

# OPPORTUNITIES FOR NEW ZEALAND FINTECH BUSINESSES IN THE UAE AND GCC REGION



**NEW ZEALAND**  
**TRADE & ENTERPRISE**  
Te Taurapa Tūhono

# GLOSSARY

**API:** Application programming interface: used as an interoperability standard between data-sharing partners

**GCC:** Gulf Cooperation Council (includes the UAE, Saudi Arabia, Qatar, Kuwait, Bahrain and Oman)

**GDPR:** General data protection regulation: a data protocol that must be adhered to in many markets

**KYC:** Know your customer: obligatory process of verifying a client's identity as part of a business relationship; part of anti-money laundering protocols.

**MENA:** Middle East and North Africa

**P2P:** Peer to peer is the facilitation of an interaction between individuals through a digital platform

**POS:** Point of sale is the offline interaction between a payer and a payee

**PSD2:** Payment services directive 2: a complementary data protection regulation that is often adhered to as part of GDPR

**SANDBOX:** Financial and regulatory sandbox: a setup in which businesses can test ideas and create proof of concepts to deliver to the market

**SME:** Small- and medium-sized enterprise

# FOREWORD

Fintech is one of the most exciting industries in the world right now and the UAE is no exception. The sector is thriving, and the country is spearheading its development across the Gulf Cooperation Council (GCC) and broader Middle East.

This document looks at the UAE's fintech ecosystem's rapid growth and the role that COVID-19 has had in accelerating this trend.

It also provides actionable and relevant insights for New Zealand businesses looking to enter the market, illustrated by the **EVMI model**. This includes a high-level overview of the regional technology market (**Educate**), a deep dive into the fintech vertical to understand the appetite and opportunities (**Validate**), the mapping out of risks and opportunities (**Mitigate**) and recommendations on how to launch into the market (**Integrate**).

# CONTENTS

## 1. Educate

- a. Overview of fintech market trends in the Middle East
- b. Focus on the UAE's fintech landscape
- c. Key growth areas for fintech in the UAE

## 2. Validate

- a. The most desirable fintech verticals in the region

## 3. Mitigate

- a. Opportunities and challenges for New Zealand businesses

## 4. Integrate

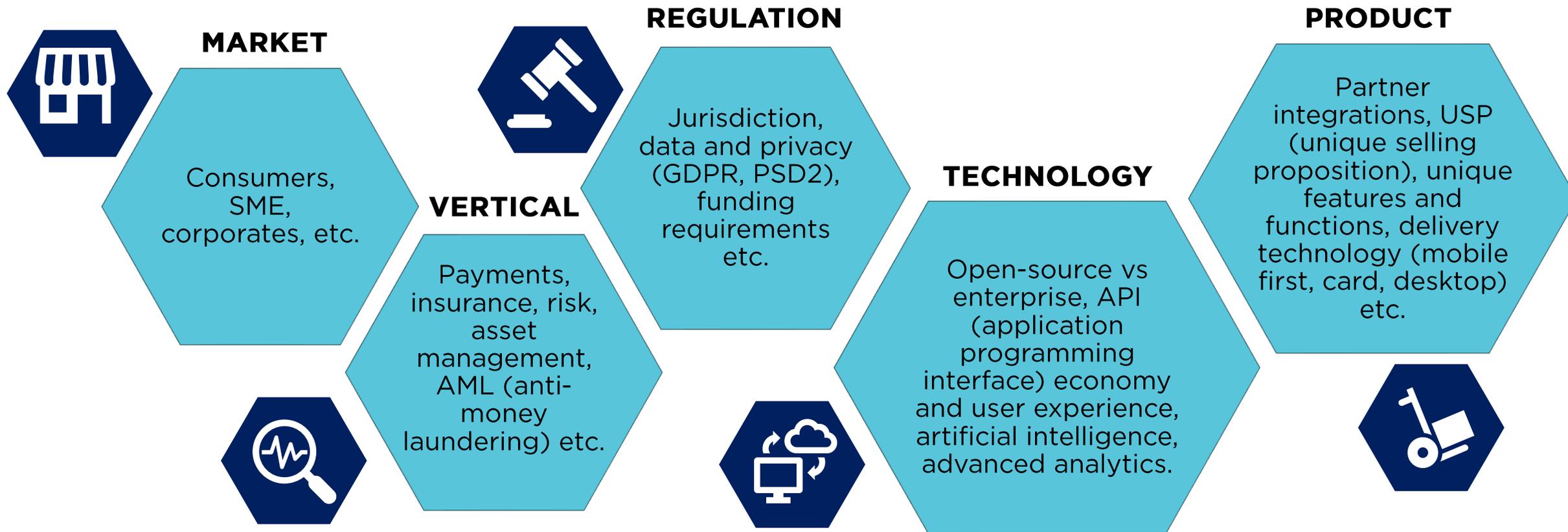
- a. Recommendations

# WHAT IS FINTECH?

Fintech is broadly defined as the integration of technology and financial services. Although fintech is not a new concept (traditional banks have used advanced technology for decades), the term has become synonymous with a broader disruptive movement of technology companies entering the financial services sector in order to disrupt the incumbents.

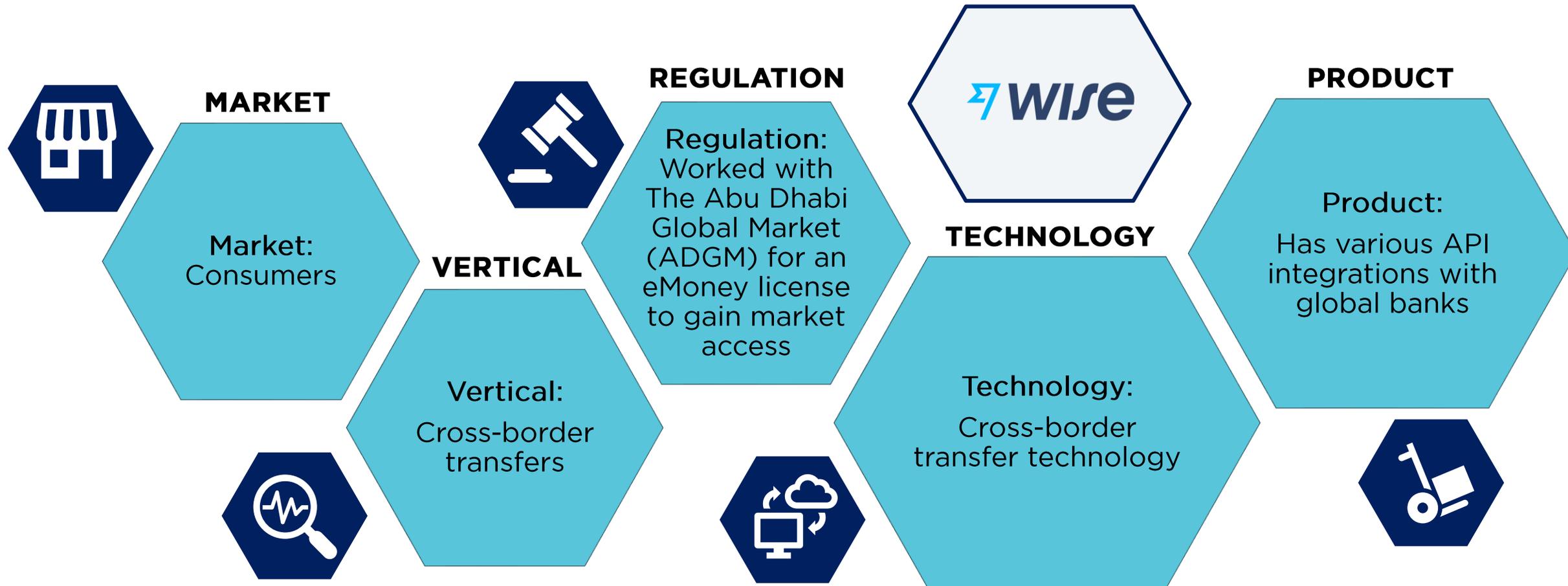
One of the more notable features of true fintech companies is that they do not interact with their customers in an offline environment. The best example of this is in banking, with customers adopting branchless banking with emerging neo banks.

# FINTECH MARKET COMPONENTS



# FINTECH MARKET COMPONENTS – UAE EXAMPLE

In the UAE, **Wise** – a global money transfer company – is entering the country’s tightly controlled money transfer business. This is how it fits into the fintech industry’s structure.



