

MINISTER OF FINANCE AND SAMA GOVERNOR THANK THE LEADERSHIP FOR THE CABINET'S APPROVAL TO LICENSE TWO LOCAL DIGITAL BANKS.

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Minister of Finance Mohammed Al-Jadaan, Chairman of the Financial Sector Development Program, and the Governor of the Saudi Central Bank, Dr. Fahad bin Abdullah Al-Mubarak, expressed gratitude and appreciation to the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud, and His Royal Highness Prince Mohammad bin Salman, Crown Prince, Deputy Prime Minister and Minister of Defense, for the Cabinet's approval to license two local digital banks. First, STC Pay will be converted into a local digital bank, with a capital of SAR 2.5 billion (STC bank). Second, a number of companies and investors, led by Abdul Rahman bin Saad Al-Rashed and sons Company, will establish a local digital bank to conduct banking business in the Kingdom, with a capital of SAR 1.5 billion (Saudi Digital Bank).

Al-Jadaan noted that the cabinet's approval reflects the leadership's keenness to keep pace with the rapid development in the FinTech sector and to empower the Kingdom to be among the largest financial hubs in the world. He added that the Financial Sector Development Program, one of the Kingdom's Vision 2030 realization programs, seeks to keep pace with global developments in the financial services and FinTech during 2021-2025 to underpin economic diversification.

On his part, SAMA's Governor clarified that with the approval of the Council of Ministers, the Saudi Central Bank will recommence its work to finalize technical and operational requirements for the two banks to start their banking activities in the Kingdom. The Governor drew attention to the fact that digital banks are subject to supervision and controls applied currently to commercial banks operating in the Kingdom, with an increased focus on aspects of technology, cyber security, anti-money laundering, tracking terrorist financing as well as operational risks.

Al-Mubarak pointed out that digital banks provide services and products exclusively through electronic channels by adopting an innovative and sustainable banking business model to enhance the financial inclusion and keep pace with cutting edge technological developments in the financial sector.

It is worth mentioning that the Saudi Central Bank has been actively engaged in supporting innovation and maintaining confidence in the financial sector by developing the digital economy and enabling FinTech companies to support the growth of the private sector. In this context, the Central Bank has licensed 16 Saudi FinTech companies in the recent past to provide payment services, consumer micro-finance and digital insurance brokerage. In addition, there are 32 FinTech companies operating under the Regulatory Sandbox environment, which was designed for testing innovative services and products in the Kingdom.

In an effort to broaden the scope and efficiency of innovative services through the best regulatory standards, the Central Bank has issued last year the "Open Banking Policy," which will allow bank clients to manage their bank accounts and share data securely. Clients will be given the option to allow third party service providers, including banks and FinTech companies, to access their banking information.

To sum up, the Saudi Central Bank has been working relentlessly for developing and supporting innovation in the banking sector in partnership with FinTech companies to reap the benefits of the technological revolution for the financial sector and the economy at large.