Middle East FinTech Study
June 2020
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At a glance

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.
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
Our approach and objectives

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

Objectives

1. **FinTech maturity**
   - Establish an understanding of the maturity of FinTech deployment in the banking industry by engaging digital leaders in banking as well as the wider ecosystem.

2. **FinTech deployment**
   - Understand the areas where FinTech solutions are deployed in the banking industry.
   - Understand the outlook for the deployment of FinTech solutions in the future.

3. **FinTech perception**
   - Understand the perception of banking customers of solutions that banks have co-developed with FinTechs as well as the ease and readiness to embrace them.

Beneficiaries of this report

- **Digital and FinTech leaders**
  - Enhanced transparency of the strategic focus and priorities of the wider ecosystem – Insights for strategy.
  - Broader perspective on options looking at “how” and “where” to establish co-operative models within the ecosystem.
We gathered a set of insights from 1,500 banking customers and more than 50 digital leaders in the Middle East.
## Breakdown of banking customers and digital leaders

<table>
<thead>
<tr>
<th>Country</th>
<th>Surveyed banking customer distribution by country</th>
<th>Interviewed digital leaders distribution by country</th>
</tr>
</thead>
<tbody>
<tr>
<td>KSA</td>
<td>14%</td>
<td>28%</td>
</tr>
<tr>
<td>UAE</td>
<td>11%</td>
<td>18%</td>
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<tr>
<td>QATAR</td>
<td>11%</td>
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<tr>
<td>KUWAIT</td>
<td>11%</td>
<td>3%</td>
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<tr>
<td>BAHRAIN</td>
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<tr>
<td>OMAN</td>
<td>10%</td>
<td>9%</td>
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<tr>
<td>EGYPT</td>
<td>11%</td>
<td>6%</td>
</tr>
<tr>
<td>LEBANON</td>
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<td>6%</td>
</tr>
<tr>
<td>JORDAN</td>
<td>11%</td>
<td>3%</td>
</tr>
</tbody>
</table>

### Methodology

**Primary research**
- Interviews with digital leaders
- Survey of banking customers

**Identification of key patterns, generation of key insights and conclusions**
- Validation with selected digital leaders across selected countries

**Validation with selected digital leaders across selected countries**
Middle East digital leaders’ views on FinTech solutions
“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.”

“We have a window of two years before FinTechs enter the market. Until that point our FinTech strategy is ‘wait and see.’”

“FinTechs are our strategic partners and we treat them like that as well.”

“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. on-boarding.
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

**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.

**Deployment of FinTechs as “outsourcing” service providers** with innovative solutions, which are leveraged selectively.

**Deployment of a wide range of FinTech solutions** across a limited number of value propositions and customer journeys. Differentiation through value proposition augmentation.

**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

**WAVE I**

- **2019**
  1. Digital onboarding incl. security and supporting parts
  2. Digital onboarding incl. security and supporting parts
  3. Crowdfunding

**2020**

- Deploy FinTech solutions to enhance existing key processes

**WAVE II**

- **2020**
  1. Account aggregation, lending/savings/investments (including wealth management solutions, personal finance management)
  2. Remittances, eWallets, CX revamp and personalization
  3. Micro-lending, crypto solutions

- **2021**
  Leverage FinTech opportunities to enhance value propositions

**WAVE III**

- **2022**
  1. Open banking enabled solutions
  2. AI & data analytics (f2b)
  3. Islamic FinTech, insurance

- **2025**
  Deploy FinTech solutions oriented towards innovative value propositions
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.

Source: Findexable
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?

- 22% Adopted a FinTech solution for their banking needs
  - 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?

- 25% Are aware they are using FinTech solutions
  - 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?

- 82% Are willing to start using FinTech solutions
  - 61% Are motivated to use solutions that address their banking needs
  - 18% Are unwilling to use the solutions – 40% of which is due to security/privacy concerns

Source: Deloitte survey March 2020
Of the 22% of customers using FinTech solutions/features, money transfers are the most popular.

