



شركة وادي الرياض
Riyadh Valley Co

Fintech

The disruptive wave in financial services



June 2021

Global Fintech Landscape

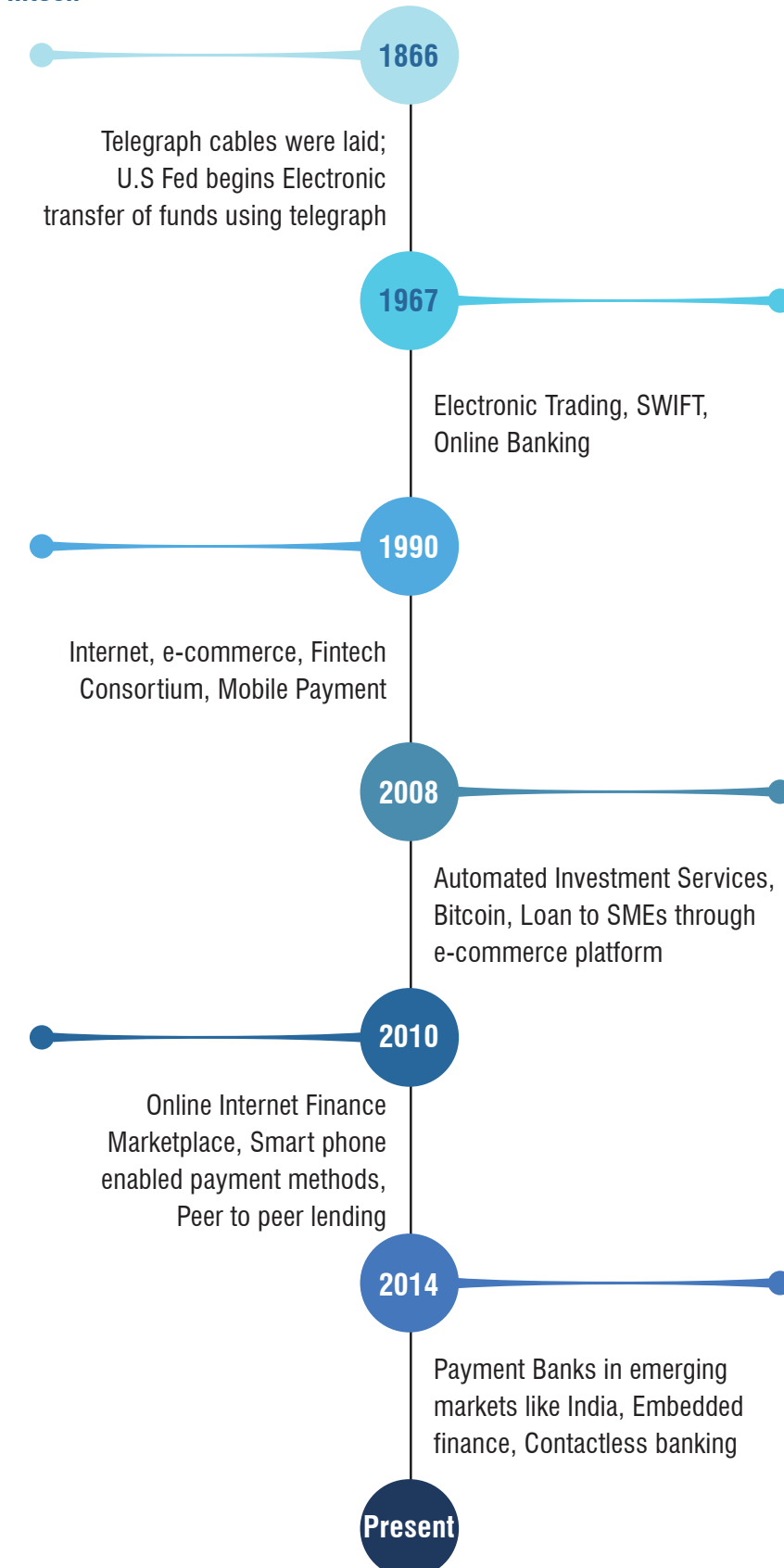


What is Fintech?

Fintech (Financial technology) is used to describe the emerging industry that aims to modernise, improve and automate the delivery of financial services. Through the use of modern software and infrastructure, Fintech solutions aim to compete with traditional methods to deliver financial solutions.