# THE FINTECH INDUSTRY IS THRIVING ACROSS THE GULF AND MENA REGION

## 1. Educate



**559**

fintech companies  
in MENA in 2015



**230%**

growth



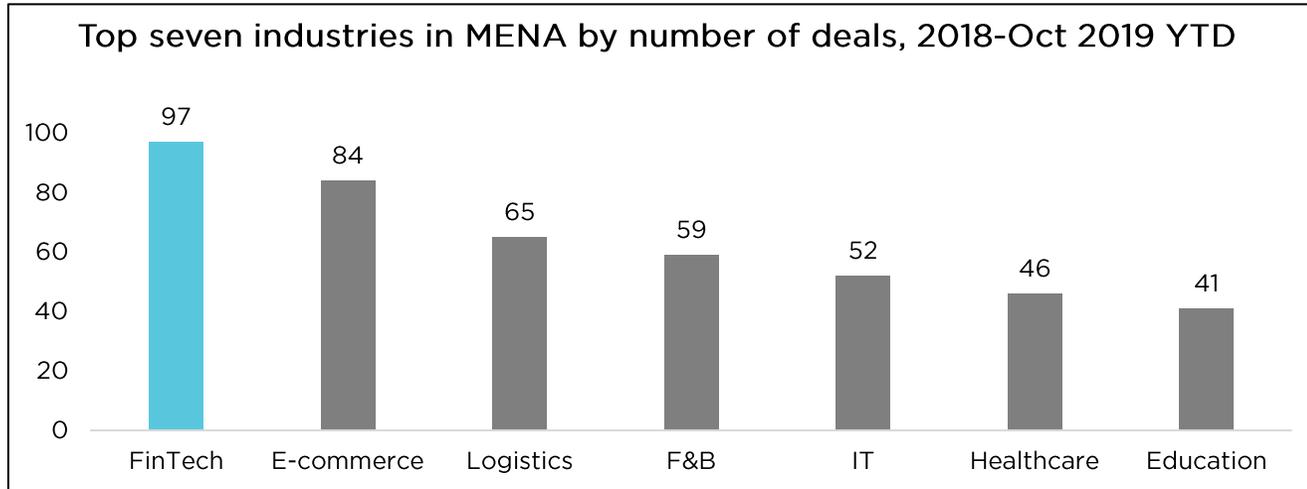
**1,845\***

fintech companies  
in MENA by 2022  
\*forecast

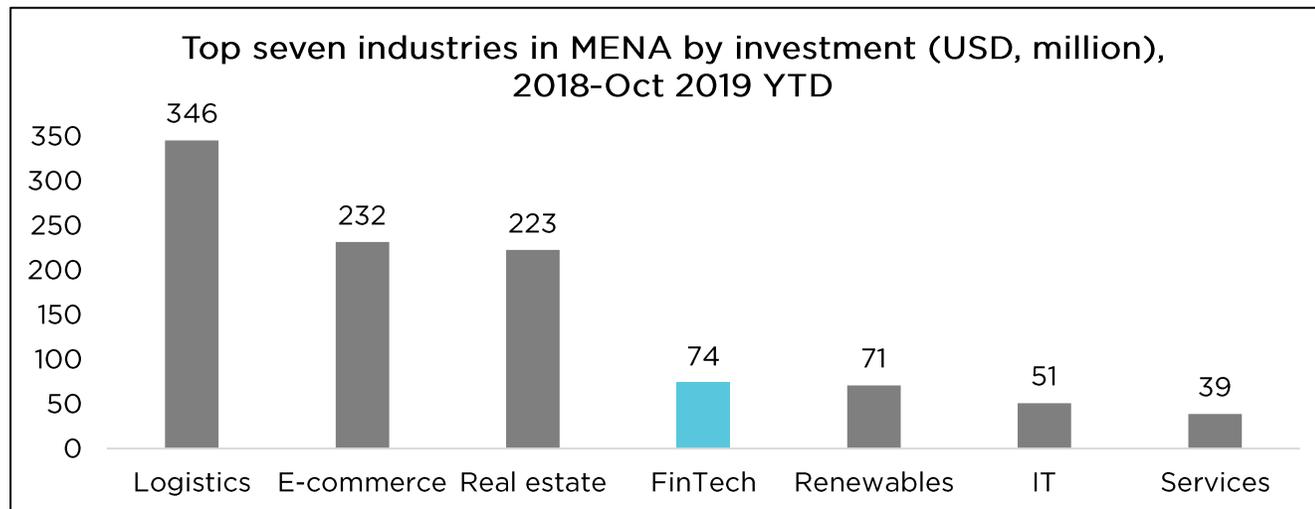
85% of fintech companies in the MENA region operate in the remittances, payments or money transfer verticals.

Innovations in the sector have helped revolutionise the way people in some of the region's developing countries access and send money, giving those who were previously unbanked access to banks, lowering the costs of remittances, and helping lift people out of poverty.

# INVESTMENT AND DEALS IN MENA - IN NUMBERS



Sources: MAGNiTT, Emirates NBD Research



Sources: MAGNiTT, Emirates NBD Research

## Annual number of deals and total funding in MENA-based fintech start-ups, 2015-19

	Disclosed fintech funding (USD, m)	MAGNiTT undisclosed funding estimate (USD, m)	Deals
2019	25	5	51
2018	42	2	46
2017	109	12	38
2016	18	5	28
2015	18	0	18

Source: Abu Dhabi Global Market

# THE UAE IS THE MAIN FINTECH HUB IN THE MIDDLE EAST

The UAE is leading the way and setting the pace for the region. It is home to almost 50% of the region's fintech companies and is becoming a global hub for technological innovation.

Fintech is also booming in Saudi Arabia, with the number of new companies having grown by 37% in 2021. Fintech Saudi is a government initiative between the Saudi central bank and the kingdom's financial regulator to bolster the market and turn it into a global fintech hub.

Further afield, the central banks of Egypt, Bahrain and Jordan have launched initiatives to regulate digital payment services. Both Lebanon and Bahrain have implemented crowdfunding regulations.

In the GCC(2), success stories include:



- Careem (ride hailing and food ordering technology) moving into card issuing and remittances



- Livbank, the UAE's fastest growing digital branchless bank

# THE COVID-19 PANDEMIC ACCELERATED TRANSFORMATION IN THE GCC'S TECHNOLOGY SECTOR

## Examples of this transformation include:

- Rapid digitisation of local business
- E-commerce boom (in the UAE, e-commerce user penetration stood at 69.4% in 2021)
- Rapid modernisation of supply chain to support online delivery
- Rapid regulatory adaptation and support for contactless engagement, such as the opening up of previously banned video conferencing platforms, mandating the use of digital identity and supporting cashless payments
- COVID-19 used as a supercharger event to digitise and modernise processes and attract talent and business to the GCC region
- Regional initiatives promoting technology to scale through the rapid adoption and promotion of in-country cloud infrastructure, such as Amazon Web Services, Oracle and Azure.
- Move back towards face-to-face executive engagement for funding, innovation and partnerships as infrastructure and capacity are put in place to mitigate the effects of COVID-19

# THE GCC ECONOMIES ARE ON THE ROAD TO RECOVERY AND MAKING CHANGES TO FUTURE-PROOF THEIR ECONOMIES

**Extensive government support, objectives focused on business outcomes and strong vaccination rates have allowed the UAE and broader GCC to weather the COVID-19 storm.**

Government initiatives to pull economies forward include:

- Creation of new visa categories for business and entrepreneurs
- Focus on digitisation and attracting digitally focused investment
- Talent acquisition and retention through visa programmes, including for coding talent
- Opening-up of travel corridors
- Driving in-person global events (for example: Expo 2020 Dubai) that are compliant with public safety requirements
- Optimising supply chains through existing digital infrastructure, by prioritising relevant goods and services and leveraging off and repurposing passenger capacity to air freight

An aerial photograph of Dubai, UAE, at sunset. The sky is a warm orange and yellow. In the foreground, a complex multi-level highway interchange is illuminated with streetlights. The middle ground is filled with numerous skyscrapers, some with lights on. The Burj Khalifa is visible in the background. The text "THE UAE'S FINTECH LANDSCAPE" is overlaid in large white letters across the center of the image.

# THE UAE'S FINTECH LANDSCAPE

# THE UAE FINTECH LANDSCAPE - IN NUMBERS

- The UAE is ranked among the world's top ten fintech hubs.
- In the first six months of 2021 alone, fintech investment in the country jumped by 49%.
- Most fintech companies in the UAE are payment companies – these make up around a quarter of the total – followed far behind by blockchain and insurtech.
- However, as the fintech environment continues to thrive, and as the government continues to promote the sector's development, emerging sectors, such as open banking and AI, may grow more to become significant.



**USD 80m**

Investment capital funding for fintech companies in the UAE in 2017

**USD 2bn\***

Investment capital funding for fintech companies in the UAE by 2022  
\*forecast; Finextra

Breakdown of UAE fintech companies by subsector, 2021



Source: Fintech News Middle East

# GROWTH TRENDS IN FINTECH

## Laggards

### Neo banking and lending

Inflated growth, reliance on physical card technology, high acquisition costs, several high-profile industry leadership issues, low-margin retail customer acquisition and heavy (if often unsuccessful) competition from the incumbents in the neo banking space have left this vertical temporarily vulnerable amid COVID 19.

