Fintech Statistics in the Arab Region

Arab Statistical Initiative (Arab Stat)

Seventh Meeting
November 11-12, 2020

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Content

Reasons behind initiating depositary for data and statistics on Fintech Activities in the Arab region

Digital financial services

- Improve access to financial services
- Open opportunities:
  - for vulnerable communities
  - small business, and
  - entrepreneurs

drive economy

Central depositary for information to enhance the ecosystem as most information are either scattered or not easily accessible

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Fintech innovations are categorised under the following six broad areas, for surveying the extent of adoption in the respective areas.

Main objectives for initiating repository of data and statistics for Fintech Activities in the Arab region
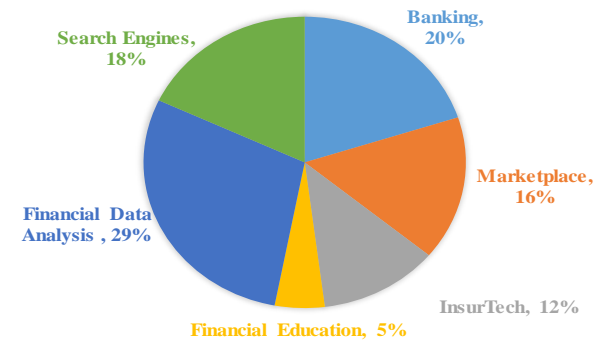
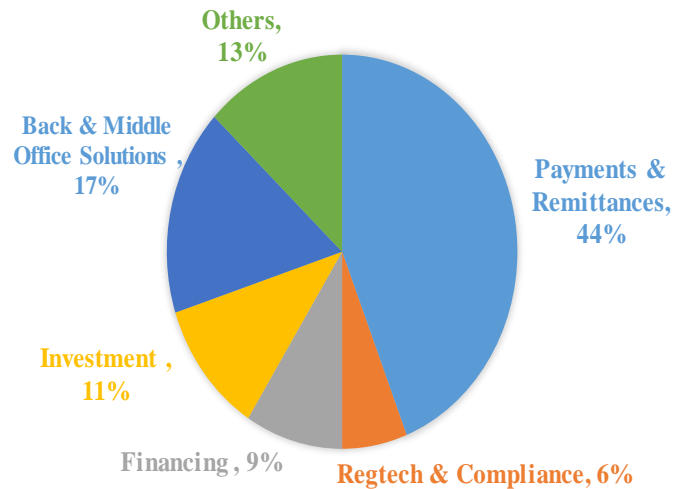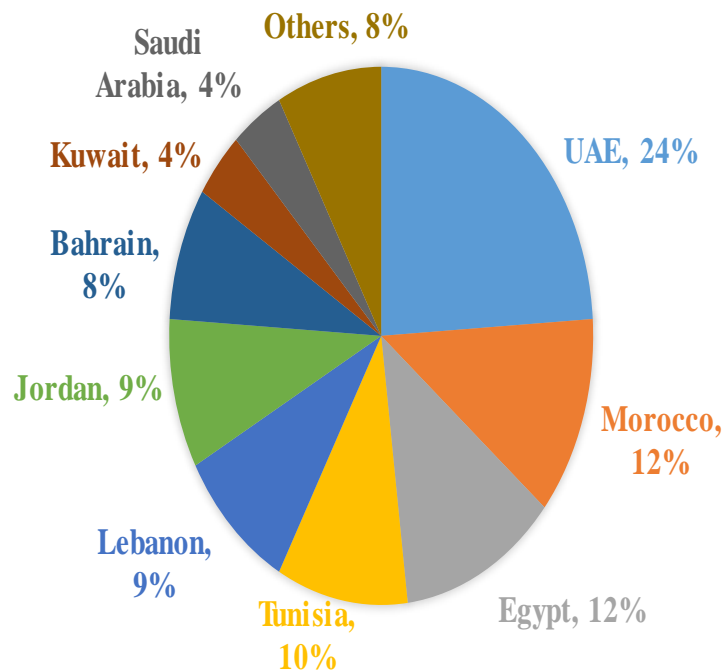**Facilitate the entry to the Fintech activities**

Grow the Fintech ecosystem in the Arab region

Sharing expertise between regulators with different jurisdictions

Future collaboration for passporting within the Arab region

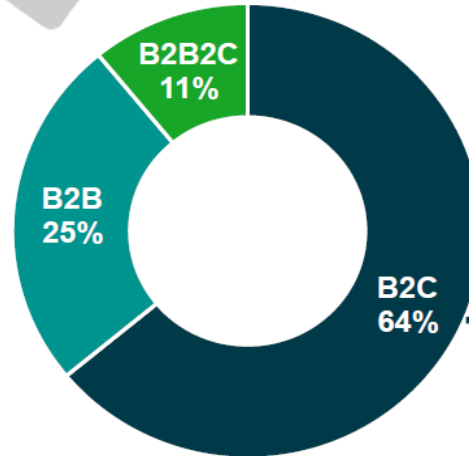*To support Arab countries to set proper Fintech ecosystem and let it grow*

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o **The growth of fintech in the Arab region reflects government support and market dynamics.**

o **Over 330 fintech solutions operating across the 22 countries of the Arab world, however, 84% are concentrated in seven countries.**

Pie chart 1 (countries):
- UAE, 24%
- Morocco, 12%
- Egypt, 12%
- Tunisia, 10%
- Lebanon, 9%
- Jordan, 9%
- Bahrain, 8%
- Others, 8%
- Kuwait, 4%
- Saudi Arabia, 4%

Pie chart 2 (solution types):
- Payments & Remittances, 44%
- Back & Middle Office Solutions, 17%
- Others, 13%
- Investment, 11%
- Financing, 9%
- Regtech & Compliance, 6%

