

# Comparative analysis of fintech environments in Saudi Arabia and Egypt

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**Abstract:** This study examines and compares the development of FinTech ecosystems in Saudi Arabia and Egypt, analyzing how regulatory, technological, and socio-economic factors interact to shape their digital finance landscapes. A comparative descriptive-analytical method is employed, integrating quantitative data (funding, inclusion, digital payments) and qualitative insights (policy frameworks, innovation strategies). Findings indicate that Saudi Arabia's FinTech sector benefits from a clear national vision and digital infrastructure, while Egypt's is driven by financial inclusion and entrepreneurial dynamism. Both countries illustrate that FinTech adoption depends on synergy between governance, innovation, and public trust.

**Keywords:** FinTech, Digital Transformation, Financial Inclusion, Regulatory Framework, Comparative Analysis, Saudi Arabia, Egypt.

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## 1 | INTRODUCTION

Financial Technology (FinTech) has revolutionized how individuals and businesses access, transfer, and invest money. Globally, FinTech investment exceeded \$150 billion in 2024, up from \$50 billion in 2018 (IMF, 2024). The MENA region, once considered slow to adopt digital finance, has emerged as one of the fastest-growing FinTech hubs, largely because of Saudi Arabia and Egypt, which account for more than 50% of MENA's total FinTech activity (Forbes Middle East, 2025). Saudi Arabia's FinTech development is guided by Vision 2030 and implemented through the FinTech Saudi initiative (2018), focusing on cashless payments, open banking, and institutional integration (SAMA, 2024). Egypt's FinTech growth is steered by the Central Bank of Egypt (CBE), emphasizing financial inclusion, mobile banking, and the integration of informal markets into the formal financial system (CBE, 2024). These two models represent different paths toward the same goal: achieving a resilient, inclusive digital economy. Despite their growth, both FinTech ecosystems face structural challenges. Saudi Arabia's model depends on institutional regulation and infrastructure, while Egypt's relies on social adoption and accessibility. Thus, this research seeks to answer:

*What are the similarities and differences between the FinTech ecosystems of Saudi Arabia and Egypt, and what factors determine their pace and direction of development?*

This central question leads to four sub-questions:

1. How do government policies and regulatory frameworks influence FinTech innovation?
2. What role does technological readiness play in FinTech growth?
3. How do consumer behavior and trust affect adoption rates?
4. How do financial institutions adapt to digital transformation?

### 1.1 | Research Objectives

The study aims to:

- Examine the regulatory and institutional frameworks governing FinTech in both countries.
- Assess technological readiness and digital infrastructure.
- Analyze market adoption and investment flows.
- Measure socio-economic impacts such as inclusion and SME financing.
- Develop policy recommendations for a unified Arab FinTech ecosystem.

### 1.2 | Significance of the Study

This study contributes both theoretically and practically. Theoretically, it expands comparative FinTech research in the Arab world by connecting regulatory evolution with social inclusion. Practically, it provides evidence-based insights for policymakers, regulators, and investors to guide FinTech development in emerging economies.

## 2 | LITERATURE REVIEW

### 2.1 | Definition and Evolution of FinTech

FinTech refers to technology-enabled innovation in financial services that enhances financial inclusion, efficiency, and competitiveness (Arner et al., 2020). According to the Financial Stability Board (2023), FinTech encompasses applications, processes, and products that disrupt traditional finance through digital solutions. Historically, FinTech has evolved through three phases:

- Digitization of traditional finance (2000–2010) – introduction of online banking.
- Disruption and innovation (2010–2020) – rise of mobile payments, blockchain, and AI.
- Integration and regulation (2020–2025) – convergence of FinTech with policy and governance (McKinsey, 2024).

### 2.2 | Global FinTech Development

Global FinTech expansion is shaped by regulatory innovation, capital investment, and digital adoption. Regions such as North America and Europe lead in technology-driven finance, while Asia and MENA focus on inclusive models. The IMF (2024) and World Bank (2025) emphasize that developing nations view FinTech as a tool for social and economic empowerment rather than pure profit. Investment flows increased from \$50 billion in 2018 to \$150 billion in 2024, with digital payments and lending leading growth. The introduction of Open Banking frameworks across regions has facilitated interoperability and competition (EY, 2024).

### 2.3 | FinTech in the MENA Region

The MENA region now hosts more than 800 active FinTech startups (2025), compared to fewer than 100 in 2018 (Wamda, 2025). The majority operate in:

- Payments and wallets (54%)
- Lending and crowdfunding (22%)
- InsurTech, WealthTech, and RegTech (24%)

Saudi Arabia and Egypt together account for over 60% of MENA FinTech funding. While the GCC (especially KSA) emphasizes regulation and infrastructure, North Africa (especially Egypt) focuses on inclusion and accessibility (Deloitte, 2024).

