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# The Future of Payments in MENA

## Navigating Fintech Landscape and Technological Innovation


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# Introduction

**The Middle East and North Africa (MENA) region is experiencing a breakthrough in technological advancement. In the wake of financial technology transforming global commerce, MENA is emerging as a hotspot for innovation, driven by its young, tech-savvy population and the growing penetration of the internet and smartphones.**

This whitepaper was created by Akurateco in collaboration with Gaurav Sachddeva, Co-Chair of the MENA Fintech Association, Co-Founder and CEO of The Founders Majlis, and former Head of Acceptance and Gateway Solutions at Mastercard MENA East. Here, we identify MENA's current payment, banking, and regulatory landscape, key components and trends shaping the region, common challenges Payment Service Providers (PSPs) face, and growth opportunities within MENA's fintech ecosystem.

# MENA's Payment Landscape

## The MENA payments market has been growing fast in recent years. However, it did not take off overnight. The rapid growth of digital payments in the region has accelerated since the beginning of 2020.

According to the MENA Fintech Association (MFTA) report, COVID-19 was one of the major drivers that profoundly affected market growth. This thesis is supported by McKinsey's survey, stating that non-cash payments had risen by 10 to 20%, according to different estimates across the region in the wake of the pandemic. The surge in e-commerce is playing a crucial role, particularly in markets like Saudi Arabia, where the industry grew by 60% in 2020 alone and is set to reach SAR 50 billion by 2025, according to Boston Consulting Group.

Fast forward to now, the MENA region is widely recognized as one of the fastest-developing payment markets globally. McKinsey estimates that fintech revenues in the MENAP region could almost triple, rising $1.5 billion in 2022 to $3.5 billion-$4.5 billion by 2025, reflecting the sector's pivotal role in the region's digital transformation. These rising numbers highlight the rapid growth of the MENA fintech market, opening the door to new players to enter the payment space. But what should fintech solution providers, aiming for a competitive edge, strive for? Let's analyze the region's payment landscape in detail to find out.

### Trends & insights in numbers:

**↑ 60%**

Growth of the e-commerce market in Saudi Arabia in 2020, driven by a surge in digital payments.

**SAR 50 billion**

Projected size e-commerce industry in Saudi Arabia by 2025

**$4.5 billion**

Projected fintech revenues in the MENAP region by 2025

# MENA’s Regulatory Environment

## One of the key characteristics of the region is its regulatory framework. Attending major conferences and observing the active roles of regulators, Sachddeva highlights:

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**The regulators in MENA aren't just talking about changes — they're pushing for effective execution. Regulators intend not just to make policies but enforce them with speed and precision.**

## MENA’s current regulatory environment embraces:

### Balancing speed & security

Regulators are bringing in top talent globally to create frameworks that balance speed and security. For example, the Saudi Arabian Monetary Authority (SAMA) in the Kingdom of Saudi Arabia (KSA) recently launched its second phase of open banking regulations. This allows banks and fintechs to collaborate in sandboxes to test innovations before licensing.

### Embracing innovation

The region is actively embracing cutting-edge payment technologies, and regulators are laying the ground for them. Open banking frameworks unlock new opportunities for partnerships. Biometric-based payments, such as facial recognition, are actively being explored. Saudi Arabia, through SAMA, has laid the groundwork for Central Bank Digital Currencies (CBDCs) and digital asset regulation, aligning its financial ecosystem with emerging global trends. Similarly, Qatar and Kuwait are advancing frameworks to secure fintech growth, making the Gulf Cooperation Countries (GCC) a central hub for fintech activity in MENA.

### Taking into account regional diversity

While GCC countries lead in regulatory maturity, North African markets like Egypt, Morocco, and Tunisia are progressing at a measured pace. These regions are working directly with consultants to adopt modern frameworks but face challenges in balancing priorities.

Regulators also face challenges with digital assets. While these frameworks encourage innovation, they often involve a trial-and-error process. The key challenge lies in adopting proven global models without unnecessary reinvention.

