

Open Banking Policy

البنك المركزي السعودي
SAMA
Saudi Central Bank

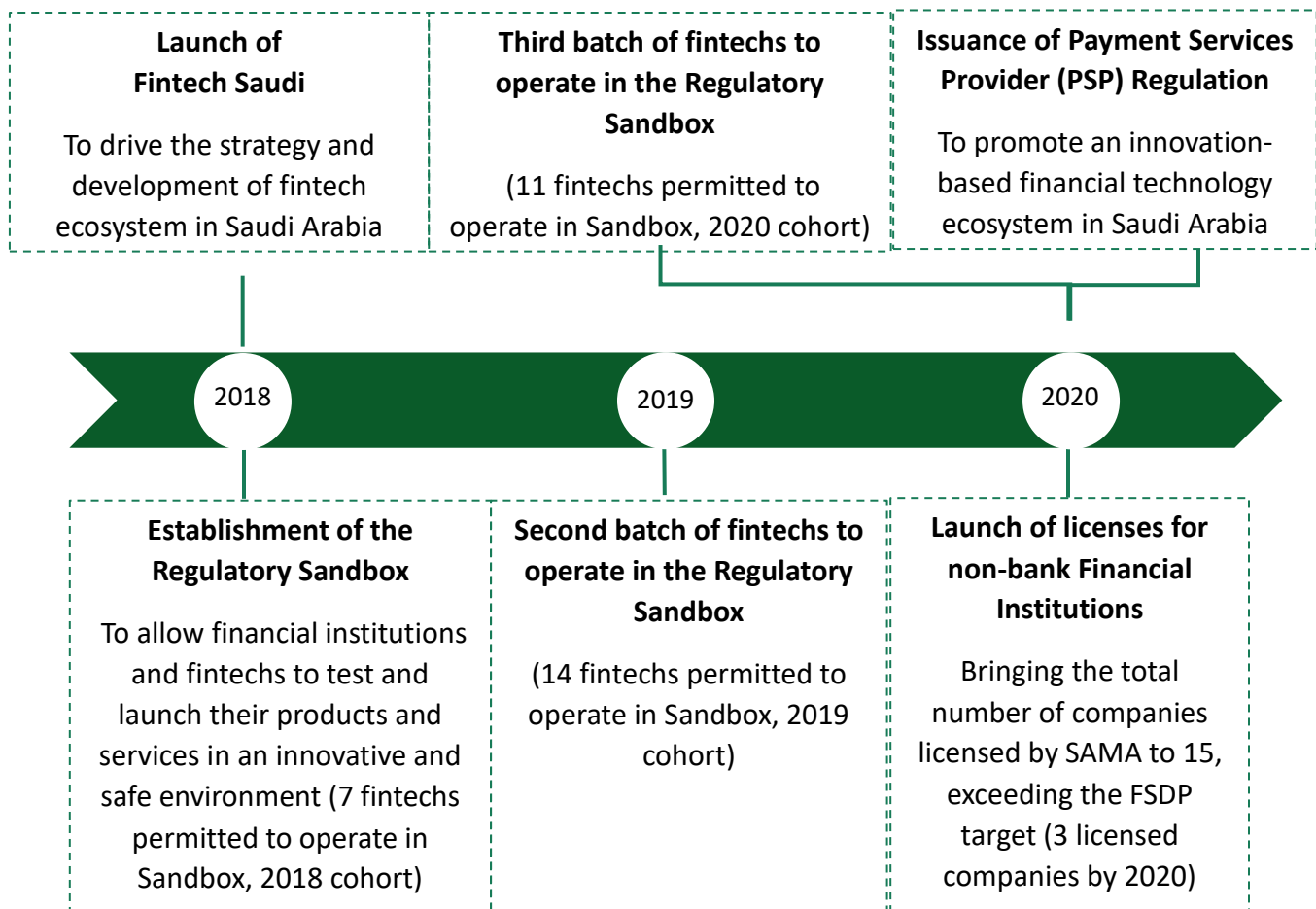


Saudi Central Bank (SAMA) is devoting diligent efforts to support the Kingdom's economic growth and safeguarding financial and monetary stability. In line with these efforts, SAMA is pleased to announce that it is developing its Open Banking initiative and services through further collaboration with the market.

This initiative is in line with strategic priorities set in the Saudi Vision 2030 and in the Financial Sector Development Program (FSDP). These priorities include developing a digital economy, enabling Financial Intermediaries to support private sector growth through open financial services to new types of players.

SAMA supports the innovation in the Kingdom's financial sector, prudently enabling market players in the journey towards new paradigms. Examples of strategic initiatives recently promoted by SAMA are reported in the timeline below:

SAMA's strategic related and detailed activities:



Through these initiatives, SAMA is nurturing the rise of digital technologies and their impact on the new financial services enabled by them, as well as building the regulatory framework needed to adopt these initiatives.

