



UNITED ARAB EMIRATES  
MINISTRY OF ECONOMY

# | INVESTING IN FINTECH IN THE UAE



## Fintech as an Industry

- ❖ Growth outlook for Fintech in UAE
- ❖ Ecosystem for Investment in Fintech in the UAE
- ❖ Key government stakeholders and industry associations in the UAE Fintech Sector



# THE FINTECH SECTOR CONSISTS OF A WIDE RANGE OF SEGMENTS

NON EXHAUSTIVE

## Lending



Marketplace lending  
and alternative  
underwriting platforms

## Blockchain / Crypto



Companies leveraging  
blockchain technologies  
for financial services

## Regtech



Audit, risk, and  
regulatory compliance  
software

## Personal finance



Tools to manage bills  
and track personal and  
/ or credit accounts

## Payments / billing



Payments processing,  
card developers, and  
subscription billing  
software tools

## Insurance



Companies selling  
insurance digitally or  
providing data analytics  
and software for  
(re)insurers

## Capital markets



Sales and trading,  
analysis, and  
infrastructure tools for  
financial institutions

## Wealth management



Investment and wealth  
management platforms  
and analytics tools

## Money transfer / remittances



International money  
transfer and tracking  
software

## Mortgage / real estate







Mortgage lending,  
digitization, and  
financing platforms



# GLOBALLY, THE WORLD'S LARGEST FINANCIAL INSTITUTIONS ARE AGGRESSIVELY INVESTING IN FINTECH

Increasing number of investment banks have either invested or acquired fintech companies over the last decade, either to expand consumer products or gain reach where banking becomes a service

## Investments

	118
J.P.Morgan	58
	52
	64
	32

## Emerging trends in investment bank appetite



### Payments

- General payments, cash alternatives, credit and financing (mortgages, lending)
- Investment in insurance-tech likely to increase



### Wealth management

Companies allowing different types of investing, trading, or saving



### Capital markets

Companies offering analysis algorithms and credit checks, and back-office operations



