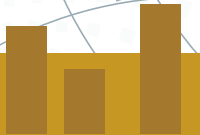




The Financial Sector
Development Program
Annual Report

2022



Financial Sector Development Program



سنة
العمل
التي
تتبعها



The Custodian of the Two Holy Mosques
King Salman bin Abdulaziz Al Saud

“ The developmental approach of the Kingdom aims to make a comprehensive and sustainable change, with the central goal to empower people who will manage the development of the present, and create the development of the future with their knowledge ”



His Royal Highness, Crown Prince, Prime Minister, and
Chairman of the Council of Economic and Development Affairs

Mohammed bin Salman bin Abdulaziz Al Saud

“ Our nation holds strong investment capabilities, which we will harness to stimulate our economy and diversify our revenues ”



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Chairman of the Financial Sector

Development Program

Committee Statement



Minister of Finance

Chairman of the Financial Sector
Development Program Committee

**His Excellency Mr.
Mohammed bin Abdullah Al-Jadaan**

The Kingdom continues forward towards achieving a series of major transformation in various fields, which are the results from its ambitious vision, executive programs and great projects. As it aims to increase growth rate, diversify the national economy, and increase its competitiveness in a manner that fulfills our aspirations through wise leadership.



It's with pleasure I present the annual report for the financial sector development program of the year 2022. This report reflects the efforts and outstanding performance made by the program and its partners that led to achieving exponential objectives and offering the finest financial services for our citizens and investors despite the challenges encountered worldwide.

The policies implemented by the government, through the directives of the wise leadership, had contributed to the Saudi economy overcoming these challenges. They also helped the Saudi economy reach greater ends that it surpassed the economies of advanced and developed countries. Whereat it achieved tangible positive developments on both economic and financial levels, exceeding local and international expectations. Among the achievements of the year 2022 was the approval to launch the FinTech strategy, which was followed by the issuance of the updated regulatory framework of the regulatory sandbox from a cohort basis to always open in order to attract financial institutions and local and international companies specialized in FinTech.

According to the IMD World Competitiveness Yearbook 2022, the efforts exerted in developing an advanced capital market were also reflected into the Kingdom as it achieved high ranks in indicators related to the capital market. Where it ranked first in the stock market capitalization and the shareholder equity indices. Thus, we have witnessed an increase in the listing of 49 companies and two funds (17 companies in the main market and 32 in the parallel market (Nomu), a CEF and ETF) in 2022.

And in order to develop an advanced Capital Market, the Single Stock Futures Contracts was launched with the purpose of diversifying the products available for trading. Alongside the Repurchase Agreement Clearing Service by the Securities Clearing Center Company (Muqassa). And with these two major launches, there was also the linking with International Depository Center (Euro Clear), post-trading service provider, through the Securities Depository Center Company (Edaa),

Moreover, the Kingdom had also achieved the highest growth rate for venture funding, which amounted to 72% compared to the highest countries in the Middle East and North Africa by meeting the financing needs of small and medium enterprises. Thus, maintaining the Kingdom's position as the second largest country in the region in terms of the volume of venture funding during the year 2022, and owning 31% of the total amounts invested in the region compared to 21% in 2021.

In terms of providing various financial products that meet the needs of the sector, citizens and residents, the Ministry of Finance and the National Debt Management Center signed a memorandum of understanding with SNB Capital to develop and launch savings sukuk for individuals, and motivate them for a better saving plan for the future.

Finally, I extend my utmost gratitude to the wise leadership for the continuous support through its directives in light of the current circumstances. And I also thank everyone who contributed to the realization of these prominent achievements of the financial sector since the launch of this program in the year 2018, for I pray to Allah for it to continue working towards its goals.



FSDP

Committee Members Testimonials



Minister of Investment

His Excellency Eng.
Khalid bin Abdulaziz Alfalih

Impacted by the COVID-19 pandemic and geopolitical turmoil, the world in 2022 saw rising inflation rates and a slowdown in the growth of numerous economies. Despite these trends, the Kingdom of Saudi Arabia maintained its A1 sovereign credit rating, underpinned by an exceptional economic environment and a solid financial system. The Saudi capital market witnessed 51 new listings in 2022. Thanks to the Kingdom's continued support to the development and empowerment of fintech, companies active in fintech in Saudi Arabia expanded to 147. The Kingdom also noted record growth in venture capital investment. The achievements of the financial sector contributed to Saudi Arabia being the fastest growing economy in the G20 in 2022, with an annual growth rate of 8.7 percent of GDP, surpassing the expectations of international organizations and solidifying the attractiveness of the Saudi economy to domestic and foreign investors.

To further enable the financial sector to support investments, the Ministry of Investment — in partnership with relevant authorities — continued its efforts to attract international financial institutions to the Kingdom. These institutions will contribute to innovative financing and partnerships that enhance capital formation, and the transfer and localization of expertise and knowledge in the field of finance, which in turn will help develop the Saudi economy in the short and the long term. The Ministry additionally engaged in legislative and regulatory reforms to improve the Kingdom's investment environment and assisted in expanding the investor base.

The Ministry will continue its endeavors — in close cooperation with its partners — to enhance the attractiveness and development of the Kingdom's financial sector. The aim is to ensure that the sector also supports growth of other sectors, in order to achieve the objectives of Vision 2030 and National Investment Strategy.



**Minister of
Economy and Planning**

His Excellency Mr.
Faisal bin Fadhil Alibrahim

The Kingdom has achieved significant achievements during the past years, which demonstrated the success of the government through Vision 2030 and under the leadership of the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud, and His Royal Highness, the Crown Prince Muhammad bin Salman Al Saud. It succeeded as one of the most ambitious global transformation plans in recent history. As the Saudi economy continued its positive performance for the sixth quarter in a row, the real GDP increased by 8.6% during the third quarter of 2022, according to the estimates of the General Authority for Statistics. The performance of real non-oil GDP also exceeded pre-pandemic levels by achieving positive growth in all non-oil economic activities at a rate of 5.6% in the third quarter compared to the same period of 2021, which reflects the diversity of the economic growth base and the recovery it is witnessing in all sectors and activities. The financial sector is of great importance as a main enabler of the post-pandemic recovery phase by preserving the robustness and stability of the financial sector and liquidity levels, and in the long term by achieving the program's development goals in the areas of technology and innovation in digital finance, and to achieve the goals of the vision.