For lenders, the economic impact of COVID-19 has created a difficult operating environment, with a lack of available capital for lending and high default rate, specifically in the SME segment.



bankiom



YAP

## Leaders

### Payments and remittances

Money transfer and e-commerce are moving from offline to online.



Mamo Pay



NymCard

### Insurance

Although insurance has traditionally lagged behind due to incumbents holding back on technological adoption, this sector has been pushed forward as customers' needs have shifted to immediate online claims and approvals. Impeccable user experience and real-time information streaming are the critical factors driving the growth of insurtech companies.



BuyAnyInsurance



DEMOCRANCE  
DEMOCRATIZING INSURANCE

# UAE FINTECH MAP



# KEY PLAYERS IN THE UAE'S FINTECH ECOSYSTEM



**Dubai**  
**60%**

**Abu Dhabi**  
**40%**

Dubai and Abu Dhabi are the country's two fintech hubs

## Dubai

The emirate is home to the region's first and largest fintech accelerator, DIFC Fintech Hive.

DIFC fintech Hive has a dedicated USD 100m fund granting companies access to accelerator programmes.

Since its launch in 2017, DIFC Fintech Hive has accelerated more than 120 start-ups (which have raised more than USD 350m) and launched more than 40 products used by financial institutions in the UAE.



## Abu Dhabi

The emirate is home to Abu Dhabi Global Market (ADGM), an award-winning international financial centre.

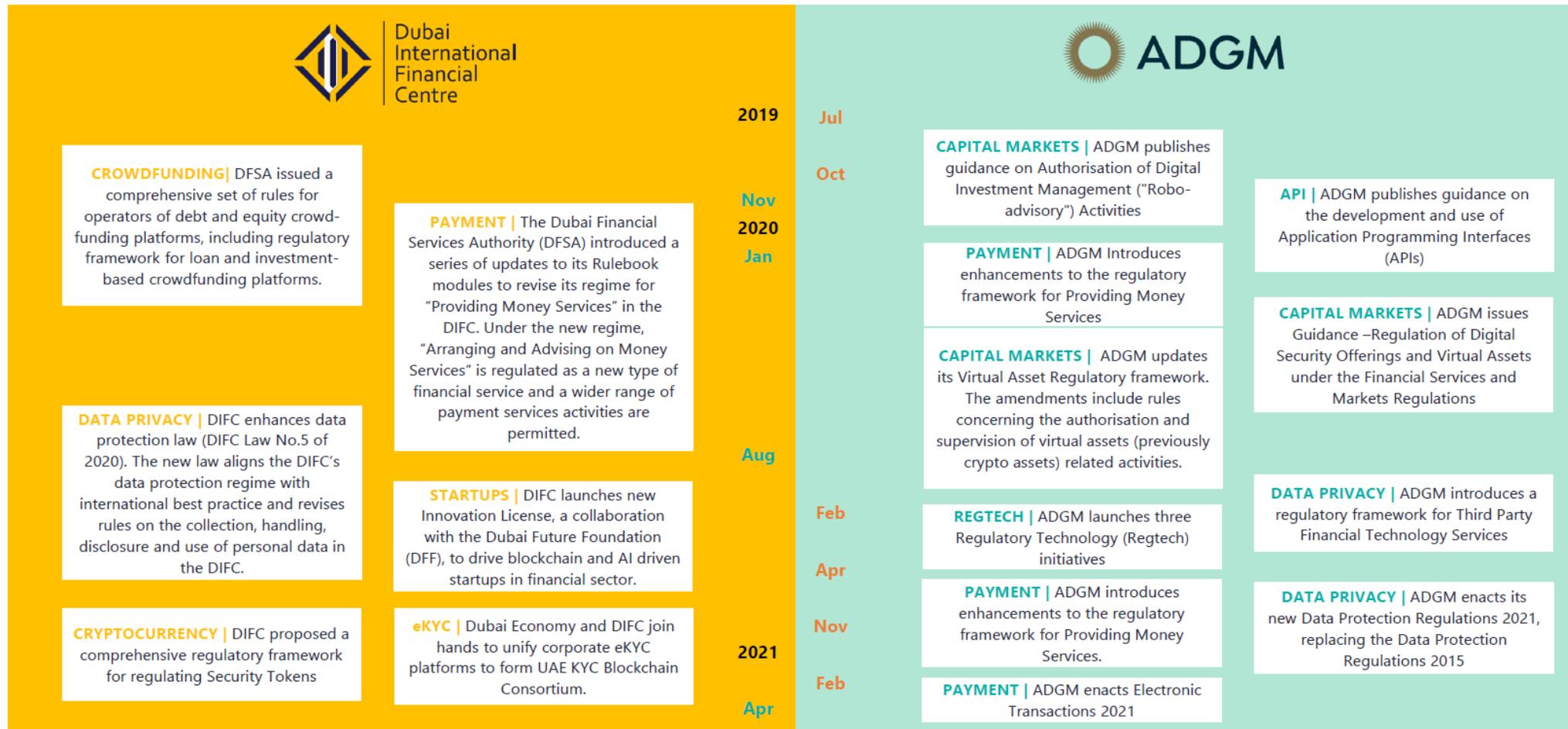
In 2016, ADGM launched the Middle East's first fintech regulatory framework and fintech sandbox – RegLab – is the second most active in the world, offering a low-risk environment for fintech companies to test their innovations.

Hub 71 is Abu Dhabi's accelerator for start-ups. Since its launch in 2019, more than 100 tech start-ups have set up there and raised USD 50m.



# UAE FINTECH REGULATIONS

Both DIFC and ADGM have issued regulations governing fintech activity in their respective free zones



# SEVERAL NATIONAL FINTECH INITIATIVES ARE UNDERWAY, INCLUDING A DEDICATED FINTECH OFFICE

## UAE Fintech Office

In late 2020, the Central Bank of the UAE (CBUAE) established a dedicated Fintech Office, whose mission is to create a mature fintech ecosystem and turn the UAE into a regional and global fintech hub.

In practical terms, the office supports fintech activity in the banking sector and is seeking to develop a regulatory framework for the country. To do this, it is working closely with fintech authorities like the Dubai International Financial Centre (DIFC) and ADGM, and it also collaborates with these two bodies on joint initiatives aimed at developing and growing the fintech industry in the UAE.



مصرف الإمارات العربية المتحدة المركزي  
CENTRAL BANK OF THE U.A.E.

## National Innovation Strategy

Since 2014, the government has also been working on making the UAE one of the most innovative countries in the world by the end of 2021. It has been particularly successful in the development of educational systems, increasing the use of computers and smart devices in schools and setting up technological institutes.

The country is spending heavily on information technology to further boost its competitiveness in fintech, with investment in IT enterprises around the UAE forecasted to reach more than USD 5.3bn in 2022.

## Emirates Blockchain Strategy 2021

This initiative, launched in 2018, seeks to move 50% of government transactions to the blockchain by the end of 2021. The Dubai Paperless Strategy, which uses blockchain, is completely digitising government transactions.

# DEMOGRAPHIC ADVANTAGES FOR FINTECH DEVELOPMENT

The UAE population is young, highly digital and comparatively wealthy, and its demand for online services is ever increasing.

The internet penetration rate in the UAE is the highest in the world – matched only by Denmark – at 99%. The average internet user in the UAE spends around 7.5 hours per day online, and 99% of the population uses social media.

As the UAE population migrates deeper online, so does its use of fintech services, including digital banking. The UAE already has a mobile banking penetration rate of 90%, and the future looks robust.

**USD  
18.5bn**

number of online payments made in 2018-20 (almost doubled)

**88%**

of in-person transactions are now contactless

**73%**

of consumers are shopping more online now than before COVID-19

**83%**

of residents believe that, over the next decade, the UAE will become fully cashless

**50%**

of consumers intend to use cryptocurrencies within the next year

And nearly all consumers say they will use at least one new digital payment method within the next year, including wearables, biometrics, and digital currencies.

# PRIVATE SECTOR PARTNERSHIPS ARE ON THE MOVE WITH BANKS ACTING AS ACCELERATOR PLATFORMS

It is not just the government that is playing a key role in spurring the fintech sector's development. There is a dynamic private partnership scene in the country, with traditional large local financial institutions and larger banks acting as accelerator platforms for fintech start-ups. For example:

- **Abu Dhabi Commercial Bank (ADCB)** has partnered with **Plug and Play** (the world's largest early-stage investor and accelerator) and **ADGM** to enter Plug and Play's global ecosystem, which will help the bank implement its digital transformation strategy.
- **First Abu Dhabi Bank (FAB)** has partnered with the **Abu Dhabi Digital Authority** to set up a platform called **Abu Dhabi Government Digital Payment (ADPay)**, which will enable customers and investors in the UAE to make digital payments more easily.
- **VISA** has partnered with the **DIFC fintech Hive** and **Startupbootcamp** to offer mentoring and consulting services.
- **Citibank** has organised the first **MENA Fintech Challenge**, which enables regional fintech companies to test their ideas and produce innovative solutions to their problems.