### Cybersecurity

As banking goes online, significant interest has gone into cybersecurity

## Some of the largest fintech companies are backed by banks

### Payments





### Wealth Management







### Blockchain

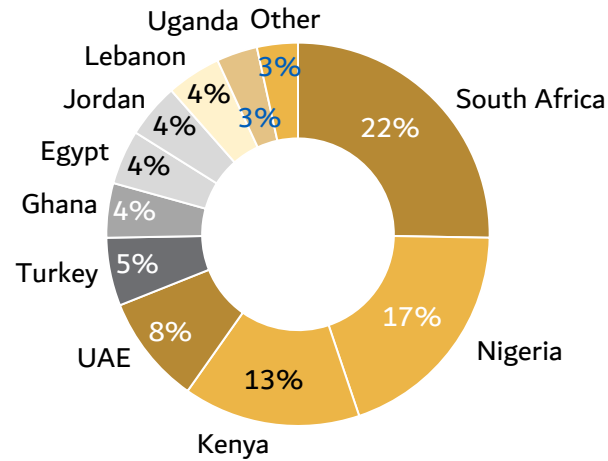




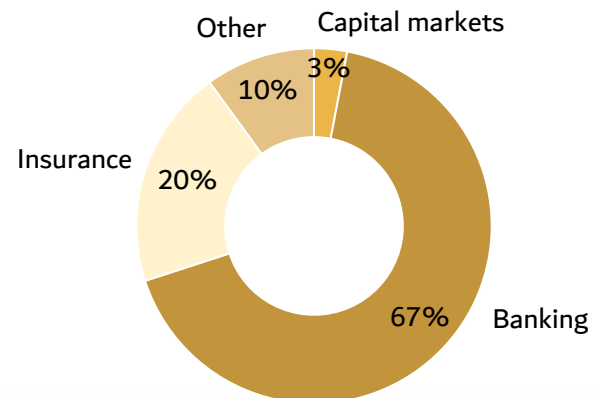


# THE MEA REGION IS EXPERIENCING A GROWTH IN DIGITAL TRANSFORMATION IN FINANCIAL SERVICES

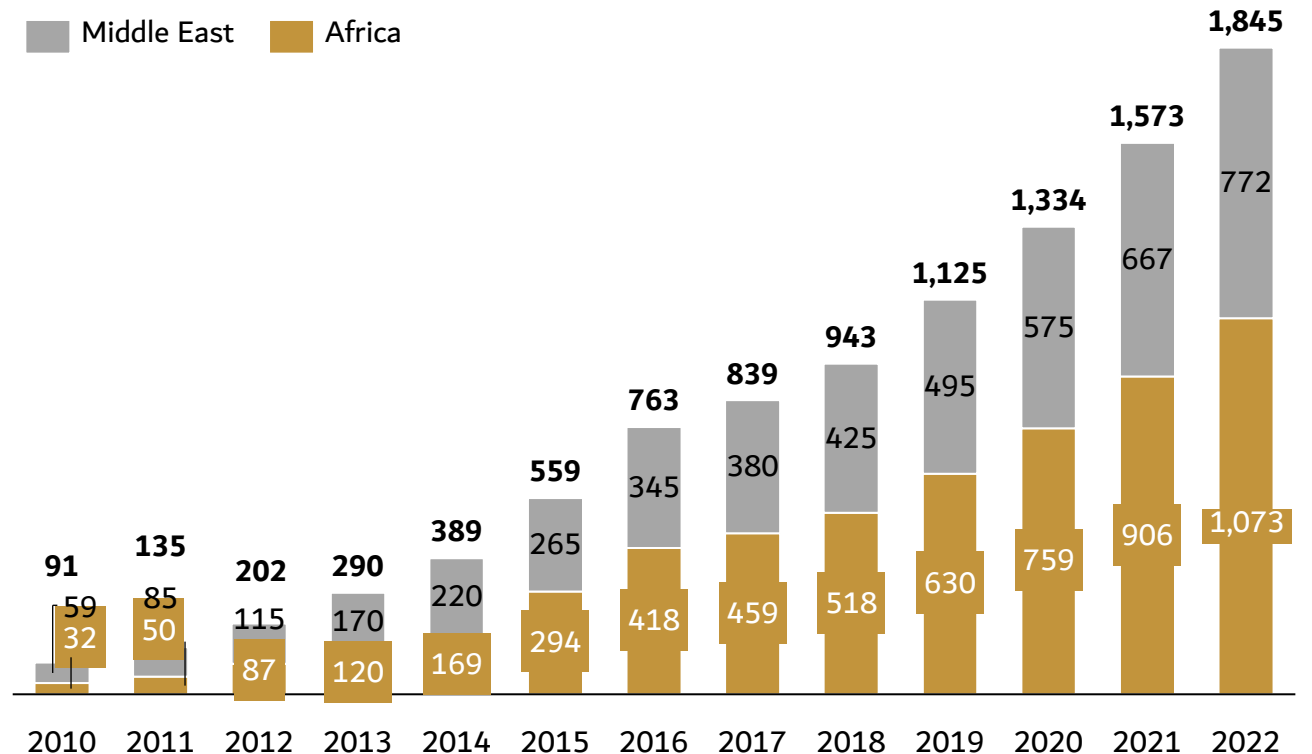
## Fintech market share by country



## Fintech activity by industry



## Number of fintech companies in the Middle East and Africa



More than USD 90B was invested in fintech companies globally since 2010, with less than 1% going to companies across the Middle East and Africa