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.

Source: Deloitte survey March 2020
However, of the 22% using a FinTech solution/feature, only 25% are aware that they do so.

Did you know you are using a FinTech solution/feature?

- **25%** Yes
- **75%** No

Of the 25% who adopted FinTech solutions for their daily banking:
- **62%** Adopted FinTech
- **38%** Did not

Only 25% of customers know they are using FinTech solutions, reflecting a low awareness despite its usage.

Despite the awareness of FinTechs, there is an evident restraint from customers to adopt FinTech solutions.

Source: Deloitte survey March 2020
Most popular FinTech solutions for Middle East banking customers – P2P transfers and account aggregation...

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.

Solutions vs. demographic – By age

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Peer-to-peer money transfer</th>
<th>Account aggregation</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-30 years</td>
<td>40%</td>
<td>39%</td>
</tr>
<tr>
<td>31-40 years</td>
<td>39%</td>
<td>43%</td>
</tr>
<tr>
<td>41-50 years</td>
<td>38%</td>
<td>24%</td>
</tr>
</tbody>
</table>

Source: Deloitte survey March 2020
...followed by robo-advisors, connected auto insurance and connected health...

Solutions vs. demographic – By age

- **20-30 years**
  - Automated investment advice/robo-advisor: 21%
  - Connected auto insurance: 15%
  - Connected health: 18%

- **31-40 years**
  - Automated investment advice/robo-advisor: 20%
  - Connected auto insurance: 23%
  - Connected health: 17%

- **41-50 years**
  - Automated investment advice/robo-advisor: 9%
  - Connected auto insurance: 16%
  - Connected health: 4%

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.

Source: Deloitte survey March 2020
...then crowdfunding, connected home insurance and peer-to-peer insurance

Solutions vs. demographic – By age

- **Crowdfunding**
  - 20-30 years: 18%
  - 31-40 years: 17%
  - 41-50 years: 4%

- **Connected home insurance**
  - 20-30 years: 15%
  - 31-40 years: 4%
  - 41-50 years: 7%

- **Peer-to-peer insurance**
  - 20-30 years: 11%
  - 31-40 years: 8%
  - 41-50 years: 7%

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.

Source: Deloitte survey March 2020
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.

Source: Deloitte survey March 2020
The demand and adoption of FinTech solutions is driven by the ease and convenience provided...

**What are the reasons for using FinTech solutions?**

- **75%** It makes banking easier
- **45%** It can make banking transactions quicker
- **41%** It proves a better user experience
- **38%** It helps save money
- **34%** It can provide high quality services

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

- **61%** I believe FinTech solutions can support my needs
- **53%** I need personalized services
- **40%** I need a quicker and smoother experience
- **31%** I need a service my traditional bank does not offer
- **28%** I need some support to manage my finances

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

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

Source: Deloitte survey March 2020
...yet adoption is hindered due to concerns about security and lack of understanding about FinTech

Are you willing to start using FinTech solutions?

- Yes: 82%
- No: 18%

Why are you unwilling to start using FinTech solutions?

- I would be concerned about the security of my personal data: 40%
- I don't believe my income is high enough to use FinTech services: 38%
- I don't understand FinTech services well enough: 33%
- I don't understand the difference between traditional banking and FinTech services: 25%
- I don't think FinTech services are beneficial: 21%
- I currently use my bank's FinTech services: 11%

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.

Source: Deloitte survey March 2020
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%).

Source: Deloitte survey March 2020
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.

Source: Deloitte survey March 2020
Usage of FinTech solutions/features from the 22% of customers who have adopted FinTech

Source: Deloitte survey March 2020
The 22% of customers who have adopted FinTech utilize a wide range of FinTech solutions/features.