FSDP

Committee Members Testimonials



**Governor of
the Saudi Central Bank**

His Excellency Mr.
Ayman bin Mohammed Alsayari

Over the past year, the Saudi Central Bank (SAMA) remains committed to supporting the Financial Sector Development Program (FSDP) initiatives and their implementation in collaboration with partners for promoting economic growth. The FinTech Strategy, approved by the Council of Ministers, is one of the Financial Sector Development Program pillars. The strategy aims to make the Kingdom of Saudi Arabia a global FinTech hub. In a bid to enhance the digital ecosystem, SAMA has so far granted three digital bank licenses. In addition, 13 Fintech companies were licensed in 2022, bringing the total number to 30 companies. In order to test innovative financial products and services, SAMA permitted 10 Fintech companies to its Regulatory Sandbox, with nine of them specialized in Open Banking and one in Optimizing Working Capital services. Other areas of SAMA engagement include introducing Open Banking Lab, which aims to enable innovation and accelerate the development of open banking services in the Kingdom. As for the insurance sector in Saudi Arabia, it has a good growth potential, requiring a collaborative approach to tap the non-compulsory segments. SAMA sees merit in consolidating the sector for the economy of scale and opening it to foreign investors. In this regard, SAMA has licensed the first foreign insurance company branch in Saudi Arabia to enhance competitiveness, knowledge transfer and exchange of expertise in this sector



**Chairman,
CMA Board**

His Excellency Mr.
Mohammed bin Abdullah
Elkuwaiz

The Capital Market Authority continues its achievements within Vision 2030 alongside with Financial Sector Development Program partners. In 2022, the CMA has worked to raise the depth and breadth of the capital market by listing more companies in the market. Also, CMA executed multiple initiatives that aimed to develop sukuk and debt instruments market as well as increase its liquidity and expand the investor base. In regard to Financial Technology field, the Council of Ministers has approved the FinTech Strategy which aims to support all FinTech activities and develop its infrastructure. Furthermore, CMA has approved the Regulatory Framework for Equity Crowdfunding to enable FinTech companies to carry out their business efficiently and provide new channels of finance and investment. CMA will continue its efforts to achieve the targets of the Financial Sector Development Program and any contributions that enhance the national economy.



FSDP

Committee Members Testimonials



Governor of Small and Medium Enterprises General Authority

Mr. Sami bin Ibrahim Alhussaini

In 2022, we achieved record growth in lending and capital financing and financing guarantees for the small and medium enterprises sector, as the Small and Medium Enterprises General Authority “Monshaat” contributed, through the Saudi Venture Investment Company, to the Kingdom achieving the second place in the number and value of venture investment deals at the level of the Middle East and North Africa With a growth rate of 108% during the period from the beginning of the current year 2022 to the end of the third quarter, with a total of 3 billion and 68 million SAR. The number of investors taking part in the investment tours for Saudi startups has experienced an outstanding growth of 83% from the beginning of the current year 2022 to the end of the third quarter, achieving a new record with a total of 97 investors. As we have provided stimulating financing solutions by disbursing more than 2.85 billion SR and benefiting more than 2,500 SMEs until the third quarter of 2022.



Head of Global Capital Finance at PIF

Mr. Fahad bin AbdulJalil Alsaif

Driven by its strategic partnership with the Financial Sector Development Program, the Public Investment Fund (PIF) and its portfolio companies continue to contribute to the expansion and deepening of capital markets in the Kingdom.

2022 saw PIF obtain its inaugural investment grade credit rating, and the publication of the Fund's Green Finance Framework. These efforts were culminated by PIF issuing its USD 3bn inaugural green bond with a 100 year tranche, the first of its kind globally. PIF also raised a USD 17bn term loan, the largest globally, from a syndicate of international banks.

The Public Investment Fund also continues its capital recycling program. By mid-December, PIF has listed six portfolio companies with combined market cap of more than USD 50bn on the Saudi Exchange, which supported in increasing the weight of KSA in MSCI/ FTSE indices, promoting more inflows into the market.

PIF has also supported developing a framework for first of its kind capital market transactions in KSA such as the first dual listing of Americana Restaurants and the first fully marketed offering of Saudi Telecom Company.

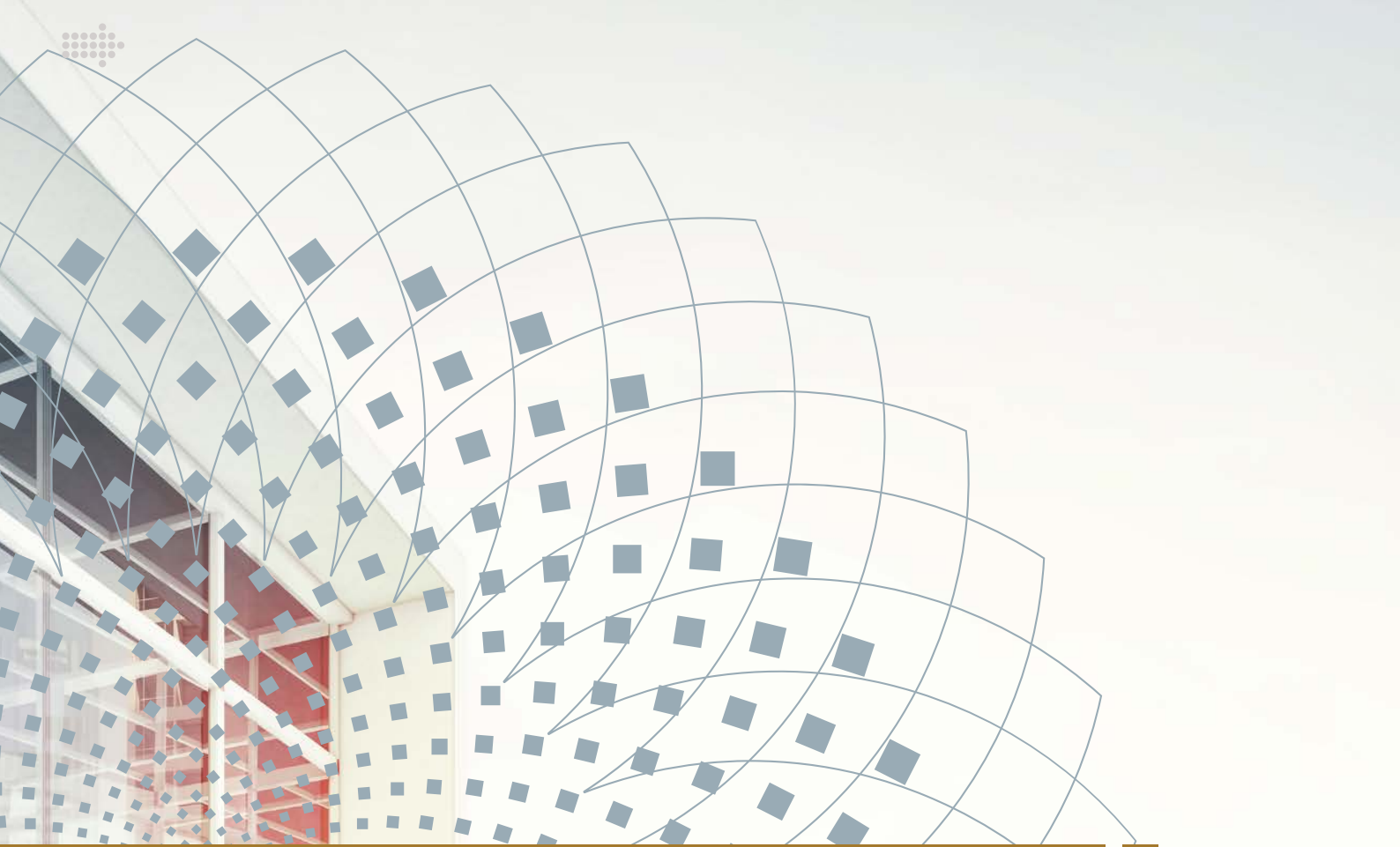
Further, PIF contributes to the development of the asset management industry by allocating part of PIF's asset to be managed by local asset managers. PIF also works on attracting regional and global asset managers to establish presence in the Kingdom.