### 2.4 | Theoretical Framework

This study draws upon multiple theoretical models:

- Innovation Diffusion Theory (Rogers, 2003): explains user adoption of digital finance.
- ADKAR Model (Hiatt, 2006): analyzes institutional readiness for change.
- Digital Readiness Index (McKinsey, 2023): measures technological capacity for innovation.

Together, these frameworks support the study's analytical dimensions: regulatory maturity, technological readiness, market adoption, and socio-economic impact.

### 3 | METHODOLOGY

This study uses a comparative descriptive-analytical approach to examine FinTech development in two national contexts — Saudi Arabia and Egypt — within the same regional and economic environment. The purpose is to identify patterns, differences, and convergences across four analytical dimensions:

- Regulatory Maturity
- Technological Readiness
- Market Adoption
- Socio-Economic Impact

This design enables systematic comparison using both quantitative and qualitative indicators. Data were collected exclusively from institutional and peer-reviewed sources between 2018–2025:

- Saudi Central Bank (SAMA) annual FinTech and Payments reports (2018–2025)
- Central Bank of Egypt (CBE) and FinTech Egypt reports
- World Bank and IMF inclusion databases
- Wamda and Forbes Middle East venture capital reports (2024–2025)
- McKinsey (2024) Digital Maturity and Readiness Index

Quantitative data include adoption rates, funding levels, and digital participation rates. Qualitative data cover policy frameworks, institutional readiness, and cultural factors.

#### 3.1 | Analytical Framework

Dimension	Key Variables	Indicators
Regulatory Maturity	Licensing, compliance, sandbox activity	# of licenses, FinTech laws
Technological Readiness	Digital infrastructure, 5G, cybersecurity	Readiness Index, internet penetration
Market Adoption	Consumer usage, funding, digital wallet activity	% adoption, VC investment growth
Socio-Economic Impact	Inclusion, SME access, job creation	Financial inclusion %, SME finance index

This framework illustrates the four analytical dimensions used to evaluate and compare the FinTech ecosystems of Saudi Arabia and Egypt. It integrates regulatory, technological, market, and socio-economic indicators derived from the Innovation Diffusion Theory (Rogers, 2003), the ADKAR Model (Hiatt, 2006), and the Digital Readiness Index (McKinsey, 2023). The framework was adapted from the author's compilation based on institutional and theoretical sources (Alaeldin, 2025).

#### 3.2 | Analytical Tools

- Descriptive statistics to identify patterns in growth and adoption.
- Trend analysis (2018–2025) to trace FinTech evolution.
- Comparative ratio analysis for funding and inclusion metrics.
- Content analysis of national policies and strategic frameworks.
- Charts and tables will be presented in APA grayscale style (see Figures 1–3).

#### 3.3 | Time Frame

The study covers 2018–2025, encompassing:

- Launch of FinTech Saudi (2018)
- Rollout of FinTech Egypt (2019)
- Introduction of Open Banking (KSA, 2021–2025)
- Passage of FinTech Law (Egypt, 2023)
- Achievement of 79% cashless transactions (KSA, 2024)

### 4 | RESULTS

Empirical findings show that both FinTech ecosystems have matured considerably, but along different lines. Saudi Arabia's transformation is regulatory and infrastructure-based, whereas Egypt's is socially inclusive and demand-driven.

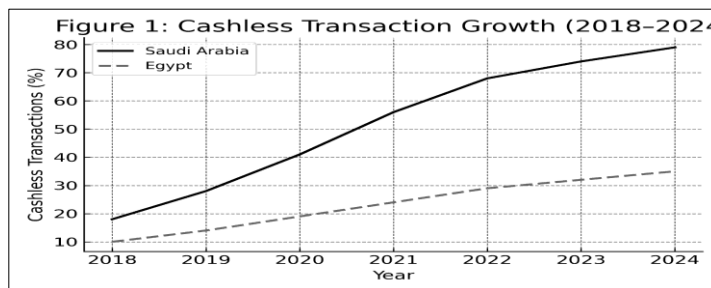
Key observation: Despite different starting points, both ecosystems are converging toward a unified goal — full digital financial inclusion by 2030.

