



ISSUANCE

A guide to payments in MENA

FOREWORD

Payments have been the heart of fintech and they still continue to hold its position as a key accelerator in the global world of Fintech. Middle East and North Africa collectively as a region have demonstrated the tremendous opportunity it holds, but with these opportunities come the regional dynamics which makes this part of the world more unique and demand a curated approach. This vibrant region with rich cultural diversity not just benefits from a young population and high adoption rates of newer customer experiences and technologies, but also with a progressive infrastructure and governments that have shown resilience and their trust in a connected future. This 5-report series on Payments is a product of the Payments Working Group of the MENA FinTech Association called "SHIFT". The report series has profited from the insights of many regional and international experts. This year the focus is on landscaping, cross-border, issuance, stored value and digital KYC. Our aim was to establish a payments guidebook for the industry, by the industry to understand the market not just with macro indicators but with an on-ground understanding of how this unique market full of opportunities should be approached.

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INTRODUCTION

RISE OF THE FINTECHS

The financial services landscape in MENA and around the world is undergoing rapid change. Payment volumes are booming across the globe and the MENA region is no exception. Regulators are opening up the market to new entrants, with paytech companies proliferating.

Consumers are demanding more compelling user experiences from their payments and banking products in line with the mobile-first experiences they are accustomed to in other digital verticals such as e-commerce, social media and ridesharing. More than ever, consumers and businesses are the ones setting new preferences and new industry standards when it comes to payment.

Until recently, obtaining a card was a time-consuming process for the consumer, while launching a card offering was extremely costly and time-intensive. Forward thinking traditional banks as well as emerging players, especially financial technology (fintech) firms, are rising to the challenge by delivering digital products and solutions that are winning the hearts and minds of consumers. Today you can open a bank account and get a card in minutes. While banks have been improving their card issuing services, fintechs are disrupting the industry with faster, better and more cost effective payment solutions.

Fintechs want to launch fully fledged payment services in weeks rather than months and provide 'instant' payment services to their customers. Although payment is usually made with a tap or swipe of a card, the variety of payment methods is increasing and the industry is experiencing

disaggregation with players working to ensure transactions can be accepted in milliseconds.

A single transaction – which happens in the blink of an eye – is the result of a host of ecosystem players connecting to make the system work. It is critical for fintechs and financial institutions to have a clear understanding of the world of payments and make informed decisions pertaining to their payment strategy.

Digital wallets are initially targeting niche use cases such as ridesharing, bill payments, cross border travel, before subsequently growing their offerings to become an all-in-one ‘super app’ that provides far-reaching financial services.

Neobanks have a clear vision to compete head on with traditional banks by offering faster onboarding experiences, intuitive and easy to use financial products with no hidden fees, and seamless digital interfaces. Like digital wallets, many neobanks initially target a niche segment like millennials, frequent travelers, or small-medium sized businesses (SMBs).

Alternative lenders are creating new models of credit that compete with traditional credit cards, short term cash loans and installment propositions by delivering instant, digital experiences at relevant moments (for example, POS in the case of BNPL) in the consumer purchase journey. Beyond the three solutions outlined above, there are many more verticals that are witnessing the emergence of new players – consumer facing verticals including remittance, insurance, and wealth management as well as B2B payments, security solutions and payment processing.

(Source: Visa Issuing Sponsorship Guide)



ISSUANCE AND ECOSYSTEM PARTNERS

This section of the report will specifically look into the hidden world of payments. It will support fintechs with a holistic view of the industry to help them make informed decisions in order to build a value proposition in full awareness of the market prerequisites. It will also help them respond to critical questions when it comes to providing payment methods to clients such as:

- » What is payment issuing? How does it work? Who are the players you need to deal with?
- » Are you licensed to issue card or any other forms of payment method?
- » Which payment methods will prevail?
- » Do you have the ability to process large amount of data?
- » Do you need partners to provide a holistic payment experience?

1

UNDERSTANDING ISSUANCE

Before we deep dive into the issuance market, it is important to define what it entails and look at the players who perform a critical role in this ecosystem.



ISSUANCE REPRESENTS THE ACTIVITY OF PRODUCING A PAYMENT METHOD, PHYSICAL OR VIRTUAL CARD TO A CONSUMER OR BUSINESS. FOR ANY TRANSACTION THAT TAKES PLACE THERE ARE VARIOUS PARTIES INVOLVED, SUCH AS WHEN THE ISSUING AND ACQUIRING BANK IS THE SAME COMPANY OR WHEN THE ISSUING BANK AND THE CARD SCHEME IS THE SAME.



1.1 PARTIES INVOLVED IN THE TRANSACTION PROCESS



The issuing bank – makes the payment

This is the financial institution which issues the cardholder's debit, prepaid, credit card for their use. The card is usually sponsored by one of the major schemes – you will often see the financial institution's logo beside a card network logo such as Mastercard or Visa.



The cardholder

The cardholder is the customer and user of the issued card which is being used to make purchases in store, online or to make cash withdrawals at ATM networks.



The acquiring bank – accepts the payment

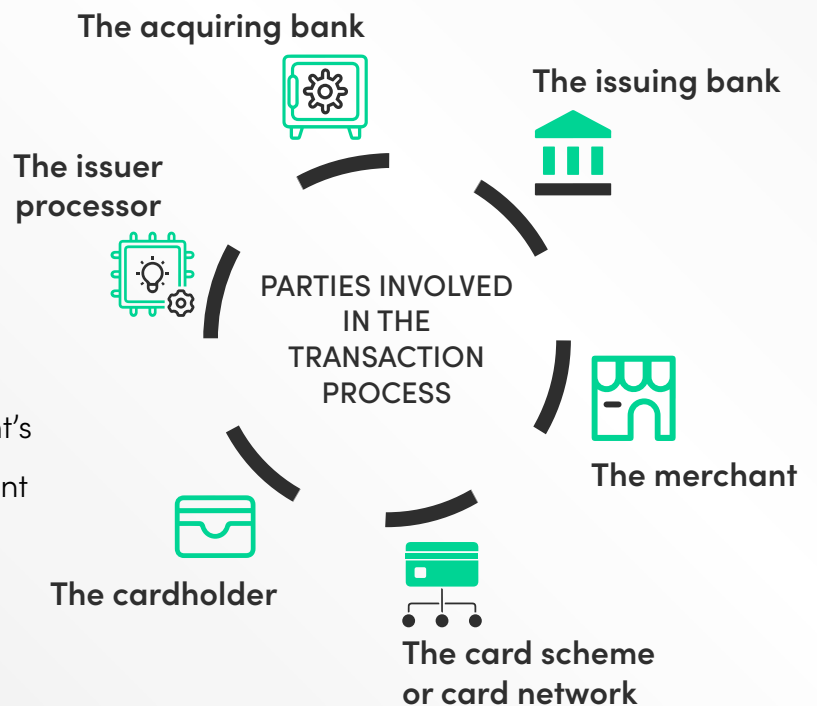
An acquiring bank (or "acquirer" or "merchant's bank") is the company that holds the merchant bank account. It enables the merchant to accept any form of payment, process it, and receive the payment from the cardholder.

Acquirers perform a series of activities which range from accessing a payment gateway and requesting for the authorisation that the funds exist to ensuring the merchant can be paid and the card can be accepted within seconds.



The card scheme or card network

Card schemes do not issue debit or credit cards. They provide the rails to route the transactions through their virtual infrastructure, they enforce payment rules for the good conduct of transaction businesses, and also facilitate communication between merchants and issuers. The most common schemes include Mastercard, Visa, Discover, Amex and UnionPay among many other international or local schemes.