Secretary of the Financial Sector Development Program committee

Mr. Faisal bin Mohammed Alsharif

The Financial Sector Development Program continues to develop the national economy to achieve the goals of the Kingdom's Vision 2030 by achieving many milestones that play a pivotal role in developing the sector, such as launching the financial technology strategy to make the Kingdom among the leading countries in this field in line with Vision 2030.



2023 Aspirations





Saudi Central Bank's Aspirations for 2023

Continue the development of the open banking system in the Kingdom to enable banks and FinTechs to launch their services to beneficiaries during 2023, which will contribute to the development of new and innovative products and raise competitiveness in the financial sector

Work collaboratively with the partners to implement Fintech strategy initiatives to build a diversified, inclusive, innovative financial sector and attract the most prominent companies to reach 150 FinTech companies in the Kingdom by 2023

Keep abreast of the best practices and adherence to international standards in a way that preserves the Kingdom's position and contribute to enhancing the strength and stability of the financial sector and enabling it to support the economy and encourage investment

Support the growth of the financial sector through the development of regulatory frameworks that promote the entry of new financial institutions that provides diverse, innovative, and sustainable product and services that take into account the needs of beneficiaries while managing the associated risk in a way that contributes to protecting the rights of the financial sector and its consumers, and supporting the growth of the private sector

Capital Market Authority's Aspirations for 2023

Attracting the foreign investors to the market and increase their ownership as a percentage of the total market value of free float shares to reach 16.5% by the end of 2023

Deepening the sukuk and debt instruments market, and raising the volume of the debt instruments market as a percentage of the GDP, to reach 20.1% by the end of 2023

Increasing Assets under Management, as % of GDP to reach 27.4% by the end of year 2023, by promoting institutional investment in the capital market, deepening the investment funds sector, increasing its attractiveness to investors, and raising its effectiveness as an institutional investment channel



The National Debt Management Center

2023 Annual Borrowing Plan

Ensure the issuance of sovereign debt instruments at a fair price and within well-studied frameworks and foundations for risk management

Continue to diversify between internal and external funding sources

Continue the borrowing plan with the aim of repaying the principal debt and financing strategic projects. Additionally, alternative government financing operations will be implemented to finance capital and infrastructure projects

The Financial Academy

Developing and improving the capabilities of talents in the financial sector through:

Developing professional standards and certificates, and customized content to serve the learning and training needs of workers in the sector for their professional development

Supporting the progress of the financial sector in the Kingdom by providing innovative and effective solutions and technologies for the development of workers in the sector

Enabling continuous vocational training, and strengthen relationships with sector leaders and workers to support collective efforts for sustainable human resource development

Improving the capabilities of workers in the financial sector by developing and providing specialized programs to fulfill the needs required in competence

Establishing confidence in the sector through internationally recognized training and development programs that are compatible with the needs of the local environment to promote professional excellence and ethical practices



FinTech

CWOT	99.6	+99.0%
BOTJ	-0.82	-0.82%
TRF	-32.0	-32.0%
UIO	+75.0	+75.0%
DZRD	-17.0	-17.0%
VWQ	-34.0	-34.0%
KNJ	+56.0	+56.0%
PLMN	+0.98	+0.98%
NCG	+56.0	+56.0%
UR	+83.0	+83.0%



The Launch of the FinTech Strategy

Which aims to:

Enable technological innovations in the financial services

Increase the number of FinTech companies operating in the Kingdom to 230 companies by 2025

Promote innovation in the financial sector by attracting the most prominent companies in FinTech

Increase the growth of payment digitalization to reach 70% by 2025

The objective of the FinTech strategy is to position the Kingdom as a global leader in the field, by implementing initiatives and measures that enhance the competitiveness and innovation of the FinTech industry in the country

Launch of the FinTech Hub

Providing the FinTech community with the opportunities to connect, collaborate, and innovate

Enabling FinTech companies and building a foundation for a strong FinTech ecosystem in the Kingdom of Saudi Arabia

Contributing to Financial Sector Development Program objectives, which aims to support the development of FinTech companies in the financial services industry

