

# Commercial and Digital Banking

## INVESTMENT OPPORTUNITY SCORECARD

### FINANCIAL SERVICES

September 2021



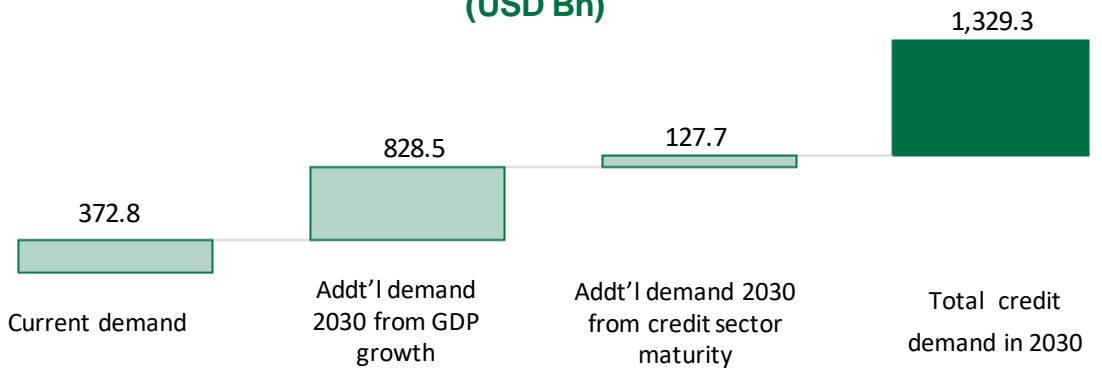
# Commercial and Digital Banking

**OPPORTUNITY'S DESCRIPTION:** Attracting commercial and digital Banks to conduct: Corporate Banking, Treasury Services, Trade Finance, Retail Banking, Cash Management and Global Banking. Furthermore, attract foreign capital to be allocated in financing opportunities (Greenfields and brownfields).

## DEMAND

### PROJECTED FUNDING DEMAND

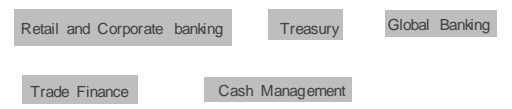
(USD Bn)



## INVESTMENT OVERVIEW

### INVESTMENT HIGHLIGHTS

- Commercial and digital banks are licensed by the Saudi Central Bank, SAMA to conduct commercial banking activities which include:



- Encourage Foreign bank branches from various successful markets to bring their presence in KSA as this will bring capital injection in the country.

### VALUE PROPOSITION

- New sectors (e.g. tourism, defense, recycling, entertainment, culture, etc) are being tapped in KSA's new economy and therefore, a new source of financing is expected as well.
- New set of products portfolio is being developed and regulated by KSA regulators. (e.g mezzanine, hybrid, convertibles, etc)
- Ease of doing business in KSA financial sector has enhanced and thus, new foreign and local players have entered KSA market more in the recent years.
- New product offerings related to MSMEs with focus on invoice discounting, supply chain.

## MARKET OVERVIEW

### KEY DEMAND DRIVERS

- Financing opportunities are immense in the below perspectives:
  - PIF Giga Projects: Red Sea, NEOM, AMAALA, etc.
  - Sovereign Financing: Sovereign bonds/ sukuk that are issued by NDMC.
  - ESG Financing, Mortgage Finance market with focus on secondary market offerings.
  - Privatization Program: e.g. water project (SWPC), energy projects (REPDO), etc.
  - SOEs: Aramco, SABIC, STC, SEC, etc.
  - MSMEs: KSA aims to increase the MSME financing share from 5% up to 20% by 2030.
  - Trade Finance is a growing market in KSA as its GDP is growing as well. and thus the demand on LCs and LGs credit is enhancing.

### MARKET READINESS AND COMPETITOR ANALYSIS

- A well-established regulatory environment, promising financing opportunities, robust market protection and top niche economy.

### COMPETITOR ANALYSIS



### GLOBAL TRENDS

- The global Financial Sector is going digital and thus, it comes the importance of the new digital banking which includes Fintech practice as well.

### CAPITAL REQUIREMENTS IN KSA

- Depend on the size of the bank, its scope of work and its business plan.

# DEFINITIONS

#	SCORECARD SECTION	DEFINITION
1	<b>Projected funding demand</b>	Projected funding demand for non-financial corporations
2	<b>Key Demand drivers</b>	A select number of factors that will influence future demand for the related product/service
3	<b>Investment highlights</b>	An overview of key financial metrics summarizing the investment opportunity along with the expected return based on the suggested investment size. The process or activities that would potentially need to be carried out to deliver the underlying product or service
4	<b>Value proposition</b>	Summary of key differentiators that position KSA as a strategic choice over other regional/global peers
5	<b>Market readiness</b>	An overview of KSA market structure, market maturity and level of participation by local and global players
6	<b>Competitor analysis</b>	List of the local & international players manufacturing the underlying product in Saudi Arabia and their market share
7	<b>Global trends</b>	Latest business developments within the sector/product category
8	<b>Capital requirements in KSA</b>	Capital requirements imposed by the regulator



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