



صندوق النقد العربي  
ARAB MONETARY FUND

## **Fintech Statistics in the Arab Region**

### **11<sup>th</sup> Meeting of the Steering Committee of the Arab Statistics Initiative (ARABSTAT)**

**November 13-14, 2024  
Abu Dhabi- United Arab Emirates**



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# Content

- **Building Fintech Ecosystem**
  - **Importance of Fintech & Digital Financial Services**
  - **Pillars of the Fintech Ecosystem**
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  - **Fintech Data Challenges**
- **Fintech Index for the Arab Region “Finxar”**
  - **Components and Methodology**
  - **FinxAr 2021 main findings**
- **Findings and Recommendations**
- **AMF contribution to promote the Fintech ecosystem within the Region**

# Building the Fintech Ecosystem

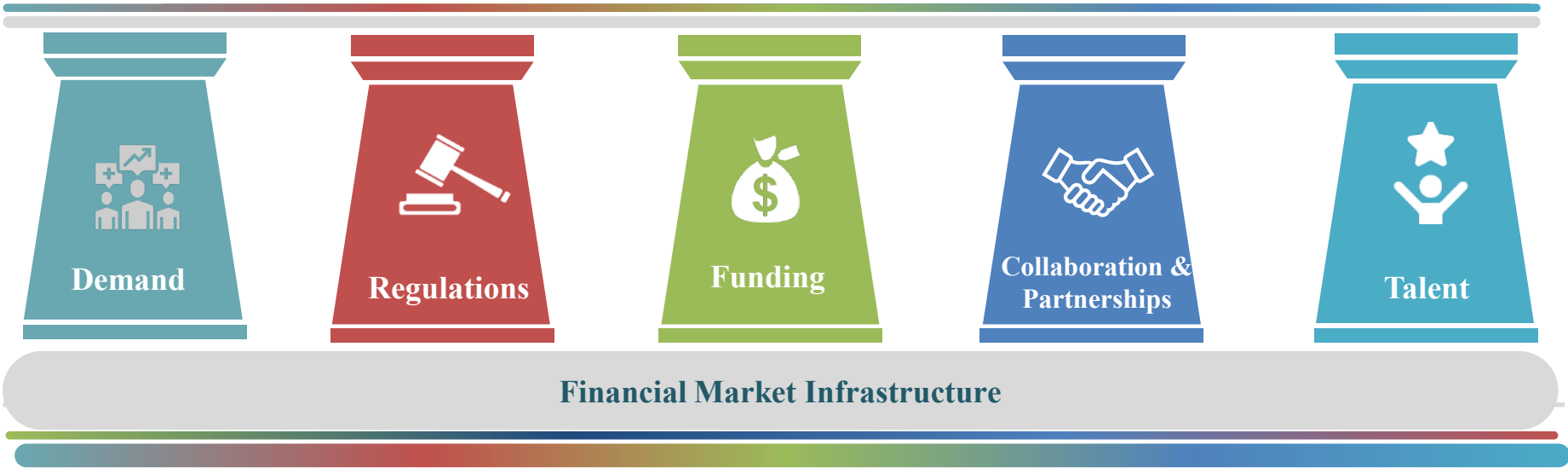
## Reasons behind:

- supporting Fintech ecosystem
- initiating depositary for data and statistics on Fintech Activities in the Arab region



*Central depositary for information to set proper Fintech ecosystem as most information on Fintech activities in the region are either scattered or not easily accessible*

# Fintech Ecosystem Pillars



## Policy Enablers:

Digital Identity, Open Banking, Data Protection, Cybersecurity, Innovation Facilitators (Innovation Office- Innovation Hub – Sandbox).



## Enabling Technologies :

APIs, Cloud, Biometric, DLT & Blockchain, Artificial Intelligence & Machine Learning (AI & ML).



# Current Challenges in Fintech Data

DEFINITION

AVAILABILITY OF DATA

REGULARITY OF DATA

SCATTERED OR NOT EASILY ACCESSIBLE  
DATA

AMF Remedies:

“Arab Region Fintech  
Guide”

“FinxAr”  
*Fintech Index for the Arab  
Region*



Collecting and Monitoring regular information about Fintech activities in the Arab region is crucial.

## METHODOLOGY

- The index is composed of the six pillars representing main pillars to promote Fintech ecosystem. The weighted index for every single Arab country is composed of 100 points distributed among pillars.
- A composite Fintech index of 100 points reflects all Arab countries, *Finxar*, calculated as a simple average of all weighted indices for Arab countries that responded to the survey.

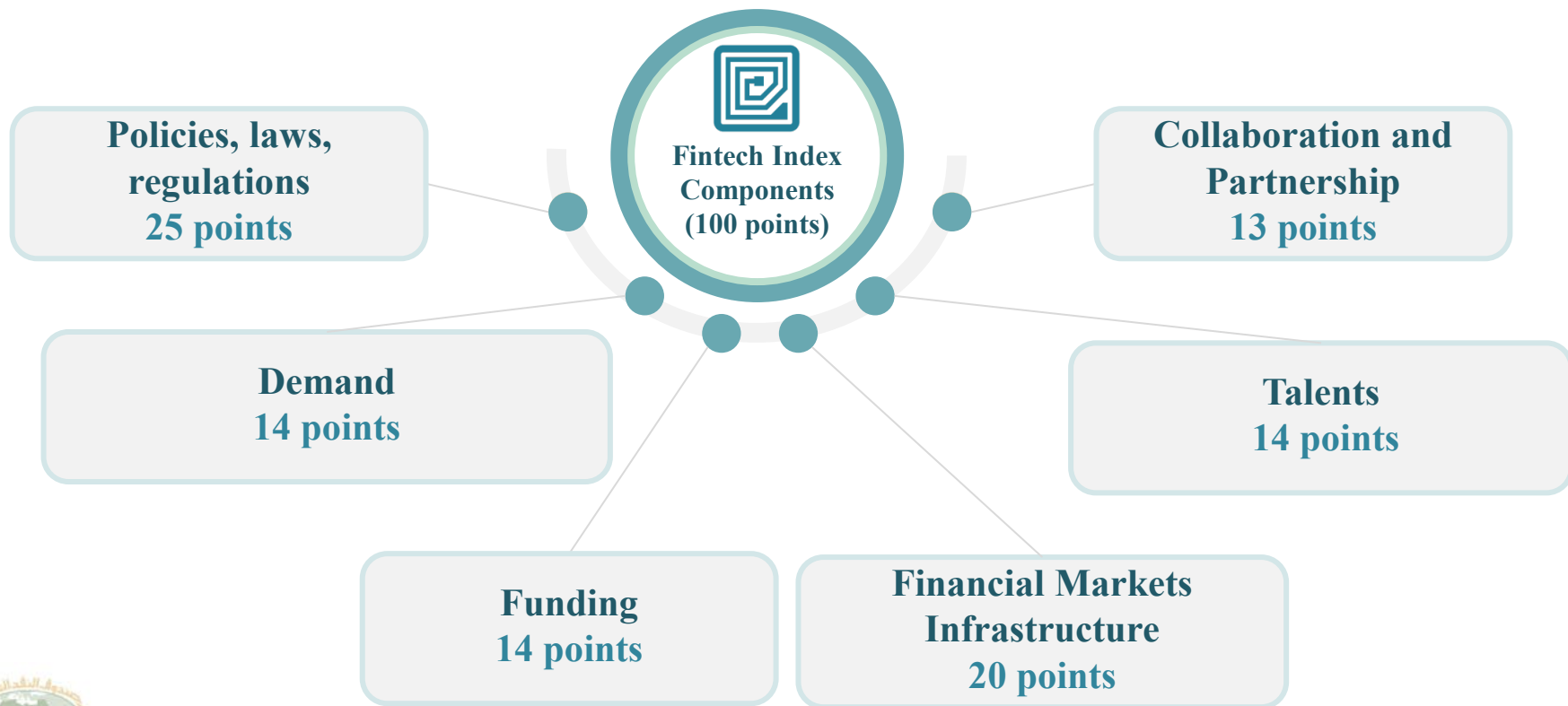
$$FinxAr = \sum_{n=1}^6 ([AVGSUB]_n * W_n)$$

