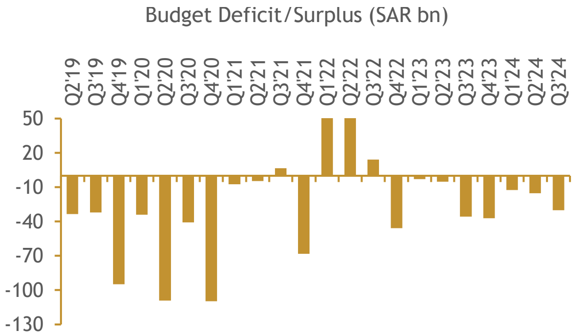
Financial Sector Development Program

Quarterly Newsletter Q3 2024

Key Highlights: Budget Deficit in Q3 2024, GDP declined by 0.3% in Q2 2024

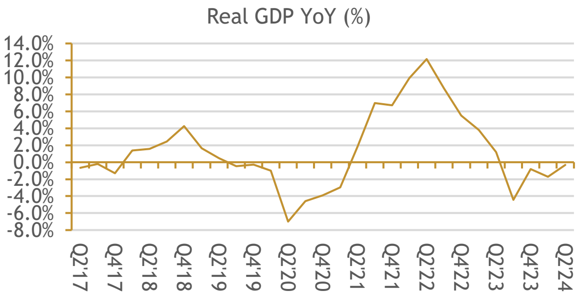
Q3 2024 Budget Highlights

- Saudi Arabia recorded a budget deficit of SAR 30.2bn in Q3 2024, compared to a deficit of SAR 35.8bn in the same period last year.
- Total revenue rose 20% YoY to SAR 309.2bn in Q3 2024, from SAR 258.5bn in the same period a year ago.
- Oil revenues rose 30% YoY to SAR 190.9bn, while non-oil revenues rose 6% YoY to SAR 118.3bn in Q3 2024. Revenues from 'Taxes on Goods and Services' witnessed a 5% YoY rise to SAR 73.9bn in Q3 2024.
- Total expenditure rose by 15% YoY to SAR 339.4bn in Q3 2024, from SAR 294.3bn in the same period last year.
- Public debt increased to SAR 1157.6bn by the end of Q3 2024 from SAR 1050.3bn by the end of FY 2023.



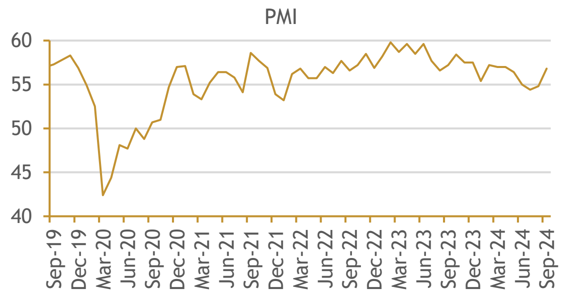
Q2 2024 GDP Growth (%)

- Real GDP declined by 0.3% YoY in Q2 2024.
- The decline was greatly caused by an 8.9% fall in oil activities. Meanwhile, the non-oil activities rose by 4.9% in Q2 2024, from the same period a year ago.
- The non-oil activities accounted for 52.1% of total GDP in Q2 2024, compared to 51.3% in Q1 2024.



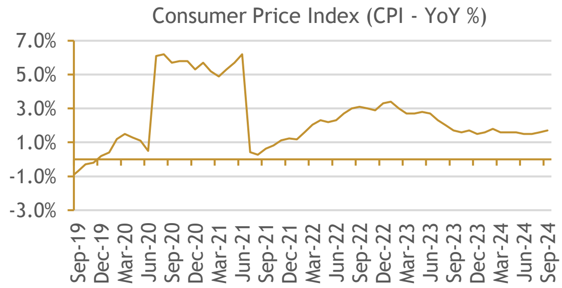
PMI Index

The Saudi Arabia Purchasing Managers' Index (PMI) climbed for the second straight month in September, reaching 56.3, rising from 54.8 in August. This represents the fastest growth in the non-oil private sector since May, fueled by quicker growth in output and new orders, along with a robust rise in employment. New orders achieved their fastest growth rate in four months, mainly driven by strong domestic demand. Further, there was an improvement in business sentiment bolstered by economic stability.



Consumer Price Index (CPI)

The CPI increased by 1.7% YoY in September 2024. Housing, Water & other fuel prices rose by 9.3% and 1.7% while the Restaurants & Hotels segment prices witnessed an increase of 1.7%. Education prices and Personal Goods & Services rose by 1.6% and 1%, respectively. Meanwhile Furnishings, Household Equipment & Maintenance prices declined the most, down by 3.7% YoY in September 2024.

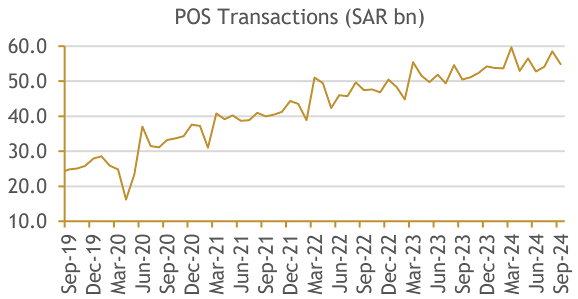


Macroeconomic and Financial Market

Macroeconomic Review

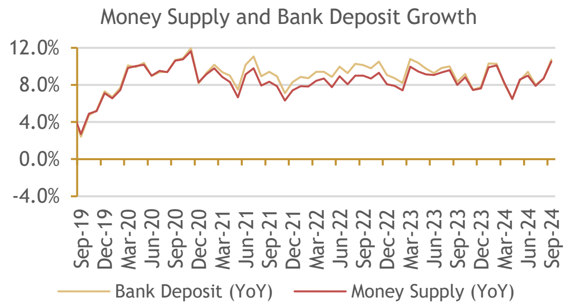
Points of Sale Transactions

POS transactions rose by 8.6% YoY to SAR 54.9bn in September 2024 from SAR 50.5bn in September 2023. In Q3 2024, the total amount of POS transactions reached SAR 167.5bn (up 8.4% YoY and up 3.3% QoQ).



