

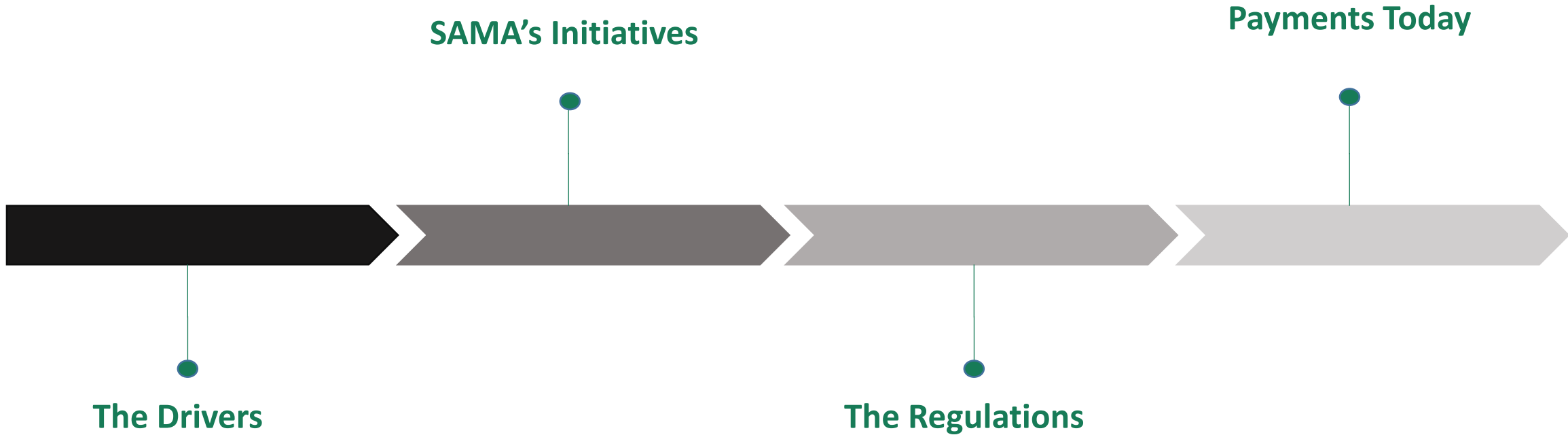
Developing The Enabling Regulatory Framework

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Agenda



1. The Drivers

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UK Treasury move to stimulate the next wave of FinTech innovation

Finextra – Jun' 2019

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Ottawa proposing new oversight framework for payments companies amid flood of new players

Financial Post – Jun' 2019

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China's central bank says will gradually set up rules to regulate fintech

Reuters– Mar' 2019

1. The Drivers

Financial Sector Development Program - FSDP

Open Financial Services to new types of players

Enable market entry of new types of players (e.g., Fintech) to foster development of an innovative ecosystem in Financial Services.

Drive toward cashless society

To enhance electronic payment and reduce cash handling to reach 70 percent of total payments in the Kingdom by 2030.



2. SAMA's Initiatives

In year 2018, SAMA has introduced two initiatives to encourage the innovation in the Financial Technology (FinTech) Industry.