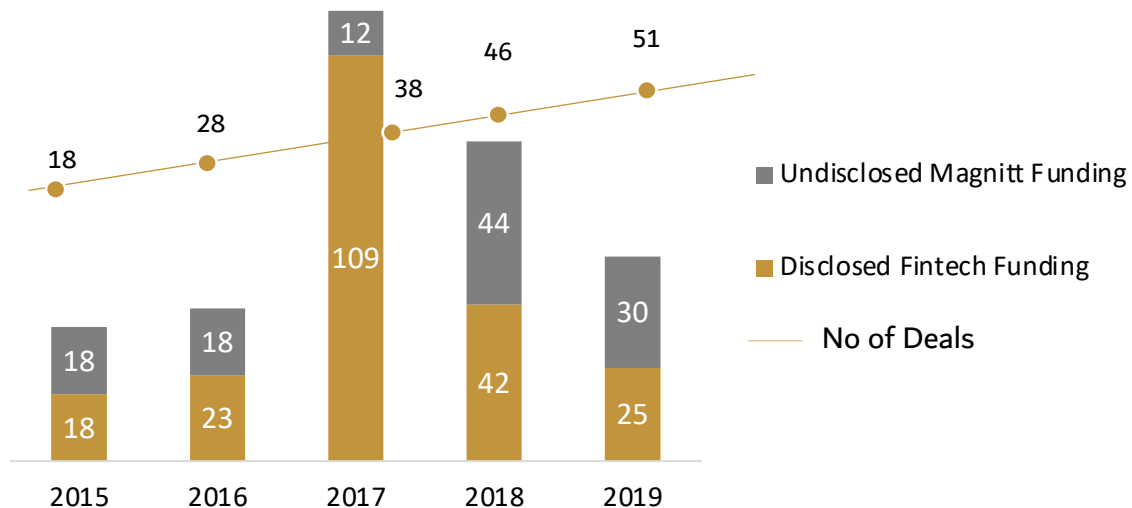


# FINTECH INVESTMENT HAS BEEN GROWING RAPIDLY IN THE MIDDLE EAST AND THE UAE IS AT THE HEART OF THIS GROWTH

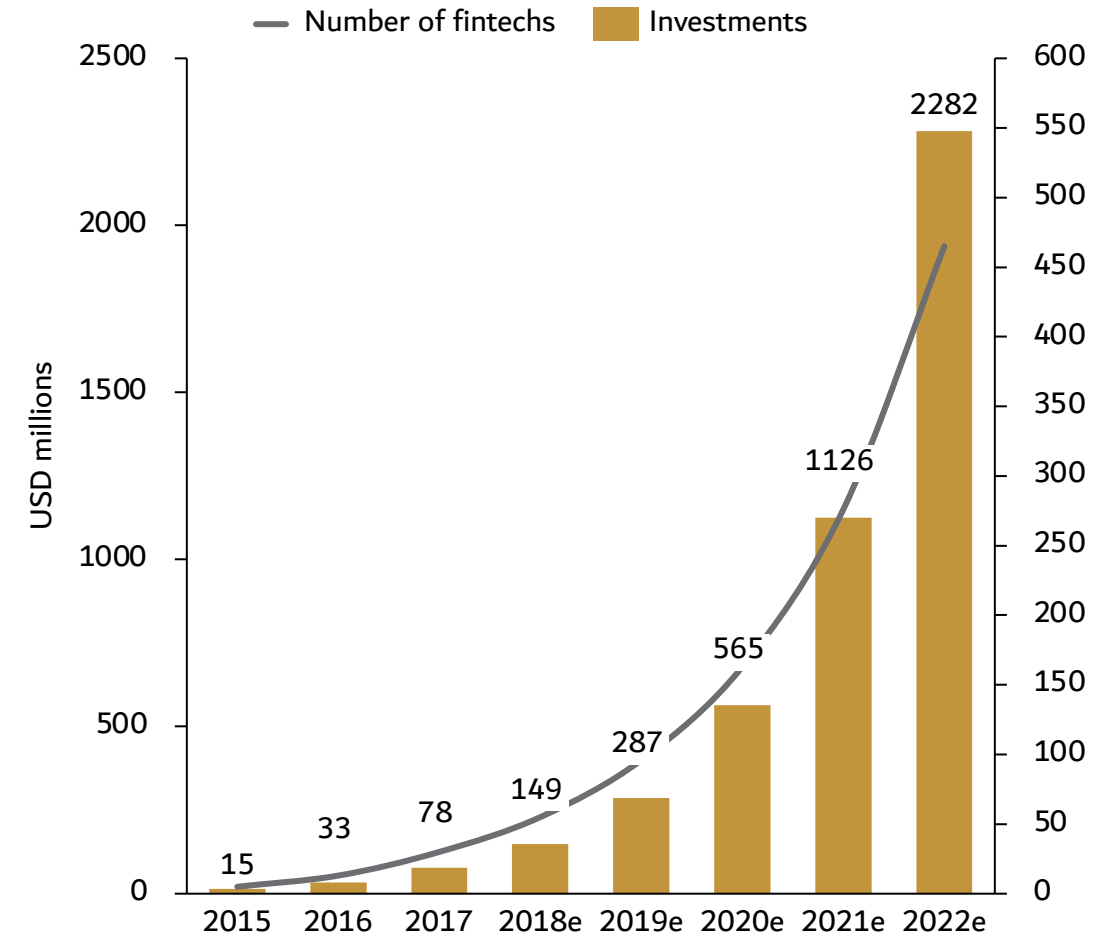
## The Middle East is experiencing positive growth trends and has an established payments presence