Overall, MENA’s regulatory landscape is defined by ambition and collaboration. By fostering partnerships between banks, fintechs, and global experts, the region is poised to shape payments' future.

# An Overview of the Banking Scene in the MENA Region

## Another vital element of MENA's payment landscape is its banking ecosystem. Gaurav Sachddeva outlines how things stand now:

**Banking in MENA is still quite reactive — you go to a bank if you need their services; they don't come to you proactively. However, Artificial Intelligence (AI) is changing this, creating personalized models based on consumer preferences. But there's still a long way to go in creating that "aha" moment in banking.**

## MENA's banking services are marked by:

### Leveraging AI to enhance customer experiences

While traditional banking in the region tends to be reactive, AI advancements are gradually transforming the landscape. AI-powered tools enable banks to build comprehensive consumer portfolios, gathering data from multiple institutions. This fosters the creation of tailored offerings, such as insurance or mutual funds services, enhancing consumer engagement. Yet, there is still a gap in creating breakthroughs that revolutionize user experiences.

### Consumer education regarding fraud concerns

Fraud remains a significant hurdle, particularly in markets with low credit card penetration where debit cards or wage payment cards are predominant. Many consumers, especially those in manual or industrial jobs, remain cautious about online transactions, limiting their adoption. To counter this, payment providers are heavily focused on consumer education — emphasizing basic security practices like safeguarding Card Verification Value (CVV) and identifying phishing attempts. Regulators and financial institutions are making strides in enhancing fraud prevention measures, but the underlying fear of fraud remains strong.

### Balancing affordability throughout regions

In GCC countries, seamless user experiences and convenience dominate consumer expectations, while affordability takes center stage in regions like Jordan, Sudan, Libya, and Egypt. These preferences have spurred the growth of flexible lending options like Buy Now, Pay Later (BNPL), addressing diverse markets' unique financial needs.

### Experience-driven financial behavior

Consumers in the region prioritize user experiences over financial tools. As Sachddeva aptly notes: *"People don't wake up thinking, "I want to use Mastercard or Visa"; they think about experiences, like booking a trip to Bali, and expect the payments to work seamlessly in the background."*

This expectation underscores the need for banks and payment providers to deliver frictionless, omnichannel experiences that align with these lifestyle preferences.

# Key Drivers & Emerging Trends in MENA's Payment Industry

**Now that we've comprehensively navigated MENA's payment landscape, let's turn our focus to emerging trends in the region. Multiple drivers are influencing digital payment development in MENA. They include:**

## 01 Youth-driven market

The MENA market is very youth-driven and open to the latest technologies. Tech-savvy customers in the region expect seamless payment experiences, whether shopping on a smartphone, tablet, or website.

Gaurav Sachddeva adds: *"Imagine going to a restaurant, ordering, eating, and paying via Quick Response (QR) code without the hassle of waiting for the check. Many are now expecting similar seamless checkout experiences, whether it's pre-payment, post-payment, or splitting the bill."*

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## 02 Local regulatory compliance

MENA's regulatory and cultural landscape requires each country to adopt tailored solutions. For instance, SAMA regulates payment service providers in the KSA, requiring payment infrastructure hosting within the country. Such regulations call for solutions that adhere to national requirements while aligning with global standards.

To address these complexities, fintechs utilize a hybrid approach that blends cutting-edge global technologies with localized payment schemes and methods.

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## 03 High internet and smartphone penetration

Statista estimates that smartphone penetration in MENA will reach 92% by 2030, up from 76% in 2022, pushing digital payments to rise. This high adoption enables widespread use of contactless payments and digital wallets.

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## Demand for innovative payment methods

As the demand for innovative payment solutions rises, consumers are eager to explore options prioritizing convenience and security. Thus, MENA experiences a growing demand for encryption and tokenization technologies that facilitate mobile payment methods such as Apple Pay, Google Pay, and Samsung Pay.