## RESPONDENTS & FREQUENCY

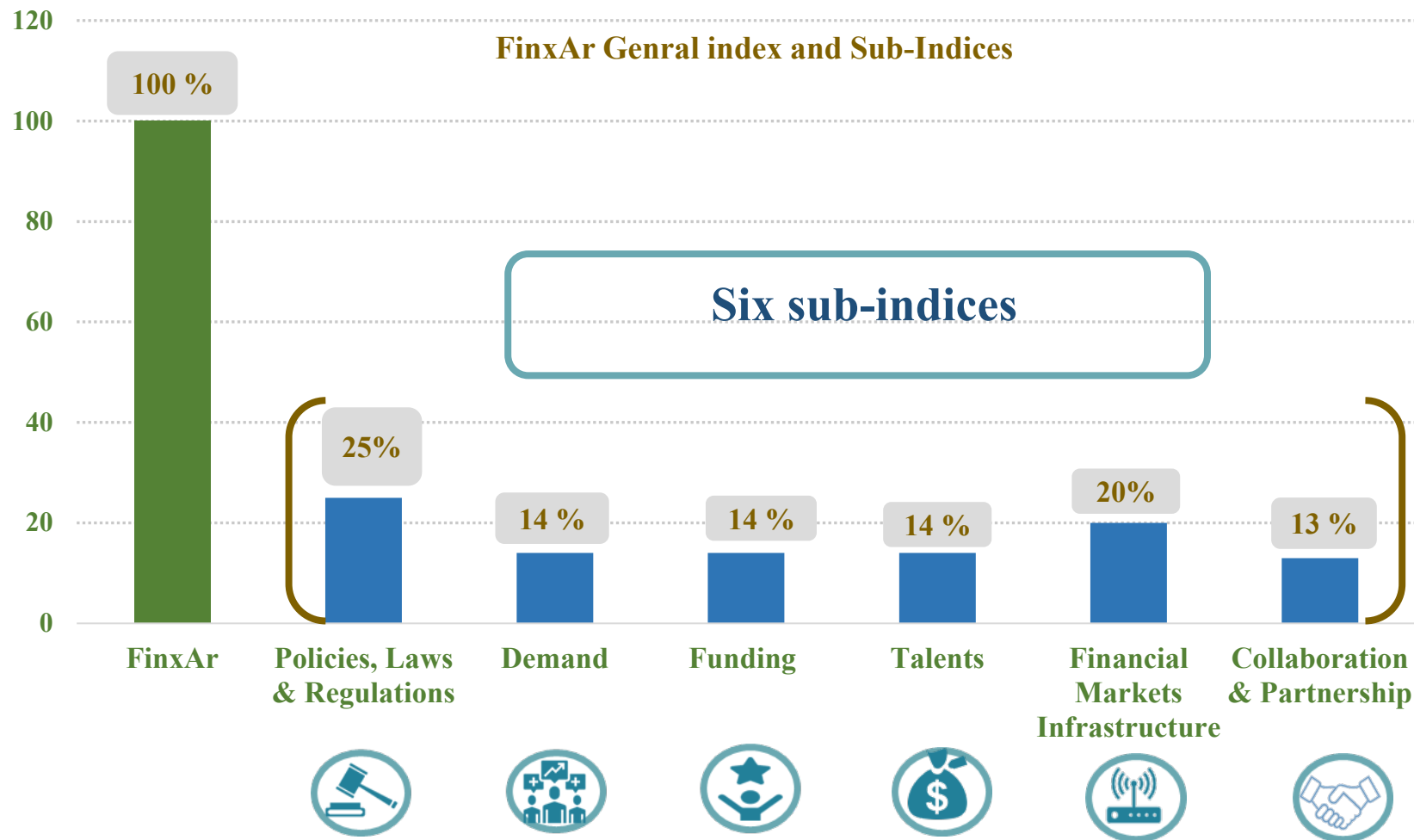
- Arab central banks and monetary authorities as being the leading authorities that lead the Fintech activities in Arab countries.
- Regular index FinxAr: currently two annual versions (2021-2022).
- The annual index covers data of the precedent year (2020-2021).

# FinxAr Index Methodology (1)

- The Fintech Index for the Arab Region covers the fintech ecosystem and monitor the Arab countries efforts to developing such industry while regulating it.