The merchant

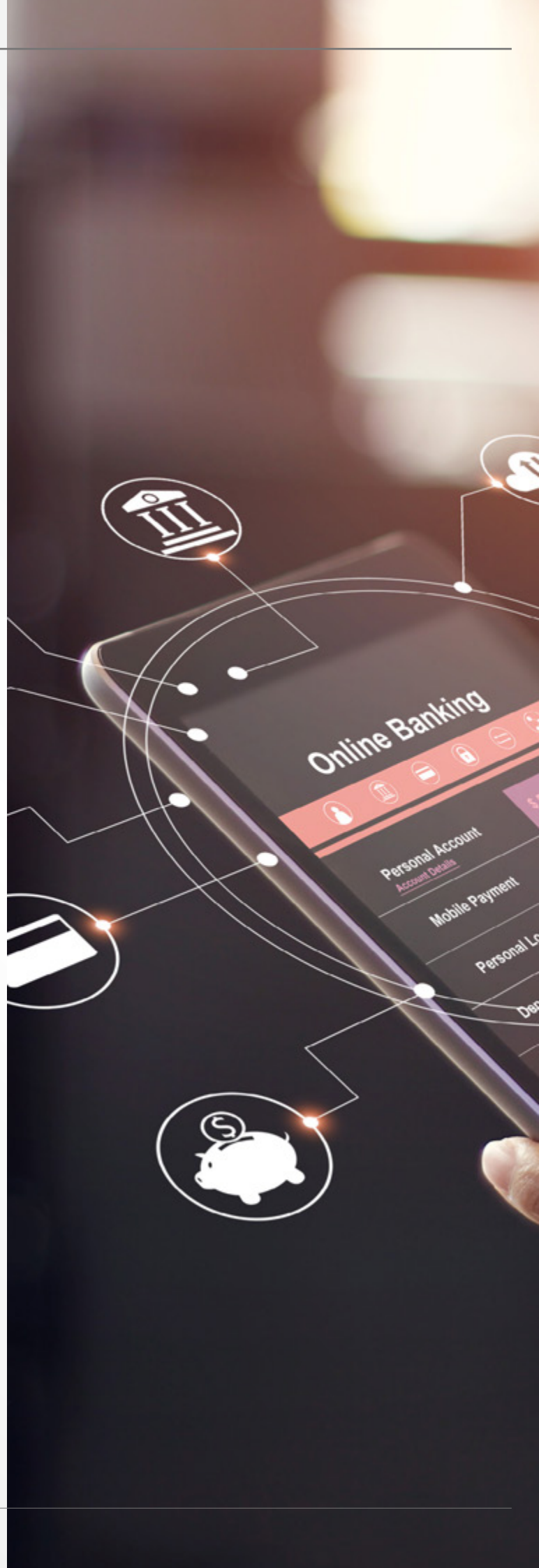
The merchant is the owner of the business, store, online commerce, online or offline, where the card is being used to pay for goods and services.



The issuer processor

Often acting in the background as it's not seen by the consumer or business using the card, the issuer processor is an essential part of the payment ecosystem. It helps create and automate connections between the issuing institutions with the card schemes while performing essential tasks, from the production of payment methods such as cards; authorization, approval or rejection of transactions; linking to the settlement entities; performing fraud prevention checks; and handling dispute management and chargebacks; all within a fraction of a second to enable the best customer checkout experiences. Some financial institutions have their own issuer processor service running in-house while most financial institutions and fintechs prefer to outsource this function to third party payment processors.

The parties above are commonly involved when the financial institutions or fintechs have the necessary payment licensing and memberships to issue cards and digital payment methods.



1.2 Issuing ecosystem – partner roles and responsibilities

Sponsor / Owner	Issuer or BIN Sponsor	Program Manager	Issuer Processor	Scheme
<ul style="list-style-type: none"> » Card distribution » Channel management » Marketing and communications 	<ul style="list-style-type: none"> » Holds funds in account » Regulatory compliance » KYC / AML risks » Settlement funds » Compliance with Network Standards » Ultimate Regulatory and Financial Responsibility for Customer Service, Operations, Risk & Fraud Management » Scheme Settlement & Reporting » Approve Program Design » Cardholder Agreement & Disclosures » Securing the BIN » Register MSPs, ISOs and TPPs, dependent on scheme 	<ul style="list-style-type: none"> » Program set-up and platform management » Relationship management of BIN sponsor » Bureau and treasury services » Card design and production » Card inventory and stock management » Card activation and reload » Fund transfer » Sales systems » Call center and IVR » Operational support » Staff training and promotions » Marketing communications » Access to Priceless sponsorships and assets » Lifecycle management » Reporting and MI » Call center 	<ul style="list-style-type: none"> » Issuer Side Authorisation, Clearing, and Settlement Processing » Chargebacks » Fraud/risk services (sanctions, screening, load / spend limits, tolerance) » MIS » Processor Reporting to Issuer 	<ul style="list-style-type: none"> » Switch / settle transactions » Set rules on processing and exception handling » Define card products and manage brands » Access to Sponsorship assets and Priceless experiences » Franchise Development & Brand Standards Reviews and Approvals » Programme Review and Approval » Card Approvals » ICBIN Setup and Configuration » Risk Management Reviews » Approve Vendor Registrations » Generic Marketing Material Templates for specific segments

1.3 How to Issue cards if you do not have the right license?

In cases where fintechs do not have an existing connection to schemes and have to collaborate with additional parties to make it to market quickly, this is typically driven by BIN sponsorship.

The BIN sponsorship ecosystem and the 4 party model

(source: self-study and multiple articles, reports online)

- A BIN sponsor plays a critical role in the BIN sponsorship ecosystem; without it, a fintech/program manager without principal membership with schemes cannot launch any payment card program.
- For a fintech to issue a card they need to obtain principal membership with the schemes and since it is expensive and a number of regulatory approvals are needed to obtain principal membership, fintechs opt for BIN sponsorship support.
- Any fintech or program manager without principal membership with a scheme who wishes to launch a payment product needs to partner with a BIN sponsor and with a third party issuer processor. The primary role of a program manager is to control and coordinate the various organisations and entities that

make an end-to-end card solution possible.

- This may include a combination of the issuer processor, BIN sponsor, card scheme, card manufacturer and personalizer. The program manager works within this framework to ensure that card production, design and processing are implemented correctly. Sometimes their role goes beyond into settlement, reconciliation, dispute management and even marketing services.
- BIN sponsor is an entity which holds the principal license from the scheme and has the necessary permissions from the national regulatory authority to issue cards.
- Issuer processor is an entity who is certified and has established secure connection with the scheme's payment network to be able to perform transaction authorization, clearing and settlement processing.
- Fintech/program manager's partnership with other members of the ecosystem such as the issuer processor will not be possible without a BIN sponsor.



- It is recommended that the BIN sponsor has an established secure connection through VPN with the third party issuer processor of the fintech/program manager.
- Issuer processor – though the established secure connection – will be able to facilitate the exchange of information with the BIN sponsor regarding the fintech’s card program (i.e. transactions, reports, ledgers).

1.4. The BIN sponsorship – roles and responsibilities

Scheme	BIN Sponsor	Issuer Processor	Fintech /Program Manager
<p>Payment Network</p> <ul style="list-style-type: none"> » Brand » Payment infrastructure » Network access » Merchant and ATM relationships » Set product rules <ul style="list-style-type: none"> • Funds management • Product level capabilities and restrictions • Value-added offerings » Chargeback and dispute rules » Cardholder usage data » Global relationships 	<p>Access</p> <ul style="list-style-type: none"> » Typically holds funds » Cash deposit » Letter of guarantee » Trust account » Settlement and reconciliation » MIS analysis » Ownership and customer due diligence » Compliance with both regulator and Schemes 	<p>Implementation</p> <ul style="list-style-type: none"> » Risk and fraud prevention, reporting and tracking » Payments and database infrastructure » Database management » Transaction authorization » Card activation » Scheme certification and accreditation » MIS creation » Product functionality support » Velocity controls » Fee structure » Dispute management 	<p>Delivery</p> <ul style="list-style-type: none"> » Product design and development » Product management » Marketing » Supply chain » Inventory Management » Technology development and testing » Customer service » Risk and analytics » Holds virtual balance of float