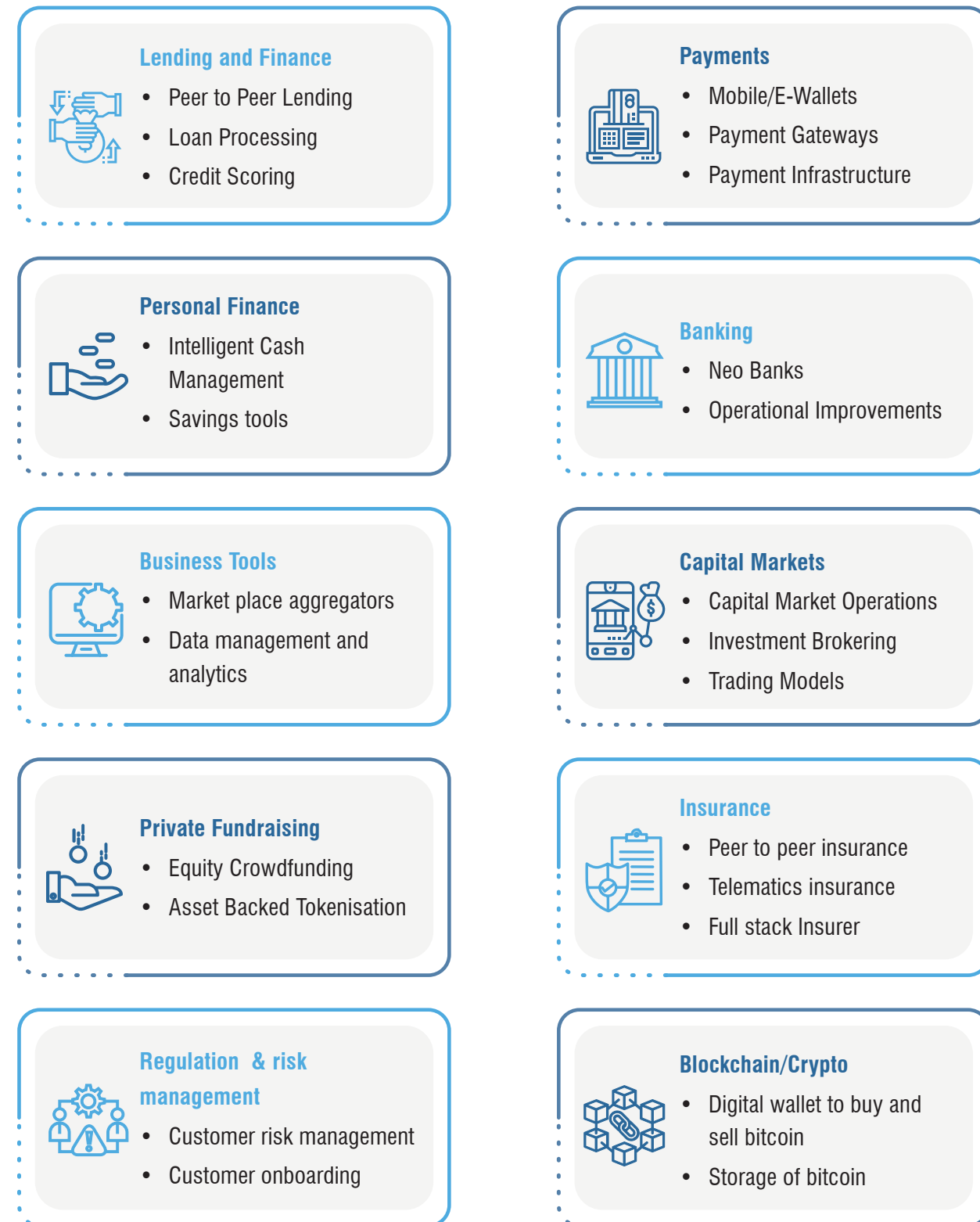
Fintech's foundation was laid as early as 1866; Recent years see pick up in the pace of advancement and adoption of Fintech

Evolution of Fintech



Fintech has registered its presence across many aspects of key financial areas

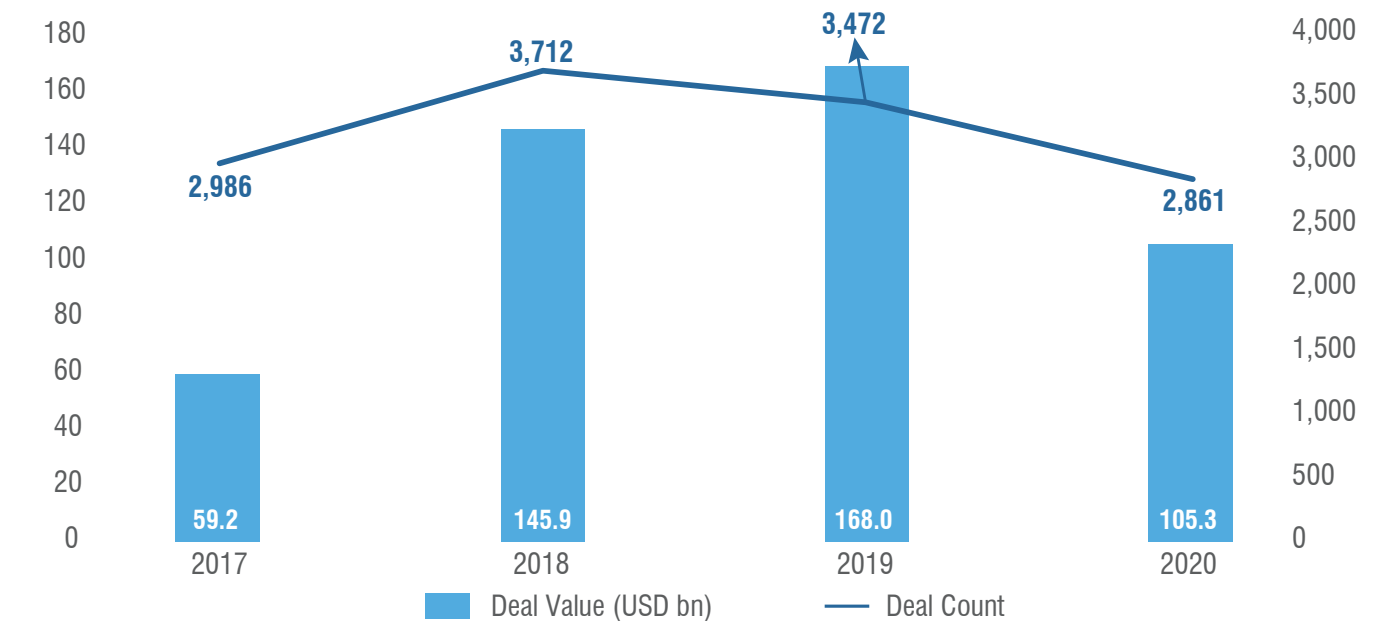
Sample Applications of Fintech in Key Financial Areas



Source: FintechSaudi

Though volumes fell under the impact of COVID-19, investment activity remained at healthy levels in 2020. Read more in our report, [Impact of COVID-19 on Venture Capital sector](#)