# FinxAr Index Methodology (2)



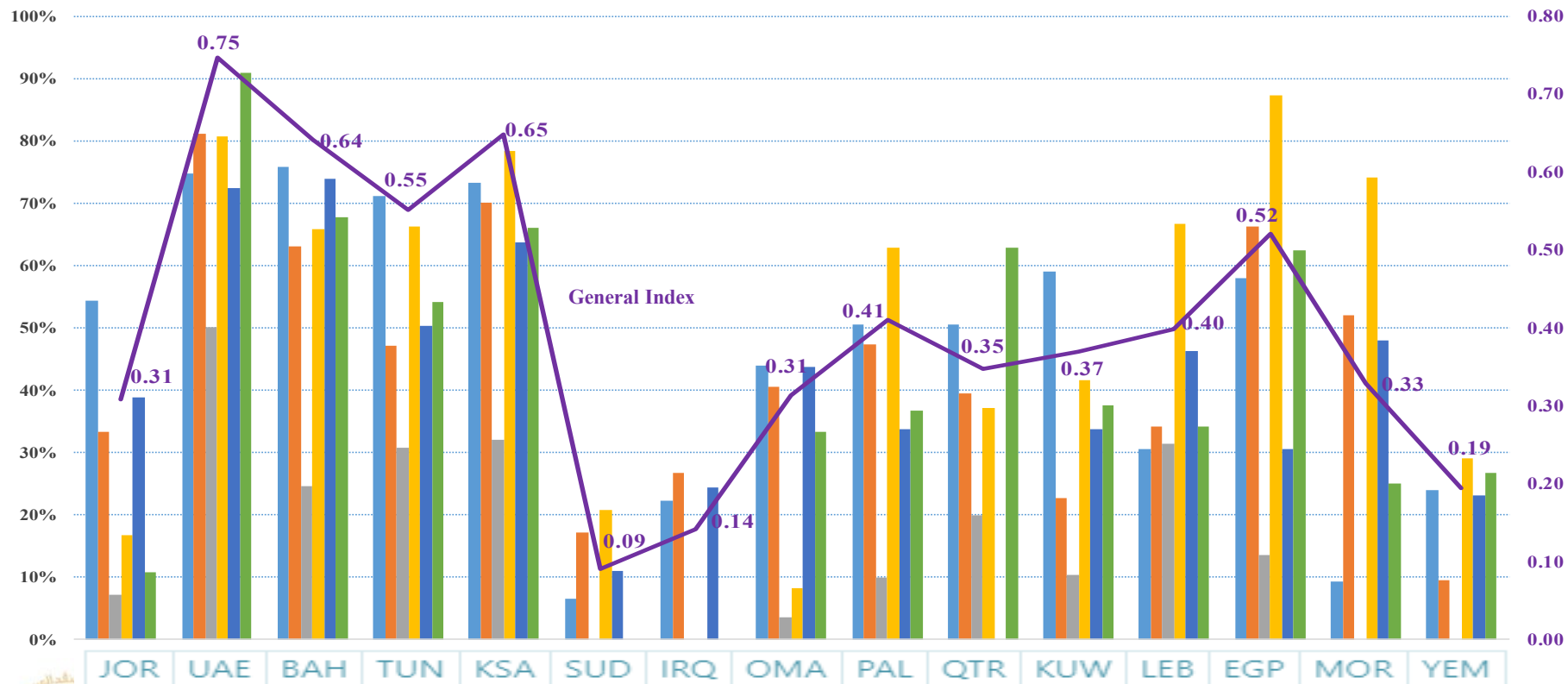


# FinxAr General Index (2)

## The General Index “FinxAr” Average and the Six Main Indices

% Six Indices

General Index



Policies, Laws and Regulations

Demand side

Access to Finance

Talent Development

Financial Markets Infrastructure

Collaboration and Partnerships

General Index (right pillar)

# Policies, Laws & Regulations Pillar

## Policies, Legislations, Regulations and Initiatives

**Sandbox** 



 **Institutional Framework**

 **Governance Scheme**

**National Strategies for Fintech / Digital Transformation** 

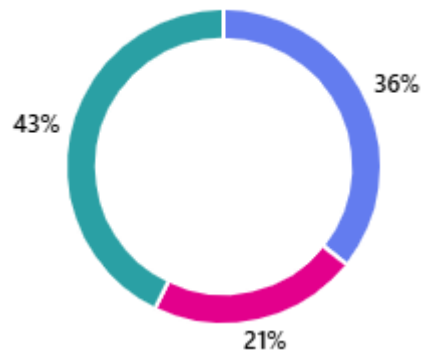
 **Initiatives** 

 **Legislations and Regulatory Framework**

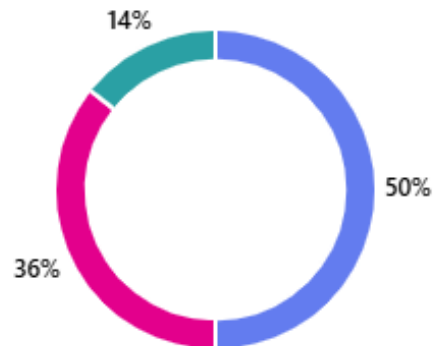
     

# Building Blocks for Policies, Laws & Regulations Pillar

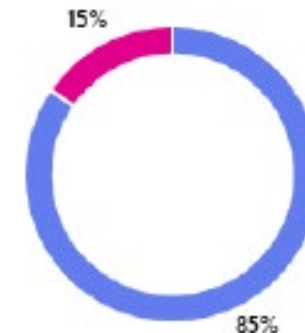
### Fintech Strategy at the national level