PLUGANDPLAY

VISA

citibank

A night-time photograph of the Dubai skyline, featuring several illuminated skyscrapers. The most prominent building is the Burj Khalifa, which is brightly lit and stands out against the dark sky. To its left, the flag of the United Arab Emirates is visible, flying from a tall pole. The city lights reflect on the water in the foreground, and a few people can be seen sitting on a rocky shore in the lower-left corner.

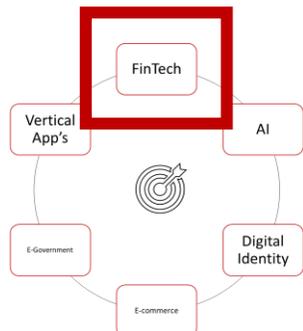
# KEY GROWTH AREAS AND VERTICALS IN THE UAE

# THE EVMI MODEL – AN OVERVIEW

In the coming slides, we will outline key actionable and relevant insights that will help New Zealand businesses navigate the UAE's fintech landscape. We will do this using the EVMI model: Educate, Validate, Mitigate and Integrate.

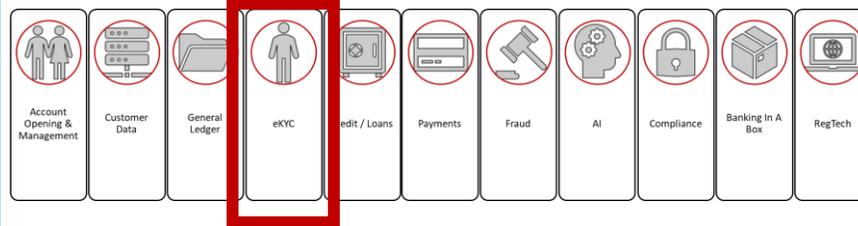
## Educate

Know your market



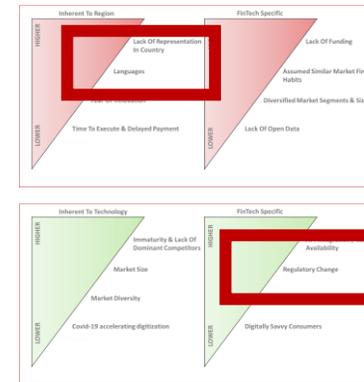
## Validate

Does your specialty fit in the area of demand?



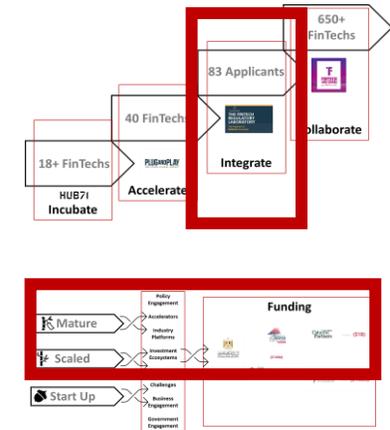
## Mitigate

Map out your market's weaknesses and strengths



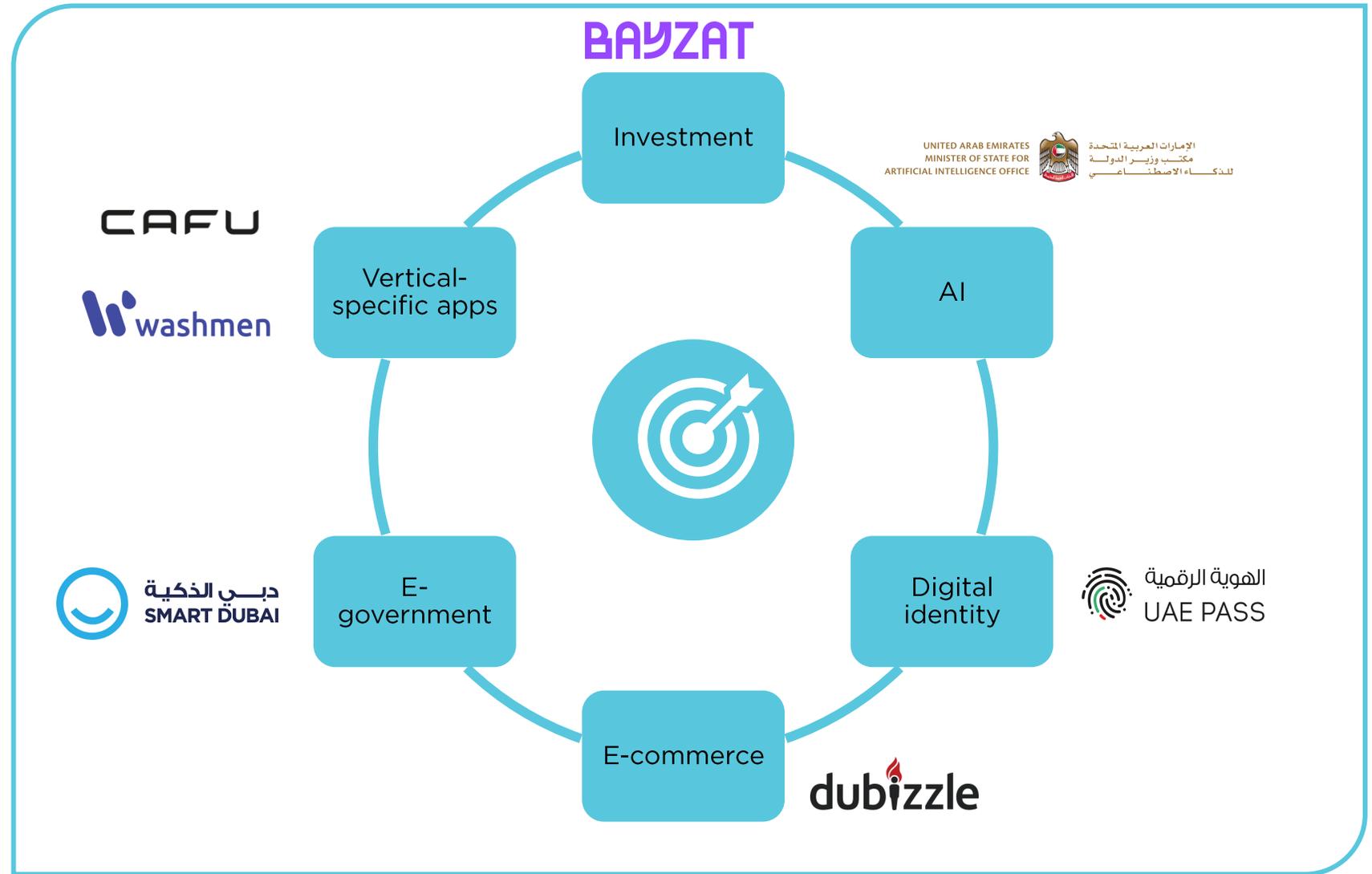
## Integrate

Pick your ecosystem support entry point



# KEY GROWTH AREAS

There are six key areas of growth and focus within the UAE's fintech ecosystem that are either driven at a federal or emirate level, or that have become organic through strategic investment.



# INVESTMENT

Fintech investment opportunities in the UAE are growing, thanks in part to the business-friendly environment that has been created for the sector. Large-scale investment plans, primarily out of Abu Dhabi and Dubai, have sought to leverage the country's status as being among the world's top ten financial hubs.

VAT is new to the UAE, driving out the cash economy and driving in modern digital accountancy, HR and enterprise resource planning practices and technologies, like Bayzat (HR vertical), which has successfully attracted international investment.

One of the world's biggest fintech deals took place in 2021 in the UAE with global technology investment firm Silver Lake's USD 800m investment into Group 42 - an Abu Dhabi-based cloud computing firm. **The deal launched the UAE to the top of the MENA region and ninth globally for the volume of fintech investments attracted.**

The logo for BAYZAT, featuring the word "BAYZAT" in a bold, purple, sans-serif font. The letter "Y" is stylized with a curved underline.

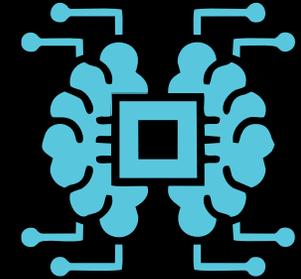


**Top tip:** AI growth is being hampered by lagging access to an open data culture within the UAE. Although this is changing, ensure that recent and live streamed data are readily available from partners and are approved by regulators before committing to projects.

The National Artificial Intelligence Strategy 2031 was launched in 2019 and is the first of its kind in the region. It is designed to turn the UAE into an AI business hub, both for technology and talent, and to spur on the adoption of AI across sectors, including in resources and energy; logistics and transport; tourism and hospitality; healthcare; and cybersecurity.

