



Open Banking in Saudi Arabia:

the vision,
progress,
and path
to global
leadership

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Open banking has fundamentally altered how people manage their financial information. It offers consumers the ability to securely share their data with third-party providers, giving them more control over their finances while promoting transparency and competition.

Previously, only a customer and their bank had access to this data, but now people can choose to share it with fintechs, currency exchanges, merchants, and more, creating a more flexible and open financial system.

The UK serves as a strong example of how open banking can be successfully implemented through a regulation-driven approach.

Differing approaches to open banking

Open banking initiatives can be either market-driven or regulatory-driven, and the best approach depends on the region and its financial framework.

Regulation-driven

This model is characterised by predefined rules and standards that ensure a uniform approach to data sharing and customer protection. This model has been successfully implemented in regions like the UK and the EU.

Market-driven

In this model, the private sector leads the way in response to competitive pressures, as seen in the US and China. While it encourages fast innovation and new services, it can also create differences in how data is handled and varying levels of security and protection.

In 2017, the UK's Competition and Markets Authority mandated that the nine largest banks in the UK, known as the CMA9, collaborate to facilitate the secure sharing of consumers' banking data with trusted third parties.

The following year, Europe took a similar step with the revised Payment Services Directive (PSD2), which required all banks to facilitate open access to customer financial data.

Saudi Arabia followed this regulatory-driven model, becoming an early mover in open banking. In November 2022, the Saudi Central Bank (SAMA) released the country's open banking framework, encompassing legislation, technical standards and regulatory guidelines, drawing inspiration from successful implementations abroad.

With ambitions to become a global hub for financial services, the Kingdom recognised open banking's potential to spur innovation and attract foreign fintech firms, aligning these efforts with the broader goals of Saudi Vision 2030.

In an effort to increase innovation and attract foreign-founded fintechs into Saudi Arabia's market, SAMA launched its '*Open Banking Lab*' in January 2023, providing a technical testing environment designed to enable banks and fintechs to develop, test, and certify their open banking services, fostering innovation and speeding up the development of open banking in the Kingdom.

Taking these steps early has certainly proved fruitful. In just two years, Saudi Arabia has successfully attracted hundreds of millions of US dollars worth of inbound investment into open banking-focused companies, including Lean and Tarabut.



Supporting the Saudi Vision 2030

Saudi Arabia has gained a reputation for an economic reliance on oil, becoming the world's leading oil exporter in the process.

However, with global environmental concerns rising and some estimates predicting that global oil reserves could run out as early as 2052, the Kingdom is now focusing on diversifying its economy. This shift is being led by its national economic development strategy, the Saudi Vision 2030, launched in 2016.

This ambitious roadmap aims to leverage Saudi Arabia's unique strengths, including its role in the Arab and Islamic worlds, its strong investment capabilities, and its strategic geographical position, to diversify its economy and position itself as a global leader.

A key target of Vision 2030 is the growth of the fintech sector. One of the core goals is to increase the number of fintechs operating in the country to more than 500.

To facilitate this growth, Fintech Saudi was established in 2018 by SAMA and the Capital Market Authority (CMA) to promote the expansion of the fintech industry.

“When we started in Fintech Saudi in 2018, we identified only 10 fintechs operating in the market,” explained Nezar Alhaidar, managing director for Fintech Saudi. “By 2022, when we issued our annual report, we found that there were 147 operating fintechs under the umbrella of the CMA, SAMA, as well as non-regulated activity.

“The ultimate aim is to achieve over 525 operating fintechs in Saudi Arabia; create over 18,000 jobs in the fintech domain; accumulate over 12billion Saudi Riyal of investment in fintech companies; as well as generate 13billion Saudi Riyal in Saudi GDP.”

As SAMA looks to support economic growth and safeguard financial and monetary stability, its open banking programme, one of the pillars of its Financial Sector Development Program (FSDP), could be key to positioning the Kingdom's vision of becoming a leading data-driven economy - which would entice foreign fintechs into Saudi and increase innovation within the Kingdom.