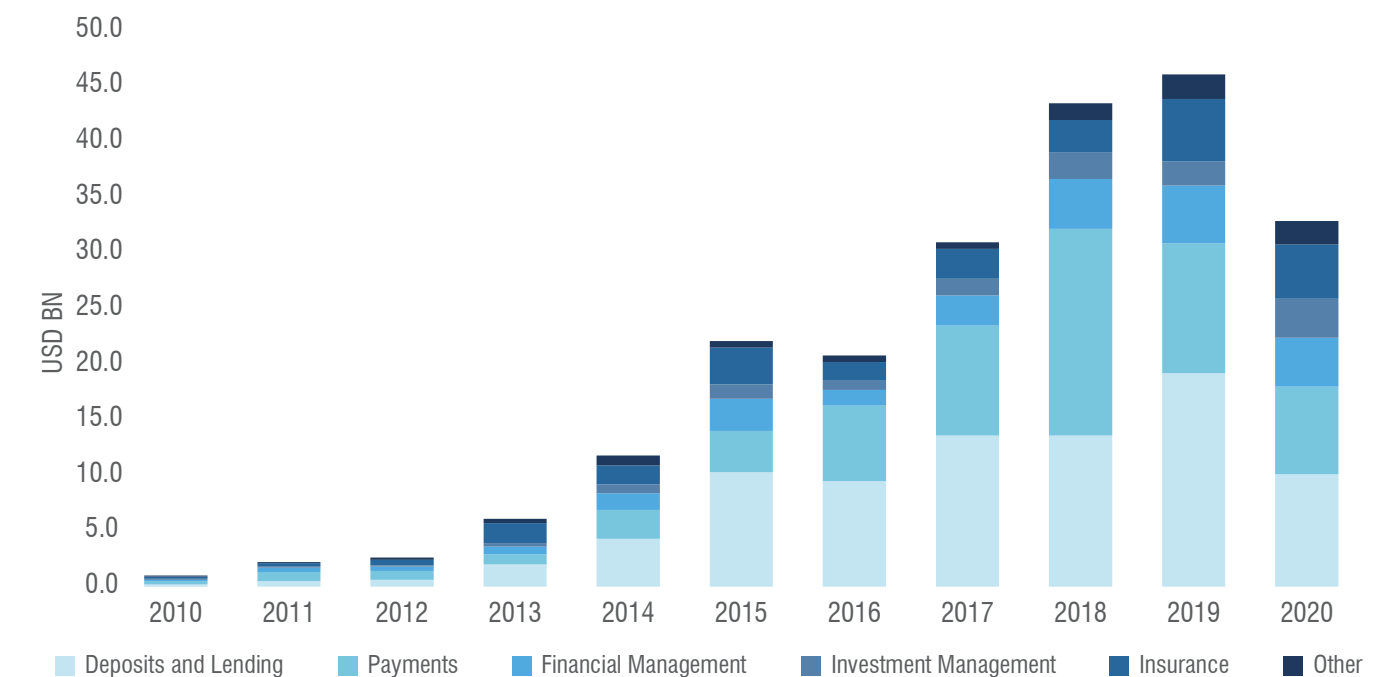
Total Global Investment Activity (VC, PE and M&A) 2017-2020



Source: KPMG

Deposits and Lending and Payments have been attractive sectors for investment

Global fintech funding across key industry verticals (2010-2020)