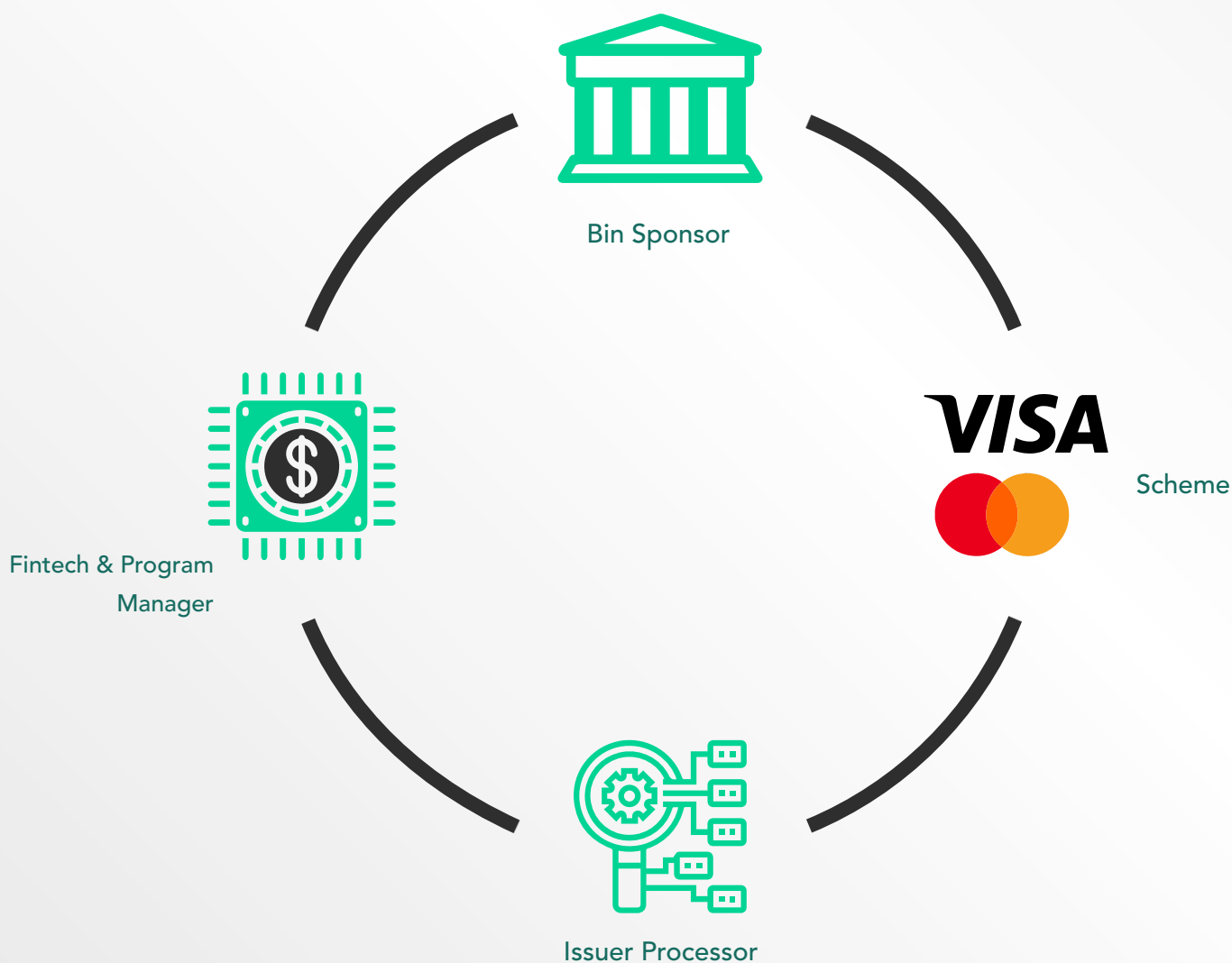
Pros and cons to using BIN sponsors

It reduces scheme memberships, cost of compliance and reduces time to market, saving up to nine months. It can be extremely valuable for small size issuers, PSPs and fintechs and is often used in the case of prepaid card issuance. Smaller financial institutions can outsource their entire prepaid card management to a program manager to solely focus on business relationships and their growth.

The program manager will handle the transactions while getting the prepaid card products configured at the request of the issuer. In some cases, it can also provide the BIN sponsoring.

Payment processors or schemes often have partnerships in place with BIN sponsors to ensure they remove the complexity of payment and provide a one stop shop for all services or recommend the best partner based on the issuer needs.

Issuers must be cautious in selecting their BIN sponsor and rely on them mainly as a transition to getting a full membership. The BIN sponsor's status change or deactivation could have an important impact on an issuer's business.



2

WHICH PAYMENT METHOD
CAN YOU ISSUE?



Digital platform

Using the digital platform, a cardholder can be issued with a wallet, which can be a closed loop prepaid wallet for loading money in local or multi-currency.

Wallets can be open in nature where customers can store their cards in tokenized form as in Apple Pay, Samsung Pay, etc. These can be used for e-commerce transactions and can be tapped on POS devices.



Alias based payments

Payments using unique IDs (such as government ID, mobile number, email ID) linked with bank account/payment cards, in combination with biometric, OTP or static password.



Debit cards

A card allowing the holder to transfer money electronically from their bank account when making a purchase.



Credit cards

A credit card takes the form of plastic, wood or metal issued by financial institutions, which lets the holder borrow funds from a pre-approved limit to pay for their purchases. The limit is decided by the institution issuing the card based on credit score and history.



Prepaid Card

A prepaid card is an access device to an underlying prepaid account typically issued on an open-loop network such as Visa, Mastercard, Discover, or American Express, or as a closed-loop card limited to a specific merchant or group of merchants by the processor. Prepaid is an electronic alternative to cash and checks for consumers, businesses, and governments. The card is loaded with funds and that is all the cardholder can spend unless more funds are loaded. There is no bank account or financial history necessary to get a prepaid card so it democratizes electronic payments. Different types of cards have different load requirements.

Prepaid is, among other things, a financial inclusion tool for the unbanked looking to access financial services; a way to segment specific expenses like ecommerce and travel money for banked consumers; a means of better expense management for businesses; and a safer, more efficient way for governments to disburse benefits than cash or vouchers.



Digital First

Today, a payment must be more than just a transaction – it has to be an experience. Consumers expect a flexible, secure, digital payment experience, but developing a world-class digital journey to meet their needs can be

technically challenging and resource intensive for the issuer. Digital-first capabilities blend product, technology and expertise to offer tailored innovative experiences.

For instant card activation, virtual cards are proliferating especially when it comes to fulfilling safe online shopping activities.

Virtual cards are transforming the industry as they respond to the need for instant availability of payment methods. They can be created very quickly and on the fly.

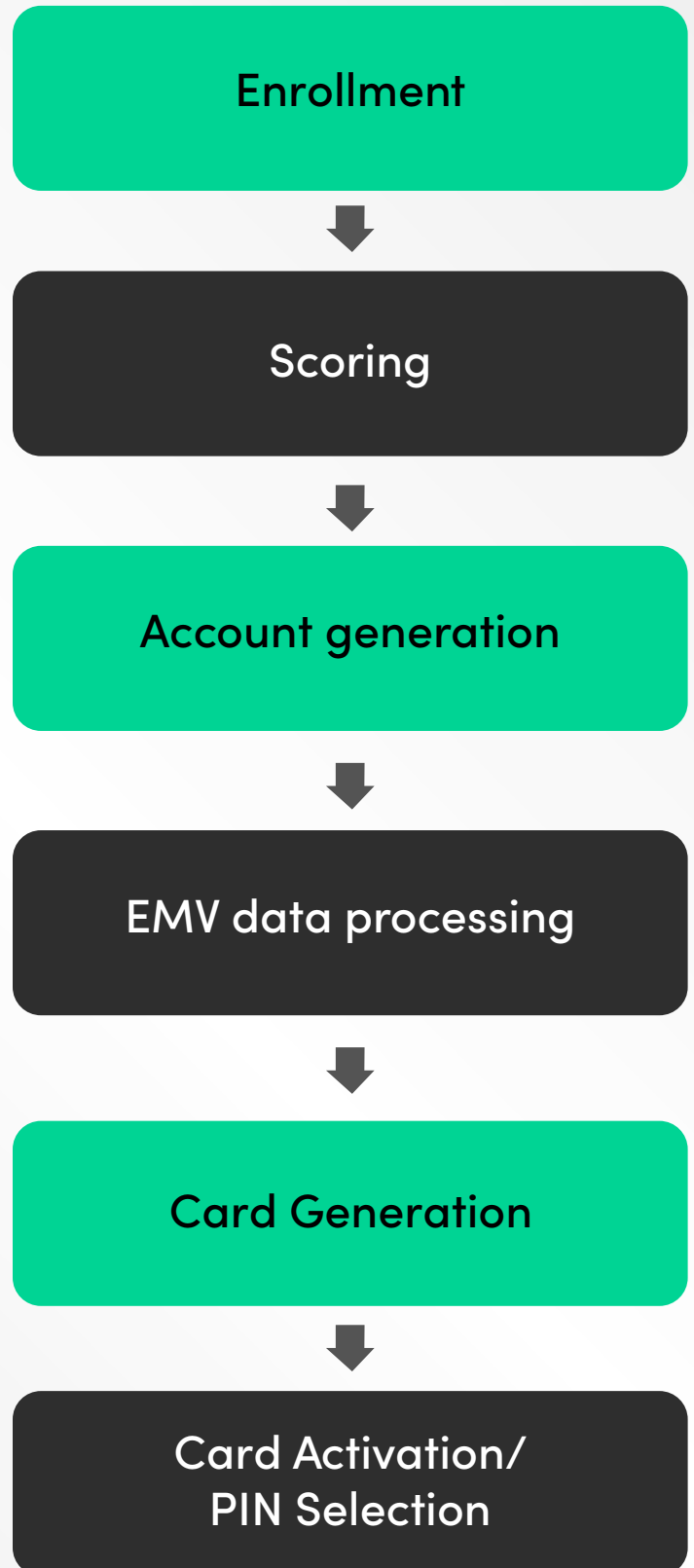


Tokenized cards

Tokenized cards are used in digital wallets for contactless payments. Tokenization is essentially the technology behind digital wallets. In order for you to embed your card into a digital wallet, it needs to first be tokenized, and there are many benefits to this. The first is security because as you tokenize the card, it replaces all the sensitive data on that card with a token.