Saudi Arabia's Open Banking Lab also supports a range of end retail and corporate use cases, with mock data available for banking and fintech participants to test their solutions.

Because Saudi Arabia's open banking framework draws from the UK's legislative-led model, with adaptations to suit its own market, open banking could play an equally key role in the Kingdom's plans to have over 500 active fintechs by 2030, as it did in fostering the UK's fintech growth.

By 2023, more than seven million consumers and small businesses in the UK were using open banking-enabled products, with 750,000 small-to-medium-sized enterprises (SMEs) benefiting from these innovations.

One of the main drivers of this growth has been the rise of payment initiation services (PIS), which enables payments like credit card bills or taxes. The number of open banking payments in the UK surged from *25.2 million in 2021 to 68.2 million in 2022.*



Richard Newman, corporate affairs director at OBL

"The UK has established global standards and best practices for the implementation of open banking. The UK has taken a centralised and regulatory approach, that has been largely replicated and used as a blueprint for more than 60 countries. Total users have reached 11.16 million across the UK, equating to one in five small businesses and one in seven consumers.

"Added to this, the CMA's open banking implementation Roadmap has now been completed, with all nine mandated banking providers now delivering all functionalities required by the CMA. This includes variable recurring payments for sweeping."

The UK is now home to over 3,000 active fintech companies, approximately 300 of which are licensed third-party providers. Many of these firms offer services that fuel the broader fintech ecosystem. With plans to expand into open finance and smart data, the UK model presents significant opportunities for fintech growth, both for established players and new entrants alike.

Richard Newman, corporate affairs director at the UK's open banking implementation entity Open Banking Limited (OBL), explains how the local government is planning a transition towards a smart data economy.

"Looking ahead, the Government is planning to introduce the Digital Information and Smart Data (DISD) Bill to Parliament. The swift passing of this Bill will enable a long-term regulatory framework for open banking that will help us transition from a competition remedy to a sustainable commercial model and regulatory framework that meets end-user needs.

"The government has also committed to creating a smart data economy. The DISD legislation will give ministers the powers to mandate participation in smart data schemes in key economic sectors including energy, finance, telecoms, transport, and retail – which will help drive mass adoption."



Stephen Wright, head of corporate and regulatory APIs at UK bank NatWest

"Innovative use cases, commercial models, A2A payments and data sharing trust marks, and regulators convening the industry and encouraging collaboration, will all help to maximise the success of open banking. Currently banks have little incentive or business case to innovate and the constant discussion on potential regulatory requirements is holding back industry collaboration on new use cases.

"Industry and regulators also need to adopt a test and learn approach regarding use cases to prove customer value before scaling. This includes the development of commercial models to underpin investment in scaling by both fintechs and banks.

"There also needs to be a wider discussion about the impact of open banking. For example, just providing large samples of anonymised customer transaction data to academics and researchers, can help identify meaningful insight that can improve the targeting of public services in the UK.

To fulfil the potential of smart data and open finance, Saudi Arabia can build on the foundation of its developing open banking ecosystem, drawing insights from the UK's experience.

With lessons already taken from the UK's approach, Saudi Arabia is well-positioned to adapt to its current position to also foster its own smart data economy – well aligned with its Vision 2030 efforts.

Saudi Arabia's young and tech-savvy population

Saudi Arabia is in an ideal position to capitalise on the potential of open banking. Boasting a young and technologically savvy population, the country appears well-placed to become a leader in open banking and fintech across the Middle East.

In 2023, the population of Saudi Arabia reached 32.2 million, with 63 per cent of Saudis under age 30, according to the country's general authority for statistics.

In fact, internet usage in Saudi Arabia reached 99 per cent of users in 2023; according to the *Saudi Internet Report 2023* by the Communications, Space and Technology Commission (CSTC), the government entity established to regulate and monitor the communications & IT sector in the Kingdom.