To continue fostering the fintech ecosystem's growth, the UAE government has launched several programmes aimed at developing and attracting talent, including a recent initiative to train 100,000 coders, establish 1,000 global tech companies, and increase investments in start-ups from USD 408m to USD 1bn.

The programme is backed by tech giants like Google, Microsoft, Amazon, and Facebook, demonstrating the market's faith in the UAE's fintech industry.



**Key verticals where AI is used are policing, traffic, security, banking and finance and telecoms.**

Banking and finance has seen a rise in AI programmes focusing primarily on fraud and cognitive automation, both of which deliver cost reduction rather than sales or customer experience/value.

# E-GOVERNMENT

There are a myriad apps for emirate- and federal-level government services. These generally don't work very well, so the government has launched **Smart Dubai** in a bid to aggregate them and improve service provision.

At a federal level, the UAE is engaged in a full digital transformation and is aiming for government services to go paperless by December 2021.



This is a four-phase strategy that involves:

1

**The digitisation of all government services, including straight-through digital processing, digital-specific regulation and countrywide document digitisation**

2

**The aggregation of a fragmented government app environment**

3

**A cultural shift away from paper towards trust of digitally consumed information**

4

**The standardisation, mobilisation and tokenisation of digital identity (see next slide)**

# DIGITAL IDENTITY



**Top tip:** Expect the growth of super apps that allow for seamless digitisation and eKYC of financial transactions. Similar apps already exist in China (WeChat, Alipay), primarily driven by the digitisation of the Chinese national ID. This is coming to the UAE.



الهوية الرقمية  
UAE PASS

Launched in 2018, the UAE Pass sends a clear signal that a single homogenised and tokenised digital identity for all residents and citizens is inevitable. Although it has not been fully adopted yet, it digitises and mobilises the physical Emirates ID and holds deep biometric data.

The app is part of the government's "Digital Future" initiative to fuel the smart transformation of government and allows users to access services, sign documents digitally, and request official digital documents. The app's security is highly rated, with several financial entities in the UAE now using UAE Pass as an authenticator, as well as a document-sharing platform using blockchain technology.

Through the digitisation of this contents, the UAE will be able to facilitate a wider range of secure online transactions at both a government and private level, with an open real-time data sharing capability that does not require card present verification.

# E-COMMERCE



**Top tip:** If you want to cloud-host large swathes of sensitive customer data in the UAE, it needs to be based on a domestic cloud provider. Azure (Microsoft) is currently the only cloud-hosting provider in the country, though Amazon Web Services (AWS) does provide elastic on-premises cloud solutions for the region. AWS is planning to launch three data centres in the UAE in the first half of 2022.



E-commerce has been thriving since even before COVID-19 hit, thanks to a digital-ready population and strong government support. Successful payment platforms like Amazon's PayFort and Ali Pay have made online shopping easy for consumers and helped make e-commerce a multi-billion-dollar industry in the UAE. E-commerce is so important that Dubai has created a free trade zone to help develop it.

**The market is gearing up to be worth USD 48.6bn, up from USD 26.9bn in 2018.**

## Here are some of the key players:

1. In 2017, homegrown e-commerce platform **Souq** was bought by **Amazon** for USD 680m.
2. **Noon** is the second-largest online e-commerce platform in the UAE and is tied to the offline Emaar Group, which owns some of the largest malls in Dubai.
3. Two of the UAE's most recognised e-commerce giants, **Dubizzle** (retail and classifieds) and **Bayut** (property), in June 2020 announced that they would become an USD 9.8m unicorn.

# VERTICAL-SPECIFIC APPS



**Top tip:** The UAE population is 90% expatriate and is a follower in technology trends, so watch out for global trends (especially in the subcontinent) on technology adoption: these provide a gauge of what's next in the UAE.

The UAE has seen stratospheric growth in vertical-specific apps. For example:

1. **Washmen** - laundry pick-up and delivery app
2. **Deliveroo** - food ordering app
3. **Careem** - transport app recently purchased by Uber for USD 3.1bn
4. **Kibsons** - fresh produce delivery app

Much of the success of these apps is related to the broad international adoption of delivery services, but there are three further factors behind the speed and market sustainability of app adoption in the UAE:



**Climate** - for at least six months of the year, life mainly takes place indoors due to the intense summer heat, which fuels a guaranteed seasonal increase in delivery demand.



**Low labour costs** - the UAE has a constant stream of subcontinental labour that is used for delivery and driver services, keeping labour costs down for these types of technologies and facilitating rapid adoption.



**Highly digital population** - internet users spend many hours a day online.



# THE OVERALL TECHNOLOGY ECOSYSTEM IN THE UAE

**Fintech is one of the key growth sectors in the UAE and fits in with several other regional trends that are becoming areas of focus for governmental, investment and overall adoption.**

The following sectors are growing in the region:

- **Cybersecurity and defence consulting** – 2020 has seen a 50% increase in investment in this USD 284bn global vertical in the region. DarkMatter is an industry-leader here.
- **Edtech** – this industry has grown but has been hampered by restricted regional access to VOIP connectivity. Still, STEM education and e-learning platforms like UdeMy are being adopted across many UAE enterprises.
- **AgriTech** – there is significant interest in vertical and sustainable farming in the UAE as the Gulf countries import over 80% of domestically consumed food. There has been recent investment to bring global companies, such as Aero Farms, a global researcher in vertical farming, to the UAE.
- **5G** – Expo 2020 Dubai is the poster child for a 5G roll-out, with significant support and investment from local telecommunications sponsor Etisalat and 5G cloud server technology provider Siemens.
- **Cloud infrastructure adoption** – this has been hampered by regulatory restrictions, such as the requirement for government oversight and for infrastructure to be based in-country – Microsoft's Azure platform, which serves over 20m global customers, launched in late 2019 and was domiciled in the UAE with the first local enterprise-ready infrastructure.

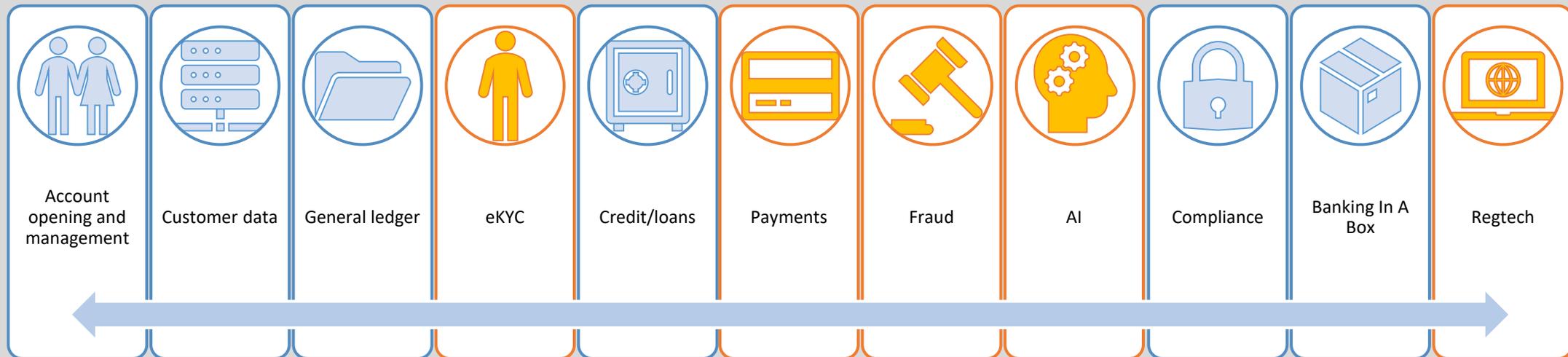


# WHAT ARE THE MOST DESIRABLE FINTECH VERTICALS IN THE REGION?

## 2. Validate

There are 11 areas that GCC regulators and banks are focusing on. Any fintech company entering the UAE and broader Middle East can take advantage of these areas of focus and their associated momentum, virtual sandbox, and financial services application programming interface (API) economy.

AI, payments, regtech, eKYC and fraud are the primary fintech partnerships sought by incumbent financial institutions in the region.



# MOST RECENT REGIONAL FINTECH CAPITAL RAISES BY SIZE



PayTabs: USD 26m – Payments



Bayzat: USD 25m – HR



Aqeed: USD 18m – Insurance



Beehive: USD 15.5m – P2P SME



Souqalmaal: USD 15m – Price comparison site



Investment into the region's fintech vertical is low by global standards: in 2017, only 1% of more than USD 90bn invested in fintech globally went to MENA businesses.

# DO COMPANIES WITHIN THE GULF USE FINTECH?



The Gulf is broadly behind international fintech trends, but there are some exceptions.