- While representing only 1% of global fintech investment as of 2019, the fintech sector across the Middle East is growing at a CAGR of 30%
- By 2022, the number of Fintech companies will reach 1,845 and estimates predict 465 fintech companies in the Middle East will raise over USD 2B in venture capital funding
- Startups focused on payments and remittances, InsurTech, online lending, RegTech, digital banking, crowdfunding, blockchain, and cryptocurrency firms are emerging most regularly within the region
- Majority of funding remains concentrated in the payments space: roughly 85% of fintech firms in the MENA region operate in the payments, transfers, and remittances sector

## Annual Number of Deals and Total Funding in MENA based Startups (2015-2019 YTD)



## Venture capital investment into Middle East fintech companies



Source: Milken Institute



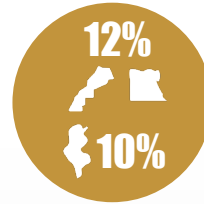
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# THE UAE IS RAPIDLY EMERGING AS A FINTECH HUB



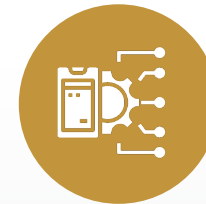
The number of Fintechs per country across the Arab world differs considerably with the UAE being the leader in Fintech innovation, comprising some 24% of the Fintechs in the region



Both Morocco and Egypt follow, with 12% and Tunisia with 10% of Fintechs



Key sub-sectors include **insurtech, regtech and Islamic fintech**



Key innovations include **contactless payments, digital identification, B2B solutions, credit-underwriting automation, data management and analytics**





# GROWTH OUTLOOK FOR FINTECH INVESTMENTS IN UAE

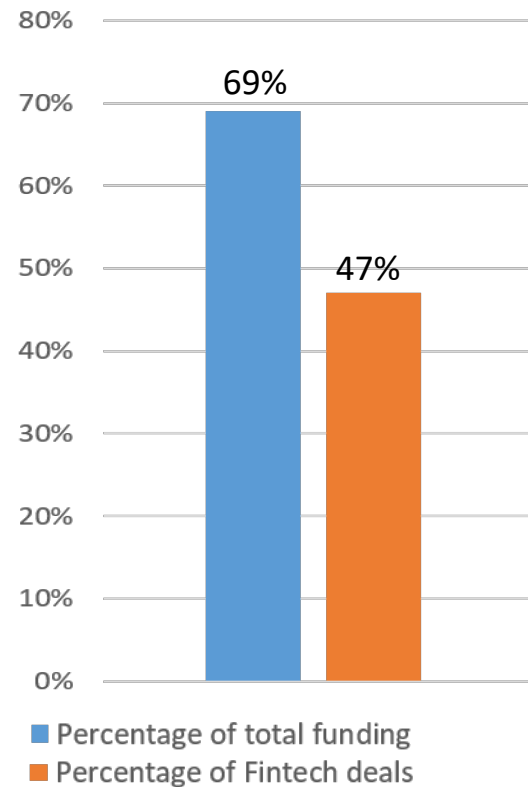
## UAE Ranked 7<sup>th</sup>

**Telecom Infrastructure Index (2020)**  
– mobile access is critical  
to fintech industry

## 500+ Startups

**Fintech startups funded in UAE as of  
May 2021**

## UAE FUNDING IN MENA



**UAE Ranked 34<sup>th</sup>**  
**Global Fintech Ranking (2019)**

**Fintech Investment Growth in  
UAE (2020): 64%**  
**Fintech Investment Growth  
Globally (2020): 26%**



# THE FINTECH GROWTH ENVIRONMENT IN THE UAE

## UAE is home to more than 50% of Middle Eastern fintech companies



189 new fintech companies were licensed with the Dubai International Financial Centre (DIFC) in 2020 alone, taking the total to 303



Various International companies like Startupbootcamp and SAMBA financial group have opened offices in the DIFC

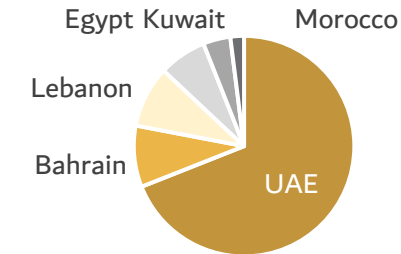


MOU's have been signed with global investors like Jiaozi Fintech Dreamworks for investment in local start ups

## Agenda / Initiatives

- The UAE's **Vision 2021** National Agenda announced in 2010 aims to position the UAE, by 2021, as one of the top performing countries in the World, with the following focus:
- An ecosystem conducive to new **financial alternatives**
- An ecosystem where the **government** is at the center of efforts **to drive innovation** as part of a larger remit
- An ecosystem particularly interested in attracting international talent as a means of stimulating **innovation** domestically

## Fintech funding in MENA (2019)



## Initiatives in the UAE Fintech Sector

2021 will most likely see further regulatory frameworks, sandboxes, blockchain and cryptocurrency projects, and other initiatives to promote fintech's infrastructure ecosystem to continue to be announced.

