dam/kpmg/ae/pdf-2021/04/gcc-listed-banks-results-report\\_banking-redefined-april-2021.pdf](https://assets.kpmg/content/dam/kpmg/ae/pdf-2021/04/gcc-listed-banks-results-report_banking-redefined-april-2021.pdf).

<sup>46</sup> [https://assets.kpmg/content/dam/kpmg/ae/pdf-2021/04/gcc-listed-banks-results-report\\_banking-redefined-april-2021.pdf](https://assets.kpmg/content/dam/kpmg/ae/pdf-2021/04/gcc-listed-banks-results-report_banking-redefined-april-2021.pdf).



### 10.1.3. Bank Ranking

**TABLE 10. TOTAL ASSETS BY Y-O-Y GROWTH RATE (2019 VS 2020)**

Rank	Name	Country	Y-O-Y
1	National Bank of Bahrain	Bahrain	36.5%
2	Oman Arab Bank	Oman	32.2%
3	Dubai Islamic Bank	UAE	24.9%
4	Boubyan Bank	Kuwait	22.9%
5	Al Rajhi Bank	Saudi Arabia	21.1%

Source: Annual Reports and KPMG.<sup>47</sup>

**TABLE 11. NET PROFIT BY Y-O-Y GROWTH RATE (2019 VS 2020)**

Rank	Name	Country	Y-O-Y
1	The Saudi Investment Bank	Saudi Arabia	309.1%
2	Khaleeji Commercial Bank	Bahrain	153.5%
3	Bank Nizwa	Oman	8.7%
4	Bank Albilad	Saudi Arabia	8.4%
5	Al Khalij Commercial Bank	Qatar	5.7%

Source: Annual Reports and KPMG.<sup>48</sup>

### 10.1.4. Country Ranking

**TABLE 12. TOTAL ASSETS Y-O-Y GROWTH RATE (2019 VS 2020)**

Rank	Country	Y-O-Y
1	Saudi Arabia	13.1%
2	Qatar	7.3%
3	UAE	7.0%
4	Kuwait	5.3%
5	Oman	3.6%

Source: Annual Reports and KPMG.<sup>49</sup>

<sup>47</sup> [https://assets.kpmg/content/dam/kpmg/ae/pdf-2021/04/gcc-listed-banks-results-report\\_banking-redefined-april-2021.pdf](https://assets.kpmg/content/dam/kpmg/ae/pdf-2021/04/gcc-listed-banks-results-report_banking-redefined-april-2021.pdf).

<sup>48</sup> [https://assets.kpmg/content/dam/kpmg/ae/pdf-2021/04/gcc-listed-banks-results-report\\_banking-redefined-april-2021.pdf](https://assets.kpmg/content/dam/kpmg/ae/pdf-2021/04/gcc-listed-banks-results-report_banking-redefined-april-2021.pdf).

<sup>49</sup> [https://assets.kpmg/content/dam/kpmg/ae/pdf-2021/04/gcc-listed-banks-results-report\\_banking-redefined-april-2021.pdf](https://assets.kpmg/content/dam/kpmg/ae/pdf-2021/04/gcc-listed-banks-results-report_banking-redefined-april-2021.pdf).

**TABLE 13. NET PROFIT Y-O-Y GROWTH RATE (2019 VS 2020)**

Rank	Country	Y-O-Y
1	Qatar	12.4 %
2	Saudi Arabia	22.8 %
3	Oman	32.5 %
4	Bahrain	37.2 %
5	UAE	41.2 %

Source: Annual Reports and KPMG.<sup>50</sup>

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<sup>50</sup> [https://assets.kpmg/content/dam/kpmg/ae/pdf-2021/04/gcc-listed-banks-results-report\\_banking-redefined-april-2021.pdf](https://assets.kpmg/content/dam/kpmg/ae/pdf-2021/04/gcc-listed-banks-results-report_banking-redefined-april-2021.pdf).