**Table 1 – Comparative FinTech Ecosystem Indicators (2024–2025)**

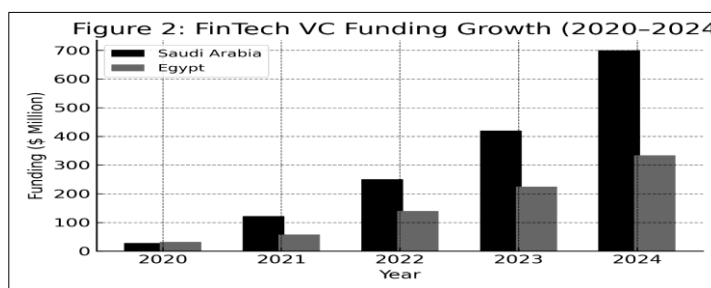
Indicator	Saudi Arabia	Egypt
FinTech VC Funding (2024)	\$700 million	\$334 million
Licensed FinTech Companies (2025)	82	150+

Cashless Transaction Rate (2024)	79%	35%
Internet Penetration (2025)	98%	77%
Financial Inclusion (2025)	93%	61%
Open Banking	Fully operational	Pilot stage

Sources: SAMA, 2024; CBE, 2024; World Bank, 2025



Line chart comparing % of cashless transactions — KSA vs Egypt) Saudi Arabia's growth from 18% (2018) to 79% (2024) reflects institutional efficiency. Egypt's rise from 10% (2018) to 35% (2024) shows the effect of inclusion-focused policy (World Bank, 2025).



Column chart comparing total VC investments) Both markets experienced exponential growth. KSA's funding rose 2400% (2020–2024), while Egypt's increased 950%. This confirms rising investor confidence in MENA digital finance (Wamda, 2025).

### 5 | DISCUSSION

#### 5.1 | Regulatory and Institutional Maturity

Saudi Arabia's FinTech ecosystem benefits from Vision 2030 and the Financial Sector Development Program (FSDP), which provide a unified roadmap for digital transformation. The FinTech Saudi initiative (2018) serves as a central regulatory sandbox under SAMA, supporting over 80 startups (SAMA, 2024). Egypt, on the other hand, enacted the FinTech Law (2023) and introduced a CBE-led sandbox to regulate digital finance and crowdfunding. However, enforcement and coordination between institutions remain in development.

**Table 2 – Regulatory Framework Comparison (2025)**

Category	Saudi Arabia	Egypt
Core Policy	Vision 2030, FSDP	Financial Inclusion Strategy (2022–2027)
Supervising Authority	SAMA, CMA	CBE, FRA
Sandbox Launch	2018	2019
FinTech Law	Draft under SAMA	Enacted (2023)
Open Banking	Operational (2025)	Pilot (2024)

Sources: SAMA, 2024; CBE, 2024

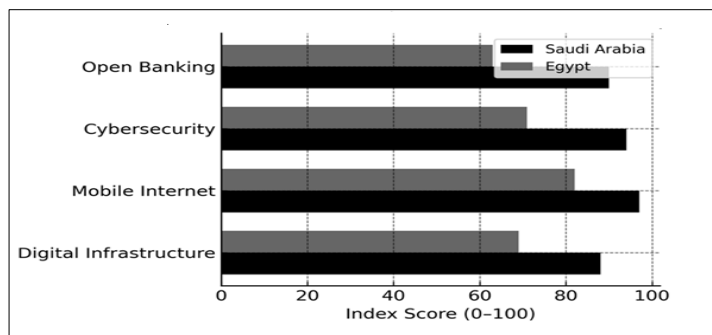
#### 5.2 | Technological Readiness

Saudi Arabia ranks among the top 10 countries globally in cybersecurity maturity (ITU, 2024) and maintains an advanced 5G network coverage (98%). The Saudi Data & AI Authority (SDAIA) and Digital Government Authority (DGA) ensure reliable data infrastructure and identity systems (SDAIA, 2025). Egypt's readiness is improving through telecom upgrades and digital infrastructure investments, narrowing the readiness gap (IMF, 2025).

**Table 3 – Technological Readiness Indicators (2025)**

Indicator	Saudi Arabia	Egypt
Digital Infrastructure Index	88/100	69/100
Mobile Internet Penetration	97%	82%
Cybersecurity Ranking (ITU)	#6	#39
Open Banking Readiness	Full	Initial

This table compares the digital and technological readiness of Saudi Arabia and Egypt in 2025. It highlights the disparities in infrastructure, mobile internet access, cybersecurity maturity, and open banking implementation. Data were compiled from institutional sources including SAMA (2024), the Central Bank of Egypt (2024), ITU (2024), and IMF (2025).