<table>
<thead>
<tr>
<th>Country</th>
<th>Peer-to-peer transfers</th>
<th>Account aggregation</th>
<th>Automated investment advice/robo-advisor</th>
<th>Connected auto insurance</th>
<th>Connected health</th>
<th>Crowdfunding</th>
<th>Connected home insurance</th>
<th>Peer-to-peer insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>KSA</td>
<td>31%</td>
<td>31%</td>
<td>19%</td>
<td>22%</td>
<td>25%</td>
<td>18%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UAE</td>
<td>54%</td>
<td>45%</td>
<td>27%</td>
<td>19%</td>
<td>16%</td>
<td>17%</td>
<td>14%</td>
<td>9%</td>
</tr>
<tr>
<td>QATAR</td>
<td>31%</td>
<td>43%</td>
<td>35%</td>
<td>5%</td>
<td>8%</td>
<td>16%</td>
<td>8%</td>
<td>5%</td>
</tr>
<tr>
<td>KUWAIT</td>
<td>31%</td>
<td>44%</td>
<td>17%</td>
<td>9%</td>
<td>9%</td>
<td>9%</td>
<td></td>
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</tr>
<tr>
<td>BAHRAIN</td>
<td>52%</td>
<td>32%</td>
<td>12%</td>
<td>24%</td>
<td>12%</td>
<td>8%</td>
<td>4%</td>
<td></td>
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<tr>
<td>OMAN</td>
<td>35%</td>
<td>30%</td>
<td>15%</td>
<td>10%</td>
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<td>10%</td>
<td>5%</td>
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<tr>
<td>JORDAN</td>
<td>50%</td>
<td>18%</td>
<td>9%</td>
<td>9%</td>
<td>18%</td>
<td>9%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>EGYPT</td>
<td>41%</td>
<td>44%</td>
<td>23%</td>
<td>18%</td>
<td>18%</td>
<td>15%</td>
<td>15%</td>
<td>10%</td>
</tr>
<tr>
<td>LEBANON</td>
<td>53%</td>
<td>27%</td>
<td>13%</td>
<td>7%</td>
<td>13%</td>
<td></td>
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</tr>
</tbody>
</table>

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.

Source: Deloitte survey March 2020
The average usage of P2P money transfer solutions among banking customers in the Middle East is 42%.

<table>
<thead>
<tr>
<th>Country</th>
<th>Average Usage</th>
</tr>
</thead>
<tbody>
<tr>
<td>KSA</td>
<td>31%</td>
</tr>
<tr>
<td>UAE</td>
<td>31%</td>
</tr>
<tr>
<td>Qatar</td>
<td>43%</td>
</tr>
<tr>
<td>Kuwait</td>
<td>44%</td>
</tr>
<tr>
<td>Bahrain</td>
<td>44%</td>
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<tr>
<td>Oman</td>
<td>35%</td>
</tr>
<tr>
<td>Jordan</td>
<td>50%</td>
</tr>
<tr>
<td>Egypt</td>
<td>41%</td>
</tr>
<tr>
<td>Lebanon</td>
<td>53%</td>
</tr>
</tbody>
</table>

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.

Source: Deloitte survey March 2020
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

Source: Deloitte survey March 2020
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.

Source: Deloitte survey March 2020, King Khaled Foundation, Findexable and Statista
Of the customers who adopted FinTech solutions/features...

**Which FinTech solution do you use? (Based on monthly income)**

<table>
<thead>
<tr>
<th>Solution</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer-to-peer money transfer</td>
<td>13%</td>
<td>11%</td>
<td>9%</td>
</tr>
<tr>
<td>Peer-to-peer insurance</td>
<td>7%</td>
<td>7%</td>
<td>10%</td>
</tr>
<tr>
<td>Connected health</td>
<td>9%</td>
<td>8%</td>
<td>10%</td>
</tr>
<tr>
<td>Connected home insurance</td>
<td>7%</td>
<td>9%</td>
<td>8%</td>
</tr>
<tr>
<td>Connected auto insurance</td>
<td>10%</td>
<td>14%</td>
<td>7%</td>
</tr>
<tr>
<td>Crowdfunding</td>
<td>8%</td>
<td>10%</td>
<td>8%</td>
</tr>
<tr>
<td>Robo-advisor</td>
<td>7%</td>
<td>11%</td>
<td>8%</td>
</tr>
<tr>
<td>Accounts aggregation</td>
<td>12%</td>
<td>12%</td>
<td>10%</td>
</tr>
</tbody>
</table>