Aside from simply empowering this population to utilise its financial data and improve customer satisfaction, open banking can also improve financial literacy and inclusion. Recognising the potential these factors offer, Saudi Arabia has taken steps to upskill young Saudi

Arabians. Alongside efforts to raise the profile of the Kingdom's fintech industry, FinTech Saudi has also had a hand in upskilling the population through a variety of internship programmes and career fairs.

The Financial Academy, an independent Saudi-based organisation aiming to develop the talent in the financial sector, has also supported this aim through a range of initiatives. In February 2024, it hosted an Open Banking Hackathon in Riyadh, aiming to empower participants with the knowledge and skills to innovate financial applications leveraging a virtual environment based on the Kingdom's open banking services criteria.



Hiba Chamas, business development director at cross-border settlement fintech RTGS.global

"Open banking has the potential to significantly improve financial inclusion in Saudi Arabia, where around **28 per cent of adults remain unbanked**. By enabling third-party access to consumer data and infrastructure – with consent – it fosters innovation tailored to underserved groups such as SMEs, freelancers and low-income individuals. This can drive personalised financial solutions, including budgeting tools and educational services, which are particularly valuable for those with lower financial literacy.

"Additionally, open banking simplifies credit processes by using alternative data, like transaction history, to speed up and expand access to credit for both SMEs and consumers. It also supports the rise of peer-to-peer lending platforms, offering more flexible financial solutions.

"Digital wallets, powered by open banking, could help bridge the urban-rural financial divide, providing remote areas with access to essential services where traditional banks may not be available. Moreover, open banking promotes competition and efficiency, encouraging traditional banks to collaborate with fintechs to offer a wider range of services, ultimately meeting the needs of the entire population."



Nauman Hassan, regional director, MENA at card issuing and processing platform Paymentology

"Saudi Arabia's Central Bank is moving forward at speed with open banking regulations, recognising the potential for significant increases in financial inclusion following the introduction of open banking. By standardising and opening access to consumer financial data via APIs, coupled with near-instant bank transfers, Saudi Arabia's Central Bank is laying the foundation for widespread innovation by fintechs and banks.

"Saudi Arabia's quickly maturing fintech ecosystem, made up of both local and global fintechs, will have the infrastructure to quickly build and launch payments and banking products to market, boosting the financial tools available to both consumers and businesses alike.

"In addition, as open banking infrastructure develops across the GCC, links between national financial systems are beginning to be agreed upon, introducing closer financial ties between deeply intertwined cultures and boosting trade across the region."

The event boasted a range of expert coaches and mentors who supported and guided participants who pitched projects and prototypes to a judging panel. The ideas created during the inaugural 2024 edition were based on Account Information Services (AIS) functionality available from banks in the region. The Hackathon also plans to introduce Payment Initiation Services (PIS) in the future to add further value.



Taking full advantage

When Saudi Arabia introduced its first open banking framework in November 2022, its initial focus was on account information services (AIS), which centred on enabling the secure sharing of banking data.

Over the course of 2023, the Kingdom's 11 major banks made their APIs available, and several third-party providers have since connected to these systems, receiving approval from SAMA to begin operating.

In September 2024, SAMA published the standards and rules for payment initiation services (PIS), which enable consumers to move funds and make payments directly from their bank account. PIS eliminates the need for intermediaries including cards and digital wallets, instead enabling faster, cheaper and more secure transactions.

However, at the time of writing, an implementation timeline for PIS has not yet been set. As a result, some industry participants have raised concerns over delays, a lack of licensed third-party providers and the absence of clear timelines for further progression. This has led to uncertainty over whether Saudi Arabia will fully capitalise on its early mover advantage in open banking.

By implementing a deadline for PIS compliance and providing a clear route to obtain full licencing, third-party service providers could finally become fully operational, enabling them to reap the benefits of accessing consumer data. This, in turn, would result in more robust and innovative financial services to both retail and SME customers in the Kingdom.