### Definition for Fintech activities at the national level



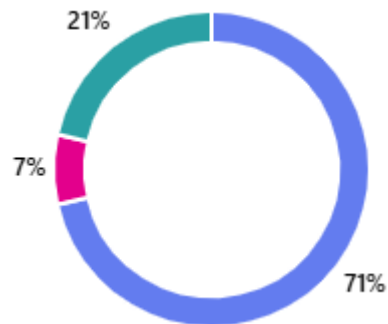
### Documented governance arrangement



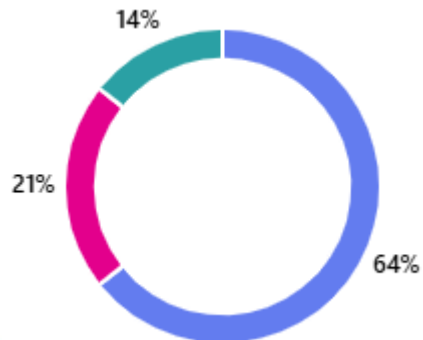
- Yes
- No
- In Process

## Innovation Facilitators

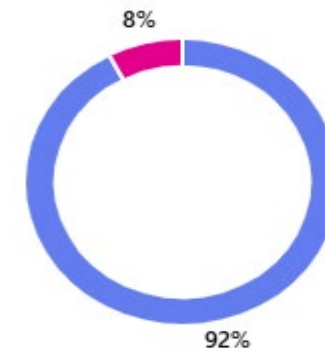
### Innovation Hub/ Sandbox



### Sandbox as testing environment

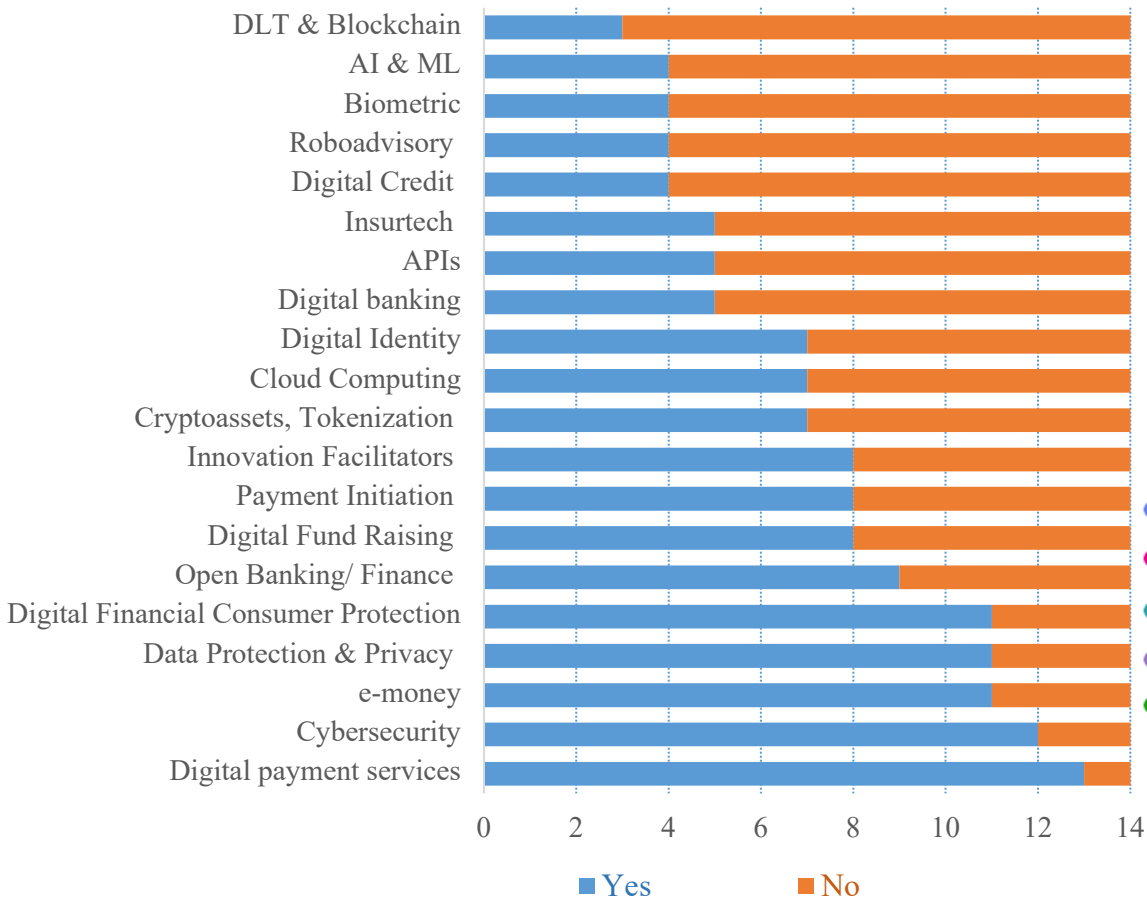


### Dedicated Innovation Unit

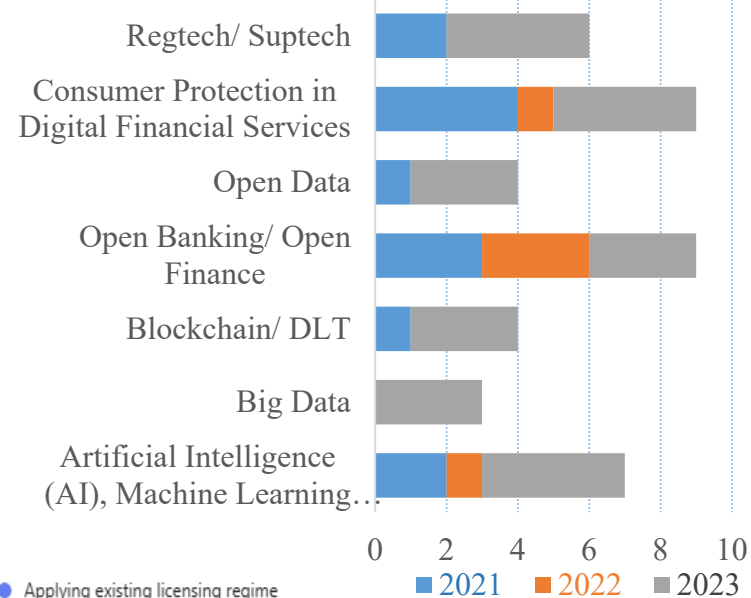


## Regulations for diverse Fintech aspects?

### Coverage of Fintech Regulation

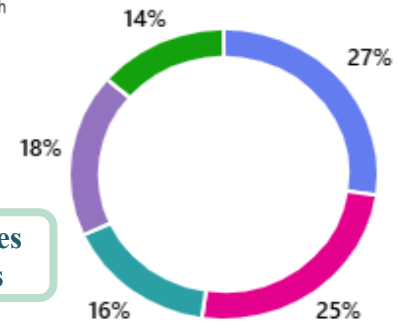


## Initiatives to employ Fintech activities



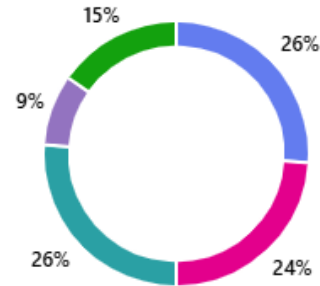
- Applying existing licensing regime
- Issue differentiated regulation for each type of Fintech activity
- Issuance of new laws (the activity will be prohibited until a new law is being issued)
- Authorization/Licensing via Sandbox
- Issuance of no objection certificate