### Regulatory Sandboxes

- ✓ 9 Regulatory Sandboxes and Reglabs launched for the development and adoption of Fintech

### Government Fintech Funds

- ✓ 5 regional fintech funds open to fintech startups amounting to \$1.4B in cumulative capital

### Fintech focused accelerators

- ✓ Set up 4 government fintech accelerators and regulators



# STARTUPS AND LAST FUNDING ROUND

 <b>NOW</b>	\$9 M	 <b>beehive</b>	\$16 M	 <b>sarwa</b>	\$10 M	 <b>souqalmal</b>	\$15 M
 <b>yc</b>	\$22 M	 <b>BAYZAT</b>	\$31 M	 <b>aqeed</b>	\$18 M	 <b>Sehteq</b>	\$20 M
 <b>tabby*</b>	\$32 M	 <b>Mamo Pay</b>	\$10 M	 <b>rise</b>	\$1.4 M	 <b>NymCard</b>	\$7.6 M

Source: PwC, Milken Institute

## FINTECH START UPS FUNDED IN THE UAE



- Beehive is the first peer to peer (P2P) lending platform in MENA to be regulated by the DFSA.
- **Last Funding** - Secured \$5 million funding in March 2019 from Riyadh TAQNIA Fund, supported by the MBRF



- Sarwa implements investment strategies and develops a personalised investment experience.
- **Last Funding** - Raised more than US\$ 8.4 million in January 2020 by KIPCO, Abu Dhabi Investment Office, Vision Ventures



- Telr is a payment aggregator and provider catering to SME's.
- **Last Funding** – In January 2020, Telr closed a new institutional round of undisclosed funding led by three large investors



- Dapi is a banking API to bridge the gap between a bank's app and its users' bank accounts.
- **Last Funding** - \$150,000 by Ycombinator in 2019.



- Tabby allows customers to shop now, pay later and earn cash – with no interest or hidden costs.
- **Last Funding** - \$23 million in a round led by Southeast Asian VC Arbor Ventures and Mubadala Capital.



- Now Money is the GCC's first digital banking solution for low-income migrant workers.
- **Last Funding** - Secured \$7 million in a funding round led by Anthemis Exponential Ventures, including many others



- yallacompare.com is the leading finance comparison site in the Middle East, helping users to find and compare credit cards, personal loans, mortgages, car loans, insurance and bank accounts
- **Last Funding** - \$4.25 million from Gulf Insurance Group (GIG).



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Illustrative, non exhaustive

### Venture Capital and Banks

بنك أبوظبي التجاري  
ADCB

بنك دبي التجاري  
Commercial Bank of Dubai

MUBADALA

Emirates NBD

dai Dubai  
Angel  
Investors

BECO  
CAPITAL

ME  
VP MIDDLE EAST  
VENTURE PARTNERS

SHOROOQ  
PARTNERS

RAED  
VENTURES

MYRISOPH  
CAPITAL

wamda  
capital

JABBAR

VENTURESOUQ

### Incubators

مكتب أبوظبي للاستثمار  
ABU DHABI INVESTMENT OFFICE

مركز محمد بن راشد للابتكار  
MOHAMMED BIN RASHID  
INNOVATION FUND  
INNOVATE THE WORLD.

HUB71

DIFC FinTech Hive

ADGM RegLabs

### Communities

ADGM FinTech Digital Lab

MENA FINTECH  
ASSOCIATION  
www.mena-fintech.org

### International Fintech Companies present in the UAE

stripe

AVATRADER  
TRADE WITH CONFIDENCE

adyen

TOTAL  
PROCESSIONS

SAXO  
BANK



# INCUBATORS AND ACCELERATORS

## DIFC FinTech Hive

- DIFC Fintech Hive's 12 week accelerator program offers startups access to the region's largest financial industry banks and insurance companies for partnership opportunities, exposure to investors, and marketing exposure
- Its specializes in insurtech, regtech, and Islamic fintech, with specific desired innovations including contactless payments, digital identification, corporate solutions such as treasury management, credit-underwriting automation, data management, and analytics