Customers are also eager to explore other Alternative Payment Methods (APMs). For example, BNPL services have gained significant traction, mirroring trends in Europe. The region's two fintech unicorns, Tabby and Tamara, lead this charge, driving a cultural shift toward increased financial flexibility and access.

Real-time payment systems are also gaining momentum, with platforms like the United Arab Emirates' (UAE) Aani (Instant Payment Platform) and Saudi Arabia's Sarie (Instant Payment System) leading the charge. These systems simplify transactions by enabling users to transfer funds using mobile numbers rather than lengthy account details, streamlining the payment process and improving accessibility.

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## Cryptocurrencies and CBDCs

Cryptocurrencies and CBDCs are gaining traction. Regulatory frameworks are evolving to accommodate blockchain-based solutions and stablecoins in markets like the UAE, which has its Virtual Assets Regulatory Authority (VARA), licensing digital asset providers. Another example is Qatar’s new digital assets framework that enables secure and compliant crypto transactions.

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## A need for cutting-edge banking solutions

Over the past two years, banks in the MENA region have rapidly modernized their infrastructure, integrating AI and cloud technologies to enhance efficiency and user experience. This shift not only modernizes the banking landscape but also aligns with the growing demand for faster, more user-friendly payment solutions across the region.

## Open banking

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Open banking is another growth area. In MENA, it is led by countries like the UAE and Saudi Arabia that spearhead open banking initiatives, granting third-party providers access to customer data with consent. This movement is encouraging partnerships between traditional banks and fintechs as they collaborate to blend trust and compliance with agility and innovation.

## The super app revolution

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Another trend is the rise of super apps, driven by telecom and travel companies aiming to expand their services. Not so long ago, e& (formerly Etisalat) acquired Careem and launched Careem Pay, Emirates Integrated Telecommunications Company (DU) introduced a digital wallet, leveraging its infrastructure to offer banking-like services, and Saudi Telecom Company (STC) in Saudi Arabia launched STC Pay, setting a benchmark for telecom-led banking solutions. Such super apps cater to a wide range of consumer needs, from payments and shopping to entertainment and travel, consolidating services into a single platform.

## Neo-banks, challenger banks & digital banks

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Traditional banks in MENA are not just adapting to fintech waves — they're creating their own. Banks like Mashreq with its Neo offering, and Al-Rajhi Bank with Neo Leap have embraced digital-first models. Some are even launching venture studios and funding fintech startups to co-create solutions that meet evolving consumer demands. This trend is especially prominent in Saudi Arabia and the UAE, where high-income, tech-savvy customers demand seamless, digital-first banking experiences.

# The Tech Backbone of MENA's Fintech Revolution

## The core technologies of MENA's payment ecosystem are evolving rapidly to meet emerging challenges and opportunities. This includes:

### Enhanced fraud detection and prevention

As cyber fraud escalates in high-risk markets like Egypt, payment providers are leveraging AI and Machine Learning (ML) to build robust fraud prevention systems. These technologies analyze transaction patterns in real time, offering critical safeguards against threats to consumer data and funds. Gaurav Sachddeva emphasizes: "*Advancements in fraud and risk management are fundamental. With cyber fraud on the rise, particularly in markets like Egypt, innovative technologies are crucial for building secure payment systems.*"

### Blockchain-based systems

Blockchain technology is revolutionizing cross-border transactions. With MENA hosting large international populations, traditional cross-border payment systems face inefficiencies and delays. Blockchain eliminates them, enabling MENA's international community to benefit from faster, decentralized payments supported by local advancements in blockchain regulations.