### Regulatory approaches for Fintech activities



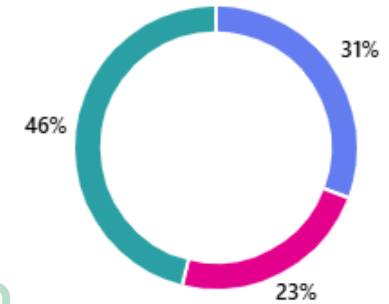
## Regulatory responses to respective Fintech risks

- Cyber resilience of Fintech solutions
- Consumer Protection (including consumer funds)
- AML/CFT
- Soundness of Fintech platforms
- Hosting data in the cloud

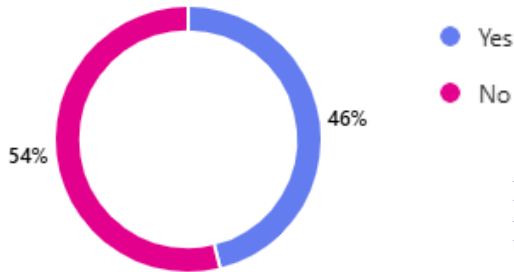


## Authorities employ Regtech/Suptech solutions

- Yes
- No
- Planned

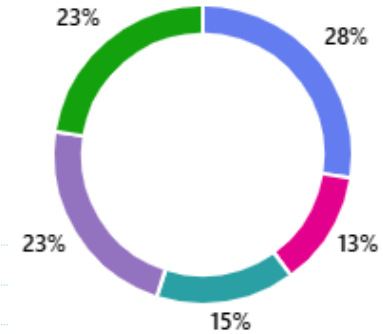


## Standard definition/criteria for Fintech firms

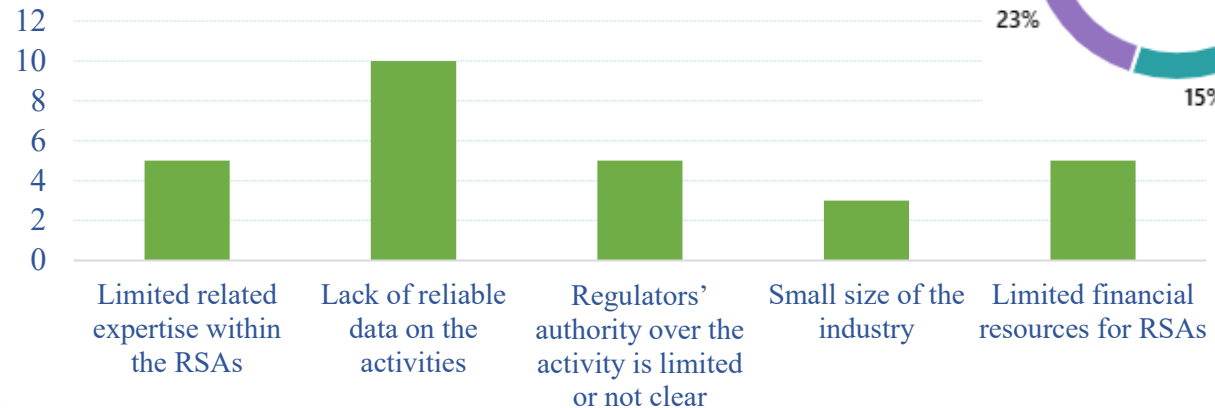


## Aspects to regulate Fintech firms

- Licensing conditions
- Investment policy
- Solvency
- Consumer Protection
- Corporate Governance



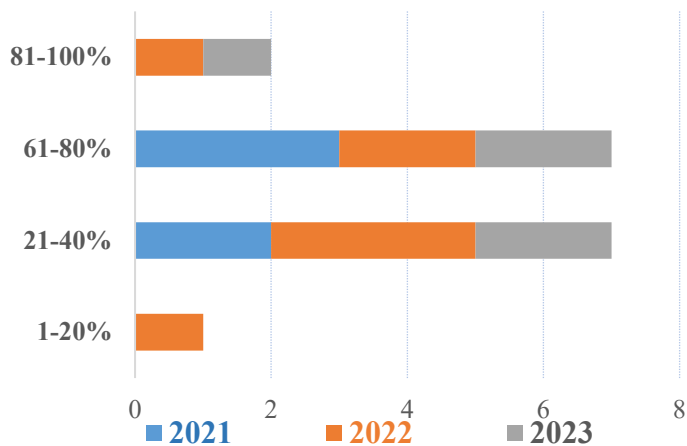
## Challenges that hinder regulating financial innovation