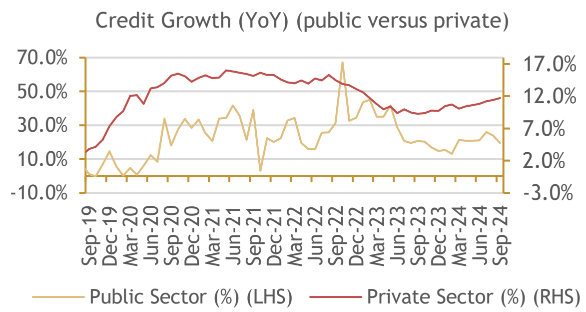
Money Supply (M3) and Bank Deposit Growth (%)

Money supply (M3) increased 10.5% YoY in September 2024 and was up 1.6% on a QoQ basis. M1 rose by 8.4% YoY, while Time and Savings deposits rose by 16.7% on a YoY basis. Total bank deposits grew 10.7% YoY and 1.8% on a QoQ basis in September 2024.



Credit Growth (%) *

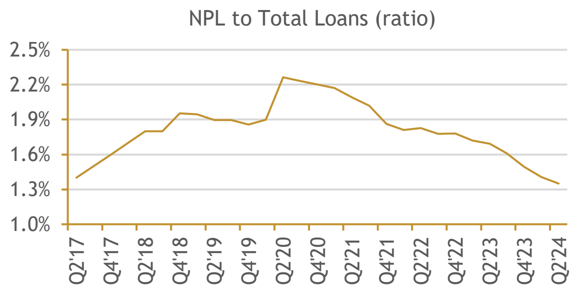
Bank credit (public and private) grew 12.2% YoY in September 2024 and 3.7% on QoQ basis. Public sector credit increased 19.5% YoY; and went up by 9% on a QoQ basis. Bank credit to the private sector rose 11.7% YoY and 3.4% on QoQ basis in September 2024.



**Credit to public sector does not include Gov't & Quasi-Gov't bonds*

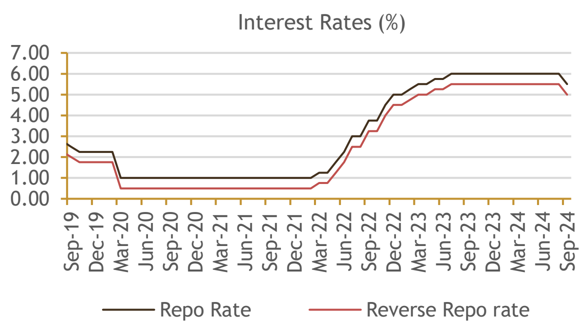
Non-performing Loans as portion of Total Loans

NPL ratio declined to 1.3% in Q2 2024 (latest data available) from Q1 2024.



Interest Rates

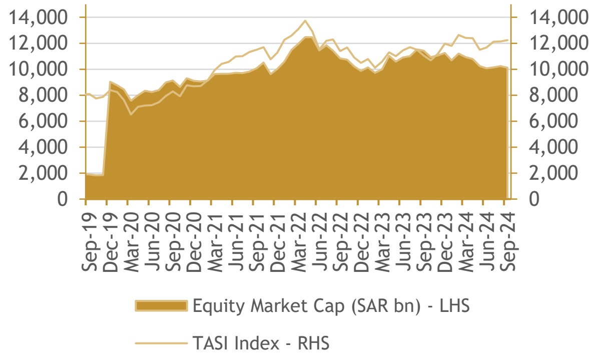
SAMA cut the repo rate and the reverse repo by 50 basis points to 5.5% and 5% during Q3 2024. Policy rate adjustments are consistent with maintaining monetary stability.



Financial Market Overview

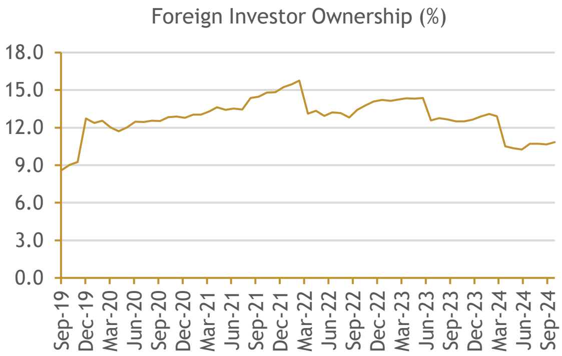
Tadawul and Equity Market Capitalization

The Tadawul Index (TASI) rose by 0.7% on a MoM basis and is up by 10.58% on a YTD basis in September 2024. TASI's equity market capitalization stood at SAR 10,103bn in September 2024, rising by 0.5% from SAR 10,056bn in June 2024.