**Did not adopt**

- Peer-to-peer money transfer: 67%
- Peer-to-peer insurance: 76%
- Connected health: 81%
- Connected home insurance: 76%
- Connected auto insurance: 69%
- Crowdfunding: 74%
- Robo-advisor: 74%
- Accounts aggregation: 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.

Source: Deloitte survey March 2020
Of the customers who adopted FinTech solutions/features...

Which FinTech solution/feature do you use? (Based on age)

<table>
<thead>
<tr>
<th>Solution/Feature</th>
<th>20-30 age group</th>
<th>31-40 age group</th>
<th>41-50 age group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer-to-peer money transfer</td>
<td>8%</td>
<td>20%</td>
<td>3%</td>
</tr>
<tr>
<td>Peer-to-peer insurance</td>
<td>3%</td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>Connected health</td>
<td>6%</td>
<td>9%</td>
<td></td>
</tr>
<tr>
<td>Connected home insurance</td>
<td>5%</td>
<td>8%</td>
<td>2%</td>
</tr>
<tr>
<td>Connected auto insurance</td>
<td>6%</td>
<td>11%</td>
<td>2%</td>
</tr>
<tr>
<td>Crowdfunding</td>
<td>6%</td>
<td>9%</td>
<td>2%</td>
</tr>
<tr>
<td>Robo-advisor</td>
<td>8%</td>
<td>16%</td>
<td>3%</td>
</tr>
<tr>
<td>Accounts aggregation</td>
<td>16%</td>
<td>25%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Did not adopt

- Peer-to-peer money transfer: 69%
- Peer-to-peer insurance: 90%
- Connected health: 85%
- Connected home insurance: 85%
- Connected auto insurance: 81%
- Crowdfunding: 83%
- Robo-advisor: 27%
- Accounts aggregation: 46%

*FinTech solutions 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.

Source: Deloitte survey March 2020, Zawya, Findexable and Statista
Of the customers who adopted FinTech solutions/features...

**Which FinTech solution do you use? (Based on monthly income)**

<table>
<thead>
<tr>
<th>Service</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer-to-peer money transfer</td>
<td>6%</td>
<td>20%</td>
<td>6%</td>
</tr>
<tr>
<td>Peer-to-peer insurance</td>
<td>1%</td>
<td>6%</td>
<td>4%</td>
</tr>
<tr>
<td>Connected health</td>
<td>4%</td>
<td>24%</td>
<td>4%</td>
</tr>
<tr>
<td>Connected home insurance</td>
<td>4%</td>
<td>13%</td>
<td>3%</td>
</tr>
<tr>
<td>Connected auto insurance</td>
<td>4%</td>
<td>27%</td>
<td>2%</td>
</tr>
<tr>
<td>Crowdfunding</td>
<td>3%</td>
<td>14%</td>
<td>2%</td>
</tr>
<tr>
<td>Robo-advisor</td>
<td>3%</td>
<td>18%</td>
<td>4%</td>
</tr>
<tr>
<td>Accounts aggregation</td>
<td>5%</td>
<td>21%</td>
<td>3%</td>
</tr>
</tbody>
</table>

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

- 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.

Source: Deloitte survey March 2020
Of the customers who adopted FinTech solutions/features...