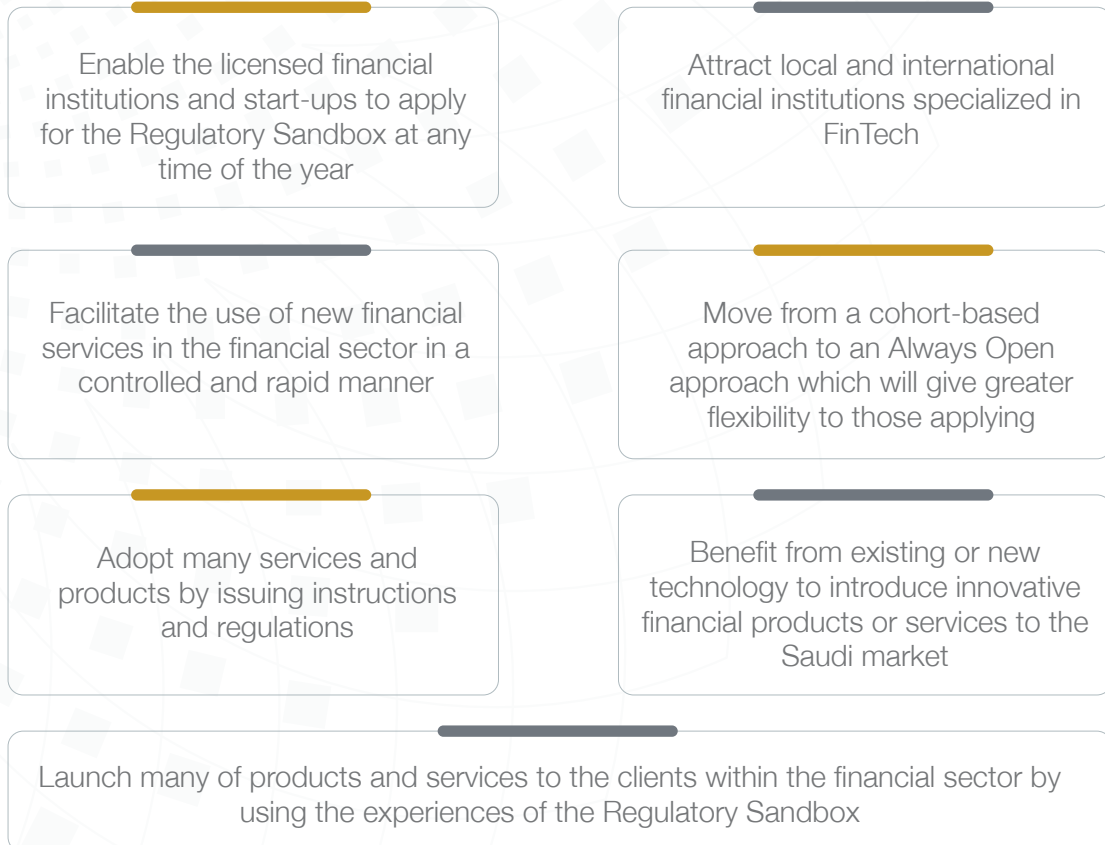


The Licensing of a Third Local Digital Bank with a Capital of SAR 1.65 Bn

The issuance of the Council of Ministers' decision approving the licensing of a third local digital bank through a consortium of a number of institutional and individual investors, with the participation of the Public Investment Fund, and led by Derayah Financial Company with a capital of SAR 1.65 Bn, which comes from the continuous support of the leadership of various sectors, including the financial sector Bringing total number of licensed digital banks by SAMA to 3 digital banks.

Saudi Central Bank Regulatory Sandbox Moved from a Cohort Based Approach to an Always Open

Which aims to:





147 FinTech Companies Operating in the Kingdom of Saudi Arabia

The total number of FinTech companies reached 147 companies¹, based on the role of the Central Bank of Saudi Arabia and the Capital Market Authority in enabling the FinTech sector in various activities to enhance its stability and growth, and to attract new potential investors and companies

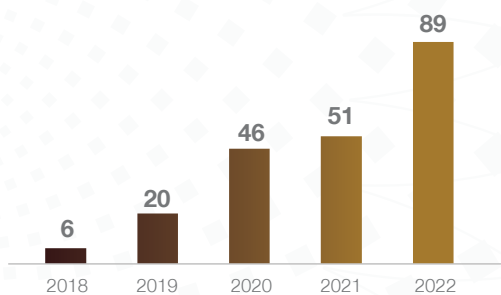
Total number of FinTech companies licensed by SAMA

By the end 2022, The Saudi Central Bank has licensed 30 FinTech companies operating in Finance, Insurance, and Payments activities. In addition to achieve, 59 authorized FinTech companies operating in the different sectors under its supervision.

The Saudi Central Bank will continue to develop and enable the ecosystem to stimulate innovation in Financial Technology business models, to increase the number of companies in this promising sector and to achieve the FinTech Strategy's ambitions

Number of FinTechs licensed and authorized by SAMA

	2018	2019	2020	2021	2022
Licensed	0	0	14	17	30
Authorized	6	20	32	34	59

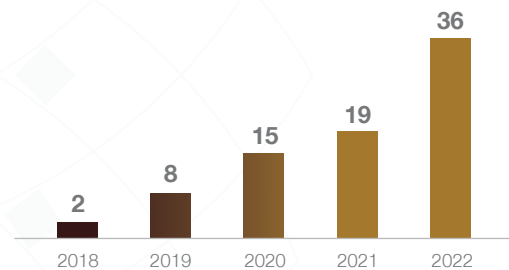


Total number of FinTech companies licensed by CMA

In 2022, CMA received 82 applications for a financial technology experiment permit. The FinTech Lab currently houses 29 authorized FinTech firms.

CMA aims to continue the momentum of progress in licensing financial technology businesses and providing support in licensing them in order to serve the development of the financial technology sector and the diversity of its models.

Number of FinTech experience permits granted



The Issuance of the Open Banking Framework

Which includes a comprehensive set of legislation, regulatory guidelines and technical standards based on international best practices to enable banks and FinTechs to provide open banking services in the Kingdom. The first version of the open banking services focused on the Account Information Service (AIS), and the second version will focus on the Payment Initiation Service (PIS).

1. 89 FinTechs licensed / authorized by SAMA, 36 licensed by CMA, and 22 do not require licensing / authorizing.



The Launching of the Points of Sale (POS) Service between the Kingdom of Saudi Arabia and Qatar Via GCCNET

Contributing to achieve the objectives of the financial sector development program

Enabling GCC bank clients to execute ATM cash withdrawals in the host country's local currency

Carrying out payments through GCCNET's direct debit cards via POS devices in the GCC countries

Allowing the Cardholders of Mada and NAPS cards to carry out POS transaction in the two countries through the Gulf Payments Network (GCCNET)

The Issuance of Governing Rules for Electronic Issuance and Authenticity Verification of Banking Documents

Which contributes to:

Requiring banks to follow the conditions when issuing bank documents

Obliging banks to allow the use of E-document Verification service

Improving the quality and effectiveness of electronic services provided to customers of the banking sector

Ensuring the ease of transactions to save time and effort when obtaining bank documents and certificates, with credibility in the authenticity of documents issued electronically



The Approval of the Regulatory Framework for Equity Crowdfunding

Which contributes to:

Supporting FinTech innovations in the capital market, while also determining the necessary license for its practice by capital market institutions