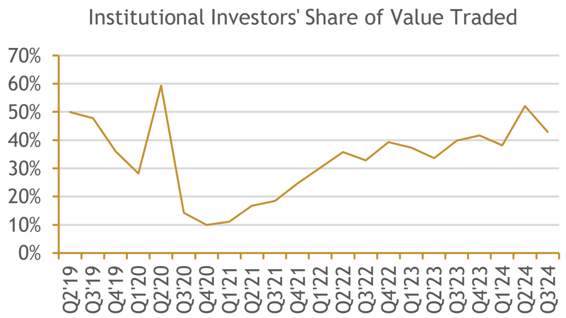
Foreign Investor Ownership

Foreign investor ownership in Saudi stocks increased to 10.8% (free float) in September 2024, from 10.6% in June 2024. On a MoM basis, foreign investors holding value rose by 1.4% to SAR 415.8bn as of September 2024 from SAR 410.2bn in August 2024.



Institutional Investors' Share in Value Traded

Institutional investors' share in the total value traded fell to a quarterly average of 42.9% in Q3 2024, compared to 52.1% in Q2 2024.

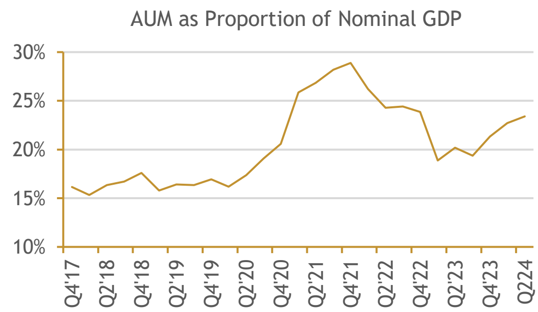


Market Concentration of Top 10 Companies

The market capitalization of the top 10 Tadawul companies declined to 82.9% by the end of September 2024, from 83.2% at the end of June 2024.

Assets Under Management (% of GDP)

Assets under management (AUM) as a percentage of nominal GDP increased to 23.4% in Q2 2024 from 22.7% in Q1 2024. AUM holding value was SAR 935bn as of June 2024.



Financial Sector Development Highlights

SAMA Launches Government Banking Services Platform "NQD"

The Saudi Central Bank (SAMA) launched "NQD," a government banking services platform that provides easy access for government entities to their accounts at SAMA to conduct financial transactions through a secure digital platform.

This initiative is part of SAMA's strategy to deliver banking services to government entities, as well as supporting digital development. The platform aims to digitize financial transactions of government entities on their accounts at SAMA by offering a unified and secure digital platform. This platform facilitates access to their account information at all times, enables management of their accounts efficiently, and provides instant monitoring of transactions to and from government entities

SAMA Confirms Safety of Payment Systems and Banking Systems in Saudi Arabia

The Saudi Central Bank (SAMA) confirmed the safety and integrity of its systems, national payment systems, and banking systems in the Kingdom of Saudi Arabia. The systems were not affected by the global technical outage experienced by many entities on 19 July 2024.

SAMA is committed to maintaining the highest internationally recognized standards of operational and cybersecurity practices for its own systems, national payment systems, and all other systems connected to financial institutions.

SAMA Announced Issuance of Second Release of Open Banking Framework

Saudi Central Bank (SAMA) announced the issuance of the second release under the Open Banking Framework, focused on the Payment Initiation Service (PIS). The new release has been issued as part of SAMA's efforts to further strengthen the Saudi Arabian Fintech ecosystem. It is anticipated that the change will enhance overall consumer experience and transaction efficiency as well as opening new opportunities for the Kingdom's fintech sector to offer expanded products and solutions to customers.

SAMA's Open Banking Framework consists of a set of guidelines and technical standards based on international best practices to facilitate the provision of open banking services in the Kingdom.

This second release of the framework standardizes how participants can offer PIS reliably and securely. The framework also clarifies the responsibilities of all stakeholders involved in the provision of PIS.

The Total Number of Companies Permitted by the Saudi Central Bank (SAMA) Reached 3 FinTech Companies in the third Quarter of 2024

XSquare and NeotTek have been permitted In the Open Banking fintech sector, and MoneyMoon for fintech companies in peer-to-peer finance.

To Expand the use of FinTech solutions, SAMA announced the enablement of “Samsung Pay” Service in KSA during Q4, 2024

The Saudi Central Bank (SAMA) announced the signing of an agreement with Samsung to enable the launch of Samsung Pay in Saudi Arabia during Q4 2024. The agreement was signed at the inaugural 24 Fintech conference in Riyadh.

The step is part of SAMA's ongoing efforts to enhance the digital payments ecosystem in Saudi Arabia, aligning with the objectives of the Financial Sector Development Program (FSDP).

The service is designed to deliver an advanced and secure payment experience, allowing users to effortlessly store and manage digital payment cards within the “Samsung Wallet” application. This initiative aligns with SAMA's strategy to enhance the adoption of financial technology solutions via smart devices, support financial inclusion across the Kingdom, and encourage the financial sector to adopt innovative payment methods to better serve customers.

SAMA and CBRT Sign MoU for Collaboration in the Field of Central Banking Operations

The Saudi Central Bank (SAMA) and the Central Bank of the Republic of Turkey (CBRT) signed a Memorandum of Understanding (MoU) to enhance cooperation between the two central banks. This MoU establishes a framework between the two institutions, focusing on financial stability and financial technologies.

The MoU was signed during a meeting between the Governor of SAMA, Mr. Ayman Al-Sayari, and the Governor of the CBRT, Dr. Fatih Karahan, on 03 September 2024, held on the sidelines of 24 Fintech conference in Riyadh.

Licensing Tradeweb to Conduct Securities Exchange Activities as Alternative Trading System

The Capital Market Authority (“CMA”) announced that Tradeweb has obtained the license to conduct the business of Exchange in the form of Alternative Trading System for Sukuk and Debt instruments.