Which FinTech solution/feature do you use? (Based on age)

<table>
<thead>
<tr>
<th>Service</th>
<th>20-30 age group</th>
<th>31-40 age group</th>
<th>41-50 age group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer-to-peer money transfer</td>
<td>22%</td>
<td>22%</td>
<td></td>
</tr>
<tr>
<td>Peer-to-peer insurance</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Connected health</td>
<td>4%</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>Connected home insurance</td>
<td>9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Connected auto insurance</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crowdfunding</td>
<td>9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Robo-advisor</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts aggregation</td>
<td>9%</td>
<td>4%</td>
<td>4%</td>
</tr>
</tbody>
</table>

• The first solution that is prevalent in Kuwait is peer-to-peer transfers within the 20-30 age group as well as the 31-40 age group.

• Although a high adoption rate of FinTech is not present in Kuwait currently, insurance models and robo-advisor solutions are the key areas that should be developed due to a lack of adoption.

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

Source: Deloitte survey March 2020, Arab Times, Findexable and Statista
Kuwait

66% Mobile banking (of the banked)
54% Website banking (of the banked)
61% believe FinTech solutions are highly adopted in the country

Of the customers who adopted FinTech solutions/features...

Which FinTech solution do you use? (Based on monthly income)

- Peer-to-peer money transfer: Low: 27%, Medium: 8%, High: 1%
- Peer-to-peer insurance: Low: 8%, Medium: 1%
- Connected health: Low: 17%, Medium: 8%, High: 1%
- Connected home insurance: Low: 9%, Medium: 3%
- Connected auto insurance: Low: 12%, Medium: 7%
- Crowdfunding: Low: 12%, Medium: 7%
- Robo-advisor: Low: 14%, Medium: 5%, High: 1%
- Accounts aggregation: Low: 16%, Medium: 10%, High: 1%

Did not adopt
- Peer-to-peer money transfer: Low: 58%, Medium: 91%, High: 74%
- Peer-to-peer insurance: Low: 74%, Medium: 88%
- Connected health: Low: 81%, Medium: 81%
- Connected home insurance: Low: 80%
- Connected auto insurance: Low: 73%
- Crowdfunding: Low: 7%
- Robo-advisor: Low: 1%
- Accounts aggregation: Low: 1%

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

- 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.

Source: Deloitte survey March 2020
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)

<table>
<thead>
<tr>
<th></th>
<th>20-30 age group</th>
<th>31-40 age group</th>
<th>41-50 age group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer-to-peer money transfer</td>
<td>11%</td>
<td>24%</td>
<td>8%</td>
</tr>
<tr>
<td>Peer-to-peer insurance</td>
<td>5%</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>Connected health</td>
<td>8%</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Connected home insurance</td>
<td>5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Connected auto insurance</td>
<td>3%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Crowdfunding</td>
<td>3%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Robo-advisor</td>
<td>3%</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>Accounts aggregation</td>
<td>5%</td>
<td>27%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Did not adopt

<table>
<thead>
<tr>
<th></th>
<th>Did not adopt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer-to-peer money transfer</td>
<td>657%</td>
</tr>
<tr>
<td>Peer-to-peer insurance</td>
<td>92%</td>
</tr>
<tr>
<td>Connected health</td>
<td>84%</td>
</tr>
<tr>
<td>Connected home insurance</td>
<td>95%</td>
</tr>
<tr>
<td>Connected auto insurance</td>
<td>92%</td>
</tr>
<tr>
<td>Crowdfunding</td>
<td>92%</td>
</tr>
<tr>
<td>Robo-advisor</td>
<td>94%</td>
</tr>
<tr>
<td>Accounts aggregation</td>
<td>65%</td>
</tr>
</tbody>
</table>

- 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

Source: Deloitte survey March 2020, Trading Accounting, Findexable and Statista
Qatar

82% Mobile banking (of the banked)
61% Website banking (of the banked)
56% believe FinTech solutions are highly adopted in the country

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

<table>
<thead>
<tr>
<th>FinTech Solution</th>
<th>Low: &lt;5,000QAR</th>
<th>Medium: 5,001-20,000QAR</th>
<th>High: &gt;20,001QAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer-to-peer money transfer</td>
<td>7%</td>
<td>21%</td>
<td>6%</td>
</tr>
<tr>
<td>Peer-to-peer insurance</td>
<td>3% 5% 2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Connected health</td>
<td>6% 9% 3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Connected home insurance</td>
<td>3% 4% 4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Connected auto insurance</td>
<td>7% 11% 3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crowdfunding</td>
<td>4% 10% 1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Robo-advisor</td>
<td>1% 12% 3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts aggregation</td>
<td>7% 11% 5%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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.
- Qatris 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.