Keeping pace with the accelerating technical revolution in the capital market

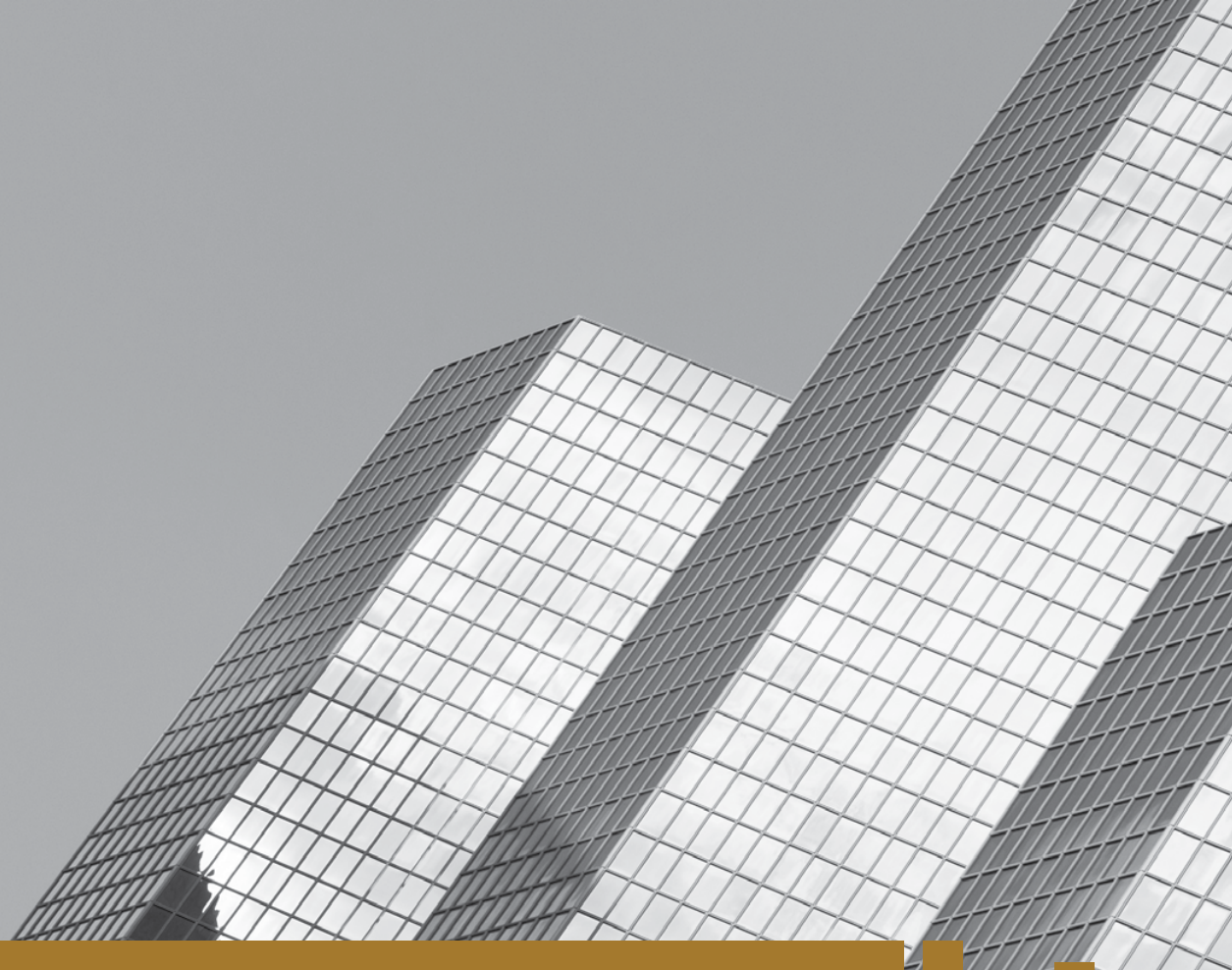
The first regulatory framework that enables the transfer of the FinTech business model from the experimental environment (FinTech lab) to the sustainable environment in the capital market

Enabling FinTech companies to carry out their business with high efficiency within a supportive regulatory environment, which contributes to supporting the national economy

Enabling companies that obtained a FinTech ExPermit to graduate from the FinTech lab and obtain the appropriate license to practice as a capital market institution, in line with international best practices

Organizing the offering of shares by capital market institutions to carry out activities while also following the practice of the crowdfunding with securities

Regulating the requirements for the capital market institutions licensed to carry out the arrangement of clients' funds that they receive in the course of practicing crowdfunding with securities, and opening and operating investment accounts



Capital Market Development



Saudi Arabia Advances in Global Competitiveness Index associated to the Capital Market

According to the International Competitiveness Yearbook issued by the International Institute for Management Development (IMD) for the year 2022, the Kingdom has achieved advanced ranks with the indicators associated with the capital market. The Kingdom's ranking increased in nine indicators out of 12 associated to the capital markets, while 3 indicators maintained the same ranking compared to 2021.

The Kingdom ranked first in the stock market capitalization and the shareholder equity indices

The Kingdom ranked second in the capital markets and venture capital indices

With this new achievement, the Kingdom was positioned as one of the top three ranks in 6 out of 12 indicators related to the capital market at the G20 level

The Kingdom ranked third in the indicators of initial public offering (IPO) and board of directors within the G20 countries

The Approval of the Council of Ministers for the new Saudi Companies' Law

Developing an efficient governance framework that ensures fair treatment among stakeholders

Attracting local and foreign investments and maintaining the momentum of expansion and growth

Developing the business and commercial ecosystem of the Kingdom with the best international practices

Enhancing corporate sustainability and support investment by facilitating formal procedures and requirements



The Launch of Repurchase Agreement Clearing Service in the Saudi Capital Market

Which contributes to:

Enhancing the depth of the Sukuk and Bond Markets in the Kingdom of Saudi Arabia

Developing an advanced capital market to meet the various needs of investors

Supporting market participants' access to liquidity, while improving operational efficiency and reducing overall market risk

Enhancing transparency and transferring liquidity from unsecured lending markets to secured lending markets

Linking Saudi Capital Market with the International Depository Center (Euro Clear)

Which contributes to:

Enabling international investors to settle debt instruments issued locally, and achieving the highest degree of operational compatibility in the market

Allowing international investors to benefit from the services of the International Securities Depository Center

Broadening the investor base by increasing the liquidity of local government debt instruments and attracting more foreign capital. This will enable the Kingdom to secure its domestic debt financing requirements while also achieving the strategic objectives of FSDP. The program's framework will support the development of the secondary market, providing a more vibrant and active marketplace



The Launching of Single Stock Futures Contracts

Which contributes to:

Diversifying the products available for trading in the Saudi capital market

Enabling local and international investors to hedge and manage the risks of their portfolios more efficiently

Supporting the efforts made through the FSDP to develop an advanced capital market in the Kingdom of Saudi Arabia, especially the derivatives market

Ensuring the availability of liquidity to meet market requirements, maintain market integrity, and enable effective management of investment portfolios

The Listing of 49 Companies and two Funds in the Saudi Capital Market during 2022

Increasing the number of listings in the Saudi market contributes to:

Supporting corporate growth and sustainability

Developing new and promising sectors, as well as providing financing channels to support growth

The new listings were about **17 companies** in the main market, **32 companies** in the parallel market (Nomu), a CEF, and an ETF.
The total number of companies listed in the capital market by the end of 2022 **was 269 companies**, in addition to seven exchange-traded funds and two closed-end investment funds.



The First Dual Listing of a Foreign Company (Americana Company) in the Saudi Capital Market

To present the Saudi capital market as an attractive environment for investment for foreign investors and issuers alike, and to also reach regional and global leadership in order to support the strategic objectives of the Capital Market Authority (CMA)

CMA worked to gradually open the capital market, starting with:

Allowing foreign investors to directly invest in the Saudi capital market, then gradually easing the qualification requirements for those investors

Opening the way for foreign companies by allowing the direct secondary listing of foreign companies





Debt Market Instruments



The Listing of Government Debt Instruments in the Saudi Stock Exchange

with a Total Value of SAR 102,735,259,000

Listing government debt instruments of a new category with a total value of

SAR 34,518,880,000

As well as listing government debt instruments from a previously listed category with a total value of

SAR 68,216,379,000

Regulating the Direct Listing of Privately Offered Debt Instruments

Which aims to:

Diversify the investment products available in the market to serve the expansion of the investor base

Reduce the difference between private and listed public offerings

Provide an additional channel for issuers to list debt instruments in the market and enable them to benefit from market liquidity and trading in it

And includes the following elements of amendments:

Regulating the issuance of exchangeable debt instruments and the conditions related to the shares that can be exchanged into