Source: Deloitte; Note: Other includes Banking Operations and Capital Raising

Recent developments in the Fintech space

Interesting trends to continue emerging in Fintech space in 2021 and beyond

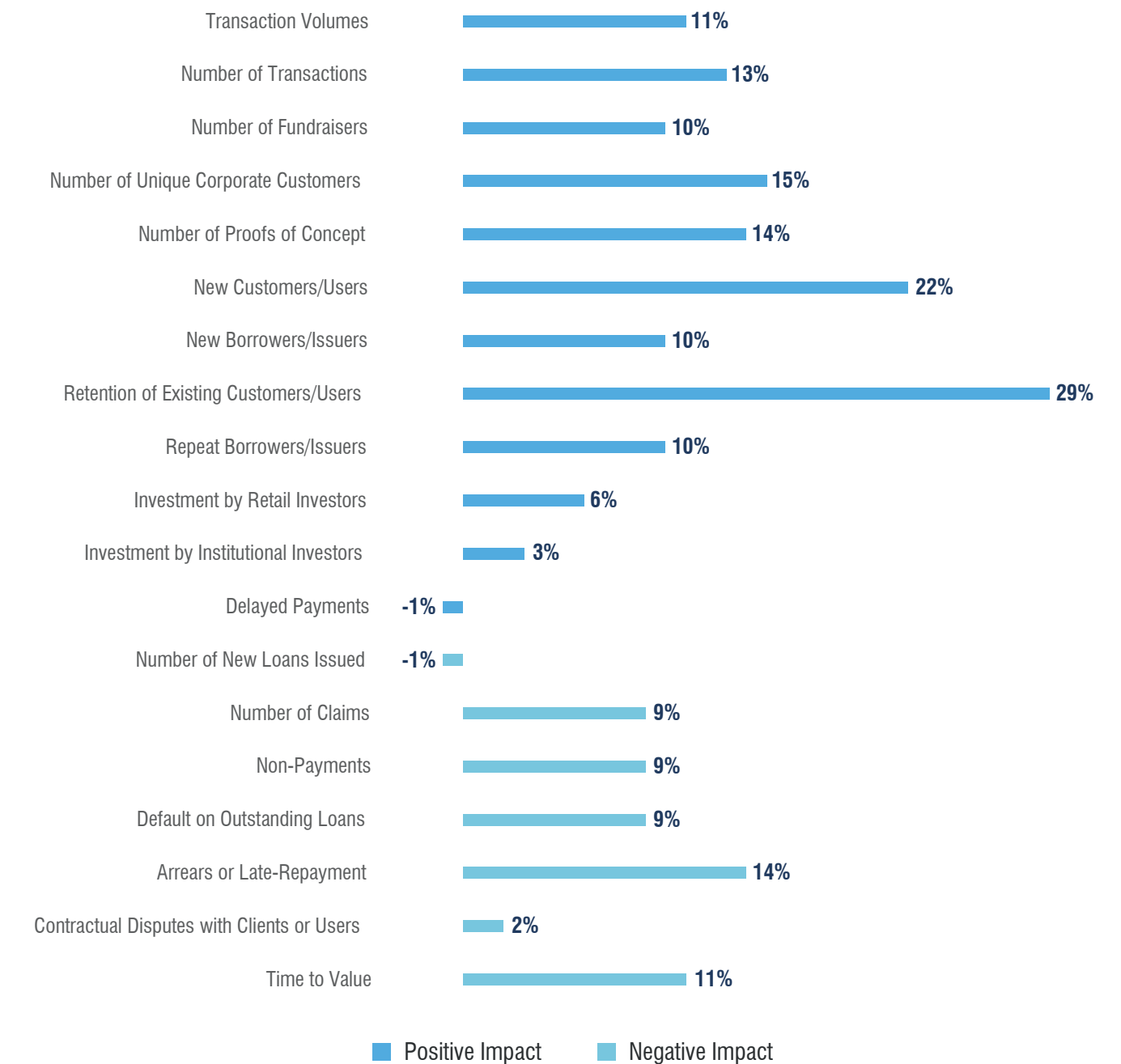
Fintech Examples and Trends in 2021

Segment	Examples	Trends
Payments	 	<ul style="list-style-type: none"> Buy Now Pay Later (BNPL) Digital wallets providing access to cryptocurrencies.
Regtech	 	<ul style="list-style-type: none"> Acceleration of mergers of regulatory technology with business processes AI in RegTech to support repetitive tasks when digitising compliance rules
Insurtech	 	<ul style="list-style-type: none"> Embedded Insurance Dedicated apps for easily activating policies based on usage needs Cybersecurity, cloud, data privacy and analytics identified as tech investment priorities
Wealthtech	 	<ul style="list-style-type: none"> New opportunities focused on the real asset classes such as real estate Hybrid advice—a mix of human and digital to be the preferred method of wealth management in the future

Source: Mantra Labs, KPMG, Finextra, Deloitte, BigPicture

A rapid assessment survey of COVID-19's impact on FinTech's market performance indicated that positive effects outweigh the negative ones

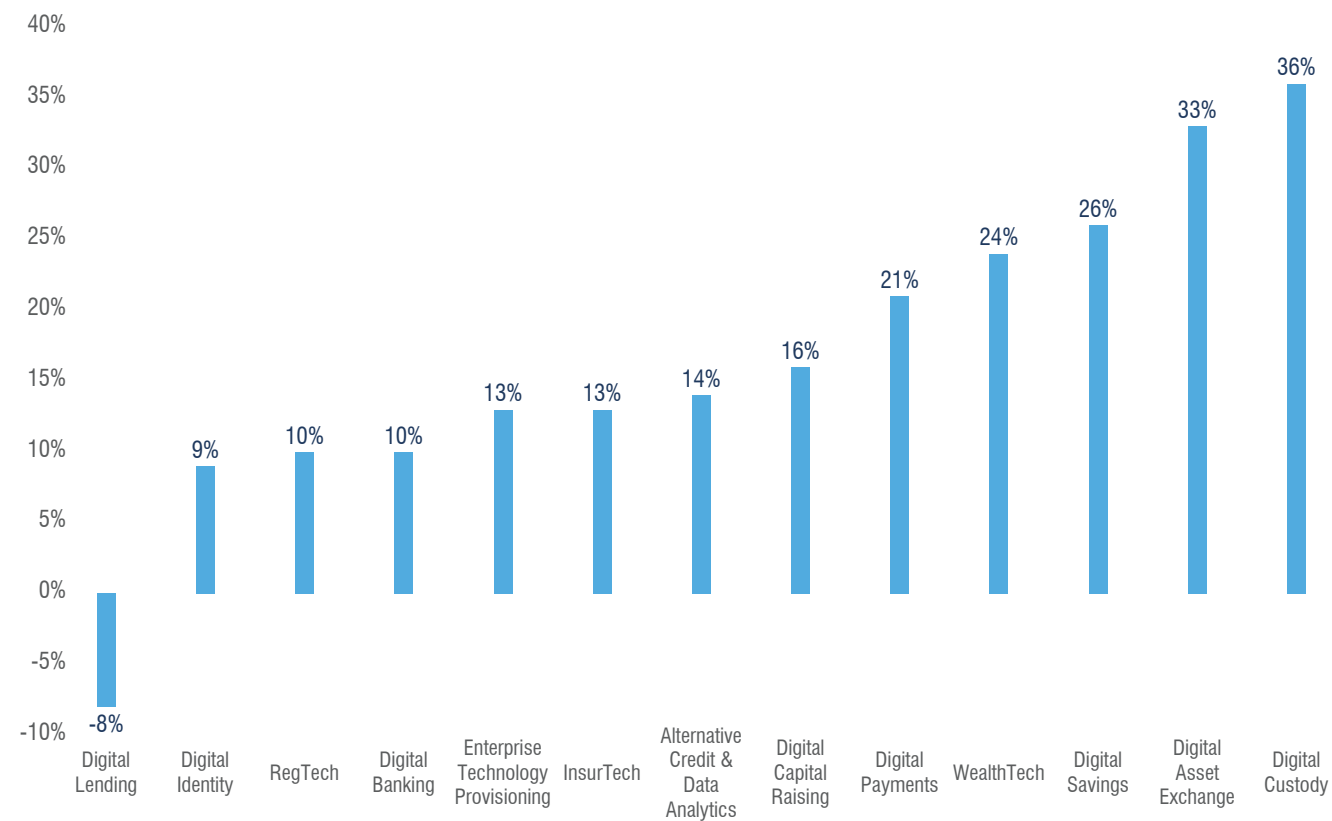
Change in Fintech Performance Indicators in H1 2020 VS H1 2019



Source: Global Covid-19 FinTech Market Rapid Assessment Survey Report, World Bank

Transaction Volumes had shown an y/y increase for many sectors amid COVID-19

Change in Transaction volumes in H1 2020 VS H1 2019, by industry verticals



Source: Global Covid-19 FinTech Market Rapid Assessment Survey Report, World Bank