**300+**

Companies Registered

**100+**

Startups Under Acceleration

**\$100 Million**

Fintech fund for Investing

**1440+**

Accelerator Applications Received



- The Innovation Testing License Programme provides an environment that helps firms to test innovative solutions in and from the DIFC.
- The ITL provides firms with temporary flexibility to test and develop concepts within a restricted regulatory environment.
- Upon success, the company will transition to a licensed authorised participant

**16 Firms**

Admitted to Last Cohort

**82 Firms**

Applications Received Till Date

**38 Firms**

Granted License



- DIFC, Visa, Mashreq Bank and Startupbootcamp will accelerate a total of 40 startups across 4 cohorts in Dubai to lead in financial services innovation and technology.
- The three month program is open to startups from the MENA region and around the world.
- It provides masterclass access, mentorship, investor access, coworking spaces, living expenses and more benefits for selected startups.

*\* In 2020*



# INCUBATORS AND ACCELERATORS

## ADGM REGLAB

- The ADGM RegLab is a regulatory framework which provides a controlled environment for Fintech participants to develop and test innovative Fintech solutions.
- ADGM's RegLab will enable participants to supervise activities with financial entities in real time through the use of supervisory tools and technology.
- The ADGM RegLab is for all participants active in the Fintech space, from startups to existing, regulated companies.

**4**

Start ups Admitted in 4th Cohort

**32**

Firms Admitted Since Launch

**20 Countries**

Applications Received From

**83**

Applications Received till Date

## ADGM FINTECH DIGITAL LAB

- The ADGM Digital Lab is a community based virtual environment hosted on a cloud platform in UAE for collaboration around new financial products. It is an enhancement of the RegLab.
- The ADGM Digital Lab connects startups, financial institutions and ADGM's FSRA to each other.
- Digital Lab members gain access to data, APIs, system images and reference architectures.
- ADGM Digital Lab enables the participants to pose industry challenges for Fintechs to address and provide solutions.
- Institutions looking for the latest Fintech solutions and startups looking for corporate adoption can collaborate with companies in the Digital Marketplace to find the right partners.

*\* In 2020*



- Mena Fintech Association (MFTA) is an inclusive not-for-profit organization that aims at fostering an open dialogue for the Mena fintech community
- It was launched in 2019 at an event at the ADGM
- The MENA Fintech Association is a committee-driven platform for startups and entrepreneurs, corporates and financial institutions, professionals and academia, regulators and investors
- It is affiliated to 48 countries globally and has 57 partners as of date
- MFTA offers membership to Corporates, Start Ups, SME's, Students and Individuals to gain access to a global pool of experts
- The platform caters to innovation, solutions and challenges in the industry and is also directly affiliated with national and international Fintech events

<https://mena-fintech.org/>

## Objectives of MENA Fintech Association








- Provide a knowledge exchange platform among leaders and ecosystem players to grow a robust MENA fintech scene
- Promote MENA's key industry initiatives by building cross border bridges with international fintech communities for the exchange of local and global expertise

## HUB71

- Hub71 is a flagship tech cluster in the heart of Abu Dhabi, focusing on the priority sectors including fintech, ecommerce, and AI
- As of 2021, houses 114 startups, including 25 in fintech; 16 startups from 11 countries were added in early 2021; only 38% were previously UAE-based
- The 2021 cohort altogether raised over \$75 million from various global investors
- Hub71 provides an ecosystem for Fintech startups to discuss logistics, relocation, office spaces and other challenges that a fintech provider may have
- Hub71 offers numerous benefits to select startups, including...
  - >\$1 Billion endowment
  - Global partners including Mubadala, Microsoft and SoftBank Vision Fund
  - Brings together capital providers, business enablers and strategic partners
  - Runs corporate, incentive, accelerator and upskilling programs





Investment Company	Sector of Fintech Investment	Startup Investments
	Digital Payments	Mamopay
	Financial Products for Non-Banks, Financial Advisory	Rise, Sarwa
	Buy Now Pay Later	Tabby
	Financial Advisory, Digital Payments	Yalla Compare, Now Money, FlexxPay, Tabbby,
	Insurtech	Bayzat
	Payments solution, Digital Asset Exchange, Insurtech	Ziina, BitOasis, Democrance,
VENTURESOUQ	Financial Service Provider, Investment Platform, Personal Finance, Insurance, Digital Payment	Nym Card, Dapi, FlexxPay, Mamo Pay, Souqalmal, Sarwa, Tabbby, Baraka
	Financial Service Provider, Insurance, Investment Platform, Personal Finance, Advisory	Nym Card, Souqalmal, Sarwa, Smartcrowd, Lean



Illustrative, non exhaustive



## Fintech Hive in association with Pearson

- DIFC's Fintech Hive and Pearson has curated a course, 'The Pearson Fintech Navigator', the course explores how Fintech is disrupting the status quo in the financial sector. The course culminates in a project presentation of a business or product idea that could be eligible for local or regional funding opportunities.