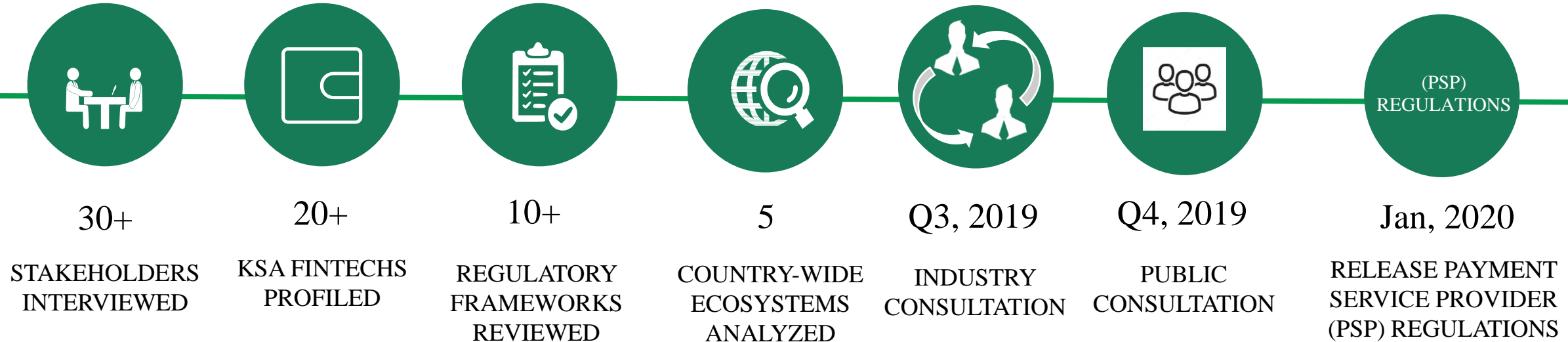
The Sandbox

SAMA's Regulatory Sandbox aims to attract local and International FinTech businesses that are looking to leverage existing or new technology in an innovative way to deliver new financial products or services to KSA markets, or improve business processes.

Fintech Saudi

Fintech Saudi was launched by SAMA in April 2018 to act as a catalyst for the development of the financial services technology (fintech) industry in Saudi Arabia.

3. The Regulations



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Risk



Minimize AML/CFT gaps and risks



Minimize exposure to cyber security risk



Limit financial risks and protect customer funds



Eliminate regulatory arbitrage

Innovation

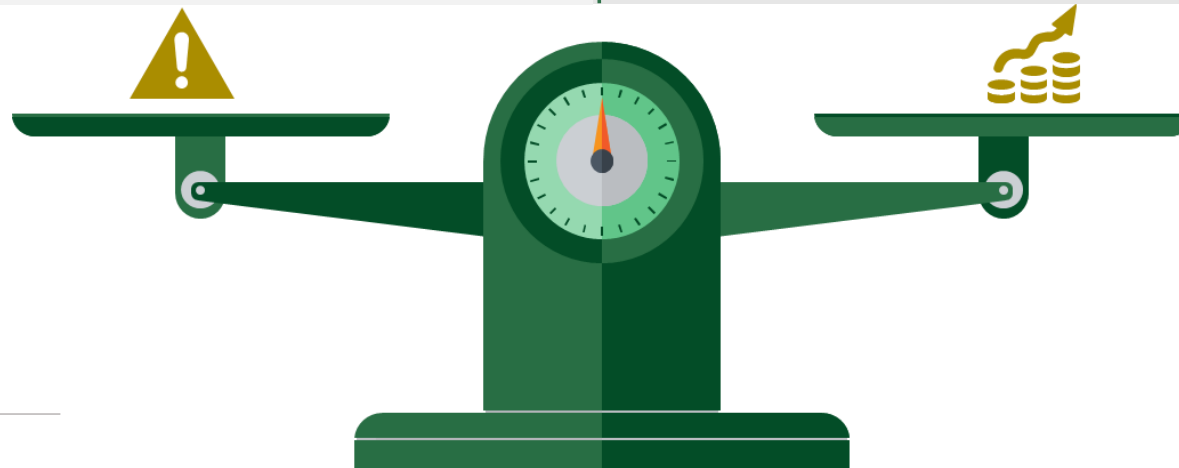
Encourage small players to grow and innovate