### Cloud infrastructure deployment

Cloud-based solutions have undoubtedly been a game-changer for the region. Previously, merchants and fintechs who wanted to expand to multiple MENA markets faced the challenge of deploying their infrastructure on different clouds since each country has its own preference for cloud providers, like Microsoft Azure in the KSA, Amazon Web Services (AWS) in GCC countries, and Google Cloud and Oracle in the UAE. This lack of standardization resulted in increased costs and implementation timelines. Now, the shift toward multi-cloud setups is enabling companies to streamline their operations, leveraging a unified approach across diverse markets.

### Comprehensive orchestration platforms

As merchants seek rapid scalability, the demand for consolidated orchestration platforms is rising. Sachddeva explains: "*Merchants are looking for a single Application Programming Interface (API) solution that connects them to all acquiring banks and local payment methods seamlessly. This integration layer is key to enabling global aspirations.*" Orchestration platforms are ready to take on this challenge, as they use single API integrations to connect with acquiring banks and payment methods across the region. They give players with global vision the ability to scale quickly without being limited to individual countries like Egypt, Jordan, the UAE, or Saudi Arabia.

# Choosing the Right Payment Solution in MENA

**Now that we have outlined the components shaping MENA's payment ecosystem and its future, let's discuss how to choose the right payment solution in the region. With a diverse and dynamic landscape offering numerous innovative payment options, businesses entering MENA have plenty to explore — from digital and challenger banks to blockchain-based systems and open banking initiatives.**

Each avenue presents unique opportunities and challenges, requiring careful consideration of the target audience, market conditions, and regulatory environment.

Among these options, establishing a payment service provider (PSP) emerges as a highly effective route for businesses aiming to navigate MENA's complex payments ecosystem. The PSP model not only addresses the demand for localized payment solutions but also provides the infrastructure necessary to serve underserved merchant segments. This approach allows companies to tap into the region's growing digital economy without the need to build payment systems from scratch, making it an attractive and practical choice for scalability and innovation.

# Primary Challenges Startup & Established PSPs Face in the Region

**Now, let's take a closer look at payment service providers and how they operate in the region. Although the MENA market is booming and offers immense potential for PSPs, it is not without its challenges. Here are the primary hurdles startup and established PSPs face in the region:**

### 1. Market fragmentation

On the surface, it may look like the KSA, the UAE, Oman, Egypt, and other MENA countries have similar markets. However, cultures, banking systems, regulations, customer preferences, and government approaches differ from country to country. These nuances make it difficult to provide a unified payment experience across the region.

### 2. Legacy infrastructure

MENA's payment infrastructure is still mostly legacy-based. Therefore, PSPs must handle its complexity, managing different regulators, banking systems, and merchant expectations across borders. Also, legacy systems limit the ability to implement necessary updates or introduce innovative features. For instance, the transition from 3-Domain Secure (3DS) 1.0 to 2.0 exposed how many banks struggled to meet deadlines when upgrading heavily patched systems. Moreover, PSPs face exorbitant costs and lengthy timelines for seemingly minor system changes, putting them at a disadvantage in a competitive landscape.

### 3. Cash dependency

While digital payments are on the rise, cash remains deeply ingrained in traditional culture. This is particularly challenging when working with Micro-, Small-, and Medium-sized Enterprises (MSMEs) accustomed to cash. The reliance on cash makes acquiring new customers, especially small businesses, expensive and time-consuming, driving up acquisition costs for PSPs.

### 4. Over-licensing and high competition

The region also suffers from over-licensing and competition in relatively small markets. This fierce competition drives PSPs to provide value-added services beyond transaction management alone. Unfortunately, legacy systems often limit their ability to innovate quickly, while rebuilding the system from the ground up is time-consuming. Due to this, some players struggle to stand out.

### 5. Cybersecurity and fraud prevention

Cybersecurity and fraud prevention are also major concerns. With digital payments booming, advanced cybersecurity solutions are needed to ensure a seamless payment experience without compromising trust and security. Failure to do so could undermine PSPs' efforts toward a competitive edge in the market.