## Thunderbird School of Global Management and DIFC

- Thunderbird School opened a new satellite centre of excellence called Thunderbird Global Innovation Center, in partnership with DIFC
- Thunderbird Executive Education will deliver programmes for organisations and individuals.
- Innovators and entrepreneurs will have opportunities to design, test and refine their ideas working alongside top educators, business leaders, financial experts and thousands of other trailblazers from DIFC's vast and diverse ecosystem. This will aid regional recruiting and serve as a connection point for members of Thunderbird and ASU's global alumni networks.



**ADGM** Academy has multiple paid and free courses for different topics in the Fintech industry, such as :

- Blockchain Fundamentals
- Ecosystem Strategy
- Enterprise Innovation for Banks
- FinTech Fundamentals
- Fintech leadership programme
- How to Become a Successful FinTech Founder & Entrepreneur
- InsurTech Masterclass
- RegTech Masterclass
- WealthTech Masterclass



Illustrative, non exhaustive



- FINTECH Abu Dhabi is a programme hosted by ADGM, for innovators and entrepreneurs and hosts conferences, challenges and awards



- Ultimate Fintech hosted its popular iFX EXPO for the first time in Dubai this year
- iFX EXPO is the leading B2B conference in online trading, financial services and fintech
- The event entails speaker sessions, networking platforms, contests and conferences



- Fintech Surge by DIFC is in line with it's 2024 strategy
- The programme is a platform to connect, share and gain industry insights for investors, corporate and government buyers, banks & financial institutions and insurance companies.



- Exibex will host it's 3rd annual of Finnovex Middle East Hybrid Summit in Dubai this year. The programme will cover data, analytics, technology and innovation in the latest financial trends through panel discussions and key note sessions

## EVENTS AND OTHER INITIATIVES BY THE UAE GOVERNMENT IN FINTECH

Other initiatives by the UAE Government to foster innovations in the UAE fintech sector: –

### Smart Dubai

- Facilitating Dubai's smart growth through digital innovation

### Dubai Future Foundation

- Knowledge sharing through industrial revolution and sectorial development

### Ghadan 21

- Abu Dhabi's US\$ 14 billion 3-year accelerator program

### Dubai Silicon Oasis

- Partnership with Visa to support start- ups and exchange knowledge of emerging technologies



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- The Central Bank of the UAE (CBUAE) promotes financial and monetary stability, efficiency and resilience in the financial system
- CBUAE has recently launched a Fintech Office, which aims to work with all major stakeholders to build a mature fintech ecosystem in the UAE and position the nation as a foremost Fintech hub regionally and globally.
- The FinTech Office is mandated to execute the UAE's Fintech strategy, which is centered on innovation and collaboration.

**E-KYC** - Perform KYC checks and approve customer applications electronically

**Digital Payment** – Successful payments ecosystem in the UAE

**Common Fintech Regulatory Framework** - Framework for Fintech covering the onshore market and financial free zones

**Regulatory Co-sandboxing** - Implement a co-sandboxing arrangement for launching potential entities in onshore and financial free zones

**Fintech related policy** - Identify gaps and provide solutions to support development of harmonized Fintech regulations

## FINANCIAL REGULATORS IN THE UAE



- Insurance Authority of UAE is the registered body to regulate and supervise the insurance sector in the United Arab Emirates, provide insurance services and achieve job Emiratization in the UAE insurance market.
- 600+ insurance companies and professionals are registered with and licensed by the Insurance Authority of UAE.
- Foreign reinsurers do not have to be regulated in the UAE and can reinsure UAE-based risks, provided they are regulated in their home jurisdiction.
- With the aim of making the regulator and the industry more efficient, the Insurance Authority of the UAE was merged with the Central Bank of the UAE in late 2020.
- In addition to the Insurance Authority, there are separate dedicated regulators for the health insurance sector in some Emirates, such as the Dubai Health Authority, the Department of Health of Abu Dhabi, and the Sharjah Health Authority.