The Alternative Trading System is a market licensed by the Capital Market Authority to trade specific types of securities for specific categories of investors.

The Capital Market Authority Calls for Public Consultation on Regulatory Framework for Omnibus Accounts

The Capital Market Authority ("CMA") called upon relevant and interested persons participating in the capital market to share their feedback on the Draft Regulatory Framework for Omnibus Accounts for a period of fifteen (15) days ending on 12 Muharram 1446 AH, corresponding to 18 July 2024.

The draft aims to develop the trading mechanisms available in the Saudi capital market and stimulate investment. Additionally, it seeks to enhance the market's attractiveness and efficiency by allowing the opening of omnibus accounts. An omnibus account is registered in the name of a capital market institution and opened by a licensed person to perform securities custody activities (custodian). This account includes a number of clients of the capital market institution (beneficiaries), for whom the institution is responsible for managing, monitoring, and handling the account on their behalf.

Under the proposed draft, the custodian's role will become more proactive in managing pooled accounts, enhancing the market's appeal to new custodians. Custodians will be tasked with maintaining client records for each omnibus account, including the individual ownership details of each beneficiary. The CMA will be responsible for obtaining prior written consent from beneficiaries to register or record their assets in the CMA's name, as well as disclosing any potential risks associated with this arrangement.

Omnibus accounts will enable financial market institutions, such as asset managers, to trade through consolidated accounts, fostering fairness among clients with similar investment policies and acceptable risks within managed portfolios and investment funds. These accounts will also streamline trading processes and operational procedures, thereby strengthening the asset management industry, enabling the creation of new products, and expanding existing services.

The proposed draft regulatory framework includes provisions requiring financial market institutions to maintain separate records and accounts, allowing them to clearly distinguish between their own assets and those of each client within the Omnibus Account. This measure aims to enhance the protection of client assets.

Listing government debt instruments of SAR 11.8bn in the Saudi financial market

The Saudi Stock Exchange "Tadawul" announced during the third quarter of 2024 the approval of the requests submitted by the Ministry of Finance to list government debt instruments from a category that had previously been listed with a total value of (11,831,936,000) Saudi riyals.

The Financial Academy (FA) celebrated the graduation of 31 Saudi innovators, including young men and women, during the closing ceremony of the "Fintech Bootcamp 2024"

The Financial Academy (FA) celebrated the graduation of 31 Saudi innovators, including young men and women, during the closing ceremony of the "Fintech Bootcamp 2024" in Riyadh. The camp was organized in cooperation with Fintech Saudi and the Small and Medium Enterprises General Authority (monsha'at). It's designed to qualify national professional cadres in the fintech industry, which is aligned with the Financial Sector Development Program (FSDP).

Mr. Mana bin Mohammed AlKhamsan, CEO of the Financial Academy, commented that the six-week intensive bootcamp, throughout 150 hours of education, created an optimally motivating environment for preparing and developing the next generation of the Kingdom's fintech pioneers.

He explained that it presented ambitious young Saudis with the opportunity to explore the realms of data analysis, the fintech emerging technologies and artificial intelligence (AI). The program, he noted, empowered the participants to develop projects and prototypes.

"The Fintech Bootcamp" is one of the key initiatives spearheaded by the FA in order to support finance and technology sectors and contribute to the advancement of the national economy. So, the Academy, through such activities, seeks to develop national talents in the field of financial technology by providing an ecosystem that is favorable for building innovations under supervision of a selection of professional fintech trainers, mentors and experts.

Two Saudi ETFs debut on Shanghai, Shenzhen Exchanges

On 16 July 2024, two exchange-traded funds (ETFs) that track Saudi stocks were launched, The Shanghai and Shenzhen Stock Exchanges in China, paving the way for mainland Chinese investors to diversify their holdings at the international level.

According to Bloomberg, China Southern Asset Management CSOP Saudi Arabia ETF was listed in Shenzhen after raising $87mn, while the Huatai Pine Bridge CSOP Saudi Arabia ETF began trading in Shanghai after raising $82mn.

Both ETFs will invest indirectly in the Saudi market through Hong Kong-based CSOP Saudi ETF, which was first launched last year.

The Saudi-China ETF program aims to facilitate the joint listing of funds in both countries and to launch feeder funds, which invest in other funds.

DMDF 2024 Concludes with Outcomes on Capital Market Development and Foreign Investment Stimulation

The Debt Market and Derivatives Forum (DMDF) 2024 has wrapped up, as its panel discussions and workshops, led by finance local and regional experts and professionals, delivered multiple outcomes.

The conclusions mostly focused on developing the Kingdom’s capital markets and spurring more foreign investments into Saudi market, which aims to attain a high rank on the world’s leading indices.

The Forum, organized in Riyadh by the Financial Academy (FA) in partnership with Saudi Tadawul Group, featured numerous technical workshops. “Deepening Market Liquidity: Building Resilient Bond Markets, a workshop delivered by Andy Hill”, Managing Director of International Capital Market Association (ICMA), was particularly valuable. In the same context, Abdulelah Al-Qahtani, Tadawul Group in the Kingdom delivered a workshop on debt instruments and their effective role in corporate finance, in addition to the benefits and risks associated with debt instruments, and a review of practical cases of issuing debt instruments in the Saudi market.

Eric Bertrand from CME Group provided an overview of OTC derivatives (fundamentals, requirements, benefits). Bertrand highlighted the fundamentals and requirements needed to utilize these financial instruments, as well as the potential benefits of using them in investment and hedging strategies. CFA Institute's Chief Product Officer Rob Langrick concluded the workshops with a look at the debt and derivatives markets and the role of the CFA program. He reviewed key concepts and practical applications in the debt and derivatives markets, as well as how professionals can leverage the CFA program to enhance their knowledge and skills.