Developing the provisions regulating convertible debt instruments, including the provisions relating to the privately offered convertible debt instruments from companies listed on the market

Clarifying the conditions and requirements for applying the registration of privately offered debt instruments for the purpose of direct listing in the market



The Signing of a Memorandum of Understanding with SNB Capital to Develop and Launch the Government Individuals' Saving Sukuk

Will contribute to:

Enabling financial planning in the Kingdom by promoting the concept of saving through the development and launch of savings sukuk for individuals

Developing individuals' savings sukuk in an effort to launch the first savings product supported by the government

Strengthening the existing cooperation between the Ministry of Finance, the National Debt Management Center and the private sector

Five International Financial Institutions Join the Primary Dealers Program of the Government Local Debt Instruments

BNP Paribas, Citigroup, Goldman Sachs, J.P. Morgan, and Standard Chartered Bank have joined the local financial institutions that have been appointed previously to the Primary Dealer Program: Saudi National Bank, Saudi British Bank (SABB), Al Jazeera Bank, Alinma Bank, and Al Rajhi Bank

Deepening the debt capital market in order to achieve the objectives of the Financial Sector Development Program and the National Debt Management Center



The Development of the Green Finance Framework, and the Assessment of Sustainability Related Data

Which contributes to:

Collecting data related to sustainability in preparation for its provision and dissemination through official channels

Supporting the Kingdom's vision towards sustainability and net zero emissions

Promoting the Kingdom's efforts towards sustainability to investors and market participants

S&P Revised Saudi Arabia's Outlook from Stable to Positive and Affirms "A-/A-2" Credit Rating

Standard & Poor's credit agency revised Saudi Arabia's outlook from Stable to Positive due to Saudi Arabia's GDP improvement along with its fiscal position in the medium-term which is linked to its recovery from Covid-19 pandemic, oil sector's situation, and the continuity of government reform programs. Additionally, it affirmed its sovereign credit short and long-term foreign and local currency-denominated evaluation to "A-/A-2".



Fitch Revised Saudi Arabia's Outlook from Stable to Positive and Affirms "A" Credit Rating

Fitch's credit agency revises Saudi Arabia's outlook from Stable to Positive and affirms "A" credit rating due to the Kingdom's commitment to enhance the governance of its public fiscal policy, its continuity in reforming its programs, its implementation of economic diversification plans, and the increased oil revenues due to its price improvement.

Moody's Affirmed Saudi Arabia's Credit Rating at "A1" with a Stable Outlook

Moody's credit agency affirms Saudi Arabia's credit rating at "A1" with a stable outlook due to the Kingdom's government efforts in developing its fiscal policy, its speedy responsiveness and adaptation to oil prices' fluctuations, and its commitment to governing its public fiscal policy and sustainability in the long-term. Additionally, it had made more progress in the fiscal governance in the medium-term, and made improvement in the spending policy despite the increase in oil prices.





The Completion of the Third Early Repurchase Transaction by the Kingdom with a Total Value of SAR 25 Billion

This step is the third phase of this initiative which was started in 2020, in which it will continue until it unifies all domestic debt outstanding. It also included the Issuer's outstanding bonds and sukuk maturing in 2023, 2024 and 2026, and also the issuance of new Sukuk under the Sukuk Issuance Program in SAR.

The Completion of the First Partial Repurchase Offer for the Kingdom's Dollar-Denominated Bonds with a Total Value of USD 1.268 Billion and the Dollar-Denominated Issuance of Sukuk and Bonds with a Total Value of USD 5 Billion

The partial repurchase of dollar-denominated bonds is part of the Kingdom's government plan for effective management of the sovereign debt portfolio, which includes proactive management of refinancing risks and future maturities of the debt portfolio.

The National Debt Management Center Wins the Middle East's Sovereign Treasury & Funding Team Award of 2022

Winning this award is a testament to Saudi Arabia's ability to meet investors' expectations while accessing debt capital markets to secure the Kingdom's needs in the short, medium and long term at fair costs.

It also demonstrates the efforts of the Kingdom in developing the local debt capital market and is expected to promote and enhance demand for Saudi Sukuk and Bond issuances.



The National Debt Management Center Wins Two Awards at the Saudi Capital Markets Conference

Being able to enter the European euro market (the second largest market after the US dollar market) by arranging the issuance of sovereign bonds worth EUR 1.5 Bn (one and a half billion Euros) with the largest yield of negative return ever outside the European Union.

It displays its role in broadening the investor base, opening communication channels with the investors internationally, and securing the Kingdom's financial needs in the short, medium and long term at fair costs and risk levels that comply with the Kingdom's fiscal policy by ensuring sustainable access to all funding channels.





Small and Medium Enterprises



Extending the Guaranteed SAMA Extended the Guaranteed Financing Program for One Year

Enhancing the Saudi Central Bank's support to MSMEs growth and to overcome challenges that arise from COVID-19 preventive measures

Promoting financial sector stability, supporting economic growth

Increase in the Percentage of Micro and Small Enterprises Listed in the Capital Market to Reach 55% of Total Listings

Meeting the financing needs of the economy and facilitating funding in the capital market by deepening the market and promoting its role in capital formation



Growth in Venture Funding in the Kingdom by 72% During 2022

According to 2022 Saudi Arabia Venture Capital Report by MAGNiTT:

Saudi Arabia achieved the highest growth of VC funding among top MENA countries, amounting to 72%

VC funding deployed into Saudi Arabian startups grew by 72% to a record-high close to \$1Bn, achieving \$987M (SAR 3.701Bn) in 2022 versus 2021

A record-high of 104 investors participated in deals closed by Saudi startups in 2022, up 30% versus 2021

Saudi Arabia recorded double the number of exits in 2022 compared to 2021, with 10 exits

The Kingdom maintained its position as the second-most funded market in MENA in 2022, accounting for 31% of the total capital deployed in MENA, increasing from 21% in 2021



Saudi Venture Capital Company (SVC) Invests in the First Venture Capital Fund

Which contributes to:

Allowing startups and SMEs to achieve greater progress during their growth journey

Bridging the financing gap in the venture capital ecosystem

Providing financing solutions to high growth startups and SMEs to prevent dilution for founders and existing investors

Providing venture debt instruments to start-up companies and fast-growing small and medium enterprises in the fields of technology, FinTech, and health care

The Saudi Venture Investment Company Announces its Investment in the Software Industry

It reflects the rapid development that is attributed to the capital venture in the Kingdom of Saudi Arabia and launching several government initiatives to realize Vision 2030

To stimulate and sustain funds for startups, mainly those in their first stages. Especially since the Kingdom is witnessing unprecedented growth in the volume and quality of startups deals as a result of having several innovative business entrepreneurs, capital venture funds, angel investor groups, and the availability of a developed organizational and legislative environment



Licensing the Third Consumer Microfinance Company using FinTech with a Capital of SAR 10 million After its Success in SAMA's Regulatory Sandbox

Which contributes to:

Supporting and empowering the Kingdom's finance sector as it broadens its scope of activities and draw more investors and medium capital companies

Raising the efficiency through compliance with SAMA's regulatory instructions and requirements related to risk management, compliance and clients' protection. And offering the Kingdom's financial stability and supporting economic growth and development towards achieving the objectives of Vision 2030

A Partnership Contract formed by the Funding Guarantee Program (Kafala) with the Cultural Development Fund and the General Entertainment Authority

Providing the necessary support and funding for recreational facilities

Providing the necessary support and funding for cultural facilities



Regulations in the Financial Sector





The Issuance of Comprehensive Motor Insurance Rules

Aims to regulate the contractual relationship between the insurer and the insured, SAMA issued the comprehensive motor insurance rules.