Companies that are driving change include:

- **Etisalat** telecoms and its investment in collaboration through the new 5G network and tech incubator programme
- **Emirates NBD Group** and various enterprise API Sandboxes



Like most regions, payments and loyalty are the most obvious areas for disruption due to legacy technology and incumbent apathy, so these verticals have seen the widest adoption. Businesses like **Paysky** and **Pointcheckout** are being adopted by digitally native customers and incumbents.

- **Paysky** is transforming and modernising legacy POS(7) technology across Egypt and the UAE, bringing an app, wallet and QR code methodology more in line with China to the region
- **Pointcheckout** is solving issues relating to a wide array of fragmented and underutilised rewards and loyalty bases within the region, building technology that converts unused loyalty points into cash in real time



A night-time photograph of the Burj Al Arab hotel in Dubai, United Arab Emirates. The building is illuminated with warm orange and yellow lights, contrasting with the deep blue night sky. The water in the foreground reflects the lights. The text is overlaid in the center in a bold, white, sans-serif font.

**CHALLENGES FOR  
NEW ZEALAND BUSINESSES  
WANTING TO ENTER  
THE UAE MARKET**

# CHALLENGES SUMMARY

**There are significant challenges for New Zealand businesses launching into the Gulf region (beyond time zone, location and language differences).**

The primary challenges include:

- Lack of funding to execute in a complex environment
- Lack of regionally open data
- Long execution times
- Hierarchical models within institutions
- Localised job security and associated fear of technology and innovation
- Invoice and contract payment terms with partners
- Small population size (UAE)
- Segment variety (small high-net-worth expat population in the UAE, larger but emerging in the Gulf)

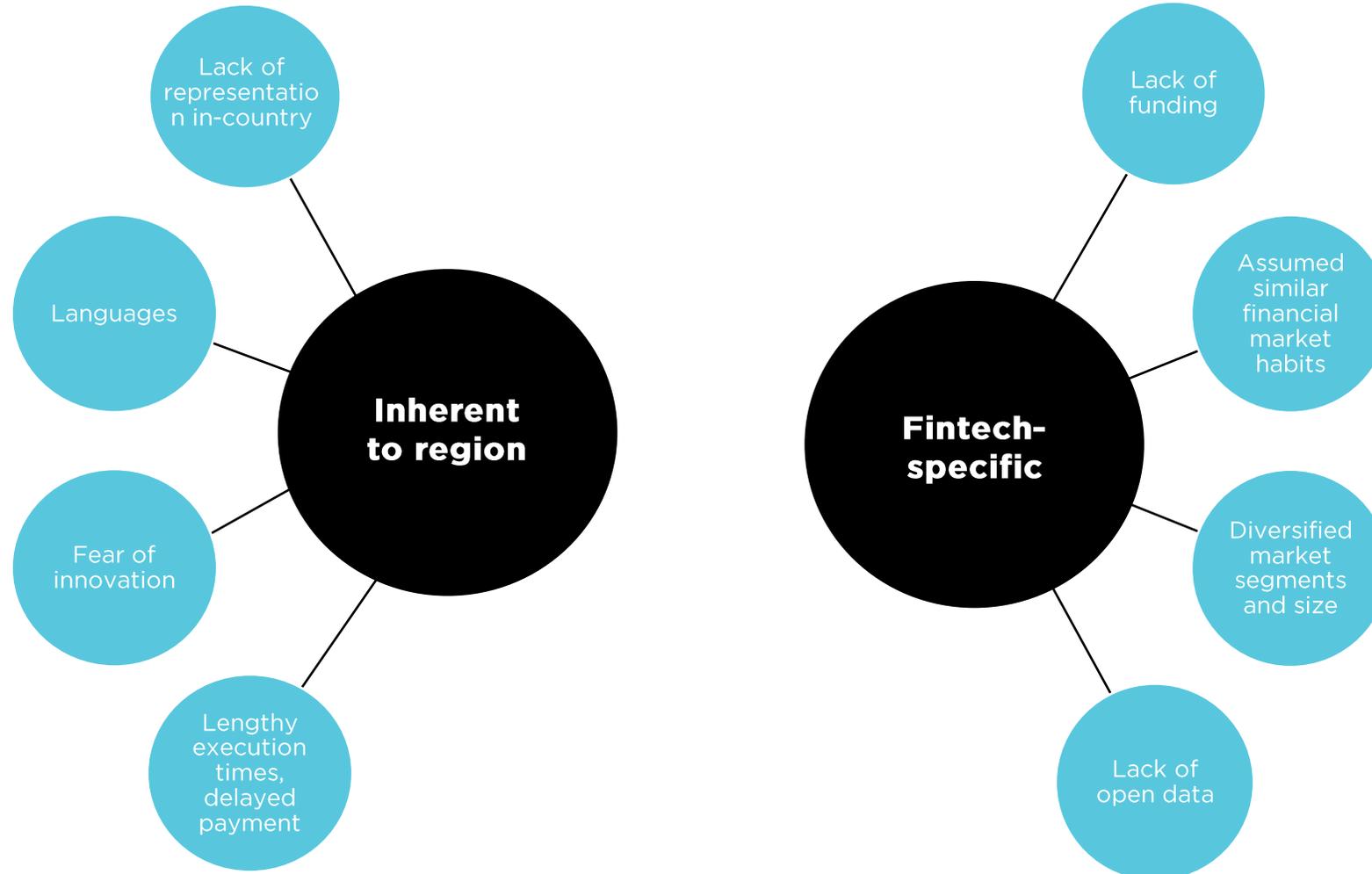
In addition, New Zealand fintech businesses tend to be more comfortable bringing together technology platforms that are representative of Australasian and South-East Asian financial norms, which are considerably different in the GCC.

For example:

- The SME lending environment is viewed with considerably more risk in the GCC than in New Zealand.
- Paper cheques are still used in the UAE's advanced economy.
- Mortgage lending is a fraction of revenue across the main UAE-based banks.

# WHAT ARE THE MOST DESIRABLE FINTECH VERTICALS IN THE REGION?

## 3. Mitigate



# CHALLENGES TO INVESTMENT

Although efforts are being made to address them, the key challenges to investment in the UAE's fintech sector have been slow bureaucratic processes, data protection laws, government reliance on paper, and large institutions being unwilling to prepare for the coming disruption.

This has seen the country's fintech industry lag behind the global standard, making it a relatively immature market.

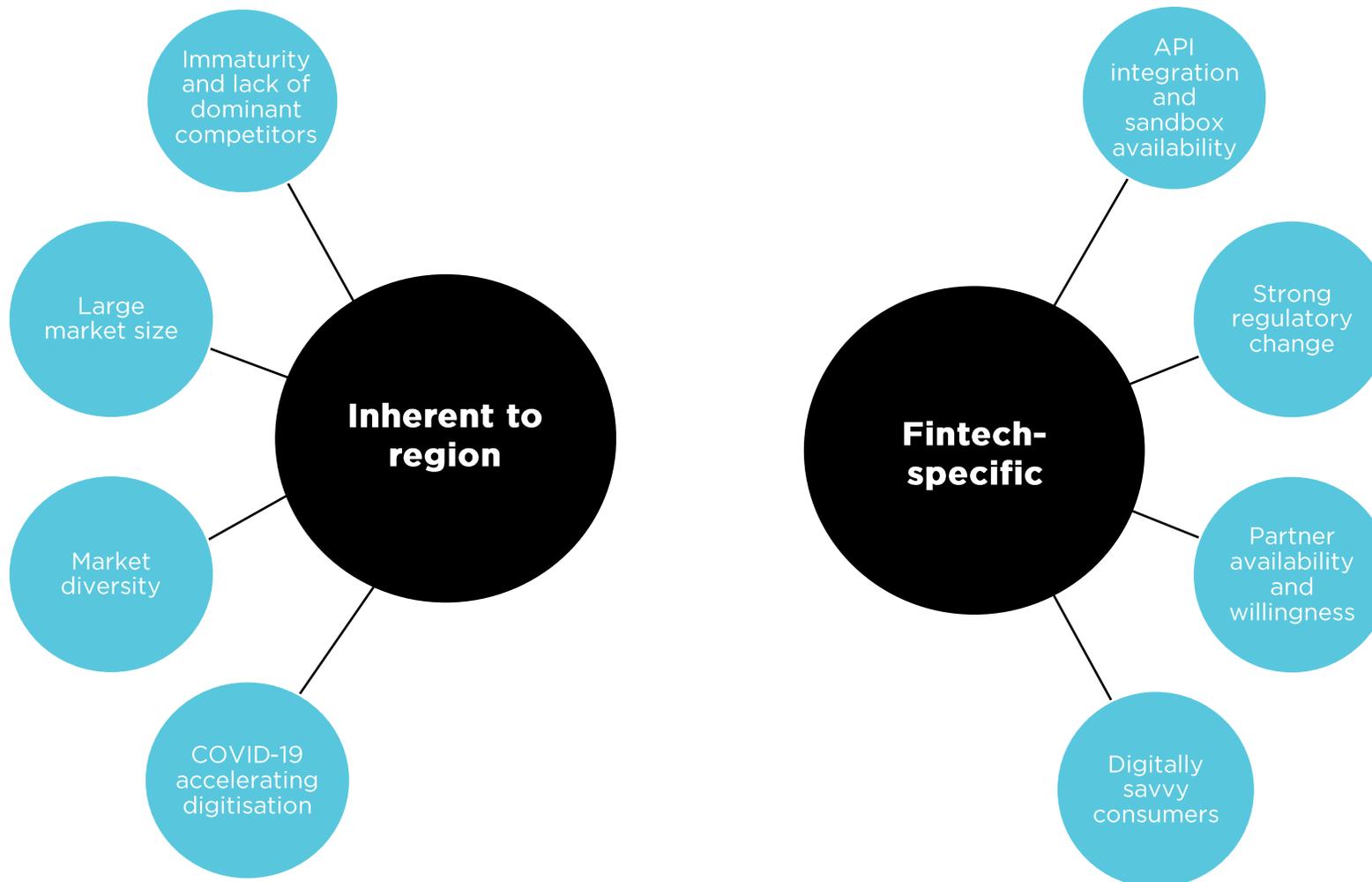
Start-ups can face push-back from incumbent financial service providers, a lack of open architecture to provide real-time data streaming, and an overall internal culture of data hoarding within the UAE financial services sector.