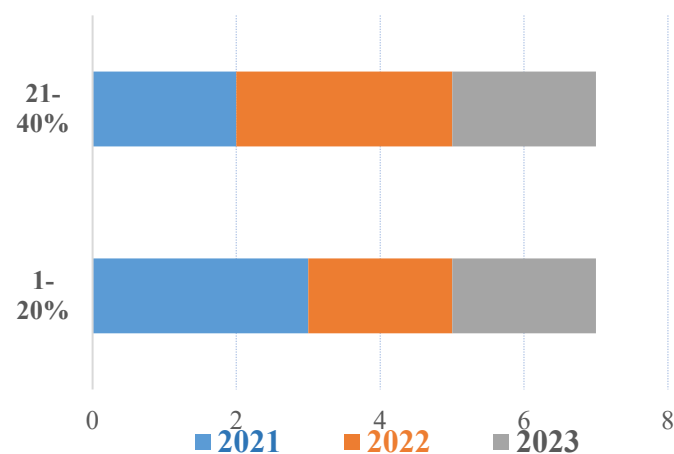
# Enhancing Demand Pillar



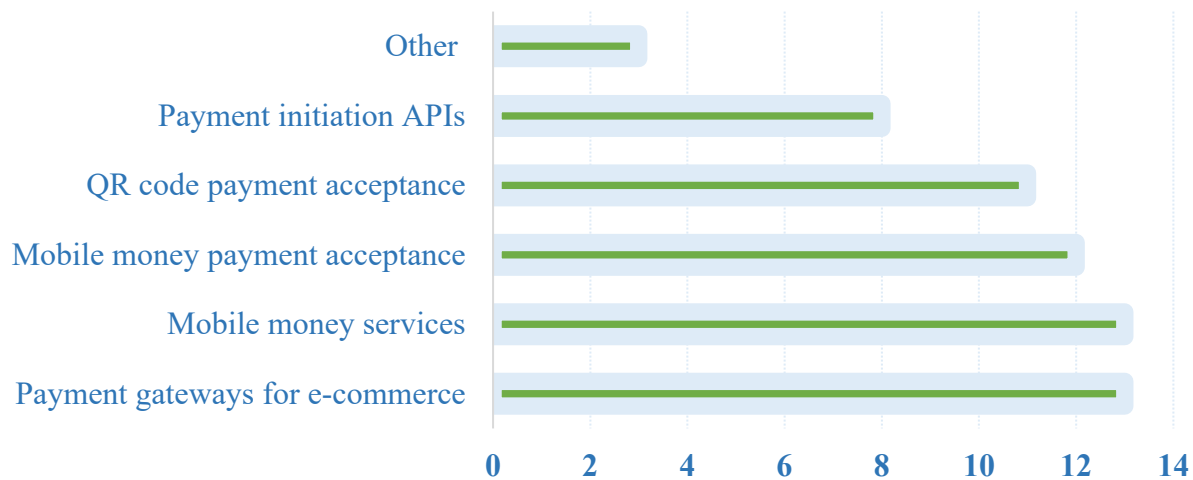
## Internet users that use banking % financial services apps (% of population)



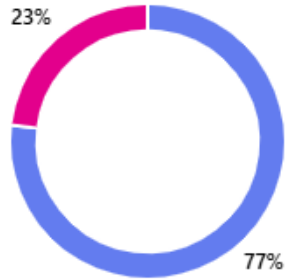
## Internet users that use mobile payment services (% of population)



## Applied innovative payment services

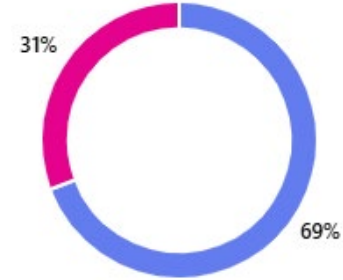


### Financial/digital financial strategy/program

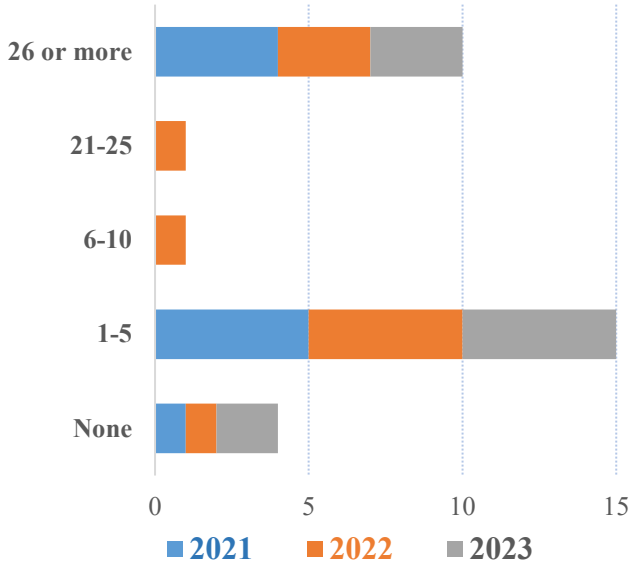


- Yes
- No

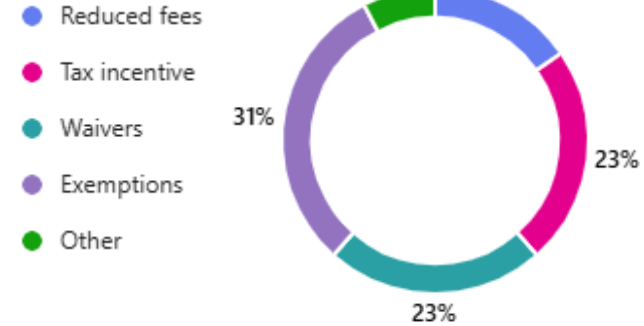
### A mandated/ dedicated entity to coordinate financial education and awareness, formal channel to information



### No. of Fintech firms entered into business

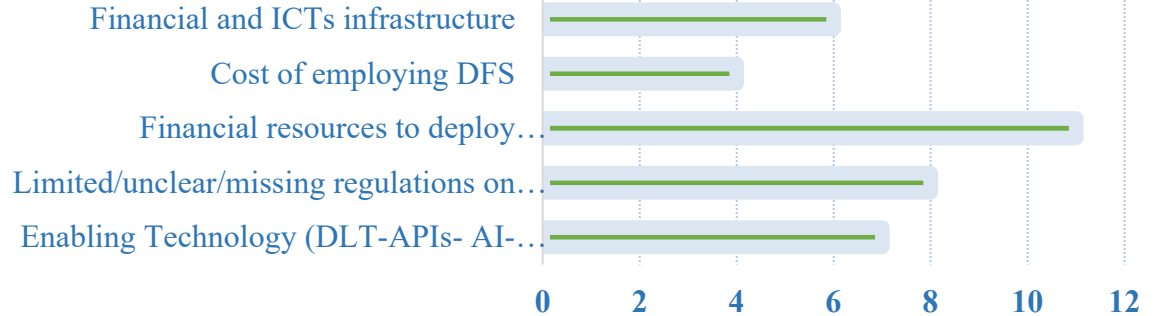


### Incentive schemes dedicated to Fintech firms



- Reduced fees
- Tax incentive
- Waivers
- Exemptions
- Other

### Challenges hindering Fintech adoption





# Increasing Access to Finance Pillar



## Access to Finance



### National Initiatives for Funding



### Funding from Financial Institutions

### Investment in Fintech Activities



# Key Considerations in Access to Finance

## No. of Funding Initiatives

- On average low, **between zero and three**, for initiatives dedicated to financial innovations, at large, at the national level.
- On average low, **between zero and one**, for initiatives to Finance fintech firms.

## Loans from the banking to Fintech sector

- Limited % of loans, (less than 5% of total banks' loans), are deployed by banks to the Fintech sector.
- No available data on the % of loans dedicated to fintech firms.

## Funding resources for fintechs from banks

- Limited % of funding resources, (less than 5%), comes from banks.
- Shortage or no available data on such percent.