While a few fintechs in the country are fully operational, most remain in the early stages of development. When these companies receive the right support, they can significantly bolster the Kingdom's open banking ecosystem.

It is also important that Saudi Arabia clearly defines accountability between banks, fintechs and other third-party providers to mitigate risk. This highlights yet another example of how the Kingdom can build on insights from the UK's experience. There, liability is clearly defined in its open banking framework, which is underpinned by the EU's *PSD2*, mandating that banks refund consumers directly when unauthorised transactions occur.

One insight gained from the UK's open banking rollout is how it overcame an initial lack of cooperation with the regulatory push for the technology. In fact, the UK's implementation entity was forced to *issue Directions to five CMA9 banks* after they revealed delays regarding providing PIS functionality.

However, eventually incumbents realised the opportunity represented by open banking and stopped viewing it as a regulatory necessity. These banks began leveraging open banking APIs to offer customers enhanced products and services – making them more flexible and increasing revenue.

When Saudi Arabia accelerates open banking innovation and collaboration, through either regulatory enforcement or financial incentives, then it too should experience significant boosts to its economy.



Brett King, founder of digital banking platform Moven

“Vision 2030 is a comprehensive approach to preparing the Kingdom for the emerging future of smart economies globally, generative artificial intelligence, quantum computing and an emerging global push for rapid sustainability, infrastructure resilience and inclusivity.

“In the financial services space, new infrastructure is based on real-time payment rails, open data/banking standards, cloud-based, quantum-encrypted technology architectures and broad artificial intelligence integration.

“To capture these opportunities the fastest growing economies in the world will leverage supply chain automation, broad resource optimisation, large-scale automation of city infrastructure like transport, energy and sanitation, advanced healthcare and financial services – all powered by advancing AI capabilities.

“Two years ago that would have sounded far too ambitious but the advancements we are seeing daily in the AI field mean that this is now almost a certainty. If we are going to use AI in industry in the Kingdom, which we will have to do to stay globally competitive and attract new talent and investment and advance the economy, we must do so with purpose and vision. This is exactly what Vision 2030 is doing, creating a culture of pride in the advancements Saudi is making and the technology, infrastructure and sustainability investments that are pushing us forward.

AI-based banking infrastructure requires some critical elements to succeed:

1 Strong open data and open banking

commitment at the market level

China is currently the strongest global player in advanced banking infrastructure with fintechs and banks sharing data both ways, this has enabled rapid progress in QR payments nationally, access to cheaper and less risky credit and the biggest fintech players in the world including Alipay, Tencent, Huawei and WeBank as examples. Without open data, we won't have real-time AI-based agency, and without open banking, we won't be able to execute on smart contracts either.

2 Cloud-based operations and the post-quantum stack

AI-based banking will operate in the cloud because it needs to be integrated with every player in the autonomous economy, and to provide rock-steady, high volume, high availability, real-time payment rails, integrated digital identity and post-quantum encryption technology. On-premise, batch-based core systems can't integrate with real-time AI agency, or smart contract platforms, so this is a game changer.

3 AI-based regulation and advisory capability

Finally, we come to regulatory and statutory capability as core technology infrastructure including industry-level data constructs, LLMs, LQMs and generative AI-style capabilities built into the core supervisory and operational aspects of the sector.

“These changes are all in line with Saudi's Vision 2030 goals. This is a once-in-a-generation opportunity, if not bigger.”

Embracing open finance and open data

While the initial aim of open banking was to give consumers greater control over their data, improve transparency and encourage greater levels of fintech innovation in the banking sector, the concept is quickly evolving into what we now recognise as open finance.

By applying this practice of data sharing to other economic sectors, such as insurance, savings, and investment, Saudi Arabia, along with other countries, could quickly develop a more transparent and healthy economic landscape.