Source: Deloitte survey March 2020
Of the customers who adopted FinTech solutions/features...
Which FinTech solution/feature do you use? (Based on age)

<table>
<thead>
<tr>
<th>Solution/Feature</th>
<th>20-30 age group</th>
<th>31-40 age group</th>
<th>41-50 age group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer-to-peer money transfer</td>
<td>20%</td>
<td>24%</td>
<td>8%</td>
</tr>
<tr>
<td>Peer-to-peer insurance</td>
<td>4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Connected health</td>
<td>8%</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>Connected home insurance</td>
<td>8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Connected auto insurance</td>
<td>8%</td>
<td>12%</td>
<td>4%</td>
</tr>
<tr>
<td>Crowdfunding</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Robo-advisor</td>
<td>8%</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>Accounts aggregation</td>
<td>16%</td>
<td>12%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Did not adopt

<table>
<thead>
<tr>
<th>Solution/Feature</th>
<th>20-30 age group</th>
<th>31-40 age group</th>
<th>41-50 age group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer-to-peer money transfer</td>
<td>48%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peer-to-peer insurance</td>
<td>96%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Connected health</td>
<td>88%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Connected home insurance</td>
<td>92%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Connected auto insurance</td>
<td>76%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crowdfunding</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Robo-advisor</td>
<td>88%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts aggregation</td>
<td>68%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- 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

Source: Deloitte survey March 2020, Global Findex, Findexable and Statista
Bahrain

<table>
<thead>
<tr>
<th>Income level</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer-to-peer money transfer</td>
<td>30%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Peer-to-peer insurance</td>
<td>7%</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>Connected health</td>
<td>14%</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>Connected home insurance</td>
<td>7%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>Connected auto insurance</td>
<td>13%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Crowdfunding</td>
<td>18%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>Robo-advisor</td>
<td>13%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Accounts aggregation</td>
<td>15%</td>
<td>2%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Of the customers who adopted FinTech solutions/features...

Which FinTech solution do you use? (Based on monthly income)

- **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.**

Source: Deloitte survey March 2020
Oman

- Population: ~5.0M
- Banked: 56%
- Global FinTech rank: N/A
- 2019 GDP: ~$79b

Of the customers who adopted FinTech solutions/features...

Which FinTech solution/feature do you use? (Based on age)

<table>
<thead>
<tr>
<th>Solution/Feature</th>
<th>20-30 age group</th>
<th>31-40 age group</th>
<th>41-50 age group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer-to-peer money transfer</td>
<td>30%</td>
<td></td>
<td>5%</td>
</tr>
<tr>
<td>Peer-to-peer insurance</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Connected health</td>
<td>5%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Connected home insurance</td>
<td>5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Connected auto insurance</td>
<td>5%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Crowdfunding</td>
<td>5%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Robo-advisor</td>
<td>15%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts aggregation</td>
<td>20%</td>
<td>5%</td>
<td>5%</td>
</tr>
</tbody>
</table>

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.

Source: Deloitte survey March 2020, Muscat Daily, Findexable and Statista
Of the customers who adopted FinTech solutions/features...

Which FinTech solution do you use? (Based on monthly income)

<table>
<thead>
<tr>
<th>Solution</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer-to-peer money transfer</td>
<td>27%</td>
<td></td>
<td>3%</td>
</tr>
<tr>
<td>Peer-to-peer insurance</td>
<td>12%</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>Connected health</td>
<td>14%</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Connected home insurance</td>
<td>10%</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>Connected auto insurance</td>
<td>13%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Crowdfunding</td>
<td>16%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Robo-advisor</td>
<td>13%</td>
<td>5%</td>
<td>1%</td>
</tr>
<tr>
<td>Accounts aggregation</td>
<td>21%</td>
<td></td>
<td>1%</td>
</tr>
</tbody>
</table>

Did not adopt

- Peer-to-peer money transfer
- Connected health
- Connected home insurance
- Connected auto insurance
- Crowdfunding
- Robo-advisor

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.