## 11. WAY FORWARD

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### 11.1. WAY FORWARD

- As the COVID-19 pandemic's work-from-home requirements have exponentially raised threat levels, a new security architecture that can deal with emerging cyber threats is urgently needed by banking players.<sup>51</sup>
- Vision 2030 sets a lofty aim of 70 percent cashless banking and finance penetration in Saudi Arabia. Transitioning to such levels will necessitate a shift in people's behaviour as well as the eradication of any stigma associated with digital payments. Banks are looking forward to creating awareness about the digitization process in order to reduce bank workload and save time for bank customers.
- Due to the fast-paced evolution of fintech, banks will need to implement strategies designed expressly to improve the entire client experience, increase process efficiencies, and stay compliant with ever-changing legislation. This will aid the banking industry's future growth.
- The Saudi banking industry can focus on digital transformation. The industry is witnessing a continued and aggressive focus on digitization and the adoption of new and emerging technologies to bring in operational efficiencies, enhance speed-to-market and deliver superior customer experiences.
- Banks should accelerate their digital banking transformation efforts by investing their capital and resources into advanced data analytics and re-imaging a new and skilled workforce. Banks are cutting down spends on branches to invest in self-service digital channels, as mobile and online banking become more popular among customers. Digital wearable devices, which have the power of smartphones, are making it increasingly feasible for banks to offer targeted services to customers. Personalised service to support customers is a critical component for banks and financial institutions.

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<sup>51</sup> <https://gulfbusiness.com/cyber-threats-frustrate-banks-digital-efforts/>.

## 12. APPENDIX

### 12.1. LIST OF ABBREVIATIONS/GLOSSARY

**TABLE 14. LIST OF ABBREVIATIONS/GLOSSARY**

Abbreviation	Expansion
SAMA	Saudi Arabian Monetary Authority
Bn	Billion
GCC	Gulf Cooperation Council
PPP	Public-Private Partnership
PIF	Public Investment Fund
LCCs	Low-Cost Carriers
US\$	US Dollar
SWOT	Strengths, Weaknesses, Opportunities, and Threats
FSDP	Financial Sector Development Program
SAIB	Saudi Investment Bank
ICBC	Industrial and Commercial Bank of China
SMEs	Small and Medium Enterprises
Monshaat	Saudi Arabia's General Authority for Small and Medium Enterprises
GPI	Global Payment Initiative
ROA	Returns on Assets
SAGIA	Saudi Arabian General Investment Authority
NCB	National Commercial Bank
SNB	Saudi National Bank

Source: Gulf Research Center Analysis, 2021.

## 12.2. QUESTIONNAIRE – BANKING AND FINANCE SECTOR

Target Audience: Anyone above the age of 18; should be either a resident of Saudi Arabia or have lived more than 3+ years in the Kingdom.

**Questionnaire: Total 4 sections and 21 questions**

Section A – Demographics (5 questions)	
Question	Options
Q1. Age	18 to 23 years old
	24 to 28 years old
	29 to 35 years old
	36 to 45 years old
	Above 45 years old
Q2. Gender	Male
	Female
Q3. Location	Riyadh
	Jeddah
	Makkah
	Madinah
	Sultanah
	Dammam
	Ta'if
	Tabuk
	Al Kharj
	Buraydah
	Other City - Please specify
Q4. Occupation	Working
	Non-Working
Q5. Nationality	Saudi Nationality
	Non-Saudi Nationality

Section B – Banking Facilities (8 questions)	
Question	Options
Q1. In how many banks do you have accounts?	One
	Two
	Three
	More than three
Q2. How frequently do you visit those banks?	At least once fortnightly
	At least once in a month
	At least once half yearly
	Once annually
Q3. Frequency of using Automated Teller Machine	Less than 1
	1 to 3 times
	3 to 8 times
	8 to 12 times
	Over 12 times
Q4. What is the main reason that you typically visit your bank branch? (please choose the single most important reason)	To make a deposit
	To get advice for investment options
	To inquire about balance
	To withdraw cash
	Others
Q5. In the last five years, how innovative do you find the services of banking sector in your country?	Extremely innovative
	Quite innovative
	Somewhat innovative
	Not so innovative
	Not at all innovative
Q6. How would you rate the quality of banking services you currently use?	Very high quality
	High quality