For example, consumers could potentially share their income data with mortgage brokers to find the most suitable products available to them on the market, better fitting their unique financial situation, and posing benefits for both them and the lender alike.

By extending open banking in this way, Saudi Arabia could enable fintechs to provide solutions for a far wider range of use cases, creating more value for consumers and producing more revenue for fintechs, banks and the economy as a whole.

Once Saudi Arabia strengthens its open banking ecosystem, this broader vision for open finance can become a reality.

It has already put the necessary groundwork in place, with its open banking standards for AIS and PIS - which can act as a baseline for open finance use cases that use the same data sets already covered by existing open banking API standards.

Furthermore, as open banking and open finance extend to include a greater number of use cases, it is essential that consistency exists across the different data sets. This would enable:

- Fintechs to create services which span different data sets
- Customers to use a simple, single consent process to grant and manage consent

Achieving this will require coordination between regulatory bodies, such as the CMA and the local Insurance Authority, to bring in more relevant data providers and establish interoperable standards and rules.



Bas Kooijman, CEO of asset management firm DHF Capital

“To maximise the success of open data and open finance, Saudi Arabia

must focus on establishing a robust regulatory framework that ensures data security and privacy while encouraging innovation.

“Clear guidelines on data-sharing practices and third-party access will be crucial for building consumer trust. Additionally, promoting partnerships between traditional financial institutions and fintech companies can foster a collaborative ecosystem. Investment in digital infrastructure and public awareness campaigns will also be key to driving adoption. By combining regulatory support, public trust, and technological readiness, Saudi Arabia can pave the way for a thriving open data and open finance landscape.”

Looking to the future and unlocking economic growth

For open banking to play a vital role in achieving Saudi Arabia's Vision 2030, the Kingdom must refocus its efforts on developing a strong open banking framework. This roadmap aims to create a diversified and technology-driven economy, with open banking positioned as a critical factor in reaching this goal.

By establishing a fully functioning open banking ecosystem, the Kingdom can unlock growth in both the financial sector and beyond, attracting foreign investment and empowering a new generation of local entrepreneurs.

By ensuring regulatory clarity, secure banking APIs and the infrastructure needed for smooth financial transactions, Saudi Arabia would become an appealing destination for foreign direct investment (FDI). This would allow the Kingdom to reap the benefits of increased FDI and encourage a strong business environment.

Collaboration between government entities and private companies will also play a key role in getting open banking to where it needs to be. These partnerships can accelerate the creation of innovative solutions that cater to a wide array of business needs, facilitating an open banking ecosystem that is easier for fintechs and other third-party providers to engage with.

Looking beyond the fintech industry, companies could use open banking data to streamline payment processes, optimise supply chains, or offer dynamic pricing models based on customer transaction histories. The ability to easily share data between industries would benefit the entire Saudi economy.

Investment aside, such an ecosystem would also be attractive for prospective businesses, offering them opportunities and make setting up businesses easier in the Kingdom.

If Saudi Arabia successfully accelerates its open banking initiatives and transitions into open finance, the Kingdom is well-positioned to reap the rewards of becoming a global leader in the sector.

Given the Kingdom's ambitions to leverage open data to strengthen its economy, it's crucial that momentum is not lost. Accelerating open banking progress is essential to realising these goals.

Ensuring that third-party providers can become licensed and enabling access to a full suite of open banking services should bolster fintech business models, as well as investor confidence in the region.

With swift action, Saudi Arabia can maintain its early-mover advantage and stay ahead of other countries exploring their own open banking initiatives.

By adopting a proactive approach to accelerating open banking, the Kingdom can ensure it is a world leader in the open banking space - making it the place to invest and do business.

Saudi Arabia's advantages

- A young, tech-savvy population ready to embrace open banking services
- A strong start with the launch of a detailed open banking framework
- Lessons learned from other nations already embarking on open banking journeys
- Significant investment (from within KSA as well as from global funds) is being made in fintechs, many of whom are actively embracing open banking

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