### 6. Customer expectations

While consumers are willing to pay more for a better payment experience, they also grow impatient, expecting instant and seamless transaction processing. If a website takes more than a couple of seconds to load, clients are likely to leave and not return. This adds another layer of complexity for PSPs, pushing them to retain customers via checkout personalization, loyalty programs, and optimized user journeys.

Despite these challenges, MENA's current payment landscape presents tremendous potential to shape the future of payments, offering promising opportunities for those able to navigate its complexities.

# Overcoming PSP Challenges in MENA: Build vs. Lease

## So, how can PSPs address the region's challenges? They have two primary options:

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### Build an in-house system or enhance an existing solution

One route PSPs can take is addressing these challenges independently by building in-house systems or optimizing existing ones. This approach allows PSPs to maintain full control over their infrastructure, ensuring tailored customization. However, it comes with significant financial, operational, and time investments.

Building infrastructure that complies with stringent regulations, such as SAMA in Saudi Arabia or VARA in the UAE, can take months or even years. This delays market entry and heightens operational expenses. Financially, creating a new system or upgrading an outdated legacy one can demand investments of $500K or more, depending on the project's scope and requirements.

### For a successful implementation, PSPs need to:

- Create cutting-edge technologies and integrate localized payment methods to cater to regional demands
- Tailor payment systems to meet the unique regulatory requirements, cultural norms, and customer expectations of each country in their footprint
- Offer value-added services such as automated merchant onboarding, built-in payment analytics, or smart checkout to gain a comprehensive edge on the market
- Implement robust anti-fraud solutions to mitigate risks and maintain customer trust
- Ensure systems can deliver lightning-fast payment management, personalization, and seamless user experiences to attract and retain clients
- Continuously update the system to address emerging cyber threats, regulatory changes, and technological advancements

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## Lease a payment infrastructure from a trusted vendor

Alternatively, PSPs can collaborate with reputable payment infrastructure providers like Akurateco. These vendors offer ready-made, scalable payment systems designed to address the complexities of MENA's dynamic market. Through white-label leasing, PSPs can deploy these solutions under their own brand while reaping the benefits of pre-configured global systems tailored to regional requirements.

**By leasing a payment infrastructure, PSPs will also benefit from:**

- Significantly lower initial investment compared to independent development.
- To calculate the costs of a white-label payment system, use our dedicated calculator.
- Accelerated time-to-market that allows to launch operations in weeks rather than months or years.
- Alignment with local requirements as well as regulatory compliance with international standards.
- Access to cutting-edge technologies like orchestration layer, tokenization, intelligent transaction routing and retries, and more.
- Diverse payment integrations with multiple global and local payment methods.
- Robust built-in systems, including integrations with third-party anti-fraud providers.
- Lightning-fast payment management and optimized transaction performance.
- Continuous system upgrades to address emerging threats and market demands.

By choosing to lease infrastructure, PSPs can avoid the financial strain and long timelines of independent development, allowing them to focus on expanding their customer base and refining the user experience.

Ultimately, there’s no right answer on whether to build or lease a payment infrastructure. It is an important choice each PSP should make based on their requirements and expectations.

> **PSPs need to decide if they want to spend months building a solution or work with partners who’ve already addressed these complexities. Collaboration allows them to focus on growth and customer experience rather than reinventing the wheel**

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# How Can Akurateco Help?

**Akurateco offers a cutting-edge payment orchestration platform tailored to meet the unique challenges of PSPs and banks in MENA. Our solution is designed to align with the region's regulatory standards while providing innovative global technologies that optimize payment processes.**

## Proven expertise in MENA

We are a trusted partner for clients across key MENA markets, including KSA, Qatar, UAE, Egypt, Kuwait, Lebanon, and Jordan. Our clients operate under licenses from regulatory bodies like SAMA, Qatar Central Bank (QCB), and the Financial Regulatory Authority (FRA), supported by Akurateco's infrastructure. Additionally, we offer cloud deployments on platforms such as Oracle, AWS, and Microsoft Azure, ensuring seamless compliance with local hosting requirements.