Fintech in Saudi Arabia



COVID-19 has accelerated digital payments adoption in 2020; Proportion of cashless transactions in 2019 had overshoot the 2020 goal of 28%

Fintech snapshot in Saudi Arabia

30%

of the total 88 VC deals in 2020 was in e-commerce and Fintech

USD 33bn

Expected fintech transaction value in 2023, from the USD 20bn in 2019

155

Fintechs registered with Fintech Saudi

36.2%

Proportion of cashless transactions in 2019

352%

Increase in smart phone transactions in April 2020 vs. April 2019

75%

Surge in Digital Payments in 2020 vs. 2019

Source: Fintech Saudi, Magnitt, Marmore Research

Fintech initiatives by SAMA, CMA and others are gaining pace in Saudi Arabia

Key Fintech Initiatives by SAMA

Introduction of Mada Atheer, a contactless payment service

2016

2017

Agreement with UAE to develop blockchain based system and cryptocurrency, Aber

Launch

- Ripple Financial Tech Program to support banks in cross-border payments.
- Fintech Saudi initiative in collaboration with CMA
- Esal, a digital invoicing payment platform

2018

Regulation

- Banks allowed to provide e-payment through mada (debit) cards for online shopping
- Agreement with MoF to activate electronic transactions

2019

Launch

- Regulatory Sandbox; 14 companies join.
- Tanfeeth (Enforcement) Program to integrate technological systems of government and banks
- Saudi Payments Company to facilitate a cashless economy

Regulation

- Draft regulations for Payment System and Services
- Robo advisory permits

Other Initiatives

- Fintech Saudi Hub at King Abdullah Financial District (KAJD)
- Launch of a new instant payments system in 2020, in cooperation with Vocalink and IBM

2020

- Payment service provider licenses issued
- Direct licenses granted to new payment companies
- Fund transfer through blockchain by SAMA
- Debt Crowdfunding consultation announced.

Regulation

- Payment Regulations
- Digital-Only Banks guidelines
- Finance Aggregators

2021

- Open Banking Framework
- Issues micro-financing license
- Launches instant payment system

Source: Fintech Saudi, Aranca, Marmore Research

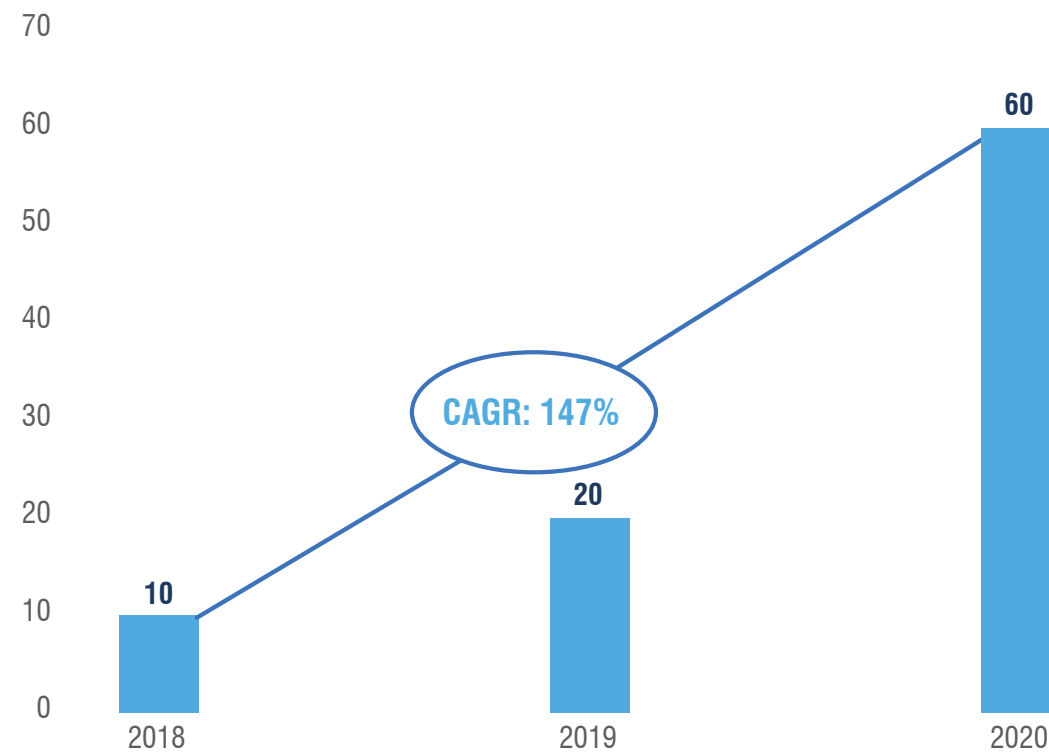
Key Initiatives by CMA, Fintech Saudi and Other Participants



Source: Fintech Saudi, Aranca, Marmore Research

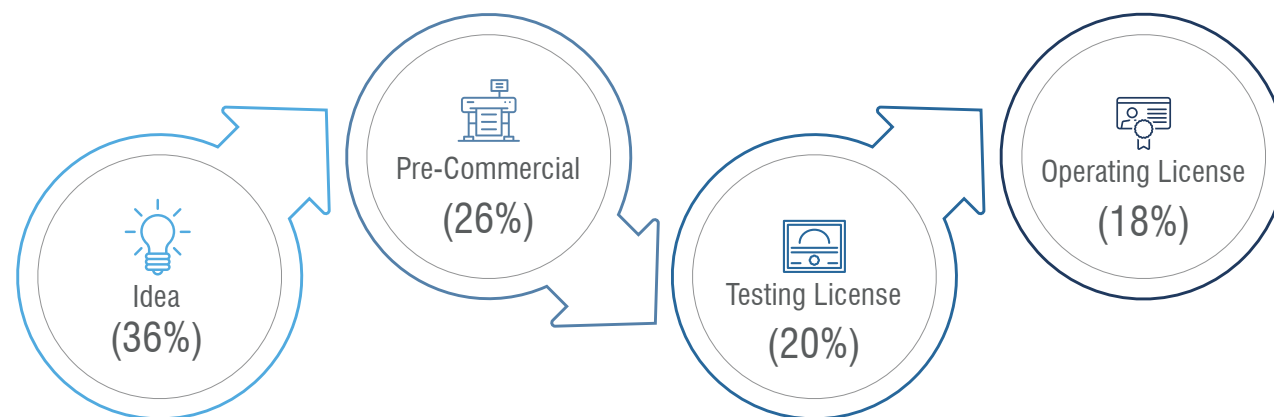
Saudi Fintech space sees steep increase in active start-ups in 2020; Boasts a strong pipeline of early stage start-ups