Section B – Banking Facilities (8 questions)	
	Neither high nor low quality
	Low quality
	Very low quality
	I don't use banking services
Q7. When considering a new bank, what would be the top two things you would generally consider? Check only two options	Price
	Brand
	Innovation
	Quality
	Value
Q8. For your online banking, which of these categories best explains your situation?	Your bank provides you with an application software program that operates on your PC. You then dial into the bank via modem, download data, and operate the program that is resident on your PC.
	You use a Web browser, but the actual banking software resides on the bank's server in the form of bank's home page.
	Don't use either of these/don't use online banking

Section C – Internet banking (8 questions)	
Question	Options
Q1. What are the most important reasons you opened an Internet bank account? (Please prioritize the following list in the order of importance. 1: the most important 6: the least important) Please use each number only once.	Convenience
	Curiosity
	Better rates
	Safe and secure
	Low service charge
	Easy to maintain my banking transaction activity
Q2. What banking services do you use which your Internet bank offers? (Please check all you are currently using)	Seeking product and rate information
	Calculate loan payment information

Section C – Internet banking (8 questions)	
	Download loan applications
	Download personal bank transaction activity
	Check balances online
	Apply for consumer loans or credit cards online
	Inter-account transfers
	Online bill payments
	Others
	Not Applicable
Q3. What is the percentage of your household monthly income you deposit to your Internet bank account?	5% to 10%
	11% to 20%
	21% to 30%
	31% to 40%
	41% to 50%
	More than 50%
	Don't know
Q4. What was the single most important reason that you chose this particular bank as your Internet bank? (please choose one)	I have a traditional bank account with the same bank
	The brand name of the bank
	The excellent service offered by this bank
	Others
	Not Applicable
If you don't have Internet banking	
Q5. What are the main reasons that you have not opened an Internet bank account yet? (check all that apply)	Underage
	Never heard of Internet banking
	Concerned about security
	Haven't taken time to open account
	Don't see any real value in having this type of account
	Too new, would like to like to see how it works, then I may open an account





Section C – Internet banking (8 questions)	
	Not available in my bank
	Others
Q6. How likely is it that you will open an Internet bank account within the next 12 months?	Very unlikely
	Somewhat unlikely
	Neither unlikely nor likely
	Somewhat likely
	Very likely
	Not applicable
Q7. For your choice of an Internet bank, please indicate how much each of the following factors (were) are important for you:	Better rate and lower service charge
	Bank familiarity
	Bank location (geographic)
	Size of the bank (in terms of assets)
	Security of transaction
	Convenience (24 hours service from anywhere)
	Quick service (transaction completed in seconds instead of minutes)
	Variety of features and services that are offered (for example, bill payment, account reconciliation, electronic bill payment)
	Integrated value-added services using other online services and resources (for example, other brokerage account summary)

Q8. Please indicate your agreement/disagreement with each of the following statements.					
I am willing to provide credit card and purchase information through	Strongly Agree	Agree	Moderate	Disagree	Strongly Disagree
Telephone					
Fax					
www / email					
Over the Internet if this information is encrypted					
Over the Internet to a Web vendor who is well known and reliable					

Section D – Respondents' Feedback (1 question)					
Q1. Please rank your satisfaction level regarding banking facilities in Saudi Arabia for the following factors					
Factor	Strongly Agree	Agree	Moderate	Disagree	Strongly Disagree
Infrastructure Development					
Proximity					
Accessibility					
Internet banking					
Ease of understanding					
Others, if any please specify					

## 12.1. REFERENCES

- Saudi Arabian Monetary Authority
- Saudi Arabian General Investment Authority
- Financial Sector Development Program
- General Authority for Small and Medium Enterprises



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Knowledge for All



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