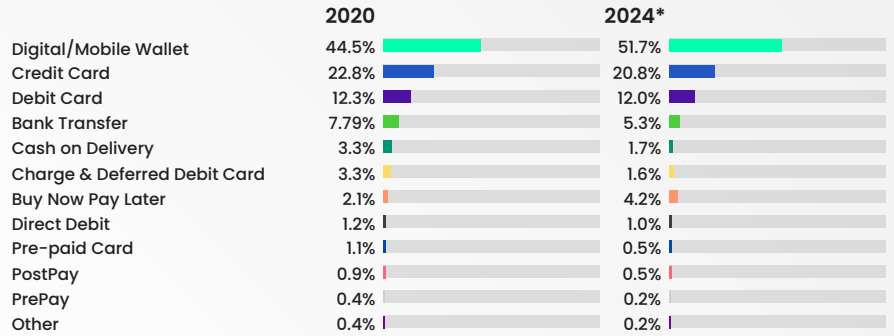
2.1 Production & Personalization

The process to issue a card is as follows:

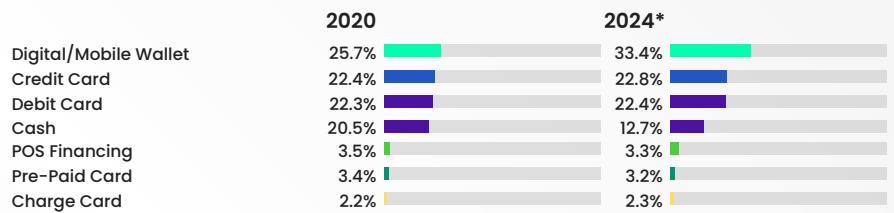


Most used payment methods online and in-store across the globe and in MEA

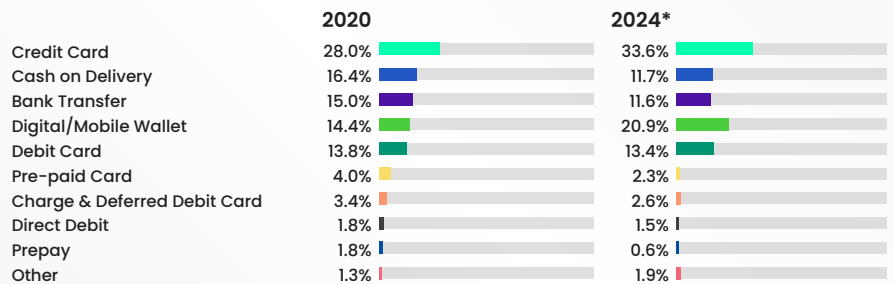
Global E-com payment methods



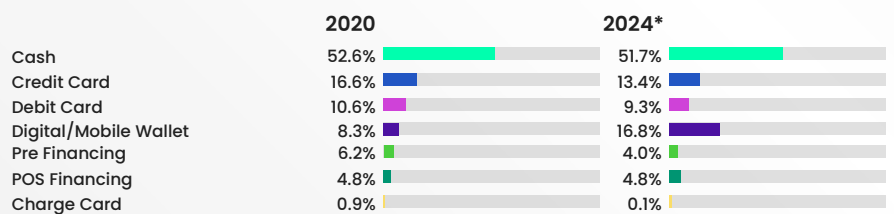
Global POS payment methods



MEA E-com payment methods



MEA POS payment methods



Source: FIS Global Payments Report 2021

2.2 What are these payment methods used for?

Card information for card-not-present transactions: Providing the card number, card verification value (CVV), and expiration via the mobile banking app allows the cardholder to manually update merchants and make card-not-present purchases without a physical card.



ATM access

This functionality has been available for a number of years and provides ATM access via the mobile banking app. Although it does not facilitate purchases, it can provide immediate access to the cardholder's account at the ATM without a physical card.



Push provisioning to an internet of things (IoT) device

Pushing card credentials to an IoT device, such as a smartwatch, vehicle, or television, is convenient, but it is a less likely use case in the near term since each IoT device wallet may require separate testing and integration.



Temporary virtual card

Generating a temporary card on demand for one-time or short-term use could be enabled via the mobile banking app.



Merchant card-on-file updates:

Existing account updater services can automatically update the card-on-file records at participating merchants but can result in a negative customer experience when the cardholder closes a card to prevent a recurring payment. This functionality would allow the

cardholder to control if and when a specific merchant should be updated.



Digital-only banking

The new range of card issuers has helped enable the growth in digital-only banks.



Merchant payments

New card issuers are making big plays for the retail marketplace sector. Marketplace businesses are increasingly distributing their own branded cards, and making payments directly to them. Small merchants can then use their funds immediately for day-to-day spending.



Expense management

Controlling and managing expense payments is a major resource drain for businesses of every size. Employees have to collect receipts and often spend hours every month inputting their expense claims. Meanwhile they are out of pocket, sometimes to the tune of hundreds of pounds per month. A range of startups are combating this through dedicated card offerings, with spending controls applied by the employer and transaction data automatically collected.



Employee retention

Card issuers are also making a play for the employee benefits market. Rather than relying on vouchers, reimbursements, or complicated benefits portals, employees can be provided with pre-loaded cards for use only with approved merchants.



Alternative finance

The new card issuers are keen to highlight the potential uses of their services in the world of

alternative finance. The point-of-sale 'buy now pay later' model is booming online and much of that growth has been facilitated by the use of virtual cards.



Gig economy

Fintechs are increasingly specializing and fulfilling the needs of new economy players. This is the case with gig economy workers who have special needs when it comes to payment and are often excluded by traditional payment institutions.



Teen Banking

At the heart of fintech is the ability to broaden access to financial services, which is why a number of start-ups are catering to the under-18 segment with prepaid cards. Although providing cards to teens in other markets such as in Europe and the US is on the rise, the Middle East has often restricted teen accounts to savings facilities without payment methods. However, this is changing and will certainly go beyond supplementary issuance of debit cards towards more pre-paid solutions linked to parents, for example Amwali from Abu Dhabi Islamic Bank. New generation fintechs will see

the potential to take junior accounts away from the high street banks.

The means of use of payments methods mentioned above, are only few examples as we know that fintechs are very creative in finding industry gaps and bringing original propositions to answer the needs of customers.

2.3 Must have features:

Beyond the basics, customers want more control and services including:

- Dynamic spending controls.
- Virtual payment cards.
- Integrations with the likes of Google Pay and Apple Pay.
- Ability to switch payments between cards
- More flexible cashback programmes

Real-time notifications.

- Personal financial management (PFM) tools.
- Card controls, such as freezing cards to prevent fraudulent payments.
- Fraud management.

The evolution of payment methods



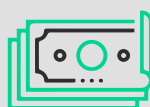
Barter



Gold



Metal
Coins



Paper
Money



Electronic
Money



Plastic
Cards



Blockchain
Technology

3 | CARD ISSUANCE **MODELS**

The most prevalent issuance models are Open loop and Closed loop

An open loop card is a general-purpose card that can be used at multiple merchants globally where the brand of the card (Mastercard, Visa, American Express) is accepted.

























The opposite of an open loop card is a card that can only be used at a specific merchant, known as a closed loop card. Closed loop cards typically will not have the logo of the scheme or the network given the limited usage.

Open loop cards can be credit, debit, prepaid or commercial cards and can be physical or

virtual. Open loop cards allow cardholders to pay anywhere in a safe and secure manner, providing flexible shopping experiences, rewards and benefits and protection such as insurance. They offer stronger consumer affinity through better value propositions. Open-loop programs also provide improved awareness and service levels to customers when compared with closed loop programs and offer a 360-degree view of customer spending behavior.

A new generation of closed-loop and open loop interoperable environments offer considerable convenience, for example in enabling payment on public transport where transit cards coupled with payment schemes remove the need to purchase a ticket or queue at a counter.

Open Loop vs Closed Loop features comparison

Levers	Open Loop	Close Loop Proprietary
Acceptance	 Global Acceptance	 Restricted
Cross Border	 Global Acceptance	 Restricted
Speed to Market	 Fast	 Slow
Product Variants	 Multiple Products Possible	 Not possible
Costs	 Cost Decrease with Vol	 Lower, shared & hidden
Revenues	 Multiple revenue source	 Mostly single revenue source
Technology	 Enabler	 Challenge & a constraint
Distribution	 Wide	 Restricted
Scalability	 Possible	 Difficult
MIS/ Reports	 Available & Customizable	 Limited & Challenging
Customer Uptake	 High	 Low
Brand Recognition	 Global	 Local

4 | THE SECURITY **ASPECT**

While product variety and choices are wide, appropriate product design is vital. Additionally, processing platforms must be adaptable to new product ideas and provide flexibility to the product design experts to define new products and quickly pilot them before rolling them out to the target audience. Time to market is key. Additionally, data residency is fast becoming the norm. Cloud providers are adapting to this by offering cloud services in-country in a highly secure environment.