The DMDF, which attracted local and regional stakeholders, was held under the theme of “Unlocking Growth Opportunities” and covered significant finance topics such as Inside KSA’s Debt Capital Market, Derivatives Market Development in the Middle East, and Debt Capital Market Development: Local and Global Trends.

Thanks to the Forum’s panel sessions, participants managed to explore promising opportunities in the bond and sukuk market, key emerging potentials for stimulating growth and new insights into futures markets, which would more effectively enhance decision-making and risk management in local and regional finance industry in the future.

Speakers at the Forum commended the Kingdom's progress in developing the debt and derivatives market, highlighting the creation of key roles that diversify funding sources and enhance liquidity. This development is expected to drive the growth of local and regional financial markets, boosting the demand for financing major projects, including infrastructure and energy initiatives.

Approval to List Albilad CSOP MSCI Hong Kong China Equity ETF Hong Kong Equity Exchange Traded Fund (ETF) Public Offering

The Capital Market Authority (CMA) approved local asset manager AlBilad Investment Company's request to offer "Albilad CSOP MSCI Hong Kong China Equity ETF" units on the Saudi Stock Exchange (Tadawul), as a public offer.

The terms and conditions of the Albilad CSOP MSCI Hong Kong China Equity ETF are available on both the fund manager's website and the Capital Market Authority (CMA) website. These sites provide essential information and data that investors should review before making any investment decisions.

CMA emphasized that investing without reviewing the terms and conditions and understanding their content may involve significant risks. Therefore, investors are advised to carefully read the terms and conditions, which provide detailed information about the fund's objectives, strategy, and risk factors. This will allow investors to assess the feasibility of investing in the fund in light of the associated risks. If the contents of the terms and conditions are not fully understood, it is recommended to consult a licensed financial advisor.

Furthermore, it has been emphasized that the CMA's approval of the Hong Kong and China Equity ETF should not be interpreted as an endorsement of the investment's feasibility. The CMA's approval merely indicates that the regulatory requirements under the Capital Market Law and its implementing regulations have been met. This approval signifies compliance with the necessary regulatory standards, not a recommendation or guarantee regarding the viability of investing in the ETF.

Capital Market Authority approves FinTech Experimental Permit applications

Based upon the Capital Market Law issued by Royal Decree No. (M/30) dated 02 Jumada Al-Thani 1424H, and reference to the Financial Technology Experimental Permit Instructions issued by CMA in 10 January 2018, which aims to provide a regulatory framework that is conducive for the innovation of Financial Technology (FinTech) in the capital market within the Kingdom.

- Stake Financial Technology Company to establish a platform for Investment and Real Estate Funds Distribution.
- Ajdar and Kafaa Capital FinTech to establish a platform to test Offering and Investment in Debt Instruments.
- Banaa AlTharawat investment Company to test Investment and Real Estate Funds.

Prizes exceeding one million Saudi Riyal .. The launch of the third season of the “Gulf Smart Investor” Award

The Gulf Investment Awareness Program "Mulam" announced the launch of the third season of the "Gulf Smart Investor" award starting from the beginning of September 2024. The award targets citizens and residents of the Gulf Cooperation Council countries, with cash prizes exceeding a total of one million Saudi riyals.

Entries will continue to be received until the end of February 2025. The award aims to enable competition between creative men and women, whether university students, school students, or individuals from citizens and residents in the sister Gulf countries, through four tracks: video, drawing, photography, and writing; to select 44 winners, 11 winners in each track, in order to spread investment culture and raise awareness of the importance of saving and investment, how to avoid financial fraud, and raise the level of financial awareness among the public in a way that enhances their ability to plan financially, and enables them to possess the elements of making the right financial decisions that achieve financial stability and improve their chances of achieving their financial goals.

The award also seeks to raise the level of financial culture by providing the necessary skills and identifying the different methods that help in using financial resources in the most effective manner and with the highest possible levels of success.

Convicting 19 violators for violating the Capital Market Law and its executive regulations and oblige them to pay 139 million riyals

The Securities Disputes Appeal Committee convicted 19 violators, including board members and employees of a local company, of violating the Capital Market Law and its implementing regulations. It sentenced four of them to prison and ordered them to pay approximately 139 million riyals, including fines, illicit gains, and avoided losses resulting from the violations committed. The Authority stresses the importance of investors’ confidence in the financial market for its growth and development.

The Authority works continuously to monitor any violating behaviors, arrest their perpetrators, and complete the necessary procedures to impose deterrent penalties against them. This is in support of the Authority’s efforts to create an investment environment that is attractive to all categories of investors and safe from unfair or unsound practices or practices that involve fraud, deception, misleading, or manipulation.

The Minister of Finance Inaugurates '24 Fintech'

His Excellency the Saudi Minister of Finance, Mr. Mohammed Aljadaan, inaugurated the first edition of the Financial Technology Conference "24 Fintech", held Tuesday, September 3, 2024, in Riyadh, Kingdom of Saudi Arabia. The conference was hosted by the Financial Sector Development Program, the Saudi Central Bank (SAMA), the Capital Market Authority, and the Insurance Authority.

In his opening speech, Minister Aljadaan said that the Kingdom of Saudi Arabia has spared no effort to promote the digital economy—prioritizing it highly and laying strong foundations to enhance service quality, while enabling the public, private, and non-profit sectors thereby solidifying the Kingdom's global position.