Determining the repair cost by the competent entity in charge of automobile damage appraisal in case of partial loss

Calculating the sum insured based on an agreement between the insurer and the Insured, and applying the deductible amount

Standardizing the minimum coverage limit of the non-compulsory comprehensive motor insurance and outline coverage provisions of the compulsory and optional coverage

Determining the total loss as decided by the competent entity, as well as to allow a space for the insurer and the insured to agree on the percentage to consider the vehicle as an economic total loss, and compensate the insured based on the sum insured

Updated Rules for Practicing Debt Crowdfunding Activities

Which contributes to:

Adding a definition of aggregate accounts to ensure complete separation between the funds of the participants in the financing process and the funds of the crowdfunding facility

Redefining the beneficiary to include all commercial establishments registered in the Kingdom of Saudi Arabia that seek to obtain financing through the debt crowdfunding platform

Determining the ceiling of crowdfunding allowed based on the capital criterion by amending Article 28

Amendment of Articles of the Implementing Regulations of Finance Laws

Which contributes to:

Amending Article 16 of the Implementing Regulation of the Finance Companies Control Law

Allowing real estate finance companies to practice financing activities without stipulating the prohibition of combining Real Estate financing and other forms of financing activities



Mergers in the Insurance Sector

Developing and supporting the insurance sector due to the vital role it plays in Saudi Arabia's economy, highlighting Vision 2030, through the Financial Sector Development Program, as the last two mergers in the insurance sector during 2022 was between:

“Walea Cooperative Insurance” company and “SABB Takaful” company
And “Arabian Shield Cooperative Insurance” Company and “Alahli Takaful” company

The Central Bank of the UAE and the Saudi Central Bank Signed a Memorandum of Understanding on Insurance Supervision

It aims to promote mutual co-operation and common interests in the field of supervision and regulatory of the insurance sector and its development in both countries, especially with regard to services and financial markets

SAMA Issued Standard Insurance Policy of Professional Indemnity for Auditors of the Entities Supervised by CMA

It aims to promote mutual co-operation and common interests in the field of supervision and regulatory of the insurance sector and its development in both countries, especially with regard to services and financial markets



Developing and Amending **Capital Market Authority's** Regulations and Rules

New Rules and Regulations:

1. The Instructions on the Direct Financing Investment Funds, that aims to to regulate the offering of the units of investment funds that are established for direct financing, and the management of these funds and their operations
2. Regulation on the Reporting of Violations of the Capital Market Law, that aims to regulate the determination of the financial rewards for those who report such violations, the controls on granting the rewards and the procedures that contribute towards the protection of those who report violations
3. Regulatory Framework for Equity Crowdfunding, that aims to determining the requisite authorization for capital market institutions to carry it out, and to enable companies that have a Financial Technology Experimental Permit (FinTech ExPermit) to obtain the appropriate authorization to practice it as a capital market institution
4. Instructions for Shariah Governance in Capital Market Institutions, that aims to set the rules and standards for Shariah governance in Capital Market Institutions that provide, wholly or partially, products or services that are compliant with the rules and principles of Shariah
5. Securities Exchanges and Depository Centers Regulations, that aims to develop the regulatory framework for the authorisation and supervision of securities exchanges and depository centers for the efficient performance of their duties and obligations

Amended Rules and Regulations:

1. Amendment of the Rules on the Offer of Securities and Continuing Obligations, that aims to Regulate an Additional Option for Capital Increase
2. Amendments of the Resolution of Securities Disputes Proceedings Regulation, that aims to further improve the proceedings of securities disputes before the Committees for Resolution of Securities Disputes and the procedures that enhance the speed and efficiency of considering and adjudicating lawsuits
3. Amendments to the Regulatory Requirements for the Capital Market Institutions Authorized to Conduct Advisory Activity or New Applicants for such an Activity, that aims to develop the advising activity in the securities business in the Kingdom in a manner that serves the capital market sector and its participants
4. Amendments to the Rules for Registering Auditors of Entities Subject to the Authority's Supervision, that aims to develop the standards and conditions required for Auditors of Entities Subject to the Authority's Supervision
5. Amendments to the Instructions for Book Building Process and Allocation Method in Initial Public Offerings, that aims to develop the provisions regulating the parties eligible for participating in the Book Building Process and Allocation Method for participating entities, and the roles required of the financial advisor during the book building process and allocating shares in initial public offerings



Developing the Market Making and its Procedures

Regulating the activities of listed securities market making and determining the mechanism of practicing such activities on securities

Facilitating the trading process, which includes raising the efficiency and volume of liquidity in the capital market

Developing the Securities Exchanges and Depository Centers Regulations

Developing procedures that ensure effective supervision over securities exchanges and depository centers in line with international best practices and standards in this regard

Regulating the licensing and supervision of securities markets and depository centers to effectively perform their duties and obligations

Improving everything that would enhance the participants' confidence in the capital market

Enhancing the regulatory environment and stability in the capital market



Financial Literacy





Awareness and Warning against the Activity of Trading with Securities in the Unlicensed Foreign Exchange Market (Forex)

The Standing Committee for Awareness and Warning against the activity of trading with securities in the unlicensed foreign exchange market (Forex) warned of new methods that are being exploited by unlicensed companies and persons to promote their illegal activities. These methods, according to what the committee has monitored during the last period, consisted of using the logos of government agencies, as well as the logos of some private entities, and publishing incorrect statements by government officials and public figures in the form of advertisements aimed at misleading citizens and residents and deluding them with the legitimacy of the financial dealings of these suspicious parties.

The committee stated that the suspicious parties are adopting many, varied and innovative ways and methods of inflicting upon their victims. Among the most prominent of these methods is the creating of misleading reports and press headlines that include pictures of government officials who urge for registration in some government services. Moreover, it uses the official logos of newspapers and commercial websites, for their advantage's reports, so that they appear to be reliable to recipients. The logos of these newspapers and websites are used in an irregular manner to promote their suspicious activities. It appears to the public when clicking on the link; it is in the form of an advertisement. Then a new page requests contact information of their victims who wish to invest their money, with the promise of achieving quick financial gains, before the fraud process begins.