## Size of investments

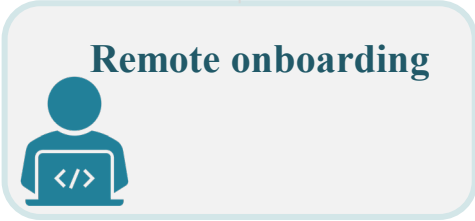
- Shortage of available data on investments size dedicated to the whole sector or fintech startups.



# Developing Talents Pillar

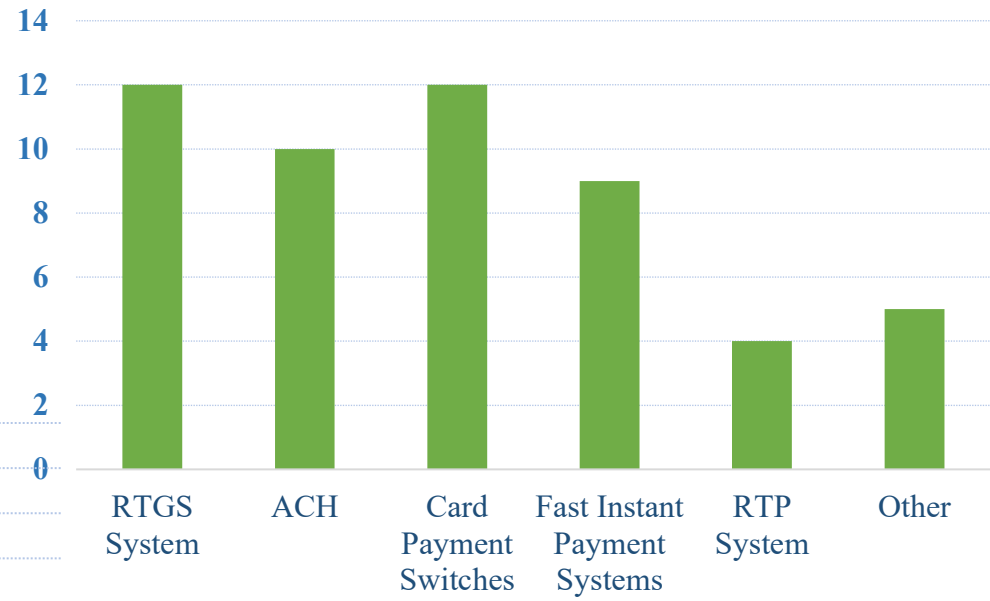


# Strengthening Financial Markets Infrastructure Pillar

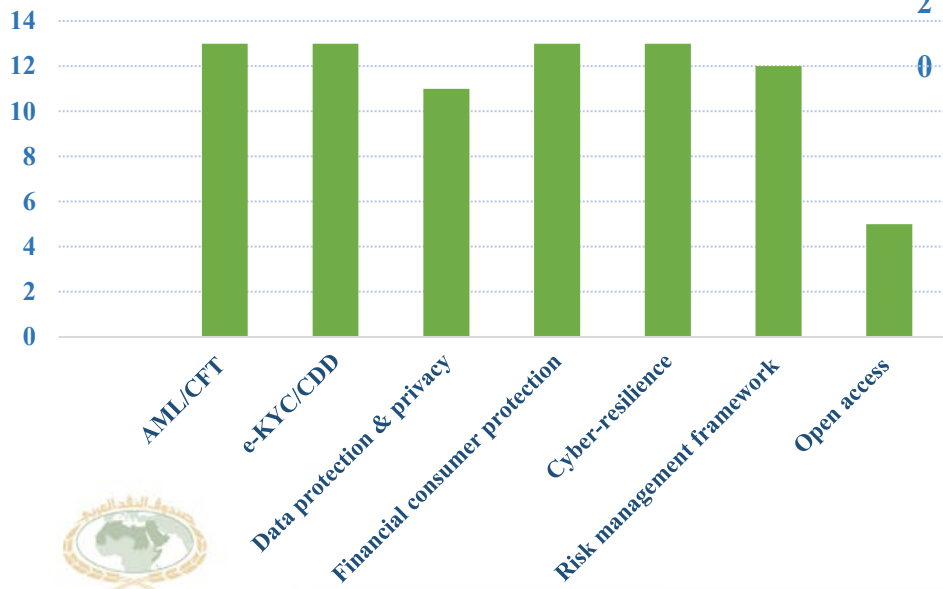




## Compliance requirements financial infrastructure systems

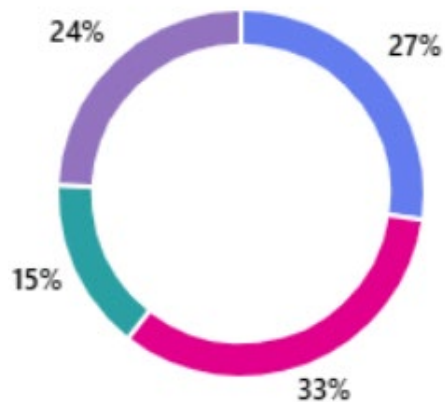


## Existing payment infrastructure systems



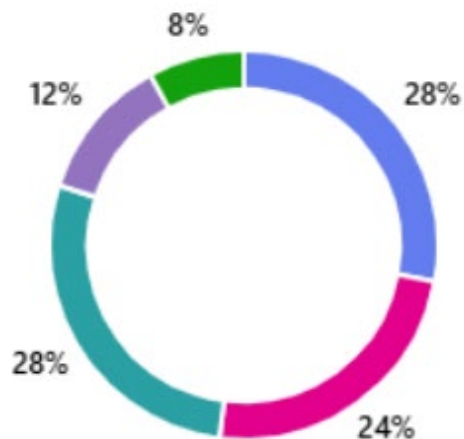
## Initiatives to digitalize government payments

- Government to Persons (G2P)
- Persons to Government (P2G)
- Government to Business (G2B)
- Business to Government (B2G)



## Using new technology in trading, clearing, payment and settlement

- Application Programming Interfaces (APIs)
- Distributed Ledger Technology (DLT)
- Cloud
- Artificial Intelligence (AI), Machine Learning (ML)
- Other