Pie chart 3:
- Financial Data Analysis, 29%
- Banking, 20%
- Search Engines, 18%
- Marketplace, 16%
- InsurTech, 12%
- Financial Education, 5%

Source: Fintech Landscaping in the Arab World, CGAP, 2020

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o **Due to regulatory limitations, a number of B2C solutions end up changing their offering to B2B or B2B2C.**

o **Establishing partnerships was often cited as another important challenge.**

367
fintech solutions identified of which 43% have a financial inclusion mandate

B2B2C 11%

B2B 25%

B2C 64% ---> Including individuals (80%) and SMEs (20%)

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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 information about Fintech activities in the Arab region is crucial
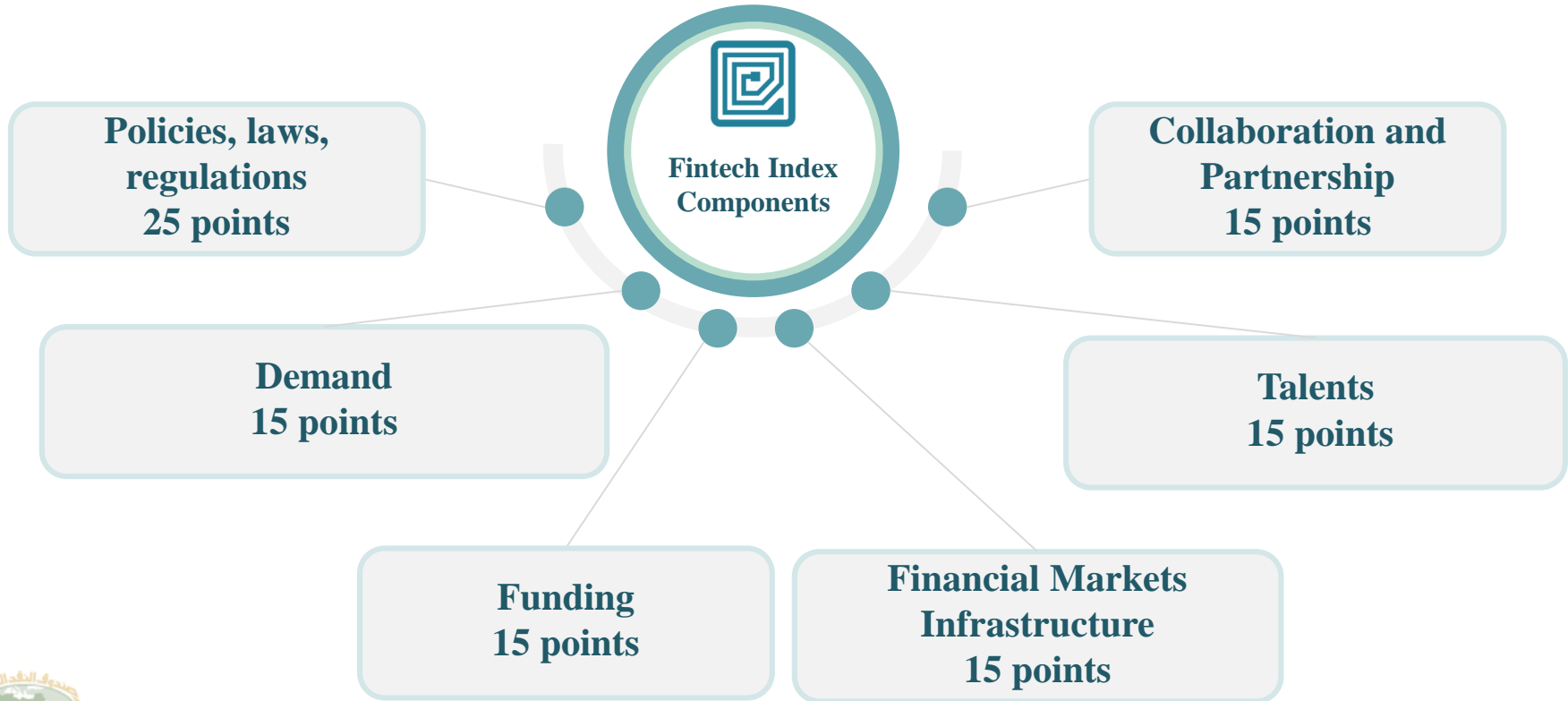
METHODOLOGY

o The index is composed of the six pillars that constitute main pillars to promote Fintech ecosystem. The weighted index for every single Arab country is composed of 100 points distributed among pillars.

o 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.

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

RESPONDENTS & FREQUENCY

o Arab central banks and monetary authorities as being the leading authorities that govern Fintech activities in Arab countries.

o The annual index will be released after first quarter (Q2) every year.

o The index report will be launched for the first-time in (Q2 - 2021) covering year 2020 data.

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

Fintech Index Components

Policies, laws, regulations
25 points

Collaboration and Partnership
15 points

Demand
15 points

Talents
15 points

Funding
15 points

Financial Markets Infrastructure
15 points

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Monitoring regularly data and statistics on Fintech activities to promote the industry

- Fintech firms & Startups
- Licensed activities
- Number of products & solutions
- Funding in the country and across the region
- Financial institutions
- Accelerators & Incubators
- Entrepreneurs, professionals, cadres of regulatory authorities

The annual Fintech Index will support:

- **Formulating better policies**
- **Harnessing opportunities**
- **Overcoming challenges**

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Support Fintech Ecosystem and promote development of the Fintech activities

Establishing the Arab Regional Fintech Working Group

Knowledge & Expertise Sharing Platform

Building Capacities: trainings & workshops

Issuing Guidelines, policies & working papers

Regulatory Fintech Guide

Regional Fintech Index

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Thank You

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