Minister Aljadaan also said that, since the launch of the Saudi Vision 2030, the Kingdom has sought to accelerate transformation to elevate the digital economy, ensure its sustainable growth, and remain competitive amidst rapid technological advancements.

He also said that more than two years ago, the Financial Sector Development Program, a key program under Saudi Vision 2030, launched the Fintech Strategy Implementation Plan, which is a cornerstone of the program, and aims to position the Kingdom as a leading global hub for financial technology.

He explained that, through this strategy, the Kingdom aims to streamline business operations, enhance the private sector's contribution to the Saudi economy, attract foreign direct investment and local investments, as well as advance the digital economy. He also said that, by the end of the second quarter of 2024, the number of Fintech companies in the Kingdom reached 224, surpassing the Financial Sector Development Program's target of 168 companies for the second quarter of 2024 He also highlighted that the Kingdom's goal is to further increase this number to 525 companies by 2030.

Minister Aljadaan also said that the Kingdom boasts a comprehensive and advanced payments infrastructure, as well as a competitive and robust banking sector which is well-equipped to navigate macroeconomic challenges and make substantial investments in Fintech. He added that these concerted efforts to keep up with Fintech sector developments have contributed to the Saudi economy's growth, and have also contributed to the Kingdom's notable progress and leadership across various global indices.

MHRSD and IA launch a product to cover the dues of expatriate workers in the event of default

The Ministry of Human Resources and Social Development and the Insurance Authority launched the "Insurance Product" to cover the dues of expatriate workers in private sector establishments in the event of default; with the aim of protecting them and reducing the impact of not obtaining their financial rights, in the event that establishments default and are unable to commit to paying wages for a specific period.

The "Insurance Product", provided by insurance companies in the Kingdom, covers the payment of expatriate workers' dues in the event that establishment owners default on paying their wages, according to the terms and benefits covered and determined by the insurance document according to the policies and procedures regulating it. These benefits include, for example, a travel ticket if the expatriate worker wishes to return to his country.

The launch of the "Insurance Product" comes within the framework of efforts aimed at developing the labor market in the Kingdom of Saudi Arabia through policies and legislation, preserving contractual rights between workers and employers, and increasing the attractiveness and efficiency of the labor market at the local and international levels. The "Insurance Product" is also consistent with the package of systems and procedures established by the Ministry of Human Resources and Social Development to preserve the rights of both parties to the labor relationship, including the wage protection system and contract documentation.

The Insurance Authority announced the final licensing of Al-Watheeqah Al-Massiya Company to practice electronic insurance brokerage activity

The Insurance Authority announced the final licensing of Al-Watheeqah Al-Massiya Company "Shaheen Platform" to practice the activity of electronic insurance brokerage.

This step aligns with the role of the Insurance Authority in supporting and empowering the insurance sector as the entity responsible for regulating the sector and enhancing its effectiveness, and in pursuit of enabling and encouraging innovation in the provided insurance services, as well as ensuring the accessibility of insurance services to all segments of society.

The Insurance Authority also realizes the importance of developing and improving systems and transitioning to a technology-based market, as these technologies ensure the achievement of the desired goals, including automating processes, improving the customer experience, in addition to facilitating the comparison of quotes and coverages provided and accelerating the document issuance procedures.

The Capital Market Authority Approves the Amendment of the Article Related to the Returns on the Client's Money of the Capital Market Institutions Regulations

The Capital Market Authority's (CMA's) Board approved an amendment to one of the articles of the Capital Market Institutions Regulations, related to the returns on client money deposited in client accounts with these institutions. The amendment will come into effect from the date of its publication.

The approval of such Amendments aims to develop the provisions of Article (77) of the Capital Market Institutions Regulations by removing Paragraph (A) and adding a new paragraph. This new paragraph would allow the capital market institution to provide a service to their clients by enabling the capital market institution's client to benefit from their money deposited in a client account by investing them in investment products and receiving returns on them.

The Amendments clarified that it is conditional on the capital market institution to obtain the client's prior written approval to receive this service and its terms. The investment should be within the Kingdom and in short-term, low-risk products. Additionally, institutions must comply with risk understanding and suitability requirements as per the provisions of these regulations.

Launching the legislative sandbox platform for the insurance sector

In the presence of His Excellency the Chairman of the Board of Directors of the Insurance Authority, Mr. Abdulaziz bin Hassan Al-Bouq, the Authority launched the legislative sandbox platform for the insurance sector, on the sidelines of the "Fintech 24" conference, which was held during the period from September 3 to 5, 2024 at the Riyadh Front Convention and Exhibition Center.

The legislative sandbox platform aims to provide a safe, low-risk and governed environment for entrepreneurs and companies to new solutions and innovations related to insurance activities for a specific period of time until the activities or business models graduate.

This will contribute to stimulating and supporting innovation in the insurance sector and facilitating the development of new and creative ideas within an organized framework that enables companies and innovators in the sector to test their products, services and business models in a safe environment with the aim of accelerating development and innovation processes, and providing an effective opportunity to explore innovative solutions and test their effectiveness.

Saudi Red Sea Authority and Insurance Authority Agreement results in Saudi Arabia's First Coastal Tourism Activities Insurance National Product

The Saudi Red Sea Authority (SRSA)and the Insurance Authority have signed a cooperation agreement that resulted in the launch of the first national insurance product for all coastal tourism activities through local insurance companies, without the need for external parties to provide services for such activities. This initiative aims to enhance the appeal of coastal tourism, attract participants in navigational and marine tourism activities, and strengthen local content in alignment with Saudi Vision 2030.