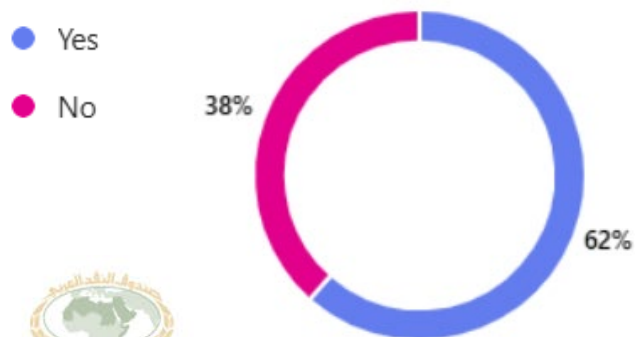


## Are there current infrastructure to support customer remote onboarding



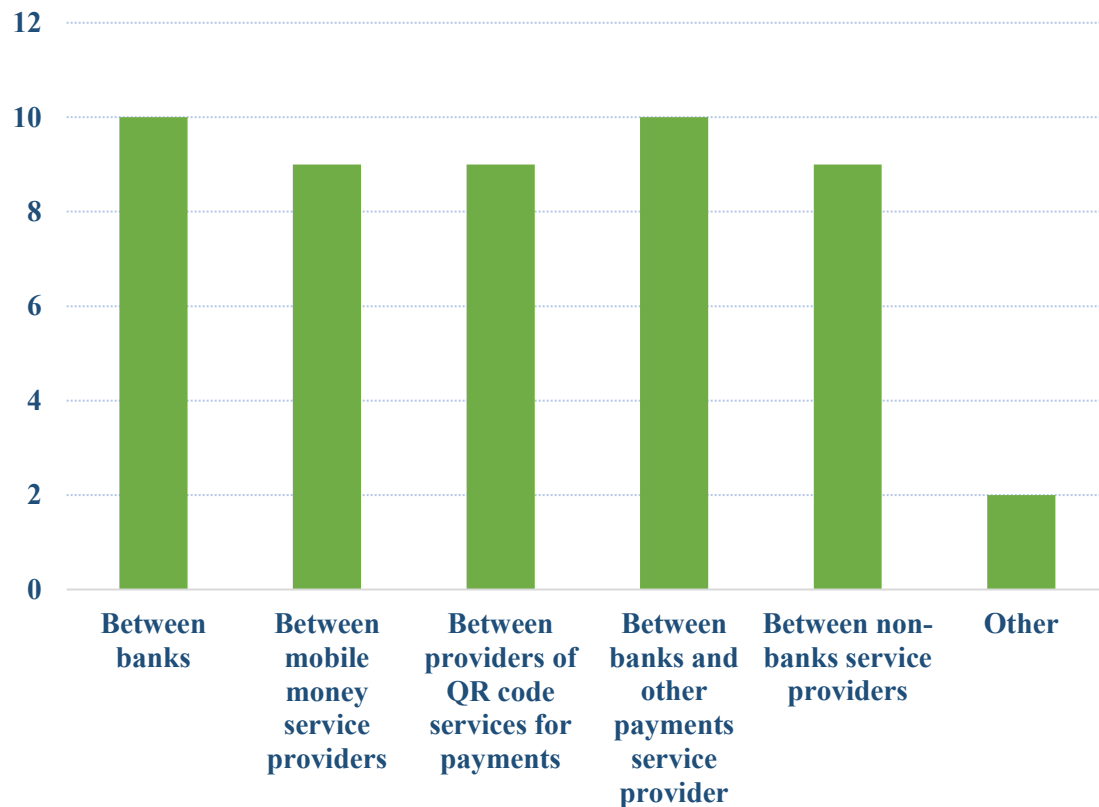
- Digital ID system
- eKYC/CDD procedures

## Initiative/s to support and regulate alternative finance platforms



- Yes
- No

## Interoperability initiatives



# Collaboration & Partnerships Pillar





## Main Considerations and Recommendations



Enhancing data, establishing national data base for the industry including investments, financing, startups ..etc.



Continue efforts related to policies & regulations to foster innovations within a balanced environment, including the fintech firms.



More initiatives are needed to support access to capital and raising funds



Continue strengthening the financial markets infrastructure



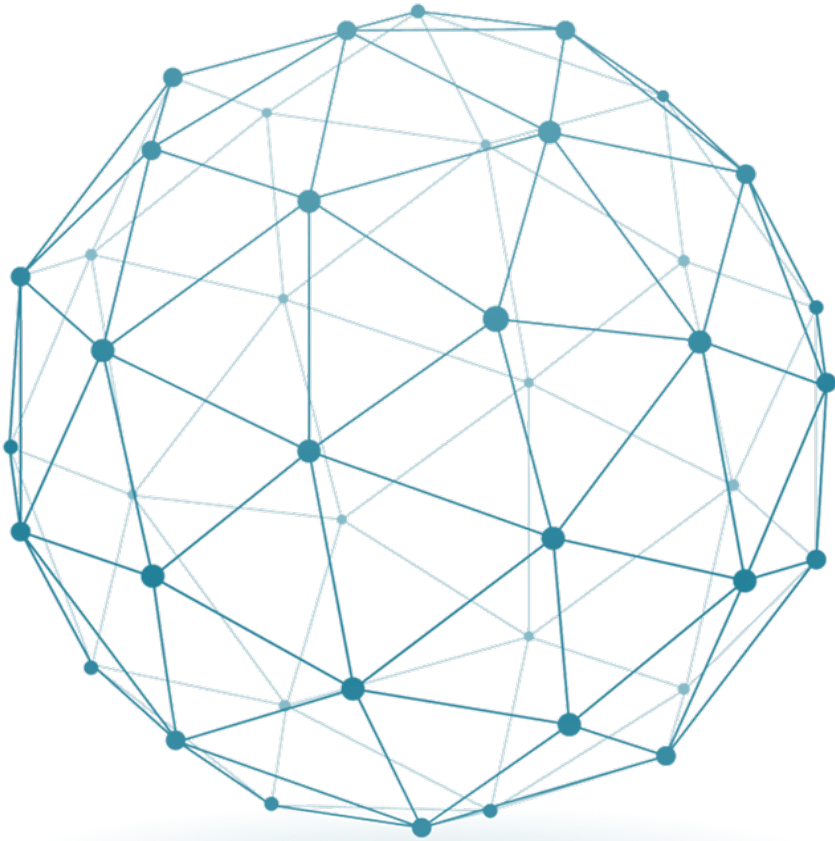
Considering formulating Fintech Strategy to outline and coordinate initiatives, and document the governance scheme.



Enhance collaboration among all stakeholders at the national level, and cooperation on regional & international levels.



Ensure feedback loop and strengthen the role of the Innovation Office.



**Thank You**  
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