Security, cyber and intelligence (Source Mastercard)

Cyber & intelligence solutions are crucial to safeguarding trust in payments. They ensure that transactions and interactions are safe, simple and smart.

Cyber means cyberspace in its truest sense – the totality of the digital world we operate in, both online and offline. Intelligence refers to the use of smart technology and deployment of services (such as artificial intelligence (AI), machine learning and sophisticated interpretation of data) to better protect and serve customers.

A multi-layered approach to advancing trust is required, incorporating the following aspects:



Prevent

Secure cards, devices and data from attacks



Identify

Identify genuine consumers and devices,

providing digital identities for consumers, companies and things



Detect

Stop cyberattacks, reduce fraud and find weaknesses, reduce declines and increase approvals through smarter fraud detection.



Experience

Physical and digital experiences that grow commerce, reducing friction and extending protection to consumers

Fintechs must look for relevant partners to ensure they keep customers safe at all times and equip themselves with the right tools. When it comes to e-commerce, ACS (3D Secure) solutions are a must as they help authenticate transactions. Fraud management solutions and risk-based authentication solutions will add an extra layer for frictionless authentication of e-commerce transactions.

Fintechs must also look for international standards to be respected, such as being PCI-DSS compliant and aligning with rules from central banks, card schemes and other global and regional regulatory bodies (such as GDPR, UN sanctions for anti money laundering and other). This respect of compliance is vital to the reputation of the fintech and to the growth of any financial services institution - there can be no compromise on any compliance standard.

5

A LOOK INTO THE
**MIDDLE EAST
ECOSYSTEM**



5.1 Who are the top issuers in the Middle East?

Retail banks remain the top issuers in the region although the landscape will change over the next few years as new payment licences are granted.

- » Arab African Intl Bank, Egypt
- » Banque Misr, Egypt
- » Kuwait Finance House, Kuwait
- » Commercial Bank, Kuwait
- » Gulf Bank, Kuwait
- » Natl Bank of Kuwait, Kuwait
- » Areeba, Lebanon
- » Credit Libanais, Lebanon
- » BankMed, Lebanon
- » Doha Bank, Qatar
- » Qatar National Bank, Qatar
- » SABB, Saudi Arabia
- » National Commercial Bank, Saudi Arabia
- » Al Rajhi Bank, Saudi Arabia
- » Riyadh Bank, Saudi Arabia
- » Arab National Bank, Saudi Arabia
- » SAIB, Saudi Arabia
- » Mashreq Bank, United Arab Emirates
- » First Abu Dhabi Bank, United Arab Emirates
- » Abu Dhabi Commercial, United Arab Emirates
- » Tiybr Payments, United Arab Emirates
- » Network Intl, United Arab Emirates

4.2 Essential card network connections

Aside from international schemes such as Mastercard, Visa, Amex, Unionpay or Discovery, there are many local schemes which issuers need to connect to and include in their issuing strategy in MENA. Below is a map of a few selected networks which customers use primarily at a national level.



Essential ME Networks



The **UAESWITCH** operates as a cost center within the Central Bank of the UAE, enabling the interoperability for card acceptance.

Launched by the UAE Ministry of Finance, eDirham is a cashless payment platform that empowers users to make more convenient and secure transactions.

eDirham are issued by bank partners including First Abu Dhabi Bank, RakBank, National Bank of Fujairah, Commercial Bank of Dubai and Abu Dhabi Islamic Bank.



Saudi Arabia

Mada is the new identity of the Saudi Payment Network (SPAN) and the next generation of electronic payments in Saudi Arabia. It connects all automated teller machines (ATMs) and point-of-sale (POS) terminals throughout the country to a central payment switch that in turn re-routes the financial transactions between a merchant's bank and the card issuer bank. Mada card is a debit card issued by local banks that allows a cardholder to access funds in their accounts using the same mechanism as regular ATM cards with newer standards of security and added-value features.



30 million
Cards

1 Billion
Transactions/Year

40%
Ecommerce Transactions
made by Mada in KSA.

(Source: Statista)



Oman



Oman Net offers only the national currency (i.e., Omani rials) to all card issuers and allows cash withdrawals and balance enquiries. All debit cards issued in Oman, which account for 95% of total cards, are branded with OmanNet. The network is also linked to GCCNet which interconnects all GCC networks.

90% of all payments
are made using **Oman Net**
branded cards



Bahrain



Benefit is Bahrain's local switch system which connects ATM and POS, enabling card payments. BenefitPay is the national electronic wallet payment system. It is a method to streamline payments in the Kingdom of Bahrain and allows consumers and merchants to transact without the use of cash or cards.



Qatar



National ATM & POS Switch (NAPS)

is an interface that hosts and settles all local retail electronic transactions flowing between local banks.

83% of debit cards in Qatar
are branded NAPS

QPAY issues local cards used by consumers to make online payments. It also provides IBAN salary cards which can be used across the national ATM and merchant network as well as online.

212,000
cardholders



Egypt



Fawry is the leading digital transformation & e-payment platform in Egypt, offering financial services to consumers and businesses through more than 225,000 locations and a variety of channels. In addition, Fawry is a provider of payment gateway in Egypt and e-commerce solutions. After the shopper checks out using this payment method, they receive a six-digit reference to complete the payment through a retail shop, ATM, or online banking.

29.3 million
monthly Users

3 million
transactions per day

225,000
service points



Kuwait



Knet is a Kuwaiti company providing electronic banking services to all banks in Kuwait. It accounts for 83% of the country's online transactions while the four main local banks control over 90% of both the credit card issuing and acquiring markets.

4.5 million

Cards

357.5 million

Electronic payment transactions representing approximately KD 19.2 billion through different electronic payment channels (POS, ATM)

83%

of transactions made through KNet cards



GCC NET

GCCNET is a single ATM network linking all the GCC national switches. It offers numerous features in line with standards of similar international networks. With the fixed exchange rates between the GCC members' currencies, members' accounts are settled in the currency of each member without the need for a non-GCC intermediate currency.

GCCNET Members are:

Kingdom of Saudi Arabia- (SPAN)

State of Kuwait - (KNET)

Kingdom of Bahrain - (BENEFIT)

State of Qatar - (NAPS)

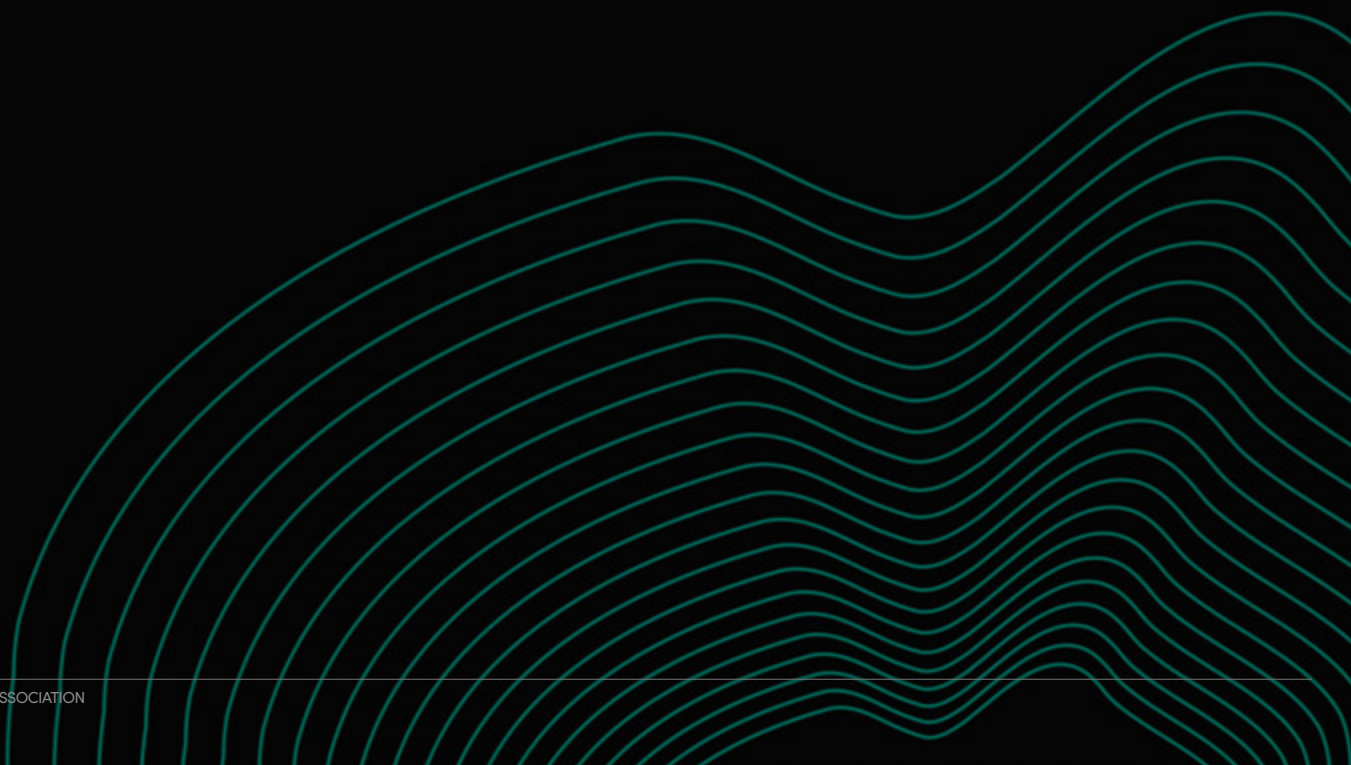
United Arab Emirates - (UAE SWITCH)