An aerial photograph of Dubai, United Arab Emirates, featuring the Burj Khalifa as the central focal point. The image shows a dense urban landscape with numerous skyscrapers, a complex network of multi-level highways, and a mix of modern and traditional architecture. The sky is filled with dramatic, dark clouds, creating a high-contrast, moody atmosphere. The text is overlaid in the center in a large, white, sans-serif font.

**OPPORTUNITIES FOR  
NEW ZEALAND BUSINESSES  
WANTING TO ENTER  
THE UAE MARKET**

# OPPORTUNITIES SUMMARY

- The UAE is an immature fintech market compared to Australasia, China, South-East Asia, Europe and the UK. But herein lies the opportunity for businesses that have a strong, well-funded long-term strategy within the region that involves local partnerships and local representation.
- New Zealand businesses seeking to enter the market are looking at an environment that is becoming rapidly digitised and enjoys strong government and regulatory support for the fintech ecosystem's development. It is a large market with digitally savvy consumers and there is a broad willingness to adopt fintech solutions.
- The UAE is often used as a base for businesses that are looking for mature corporate governance infrastructure but do not limit their approach to the UAE alone. Dubai and Abu Dhabi are great springboards into the Egyptian and Saudi markets, for instance.
- The UAE is NOT tax free for businesses, so setting up a business requires consideration regarding the latter's location, as free zones offer different benefits depending on the type of business involved. The average cost of setting up a small business in a UAE free zone sits at roughly NZD 12,000 for a virtual office and then annual maintenance fees of NZD 5,000.



# IS THERE A NEED FOR FINTECH WITHIN THE REGION?

**Yes.** With the introduction of regional digital identity initiatives, increasing adoption of global open data protocols like GDPR and PSD2, a systemic move away from physical money, and overall digital transformation, the GCC region ripe for fintech disruption.

The appetite is there and was especially visible at ADGM's Fintech Abu Dhabi 2020 event, which featured more than 130 global speakers (including central bankers, policy-makers, financial regulators, investors, unicorns and fintech leaders) and where 100 leading fintech firms from 28 countries presented their innovations.

ADGM is due to hold the event for the fifth year running in November 2021. Attending this event, which will be held in a hybrid format, offers significant opportunity for NZ businesses to make inroads into the market.

# A ROUNDUP OF REGIONAL FINTECH EVENTS



A global trade fair focusing on AI, 5G, cloud, BigData, cybersecurity, blockchain, quantum computing, immersive marketing, fintech.

<https://gitex.com/>



An event that brings together global fintech leaders, startups and financial centres, covering digital banking, paytech, insurtech, wealth & asset management and regtech.

<https://www.fintechsurge.com/home>



Leading players and global stakeholders join forces to discuss ideas and launch progressive initiatives within the fintech ecosystem.

<https://www.adgm.com/initiatives/fintech-abu-dhabi>



An event focusing on digital banking transformation. Industry leaders meet to discuss ideas and insights to redefine the future of banking after COVID-19.

<https://www.digibanksummit.com/menat/live>



Regional and global sovereign wealth funds, family offices, private and institutional investors come together to discuss capital markets, fintech, real estate, commodities and more.

<https://www.terrapinn.com/conference/middle-east-investment-summit/index.stm>



A summit and large-scale exhibition that brings together innovative minds across the payments, fintech, banking, retail, e-commerce, cards and identity industries.

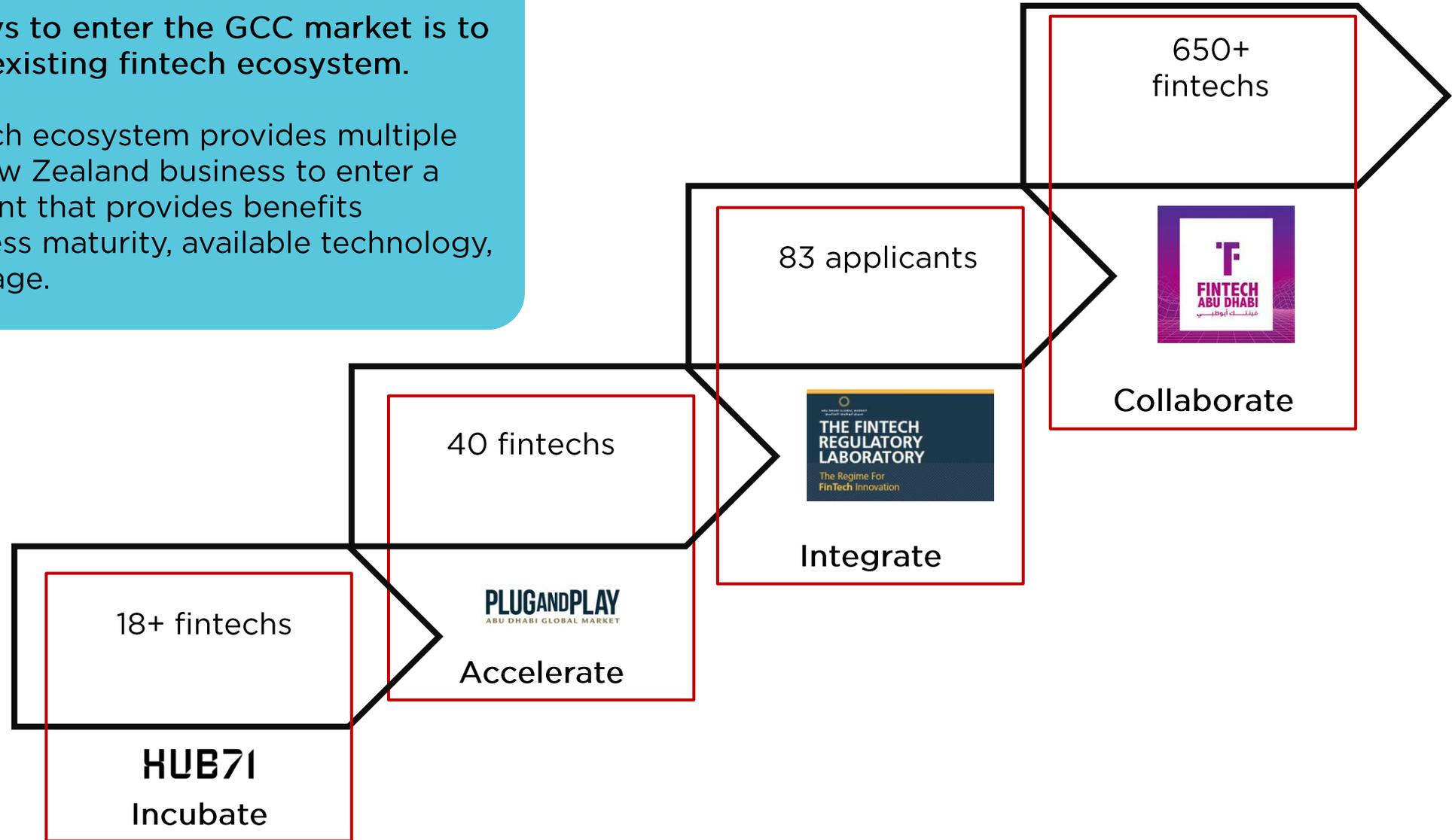
<https://www.terrapinn.com/exhibition/seamless-middle-east/index.stm>