The agreement was formally signed by SRSA CEO Mohammed Al Nasser and Insurance Authority CEO Eng. Naji Al-Faisal Al-Tamimi.

Providing an innovative national product for the first time in Saudi Arabia comes as part of the Authority's mandate to encourage and market the practice of navigational and marine tourism activities, thereby providing a comprehensive tourism experience, and establishing a model tourism infrastructure that can achieve an attractive environment for investment in the coastal tourism sector.

The Insurance Authority seeks to drive this industry towards growth and development through cooperation and unification of efforts with other government entities and contribute to enhancing the practice of its mandated activities by providing various and innovative insurance products that contribute to protecting and growing investments.

In partnership with the Insurance Authority, SRSA held a series of meetings with insurance companies, which resulted in providing an innovative national product for the first time in the Saudi Arabia, which contributes to enhancing the attractiveness of coastal tourism activities.

The insurance products included Saudi Arabia's coastal tourism activities _including sailing, kayaking, water skiing, diving, boating, and surfing— to better serve practitioners' needs.

Noting that SRSA began its journey toward building and regulating coastal tourism in the Red Sea in 2021, with the objective of enhancing integration among relevant entities by issuing licenses and permits, developing the necessary policies, strategies and plans, in addition to enhancing infrastructure requirements and needs, preserving the marine environment, and encouraging investment, including small and medium-sized enterprises (SMEs) and promoting navigational and marine tourism activities, thereby adding value to the national economy.

The Saudi Insurance Authority announced the approval of the insurance product for television and animation production for Walaa Company, which is offered to group customers

In accordance with the insurance product accreditation standards established by the Authority, the Saudi Insurance Authority announced the accreditation of an insurance product specifically designed for television and film production, offered by Walaa Cooperative Insurance Company to group customers. This product is identified by the number (F-WALA-1-C-24-096).

This step aligns with the Authority's commitment to promoting insurance culture and raising awareness of the wide range of insurance products available in the Kingdom. Furthermore, it reflects the Authority's role in supporting and empowering the insurance sector, fostering innovation in insurance offerings, and ensuring that these vital services are accessible to all segments of society.

The Insurance Authority emphasizes the importance of verifying that all products authorized by the Authority have an identification number. This number must be present on all documents related to products sold in the Saudi market.

The Insurance Authority announced that it has licensed Tri Digital Company of the Insurance Agency to pursue the two activities of the "Agency" and "Settle the Insurance claims."

The Insurance Authority announced that it has licensed Tri Digital Company of the Insurance Agency to pursue the two activities of the "Agency" and "Settle the Insurance claims," as a final launch with a creative business model that depends on technology as a base for rendering services to the customers.

This step comes in conformity with the role of the Insurance Authority in supporting and empowering the insurance field, for it is the relevant authority to organize the field and enhance its effectiveness, and for enabling and encouraging innovation in the offered insurance services, and making the insurance services easy to reach by all segments of society, believing in the importance of the digital transformation in setting up development and growth in the insurance field, where the authority seeks to be a leader in the domain of technology empowerment for improving the service quality, which is within its stated objectives for developing the field according to the Kingdom's view 2030.

The Insurance Authority announced the licensing of two companies to practice electronic insurance brokerage activity

The Insurance Authority announced the license for both "Authorized Policy Insurance Broker Appuls" and" Ace Gallgher Insurance" to practice electronic insurance brokerage activity as a pilot launch.

The step came in line with the Authority role in supporting and empowering the insurance sector, as it is the body responsible for regulating the sector and enhancing its effectiveness, in order to encourage innovation in the provided insurance services to enable these services to reach all segments of society.

Because the authority believes in the importance of digital transformation in driving the development and growth of the insurance sector, the authority aims to be a pioneer in the field of enabling technology to improve the quality of the service as one of its stated objectives to develop this sector according to the directions of the Kingdom's vision 2030.

The Insurance Authority recognized the importance of improving and developing the systems, transferring to a market works on the basis of modern technology, which ensures the goals' achievement such as: process automation, customer experience improvement, facilitating the process of comparing quotes and coverage options presented, and speeding up the documentation procedures.

"Social Insurance" and "Insurance Authority" sign a memorandum of understanding for cooperation in rendering insurance services and products

The General Organization for Social Insurance signed a memorandum of understanding with the Insurance Authority. The memorandum is intended to organize work between the Organization and the Authority, identify tasks related to exchanging experiences and setting up workshops to take advantage of successful experiences and projects, and establish mechanisms to help develop insurance operations and support joint business between the two parties.

The two parties will promote integration in rendering insurance services and products and developing related electronic and digital services. This will involve participation and cooperation in preparing awareness campaigns, conferences, seminars, workshops, and scientific forums related to insurance, and coordination on any relevant future initiatives.

These efforts are part of the General Organization for Social Insurance’s endeavor to promote cooperation with various governmental and private bodies in pursuit of effective integration between its systems and improve the performance and services provided to beneficiaries, which aligns with the objectives of the Kingdom’s Vision 2030.

Insurance Authority announced Accreditation of the television production and animated images insurance product of Arabian Shield Company, and offered to client's groups

Based on the accreditation controls of the insurance products issued by the Authority, the Insurance Authority announced the accreditation of the television production and animated images insurance product of the Arabian Shield Cooperative Insurance Company and offered to the category of clients’ groups by identification number (F-ARSH-1-C-24-085). This step is in the belief in the importance of spreading the insurance culture and raising awareness of the existence of various insurance products in the Kingdom, in line with the Authority's role in supporting and empowering the insurance sector, to encourage innovation in the insurance products offered, and to enable access to all sectors of the beneficiary community.