Growth in Active Fintech start-ups by Development Stage



Source: Fintech Saudi and Magnitt Analysis; Data as of July 2020; Active includes both operating start-ups and those with testing license

Distribution of Saudi Fintech start-ups by Development Stage



Source: Fintech Saudi and Magnitt Analysis; As of July 2020

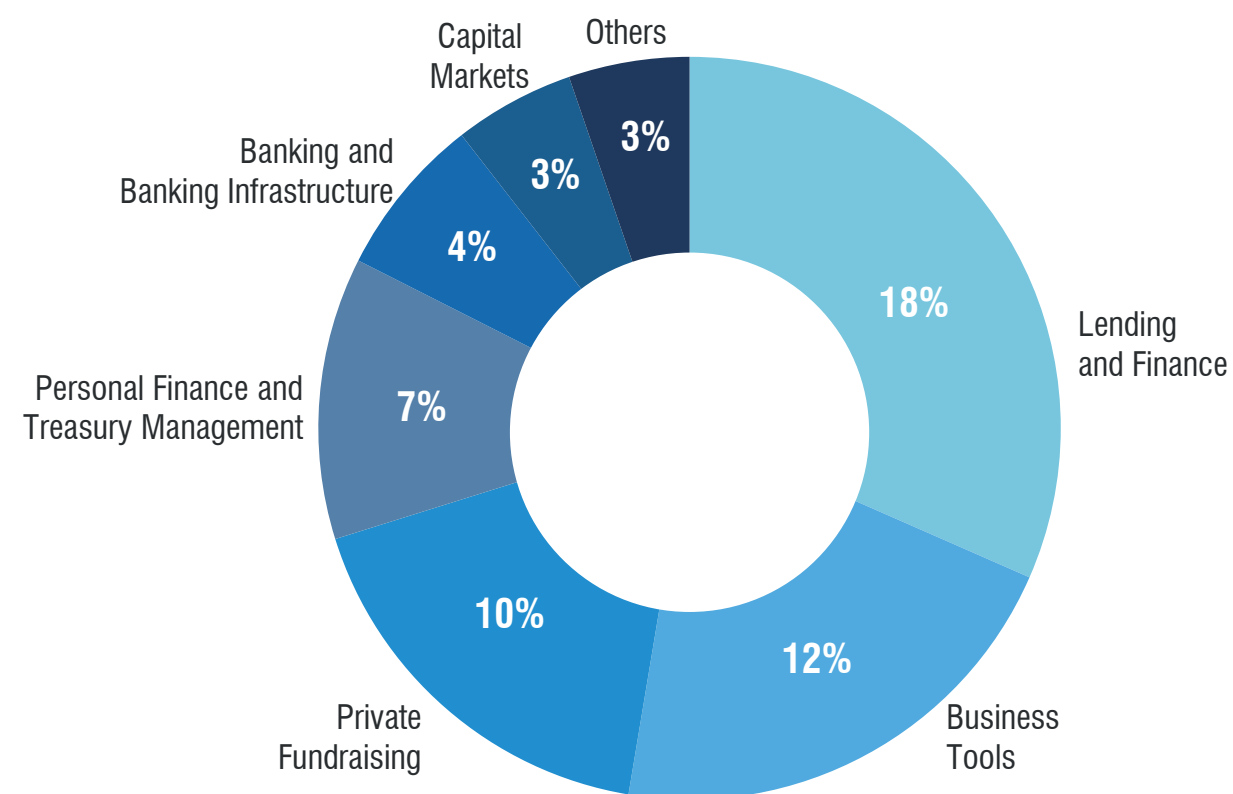
Prominent Fintech deals in Saudi Arabia

	Description	Year Founded	Deal Size	Lead Investor(s)	Deal Type
stc pay	App-based wallet for consumer payments	2018	USD 200mn	WESTERN UNION WU	Corporate round - Western Union acquired 15% valuing firm at USD 1.33bn
tamara	Point-of-Sale (POS) financing; Buy now, Pay later platform	2012	USD 110mn	checkout.com	Series-A equity & debt funding round
Lendo	P2P platform for invoice financing	2019	USD 7.2mn	درابك derayah	Series A
HALA	App-based digital wallet platform	2018	USD 6.1mn	4i6 IMPACT4i6	Series-A
منصة رقمية RAQAMYAH PLATFORM	Shariah-compliant peer-to-peer financing platform	2018	USD 2.3mn	4i6 IMPACT4i6	Seed round