Sultanate of Oman - (Oman SWITCH)

6

THE MARKET

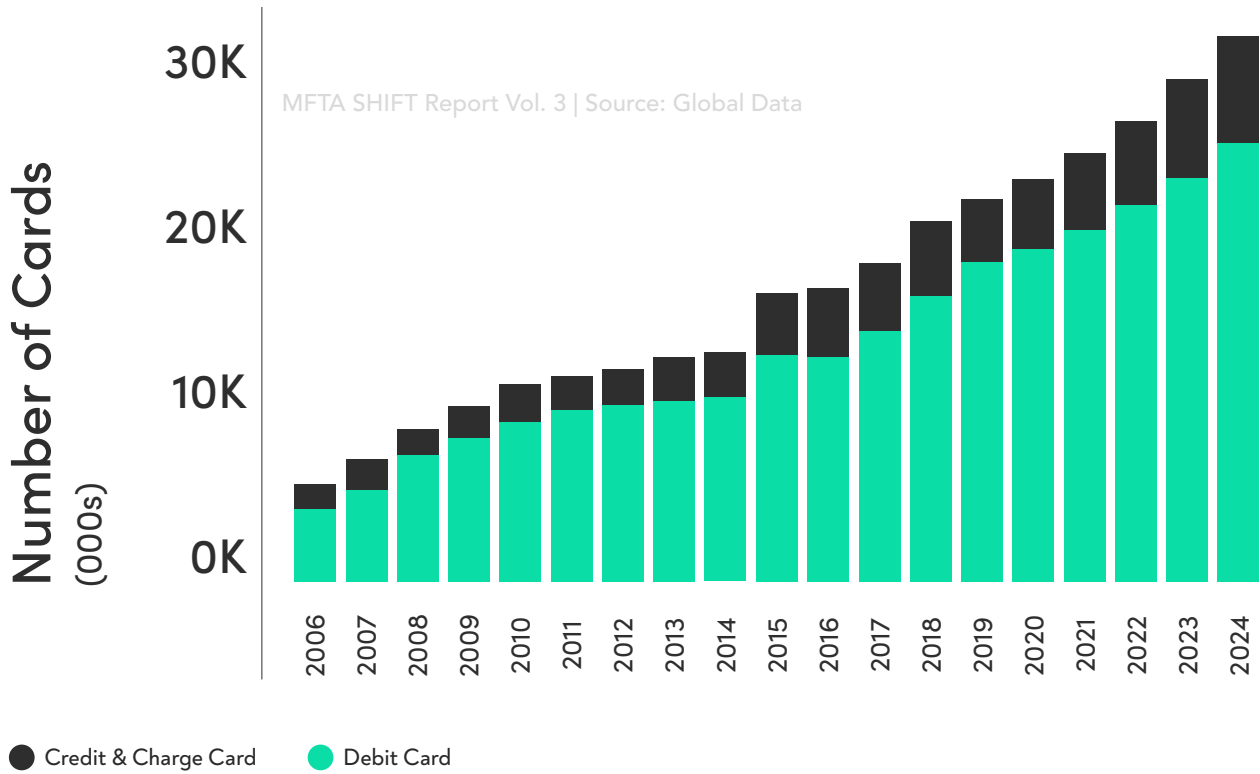
OPPORTUNITY



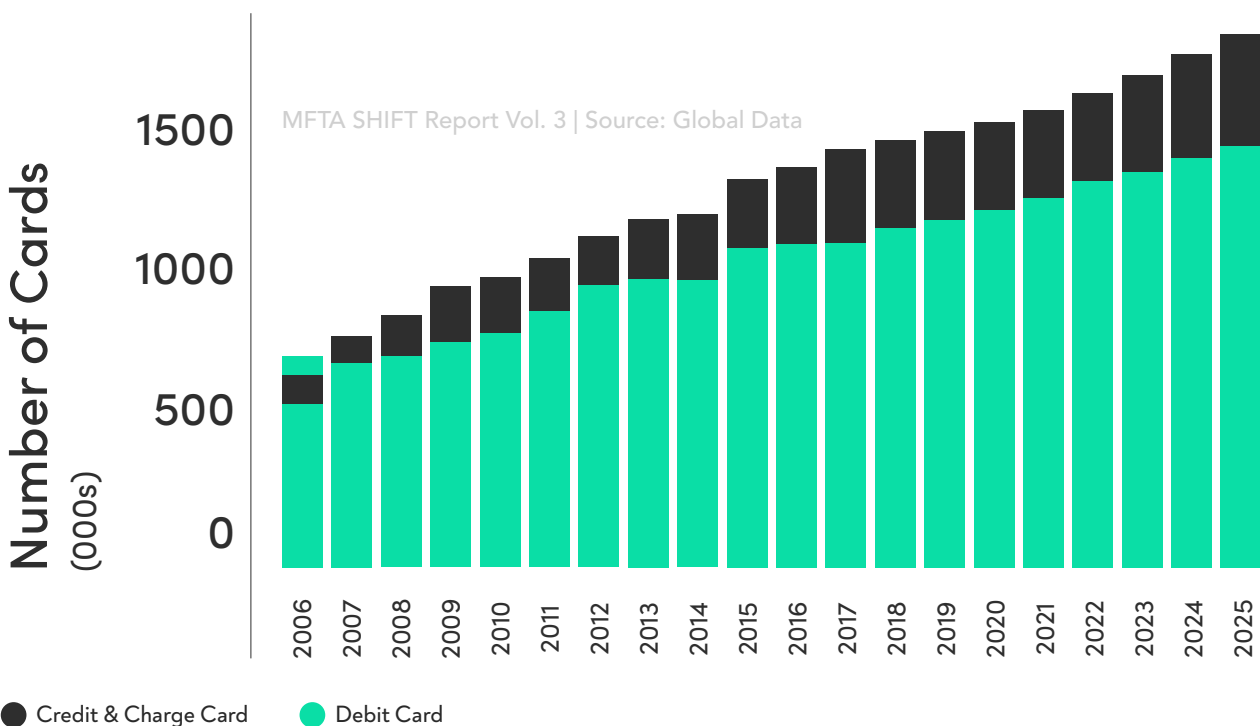
Middle East Card Issuance Forecast by 2024

(Source Global Data)