**Figure 3 – Technological Readiness Index (2025)**

Bar chart comparing national readiness scores, Saudi Arabia demonstrates mature, secure infrastructure enabling institutional FinTech scaling. Egypt's improvements reflect a rapidly growing startup ecosystem adapting to constraints through innovation (IMF, 2025).

### 5.3 | Market Adoption

KSA's market focuses on large-scale innovation through well-funded companies such as Tamara, Tabby, and Rasan. Egypt's market emphasizes accessibility and inclusion, led by startups like Fawry, MNT-Halan, and Paymob. Between 2020 and 2024:

- KSA funding increased from \$28M to \$700M.
- Egypt funding increased from \$32M to \$334M.
- The difference lies in scale vs volume — KSA attracts high-value investments; Egypt drives widespread adoption.

**Table 4 – FinTech Market Indicators (2024)**

Metric	Saudi Arabia	Egypt
Total FinTech Startups	82	150+
Active Wallets	14M	40M
Payment Adoption	79%	35%
SME Lending Platforms	12	31

This table summarizes key FinTech market indicators for Saudi Arabia and Egypt in 2024. It compares the scale of startup ecosystems, digital wallet adoption, payment penetration, and SME lending platforms. The data indicate that Saudi Arabia leads in institutional adoption and digital payment value, while Egypt demonstrates broader social reach and inclusion. Data compiled from SAMA (2024), CBE (2024), Wamda (2025), and World Bank (2025).

## 6 | CONCLUSION

This study compared the development of FinTech ecosystems in Saudi Arabia and Egypt between 2018 and 2025, identifying how regulatory, technological, market, and socio-economic factors interact in shaping national digital finance strategies. Saudi Arabia exemplifies a top-down, institution-led model, grounded in Vision 2030, robust regulation, and strong infrastructure. It has achieved institutional maturity, a high cashless rate (79%), and deep investor confidence, making it a model for structured digital transformation (SAMA, 2024; Arab News, 2025). Egypt represents a bottom-up, inclusion-led model, driven by population dynamics and the need to expand access. Its FinTech Law (2023) and Financial Inclusion Strategy (2022–2027) have fostered rapid user adoption, especially among the

unbanked, with more than 40 million active mobile-wallet users (World Bank, 2025; CBE, 2024). Despite their contrasting approaches, both nations are converging toward the same regional goal — a unified Arab FinTech ecosystem that combines institutional stability with social innovation. The key finding: FinTech success depends on integrated governance, technology, and behavioral adaptation rather than isolated innovation.

### 6.1 | Recommendations

#### For Saudi Arabia

- Expand Financial Literacy Programs: Increase user awareness of FinTech products in rural and low-income areas (FinTech Saudi, 2024).
- Strengthen SME Access: Expand peer-to-peer and crowdfunding models to empower startups and small enterprises (McKinsey, 2023).
- Regional Collaboration: Lead GCC-level integration for open banking and digital remittances (AMF, 2025).
- ESG Alignment: Introduce sustainability reporting standards for FinTech firms (EY, 2024).

#### For Egypt

- Accelerate Digital Infrastructure: Invest in cloud computing, cybersecurity, and data-center connectivity (IMF, 2025).
- Encourage Venture Capital Flows: Expand public-private partnerships to fund scalable FinTech startups (Forbes, 2025).
- Enhance Digital Identity Systems: Develop unified e-ID for secure authentication (CBE, 2025).
- Promote Gender Inclusion: Design FinTech tools addressing women and youth entrepreneurs (World Bank, 2025).

#### For Both Countries

- Establish an Arab FinTech Council: A joint body under the Arab Monetary Fund (AMF) to unify regulatory standards.
- Strengthen Knowledge Exchange: Bilateral FinTech incubators and academic research networks.
- Promote Green FinTech: Support innovations in sustainable digital finance (UN ESCWA, 2024).
- Develop a Regional Cybersecurity Framework: Harmonize data-protection laws across MENA (ITU, 2024).

### 6.2 | Limitations and Future Research

The study's limitations include reliance on secondary data and institutional reports. Future research should incorporate:

- Primary surveys on user adoption and trust.
- Comparative case studies on specific FinTech sub-sectors (e.g., InsurTech, WealthTech).
- Longitudinal analysis to assess policy effectiveness post-2025.

Such research will deepen understanding of FinTech's contribution to inclusive growth and digital transformation in developing economies.

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#### Data Availability Statement:

The data that support the findings of this study are available on request from the corresponding author. The data is not publicly available due to privacy or ethical restrictions.

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