Source: Crunchbase, Marmore Research

Payments and Currency, Lending and Finance start-ups dominate fintech space

Fintech Start-ups by Industry Vertical



Source: Fintech Saudi and Magnitt Analysis; As of July 2020

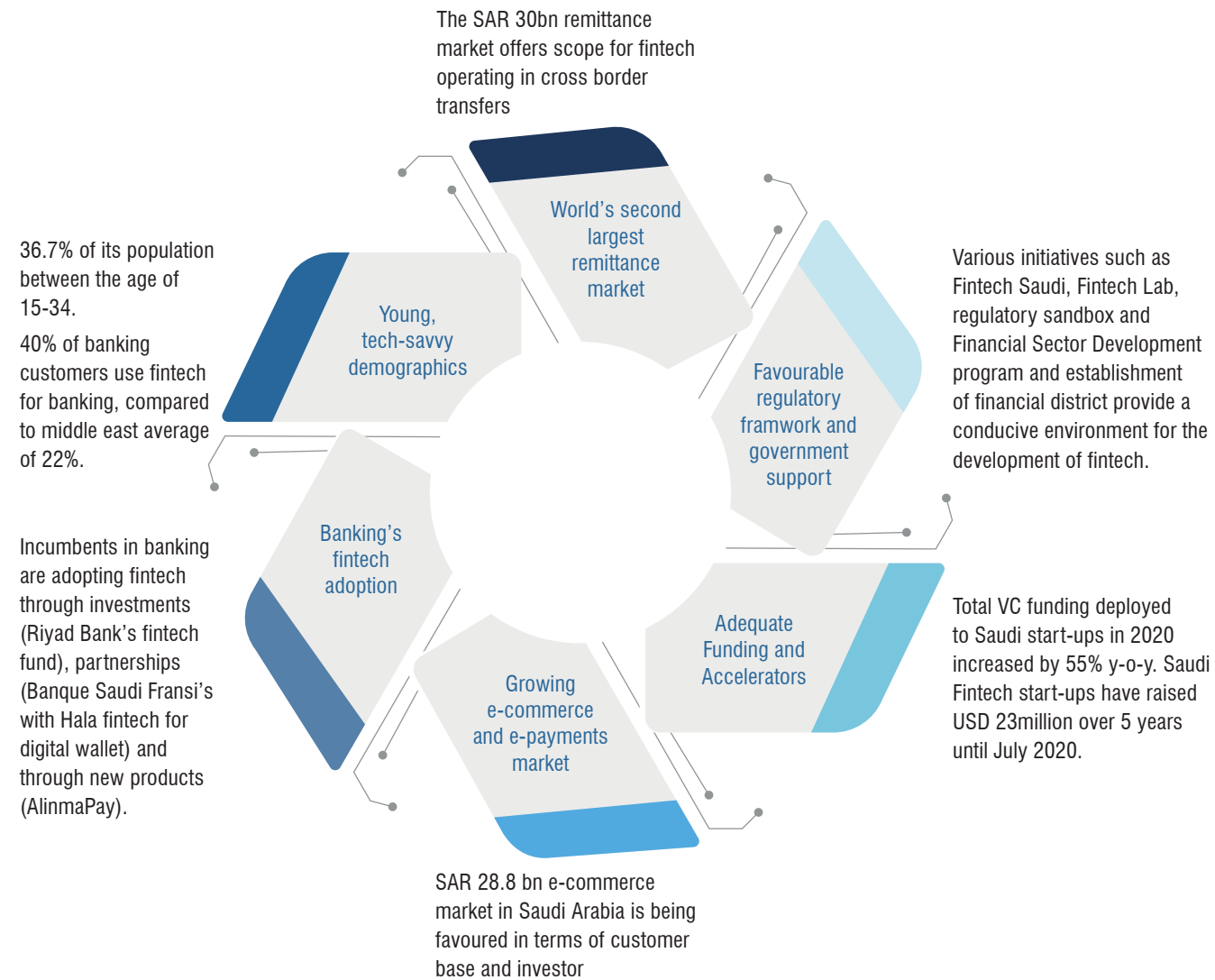
Sample Fintech Companies in KSA

Vertical	Examples
Payments and Currency	PayTabs, HALA, BrightWare, codelab, FOODICS, Digital Cash International Company, tap, PAYFORT, HYPER PAY, MOYASAR, Telr
Digital Wallet	BayanPay, stc pay
Lending and Finance	Tameed, FUNDING SOURCE, تمام, سلفة
Crowdfunding	فرص FORUS, Lendo, منصة رقمية RAQAMYAH PLATFORM, Buthoor, Scopeer, EMKAN
Business Tools	WOSUL, DirectFN
Personal Finance and Treasury Management	MONEY LOP, HAKBAH
Banking and Banking Infrastructure	ateon, SmartStream
Insurtech	تأميني, Care
Financing brokers	كردتلي creditly, Tammwel
Capital Markets	Mudaraba, Wahed, حصيد HASEED

Source: Fintech Saudi

Favourable regulatory framework, in conjunction with factors such as funding availability provide conducive environment for growth of fintech

Growth drivers for Fintech in KSA



Source: Fintech Saudi, Deloitte, Statista, Aranca

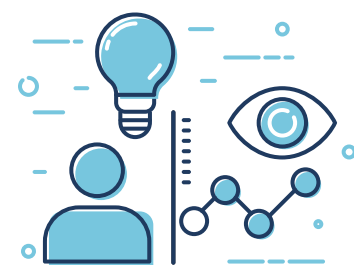




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Riyadh Valley Co

Riyadh Valley Company

Riyadh Valley Company established in 2010 by Royal Decree No.116 dated 13/4/1431 AH to be the investment arm of King Saud University in the fields of Knowledge Economy and the university strategic projects.



Vision

To be the regional leader in knowledge-based investment and technology.



Mission

Riyadh Valley Company is a strategic investor, focused on leveraging the local capabilities, investing locally and globally in growth - stage businesses to create financial and strategic returns that will support the future of economic development in the Kingdom.