Source: Deloitte survey March 2020
Egypt

~102M Population 16% Banked 106 Global FinTech rank ~$302b 2019 GDP

Of the customers who adopted FinTech solutions/features...

Which FinTech solution/feature do you use? (Based on age)

- **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).**

<table>
<thead>
<tr>
<th>Solution/Feature</th>
<th>20-30 age group</th>
<th>31-40 age group</th>
<th>41-50 age group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer-to-peer money transfer</td>
<td>23%</td>
<td>10%</td>
<td>8%</td>
</tr>
<tr>
<td>Peer-to-peer insurance</td>
<td>3%</td>
<td>3%</td>
<td>5%</td>
</tr>
<tr>
<td>Connected health</td>
<td>13%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Connected home insurance</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Connected auto insurance</td>
<td>8%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Crowdfunding</td>
<td>13%</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>Robo-advisor</td>
<td>15%</td>
<td>5%</td>
<td>3%</td>
</tr>
<tr>
<td>Accounts aggregation</td>
<td>23%</td>
<td>10%</td>
<td>10%</td>
</tr>
</tbody>
</table>

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

Source: Deloitte survey March 2020, Muscat Daily, Findexable and Statista
Egypt

58% Mobile banking (of the banked)
66% Website banking (of the banked)
63% believe FinTech solutions are highly adopted in the country

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

<table>
<thead>
<tr>
<th>FinTech Solution</th>
<th>Low (&lt;2,500 EGP)</th>
<th>Medium (2,501-20,000 EGP)</th>
<th>High (&gt;20,001 EGP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer-to-peer money transfer</td>
<td>5%</td>
<td>28%</td>
<td>1%</td>
</tr>
<tr>
<td>Peer-to-peer insurance</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Connected health</td>
<td>3%</td>
<td>17%</td>
<td>6%</td>
</tr>
<tr>
<td>Connected home insurance</td>
<td>1%</td>
<td>21%</td>
<td>3%</td>
</tr>
<tr>
<td>Connected auto insurance</td>
<td>3%</td>
<td>18%</td>
<td>5%</td>
</tr>
<tr>
<td>Crowdfunding</td>
<td>5%</td>
<td>19%</td>
<td>6%</td>
</tr>
<tr>
<td>Robo-advisor</td>
<td>5%</td>
<td>19%</td>
<td>5%</td>
</tr>
<tr>
<td>Accounts aggregation</td>
<td>3%</td>
<td>24%</td>
<td>3%</td>
</tr>
</tbody>
</table>

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.

Source: Deloitte survey March 2020
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

Source: Deloitte survey March 2020, The European, Findexable and Statista
Lebanon

- Mobile banking (of the banked): 76%
- Website banking (of the banked): 35%
- Believe FinTech solutions are highly adopted in the country: 29%

Of the customers who adopted FinTech solutions/features...

Which FinTech solution do you use? (Based on monthly income)