The Insurance Authority stresses the need to verify the products licensed by the Authority by ascertaining the existence of the product's identification number in all documents of the products sold in the Saudi market.

Authority to cooperate in rendering insurance services and products, developing electronic and digital transactions associated with them, exchanging experiences, and developing business between the Organization and the Authority, thereby contributing to enhanced satisfaction of beneficiaries.

This occurred on the sidelines of the international conference specialized in the financial technology sector, "Fintech 24". The Assistant Governor for Insurance Affairs, Saud bin Suleiman Al-Jahni, represented the Organization in signing the memorandum of understanding, while the CEO, Eng. Naji Al-Faisal Al-Tamimi, represented the Authority.

The CEO of the Insurance Authority Crowns the Winners of the First Version of the Insurance Hackathon

His Excellency the Chief Executive Officer of the Insurance Authority, Engineer Naji Al-Faisal Al-Tamimi, crowned the winners of the first edition of the "Insurance Hackathon", which was held by the Insurance Authority, from the 3rd to 28th of this August, with the participation of an elite group of specialists and those interested in the insurance technology sector to exchange experiences and compete by providing innovative technical solutions for the insurance sector in specific tracks. It took place on the sidelines of the "FinTech 24" conference, which was held from the 3rd to the 5th of September 2024 at the Riyadh Front Center for conferences and exhibitions.

The initiative, which is the first of its kind in the Saudi insurance sector, aims at motivating the concepts of creativity and innovation, contributing to the support of the efforts to automate the insurance sector services, and employing the latest technology and artificial intelligence methods in the sector, in addition to contributing to achieving the goals of the Financial Sector Development Program by raising the level of automation in the insurance sector.

"The "Hackathon" sought to create an interactive and competitive environment among the participants in its activities, the elite specialists and those interested in the insurance technology sector. It included entrepreneurs, students, and those who have creative ideas to create technical solutions that enhance the experience of beneficiaries and stakeholders through two main tracks: 1/ automating insurance services through launching new innovative services or developing existing services using technology, and 2/ adopting ideas to build emerging and qualitative companies and benefiting from digital tools in developing the insurance sector."

The Insurance Authority Signs a Coordinating Record with the Presidency of State Security Represented by the Permanent Counter Terrorism and its Financing Committee

The Insurance Authority signed a coordinating record with the presidency of state security represented by the permanent counter-terrorism and its financing committee. The coordinating record aims for joint cooperation to ensure the insurance sector remains safe from exploitation and is aware of related risks.

The record was signed by General Youssef bin Abdul-Aziz Almuhsen, the chairman of the permanent counter-terrorism and its financing committee in the presidency of the state security, and Professor Abdullah Saleh Al-Hamid, the insurance supervisor in the Insurance Authority. The sign was under the patronage and in the presence of the Chief Executive Officer of the Insurance Authority Naji Altamimi besides the presence of some officials from the two sides.

The coordinating record aims to promote integration and coordination level of counter-terrorism financing and strengthen capacity building through training programs and specialized workshops, which relate to tasks and competences of both sides to raise awareness about the crime of terrorism, its financing, associated risks and mechanisms for mitigate those risks.

VISION رؤية 2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

Financial Sector Development Program

Financial Sector Development Program KPIs – Q3 2024

Program KPIs	Baseline	Status	2025 Target
Share of non-cash transactions, (%)***	36%	70%	70%
Banking sector assets, Bn SAR**	2,631	4,220	3,515
Total GWP to GDP non-oil, (%)**	1.9%	2.76%	2.4%
Life GWP per capita, SAR**	33	88.6	45
Coverage ratio of Health insurance schemes, (%) **	33%	38.5%	45%
Coverage ratio of Motor insurance schemes, (%) **	39.6%	73.47%	77%
Value of investments in private equity and venture capital, Mn SAR **	9,304	27,426.77	11,404
# of Fintech players	20	234	230
SME loans as (%) of bank loans **	5.7%	8.8%	11%
Credit to private sector, Bn SAR**	1,510	2,620	2,053.2
Number of listings in Capital Market	6	27	26
Assets under Management, as (%) of GDP **	16.9%	23.4%	31%
Debt Market size as (%) of GDP	14%	20%	24.1%
Total market capitalization (shares) as (%) of GDP *	66.5%	89.9%	80.8%
Institutional investor trading volume as a percentage of total trading volume (%)	36%	42.9%	44%
Foreign Investor Ownership of the equity market cap (free float), in (%)	13.3%	10.8%	17.5%
% of micro and small enterprises at the time of listing out of total listings	40.9%	66.7%	46%
Share of investment accounts opened through eKYC ***	82%	98.38%	=>70%

*Excluding Aramco
**Q2 2024 Data
*** 2023 Data, KPI is measured annually

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. The program will achieve its ambition by enabling financial institutions to support private sector growth, promoting, and enabling financial planning, and ensuring the formation of an advanced capital market, without impeding the strategic objectives intended to maintain the financial services sector's stability.

Key Abbreviations: (YoY) year-over-year / (QoQ) quarter-over-quarter / (M1) money supply

Sources: Ministry of Finance, Saudi Central Bank (SAMA), Capital Market Authority (CMA), Insurance Authority (IA), General Authority of Statistics, Tadawul, Bloomberg, Reuters Eikon

*The data of foreign bank branches operating in Saudi Arabia have been amended and updated as per international best practices and the Monetary and Financial Statistics Manual in SAMA monthly bulletin.

This report has been published by Financial Sector Development Program Office. For questions or comments, please contact us at fsdp@ceda.cm.gov.sa or for more information, please visit our website link