Investment Sectors:



Knowledge Investments



Healthcare investment



Renewable energy & sustainable resources



Information & Communication technology



Real Estate Investments



Innovation and R&D Projects



Educational Projects



Healthcare Projects



Commercial Projects

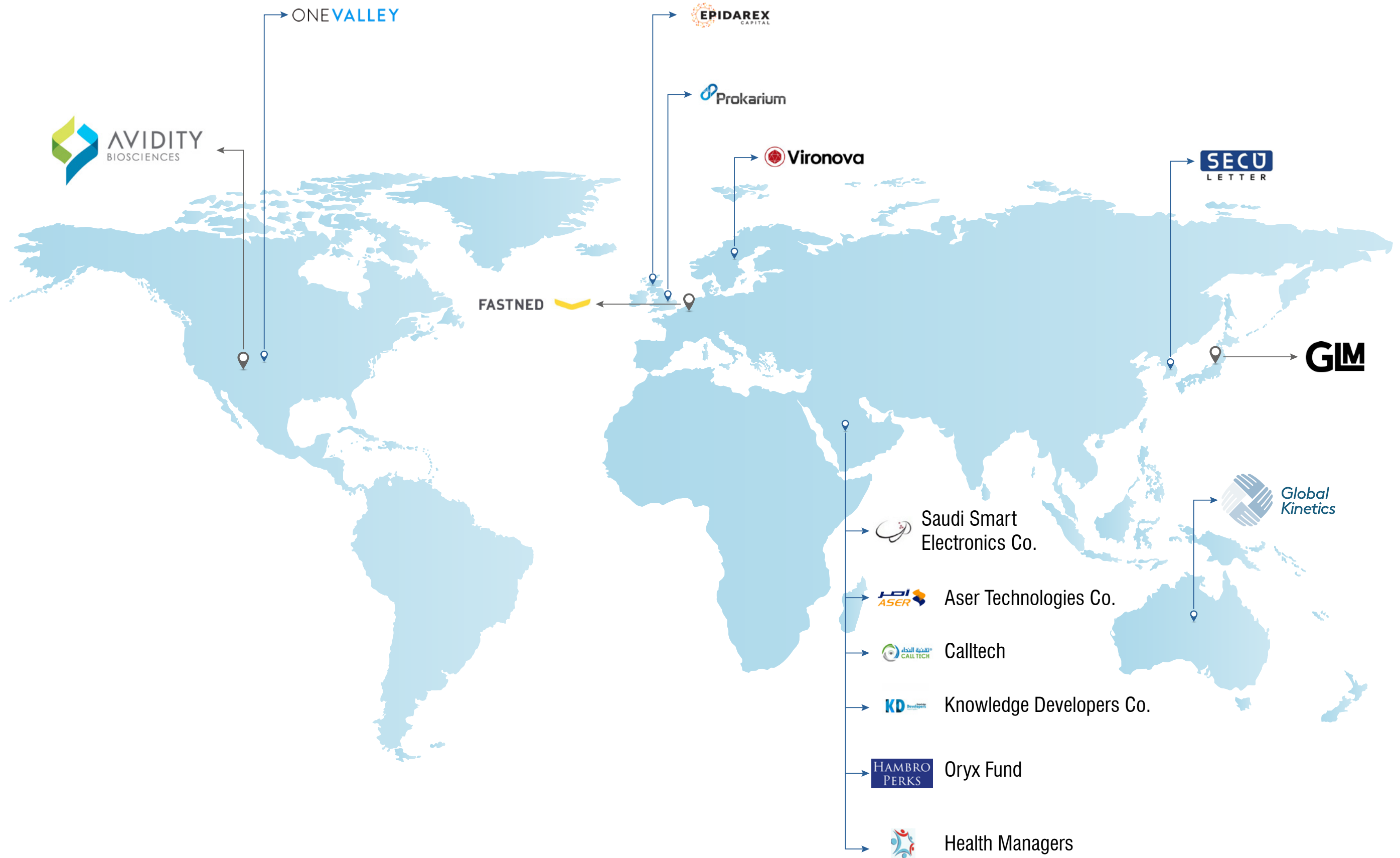


Residential Projects



Mixed-use Projects

Knowledge Investment Portfolio



Real Estates Investment portfolio



Sudair Pharma Company Project

Research center and company offices for Sudair Pharma Company



ELM Information Security Company Project

Innovation Center project for Elm information security company



Four Directions Company Project

Commercial and office project contains office buildings and multi-use halls



Retail Real Estate Company Project

Social-Entertaining and sports project



Derma Clinic Company Project (Residential)

Residential project for Derma Medical Clinics



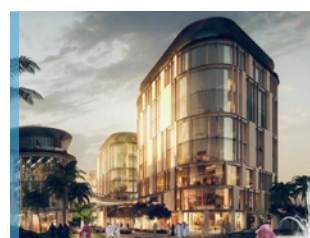
City Lights Real Estate Company Project

Entertainment-Commercial project contains screens on the building and architectural blocks, in addition to areas for live shows



NMR Real Estate Company Project

Mixed-use project includes a hotel, restaurants and cafes



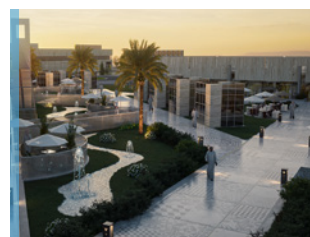
Al-soroo Al-Mubarakah Company Project

Mixed-use project contains office complex, Mall, Restaurants, cafes, and walkway for visitors



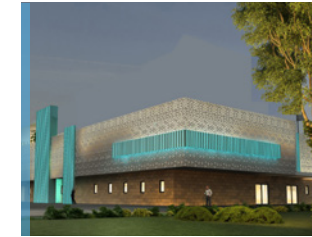
Obeikan Company Project

Commercial project contains various stores near the Common First Year building



Four Directions Company Project

Residential & commercial project



Derma Clinic Company Project

Medical-Commercial project contains several medical clinics, medical products stores, and pharmacies



Arrowad For Higher Education Company Project

Educational complex, Arrowad colleges University campus in Riyadh



Unified Real Estate Development Project

Cultural-Entertainment project that includes Luxury restaurants, Cafes, Cinemas and green spaces



Sahat Al-Ardh Company Project

A commercial project contains various shops



Dur Alkuttab Company Project

Educational project for Primary Schools



Omnia Real Estate Development Company Project

Commercial project contains various shops



University Boulevard

Commercial-Entertainment project gives visitors a different experience, and it includes Restaurants and cafes



Majd Real Estate Project

Office-space project



Riyadh Valley Company

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Riyadh Valley Company (RVC)