Avoid strategic disadvantage between large and small player



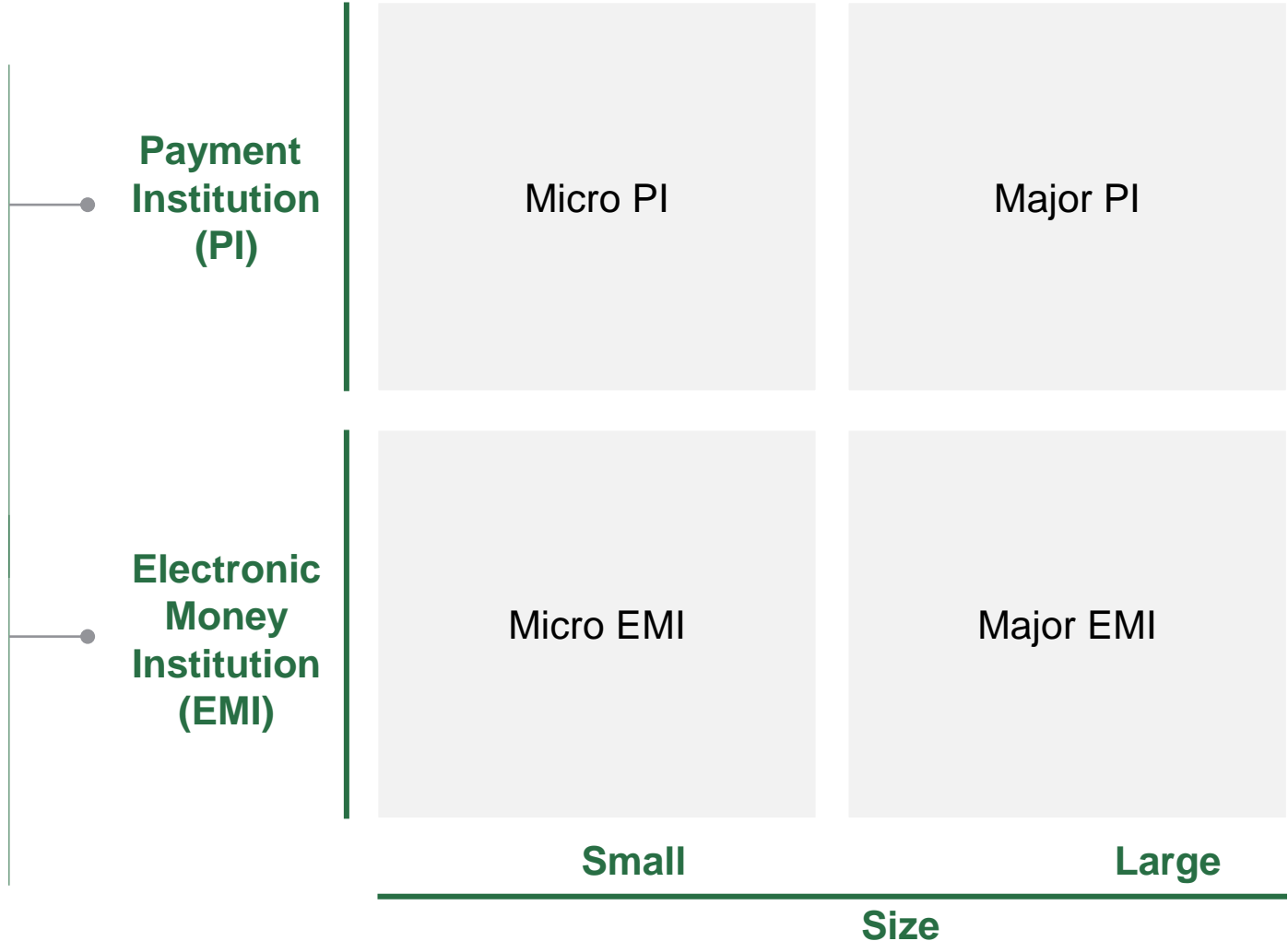
Ensure regulation is easy to understand and implement



3. The Regulations

Highlights

- These regulations enable a multi-tier licensing framework for the various types of payment services providers like Electronic Money Institutions and Payment Institutions, based on their size, activities and services offered.
- Different initial capital requirements for each licensing type.



4. Payments Today

- **32** Entities permitted in the Sandbox (**14** in Payments).
- **11** Entities Licensed as PSPs, **4** as Electronic Institutions (EMI), and **7** as Payment Institutions (PI).

Q&A



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