<table>
<thead>
<tr>
<th>FinTech Solution</th>
<th>Low: &lt;1,500USD</th>
<th>Medium: 1,501-6,000USD</th>
<th>High: &gt;6,001USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer-to-peer money transfer</td>
<td>24%</td>
<td>18%</td>
<td>1%</td>
</tr>
<tr>
<td>Peer-to-peer insurance</td>
<td>10%</td>
<td>6%</td>
<td>1%</td>
</tr>
<tr>
<td>Connected health</td>
<td>12%</td>
<td>10%</td>
<td>1%</td>
</tr>
<tr>
<td>Connected home insurance</td>
<td>12%</td>
<td>9%</td>
<td>1%</td>
</tr>
<tr>
<td>Connected auto insurance</td>
<td>12%</td>
<td>10%</td>
<td>1%</td>
</tr>
<tr>
<td>Crowdfunding</td>
<td>10%</td>
<td>8%</td>
<td>1%</td>
</tr>
<tr>
<td>Robo-advisor</td>
<td>11%</td>
<td>12%</td>
<td>1%</td>
</tr>
<tr>
<td>Accounts aggregation</td>
<td>12%</td>
<td>8%</td>
<td>1%</td>
</tr>
</tbody>
</table>

- 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.

Source: Deloitte survey March 2020
Of the customers who adopted FinTech solutions/features...

Which FinTech solution/feature do you use? (Based on age)

- 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

Source: Deloitte survey March 2020, Jordan Times, Findexable and Statista
Of the customers who adopted FinTech solutions/features...

**Which FinTech solution do you use? (Based on monthly income)**

<table>
<thead>
<tr>
<th>Solution</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer-to-peer money transfer</td>
<td>14%</td>
<td>12%</td>
<td>2%</td>
</tr>
<tr>
<td>Peer-to-peer insurance</td>
<td>6%</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>Connected health</td>
<td>10%</td>
<td>9%</td>
<td>1%</td>
</tr>
<tr>
<td>Connected home insurance</td>
<td>12%</td>
<td>7%</td>
<td>1%</td>
</tr>
<tr>
<td>Connected auto insurance</td>
<td>10%</td>
<td>14%</td>
<td>1%</td>
</tr>
<tr>
<td>Crowdfunding</td>
<td>14%</td>
<td>10%</td>
<td>1%</td>
</tr>
<tr>
<td>Robo-advisor</td>
<td>12%</td>
<td>8%</td>
<td>1%</td>
</tr>
<tr>
<td>Accounts aggregation</td>
<td>8%</td>
<td>10%</td>
<td>1%</td>
</tr>
</tbody>
</table>

**Income level**

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

**Did not adopt**

- Peer-to-peer money transfer: 72%
- Peer-to-peer insurance: 90%
- Connected health: 80%
- Connected home insurance: 80%
- Connected auto insurance: 75%
- Crowdfunding: 75%
- Robo-advisor: 79%
- Accounts aggregation: 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.

Source: Deloitte survey March 2020
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

- **North America**: $22 (2018), $23 (2019)
- **Europe**: $5 (2018), $10 (2019)
- **Asia Pacific**: $26 (2018), $9 (2019)
- **Africa**: $0.8 (2018), $2 (2019)
- **South America**: $2 (2018), $0.2 (2019)
- **MENA**: $0.4 (2018), $0.5 (2019)

Source: Global Fintech Index 2020; (*) $14bn Ant Financial deal
To realize this potential, governments and regulators need to focus on eight key priorities...

**Capital**

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

**Infrastructure**

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

**Policy Regulation**

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

**Talent**

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

**Demand**

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

**Deploy for efficiency**
0 – 6 months
- Understand and prioritize customer needs by initiating relevant FinTech projects
- Optimize banking solutions by on-boarding FinTechs to support with the delivery
- Enhance the delivery of existing features, products and services
- Launch ‘must-have’ services offered by local FinTechs

**Deploy to differentiate**
6 – 12 months
- Define, jointly with selected FinTech companies, a set of value propositions that have a tangible impact on:
  - Customer experience in select segments (e.g. simplicity)
  - Business value on selected areas
- Define a set of features that will enhance the banking customer experience to accelerate the adoption of FinTech solutions

**Partner to win**
12 – 18 months
- Build an ecosystem of partnerships based on value propositions and motivational incentives;
- Embed these FinTech partners in the organization’s strategy
- Pro-actively plan on how to leverage upcoming market regulatory changes, e.g. open banking
- Invest in building a cultural fit with the target FinTechs and ways of co-creation
**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

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