Launching CILA Diploma Program

Which contributes to:

Granting Trainees who pass the program with a diploma in loss adjustment (CILA Diploma), which is approved by the Chartered Institute of Loss Adjusters (CILA)

Improving professional competence of the Saudi male and female staff in the insurance sector by focusing on essential principles of insurance and settlement, claim handling, and principles of professional practice



The Growing Number of Beneficiaries at the Financial Academy

The number of trainees from the financial sector has reached 13,347

The number of examinees for the professional certificates in the financial sector reached 45,113

The total number of beneficiaries of the training courses since the establishment of the Financial Academy has reached more than 39,000 trainees

Launching 15 New Professional Certificates in the Four Financial Sub-Sectors (Banking, Finance, Insurance, and Securities)

The launch of 15 new professional certificates in the four financial sub-sectors (Banking, Finance, Insurance, and Capital Market), which varied between mandatory and non-mandatory certificates, to meet the aspirations of the legislative authorities and financial institutions in the sector, bringing the total number of certifications offered and hosted at the Academy to 41 professional certificates.



The Financial Academy Organizes 30 Events, Meetings and Seminars, with the Participation of 450,000 male and female participants

The events aimed to educate professionals in the financial sector about recent major developments.



The Financial Academy Forum 2022 was Held in the Presence of 490 male and female Participants

The Academy held the “Financial Academy Forum 2022” on March 30, 2022, to explore the prospects of developing the capabilities of the talents in the financial sector of which the number of attendees at the Academy Forum reached 490 participants in person.





The Holding of Two Meeting on “Innovation and the Future of Investment in the Financial Sector” and “Health Insurance Sector and its most Prominent Challenges” as part of the Activities of the Financial Dialogue

Spreading culture and awareness about the financial sector generally, and the health insurance sector.



The Holding of the Economic Growth Forum entitled “National Economic Implications of Cybersecurity on the Kingdom of Saudi Arabia.”

Shedding light on the cybersecurity economy, how to manage it, and the resulting national economic effects.



Launching the Future Financial Leaders Training Program

As it presented a review of the rapid developments and alternative solutions for the financial sector until 2030. As well as the most prominent trends and expectations related to digitization and financial technologies, and how these trends affect the financial sector in the Kingdom.



Designing a Qualifying Program for or University Graduates Majoring in Finance and Accounting

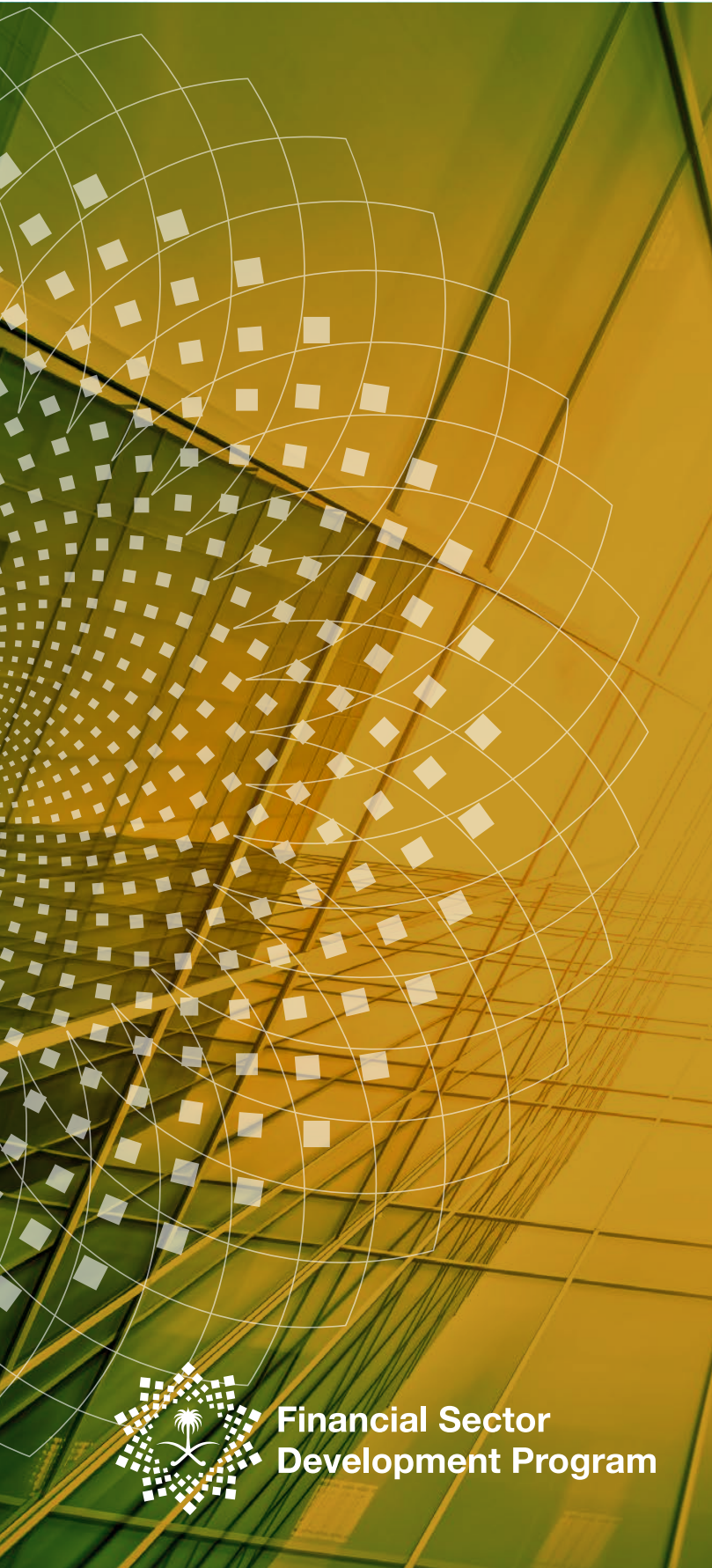
For university graduates to develop the necessary personal and managerial skills to ensure a successful transition into the financial sector workforce.



The Financial Academy Signs 9 Memorandums of Understanding with Various Entities

These partnerships aim to advance the talent pool in the financial sector by signing enhance the customer experience, services, and products offered by financial institutions, while also incorporating international best practices to meet the ever-evolving needs and expectations of stakeholders. By prioritizing stakeholder satisfaction and continuously improving industry standards, the Financial Academy and its partners are driving growth and innovation within the financial sector.





Financial Sector Development Program

The Financial Sector Development Program is one of the executive programs launched by the Council of Economic and Development Affairs (CEDA) to achieve the objectives of Vision 2030. The role of the program is to create a diversified and effective financial sector to support the development of the national economy, diversify its sources of income and stimulate savings, finance, and investment.

Sources

Ministry of Finance, Saudi Central Bank (SAMA), Capital Market Authority (CMA), Monsha'at, National Debt Management Center (NDMC), Financial Academy, General Authority of Statistics, Bloomberg, Reuters Eikon.

This report has been published by Financial Sector Development Program Office. For questions or comments, please contact us at

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