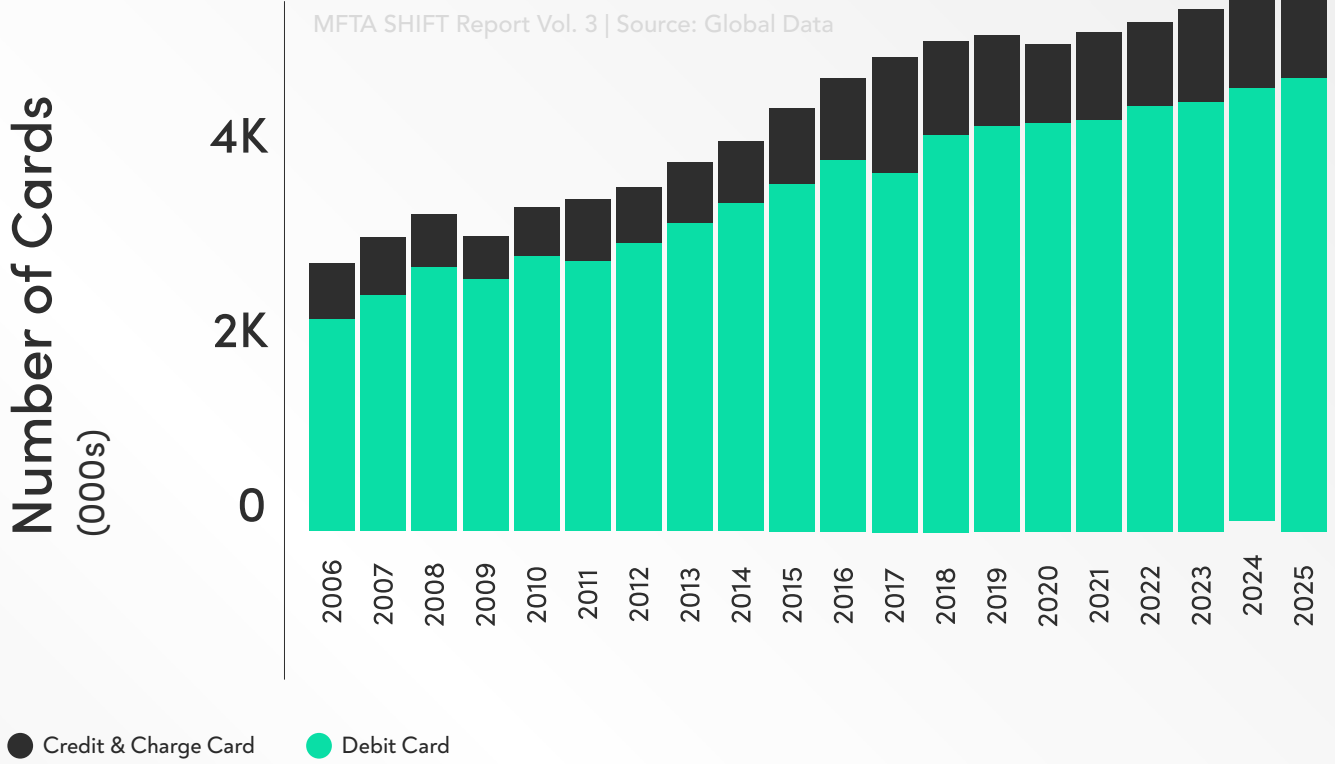
Egypt



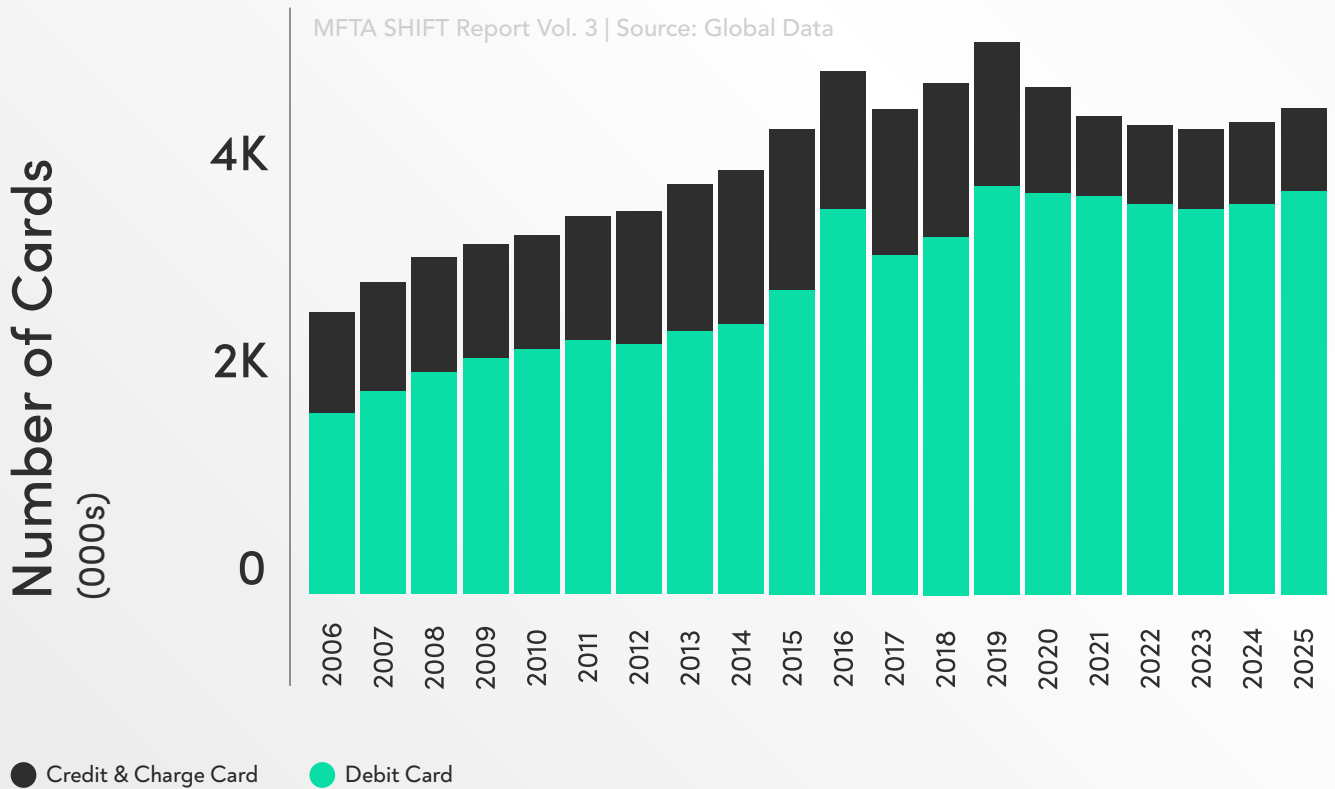
Bahrain



Kuwait

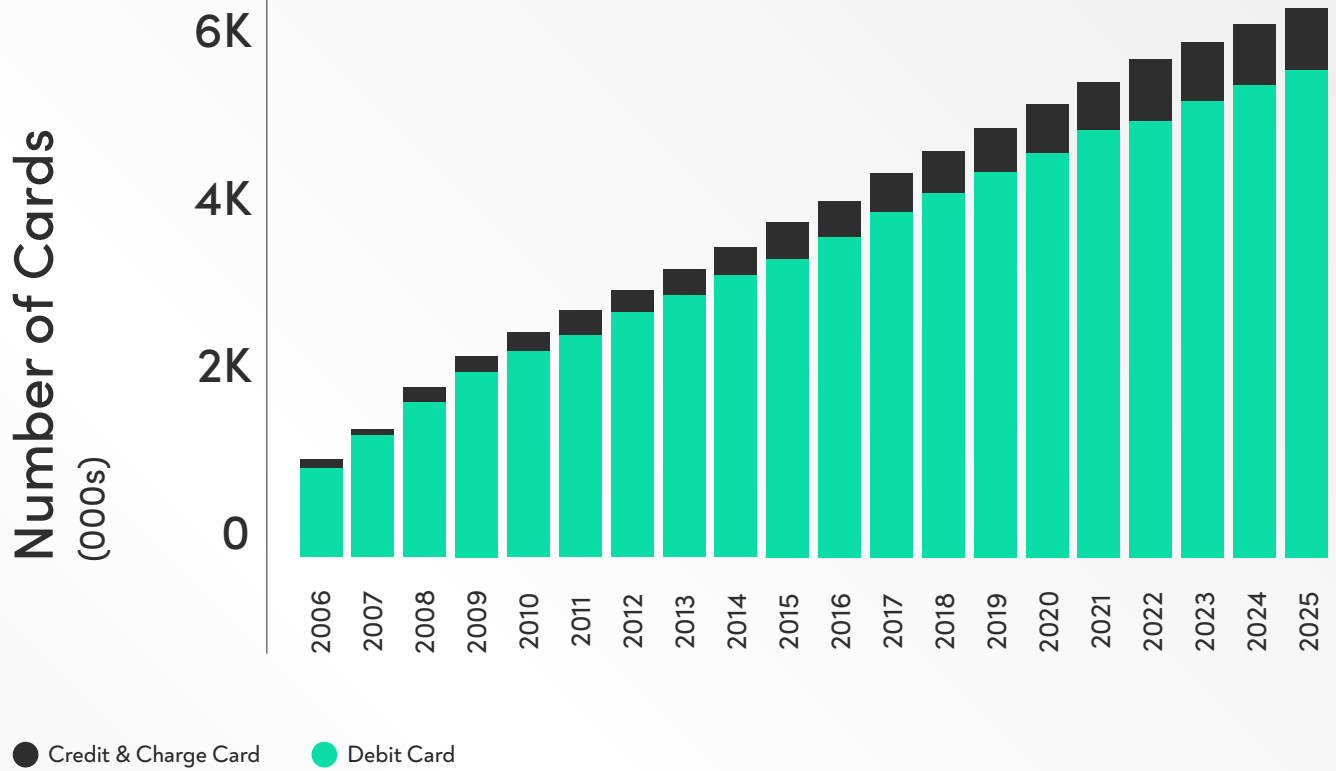


Lebanon



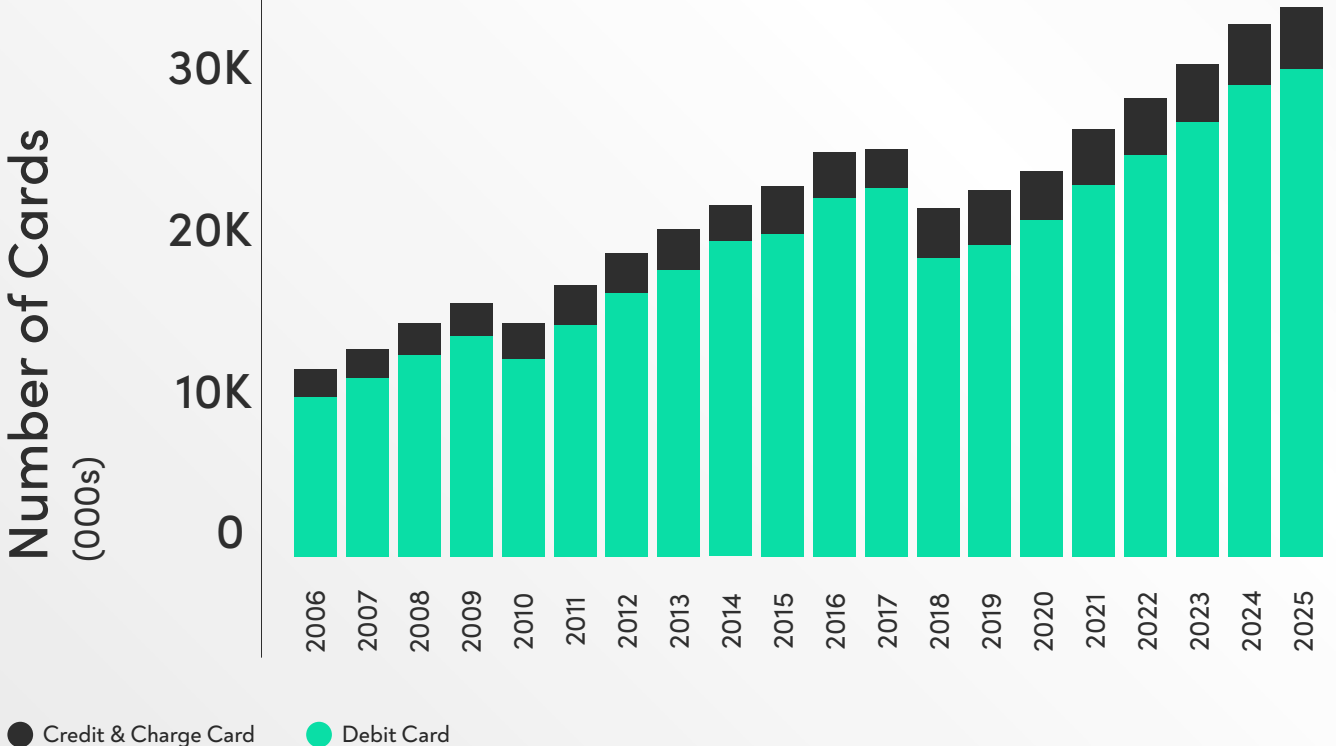
Oman

MFTA SHIFT Report Vol. 3 | Source: Global Data



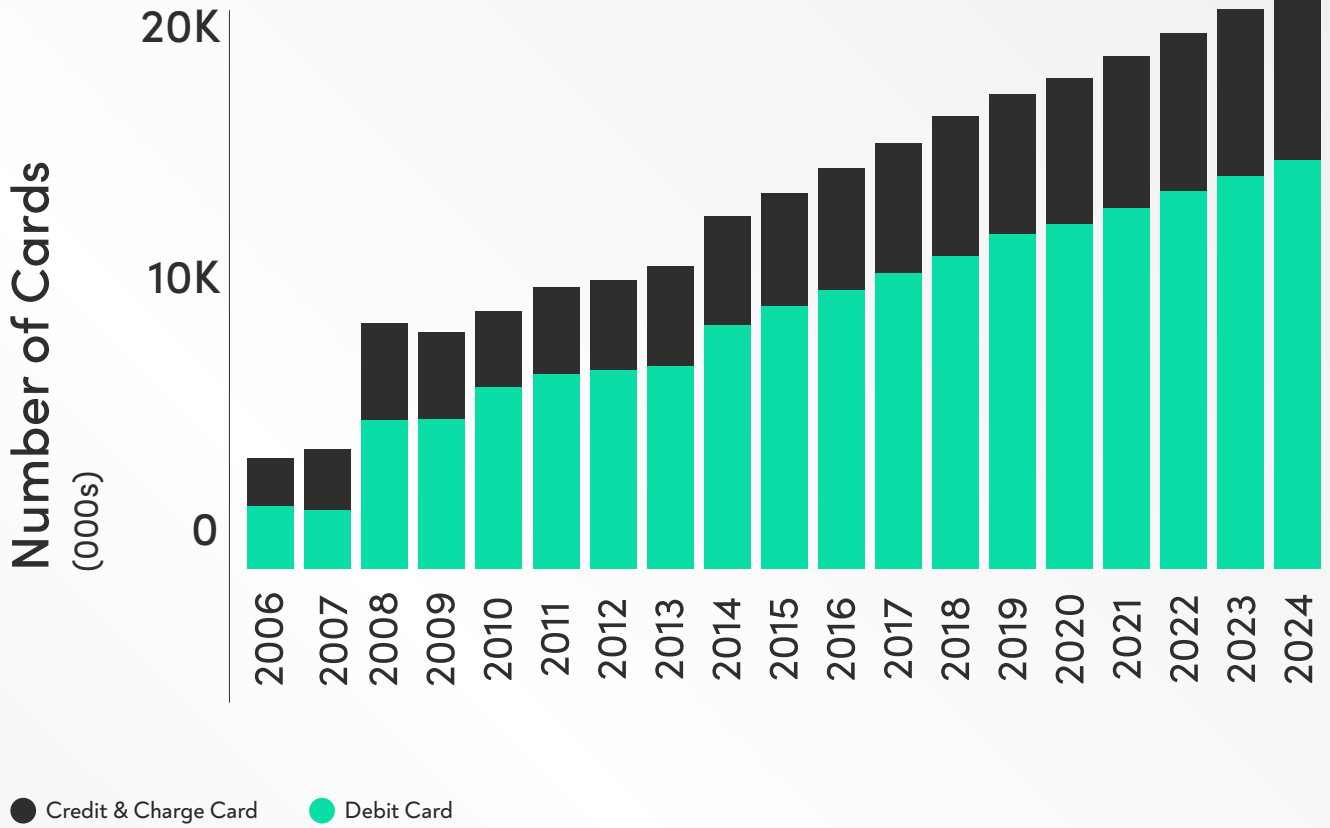
Saudi Arabia

MFTA SHIFT Report Vol. 3 | Source: Global Data



UAE

MFTA SHIFT Report Vol. 3 | Source: Global Data



Conclusion & Future Outlook

Islamic consideration: The Middle East and Africa market has a large community with interest in Islamic products. The new wave of neobanks are including Islamic and ethical banking where there is no interest rate for covered cards, unlike traditional credit cards. Fintechs must look into the prerequisites and standards for launching Islamic cards and refer to the standards from boards such as The Islamic Financial Services Board (<https://www.ifsb.org/index.php>)

Buy now pay later at the point of purchase: With the rise of buy now pay later over credit cards, fintechs need to include installment plans into their strategy as consumers habits have changed since the pandemic. Fintechs must also anticipate that this market will certainly see new regulation being enforced with the aim to better protect consumers, their data, and ensure we do not reach a dangerous level of personal debt.

Domestic schemes: The issuance of cards in a selected market must go beyond international schemes and ensure compliance with domestic schemes and interoperability nationwide for a seamless experience.

Bank as a service: Banks are opening up to the idea of bank as a service and supporting the issuance of cards in partnership with fintechs. This is the case with Yap, which tapped into RAK bank to support its need to issue payment cards.

Open services in the payment industry: When a fintech issues a card with a partner, open banking practices help it gain more control. Collaboration with third party partners helps extend the customer experience with added value services such as statement generation, balance enquiries (which can be opened by third party partners), and blocking cards (which could be linked to partners for more control), all relying on APIs. This helps reduce bank service center occupancy and put the fintech in more control.

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