# EXAMPLES OF COLLABORATIVE ECOSYSTEMS IN ABU DHABI

## 4. Integrate

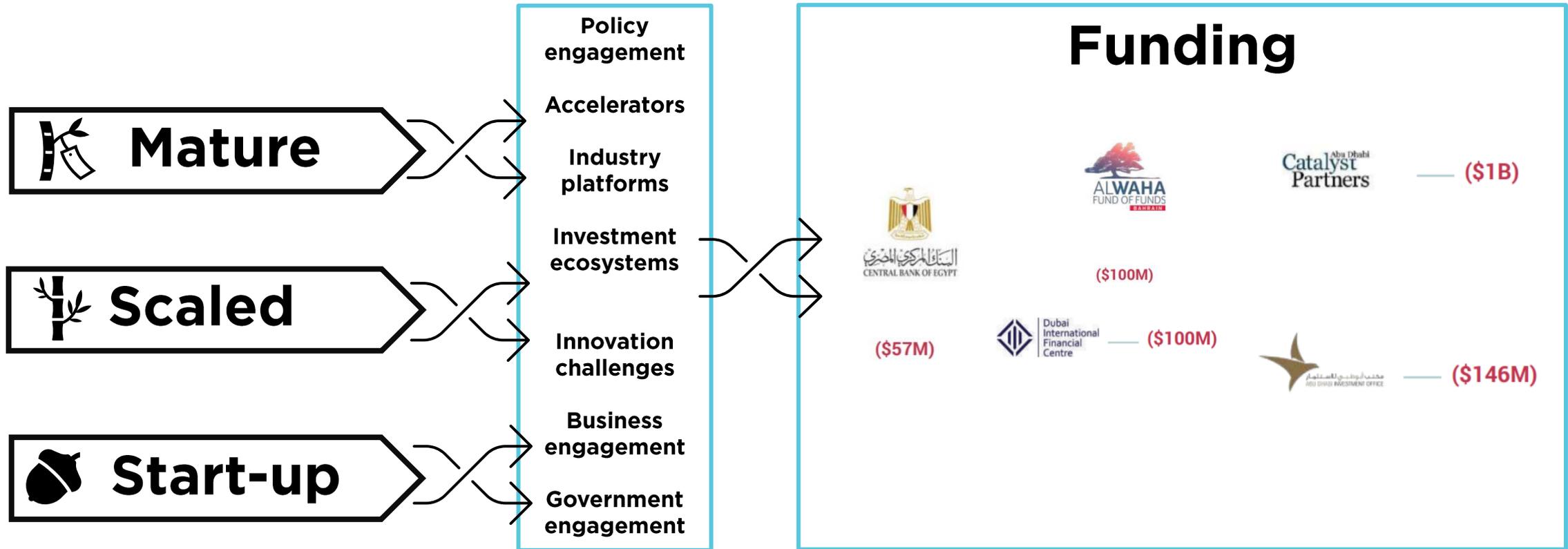
One of the best ways to enter the GCC market is to become part of an existing fintech ecosystem.

The Abu Dhabi fintech ecosystem provides multiple entry points for a New Zealand business to enter a regulated environment that provides benefits depending on business maturity, available technology, scale and funding stage.



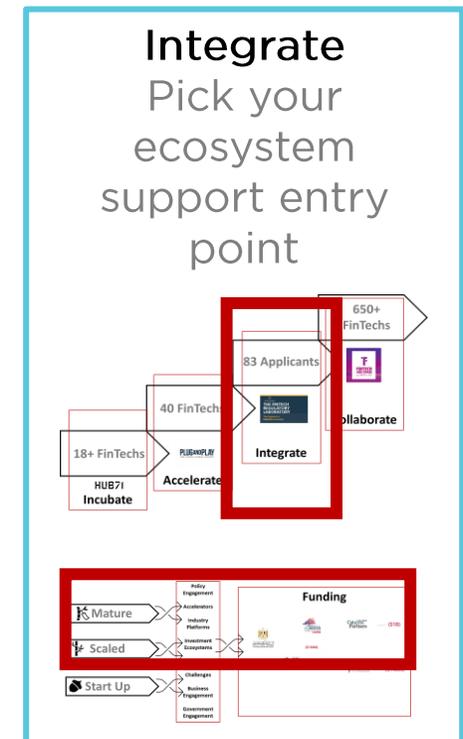
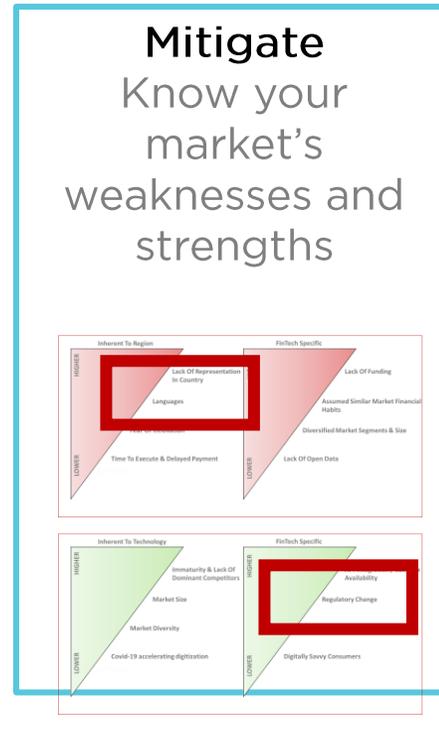
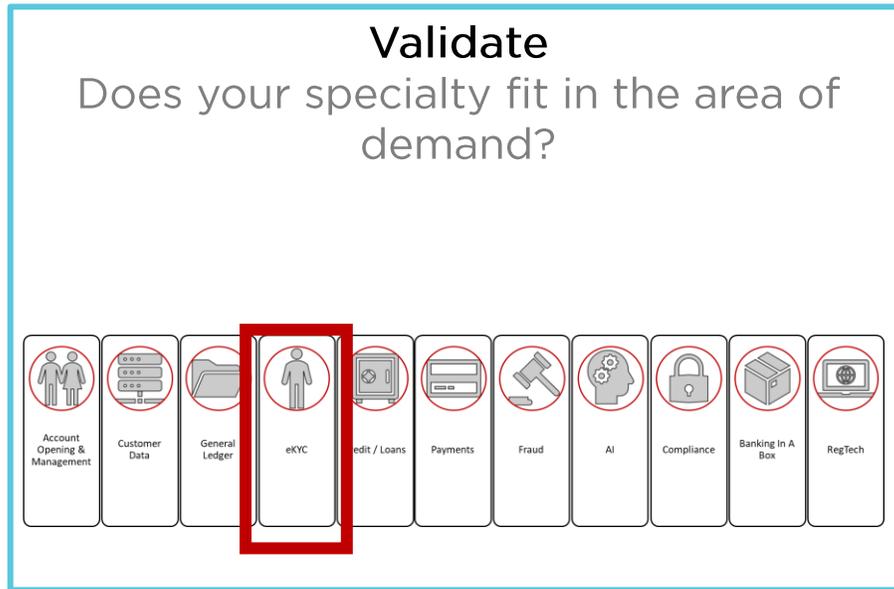
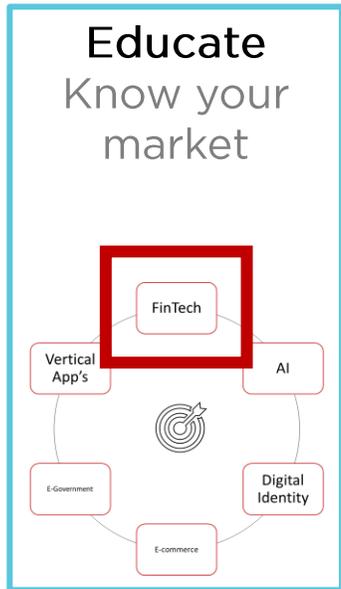
# EXAMPLE OF MARKET ENTRY POINTS INTO THE REGION FOR LAUNCH INVESTMENT

Depending on a business's scale and maturity, investment can be sought through carefully crafted and managed engagement points, which in turn provide structured funding opportunities that are either vertical or regionally specific.



# EVMI - BRINGING IT ALL TOGETHER.

There is a significant opportunity to launch into this immature market, and quality execution is critical. The EVMI model maps out the most appropriate way for a New Zealand fintech company to validate its potential to succeed in the region.



# SUMMARY

This document was designed to provide insights into the market, and a suggested approach on ascertaining the value of launching into the GCC as a technology or fintech company. The GCC is a highly complex environment that requires careful consideration and relationship management. NZTE provides a suite of expert beachhead advisers who specialise in specific market verticals. They are available at any time to help with market access.

This presentation was created in cooperation with Leigh Flounders, NZTE Beachhead advisor. If you would like to know more about fintech in the region, please contact Naoual Haddouch, Trade and Commercial Advisor at NZTE: [naoual.haddouch@nzte.govt.nz](mailto:naoual.haddouch@nzte.govt.nz)