## What Sets Akurateco Apart

Flexible deployment options: choose between SaaS, On-Premises, or Cloud-Agnostic setups to align with your operational needs and regional regulations.

Microservices-based architecture: leverage our modular platform that ensures high reliability, easy scaling, and faster integration of new features.

400+ integrations: seamlessly connect with global and local payment methods, acquiring banks, anti-fraud systems, and KYC/KYB providers through a single API. Our integration list includes Cybersource, MPGS, Alipay, Riyadh Bank, NBK, Alrajhi Bank, and many others.

## Core features at a glance

While our platform offers a comprehensive suite of features, including intelligent routing, merchant onboarding, analytics, tokenization, and risk management, we emphasize simplicity and adaptability. Our tools enable businesses to enhance security, reduce costs, and optimize payment processes without the complexities of legacy systems.

Akurateco empowers PSPs and banks in MENA to succeed by combining deep local knowledge with cutting-edge technology. Whether you are looking to streamline operations or expand your market presence, we are here to help you achieve your goals.

# Client Success Stories

## Discover how Akurateco's solutions have transformed businesses across MENA through our client success stories:

### Driving payment innovation in MENA

TESS Payments, a leading Qatari payment service provider, partnered with Akurateco to implement a scalable, regulation-compliant payment infrastructure tailored to the needs of the MENA region. Akurateco's solution enabled TESS to quickly enter the market via SaaS deployment, secure a QCB PSP license and PCI DSS certification, and integrate global and local payment systems like MPGS, NAPS, and Doha Bank. The ongoing migration to an on-premises Microsoft Azure setup ensures long-term compliance and scalability, equipping TESS with advanced payment technologies for future growth.

### Building a cutting-edge PSP

DineroPay, a burgeoning PSP in the Kingdom of Saudi Arabia, partnered with Akurateco to launch a fully compliant and scalable payment ecosystem from the ground up. Akurateco's solution enabled DineroPay to achieve SAMA certification while integrating advanced payment options such as Apple Pay, Google Pay, and Samsung Pay. To meet the KSA regulatory and data sovereignty requirements, DineroPay chose an on-premises deployment hosted on Oracle Cloud. Additionally, Akurateco facilitated the integration of BNPL solutions like Tabby and Tamara, empowering DineroPay to cater to the growing demand for flexible payment methods in Saudi Arabia. Backed by their own banking license, DineroPay is now well-positioned for sustainable growth and innovation in the MENA region.

### Unlocking new revenue streams

MontyPay, a global end-to-end payment service provider based in the United Kingdom, was created as part of the Monty Mobile telecommunications group to expand into new markets. Evaluating whether to build a PSP from scratch or adopt a white-label solution, they chose Akurateco's SaaS platform for its flexibility, scalability, and rapid deployment. Today, MontyPay operates successfully across MENA, Africa, and Asia, leveraging over 15 integrations with local and global payment methods to support merchants' needs. Akurateco's solution has enabled MontyPay to streamline operations, unlock revenue streams, and expand seamlessly while ensuring regulatory compliance.

# Final Thoughts

**The MENA payments ecosystem is undergoing rapid transformation, driven by technological innovation and evolving regulatory demands.**

As payment technologies evolve, businesses must also anticipate future trends, such as the increasing importance of tokenization, AI-driven fraud prevention, and seamless cross-border payments.

The ability to adapt and innovate without compromising security will be a defining factor for success in the region's dynamic landscape. This can be achieved through payment infrastructure leasing. Akurateco stands out as a comprehensive partner, offering cutting-edge solutions tailored to MENA-specific requirements, from microservices-based to On-Premises and Cloud-Agnostic deployment.

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# Let’s Achieve Your Payment Goals Together

**Our team will be happy to show you how we can revolutionize your payments.**

**Give us one hour to walk you through the full capabilities of our system and demonstrate how we can assist you in reaching your business goals.**


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