FINANCIAL SERVICES REGULATORY AUTHORITY  
سلطة تنظيم الخدمات المالية

<https://www.adgm.com/financial-services-regulatory-authority>

## Financial Services Regulatory Authority

- Financial Services and Markets Regulations (FSMR) is a legislative and regulatory framework established for financial services in ADGM and Abu Dhabi based companies.
- FSRA's policies and the adherence to ADGM's enable financial entities to operate within the financial services environment.
- FSMR contains provisions including structure and powers, authorisation, recognition, market infrastructure bodies, enforcement and information gathering powers, accounting, collective investment funds, settlement finality, financial services and more



<https://www.dfsa.ae/>

## Dubai Financial Services Authority

- The Dubai Financial Services Authority (DFSA) is an independent regulator of financial services conducted in or from the DIFC.
- The DFSA's regulatory mandate includes asset management, banking and credit services, securities, collective investment funds, custody and trust services, commodities futures trading, Islamic finance, insurance, an international equities exchange, and an international commodities derivatives exchange.
- The DFSA regulates companies, local, national and international bodies, authorities and organisations in Dubai.



<https://www.difc.ae/business/areas-business/fintech/>

- Dubai International Financial Centre (DIFC) is one of the world's most advanced financial centres, and the leading financial hub for MEASA
- It has made investments into building an ecosystem to offer an encouraging structure, subsidised licensing and funding opportunities.
- DIFC houses 25,000 professionals working across more than 2,400 registered firms
- DIFC is the hub for registration of mainland Fintech startups and companies in Dubai
- It runs accelerator programs; Fintech Hive, AccelerateHer and ScaleUp Programme

## FINANCE FREE ZONES IN THE UAE



<https://www.adgm.com/setting-up/fintech/overview>

- ADGM is an enabler of international investment and business activity in Abu Dhabi
- In 2020, ADGM granted 3211 licenses, with total assets under management totalling USD 85 billion
- ADGM objectives are manifold -
  - Offers a range of licencing to fit all sizes and types of businesses
  - Progressive regulatory frameworks that encourage innovation
  - Jurisdiction in the region for doing business, based on English common law and with a precedent-based digital court system.
- ADGM hosts various cohort programmes like RegLab, FinTech Abu Dhabi and other events in the Fintech sector in Abu Dhabi



## DMCC

<https://www.dmcc.ae/about-us/global-blockchain-council>

- Dubai Multi Commodities Centre (DMCC) is a government entity to enhance global commodity trade flows through Dubai.
- Together with the UAE's Securities and Commodities Authority (SCA), the DMCC is helping to create a regulatory framework.
- 19,000+ companies are registered at DMCC and 170 new ones join each month.
- DMCC unveiled a Blockchain Strategy 2021 to host up to 50 percent of all government transactions on a blockchain platform.

### Global Blockchain Council

- Dubai Future Foundation has announced the establishment of the Global Blockchain Council to explore, discuss current and future applications, and organize transactions through the Blockchain platform.
- The council consists of 46 members, they include government entities, international companies, leading UAE banks, free zones, and international Blockchain technology firms.

### Crypto Centre

- The Dubai Multi Commodities Centre, in partnership with the Switzerland Government, has set up a new space called the Crypto Centre that will house companies developing crypto and blockchain technology.
- Which is an ecosystem for cryptographic, blockchain and distributed ledger technology entities in the UAE.

## OTHER GOVERNMENT AUTHORITIES IN THE UAE



<https://www.sca.gov.ae/en/about-us/initiatives/financial-technology.aspx>

- Securities and Commodities Authority (SCA) is a financial and administrative entity to supervise and monitor the markets.
- For companies in the financial and Fintech industry the SCA has launched a sandbox to provide a safe environment for experimenting with new ideas or innovations of Fintech products and services and their customers to be tested in a virtual environment according to certain standards. If standards are met, it can be launched in the market.
- SCA has established a regulatory framework for issuances of the initial crypto assets/ in the capital markets in the UAE. This framework contains provisions on disclosure, minimum investments, investors rating, and trading etc.
- The SCA has launched a set of guidelines with FSMR and to DFSA to promote sound adoption of technologies by financial institutions across the UAE, so that the risks arising from the adoption of innovative activities are proactively and appropriately managed.