Open Banking is a technological innovation that enables customers to securely share their data with third parties. In recent years, several fintech companies have emerged, presenting new business models that would benefit from access to customers' data. This opens the door to create and offer new financial services. Therefore, SAMA sees Open Banking as a pivotal role in the further development of the Kingdom's financial sector.

Open Banking represents an opportunity for stakeholders to leverage on the data associated with financial transactions to imagine and access new ways of managing money. On the other hand, customers will benefit from better financial products and services, ranging from bringing all accounts into a single dashboard to creating smoother journeys into daily banking activities. Data are securely shared, and customers have a choice to consent to give access to third-party providers providing explicit and informed consent.

Open Banking will enhance trust both in customers and market participants, namely banks, fintechs, other financial players, and their stakeholders, all of which have a pivotal role to play in this journey towards innovation and financial inclusion.

Benefits of Open Banking

Saudi Arabia has a stable, resilient, and trusted banking sector. This is attributable to SAMA's regulatory and supervisory role over the banking and payments system to enhance its resilience and solvency and promote the quality of its services. SAMA envisages that Open Banking can support the Saudi Financial Sector's development thanks to the broad **range of benefits** associated to it.



Open Banking will lead to **direct innovation** by enhancing opportunities to develop new products and services – either 'in-house' or in collaboration with third parties – to increase financial players' value proposition and create additional revenue streams. For instance, banks and fintechs may develop innovative applications that analyze financial transactions data – with customer consent – and offer tailored products related to consumption patterns to benefit the customers themselves.



Open Banking is envisaged to increase **competition**, reducing barriers to entry for new participants and providing them with a better understanding of customer needs. This will help participants to design and offer bespoke choices to customers and more competitive price.



By developing new financial products and services for specific customer segments, Open Banking will also increase **financial inclusion** in Saudi Arabia. Open Banking products and services have the potential to expand access to credit for a larger portion of individuals. At the same time, it contributes to increased financial health and financial awareness. This includes helping lower-income customers to reduce excessive expenditures, improving savings behaviors, and, in general, encouraging better control on financials.



Open Banking results in greater **efficiency** in the banking system. Customers can instantly share their bank data with a third party. This fosters the adoption of efficient ways to manage their financial information and execute transactions. Additionally, new technologies may reduce the cost of innovation providing an easy way to partnering with third-party providers.



With the support of market participants, SAMA plans to go live with Open Banking during the first half of 2022. In order to meet this challenging objective, SAMA has already analyzed the adoption of Open Banking globally and collected the local financial market participants' feedback on Open Banking.

Now, SAMA is assessing the potential impact Open Banking may have on the Saudi Financial Sector and is working to identify the most suitable approach to adopt Open Banking in the Kingdom.

This journey is curated into three distinct phases; a design phase, an implementation phase, and the go-live:

- **Design Phase**

SAMA's efforts will be devoted to the design of the Open Banking ecosystem (technologies and processes) and to the definition of a governance involving market participants;

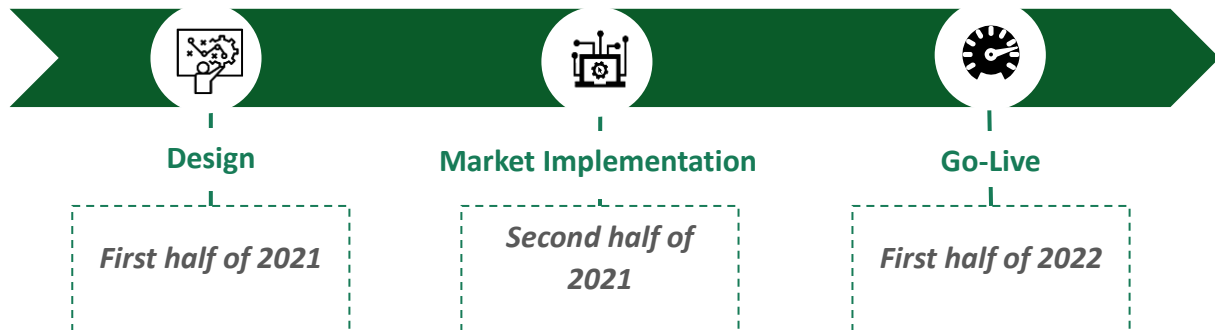
- **Implementation Phase**

The implementation phase will cover the development of the defined frameworks, technology building blocks and rollout activities including testing with financial market participants, and enhancement of customer awareness.

- **Go-live Phase**

The Open Banking ecosystem will formally be launched in the Kingdom and adopt a staged approach to support customer awareness and guarantee a continuous improvement in developing the infrastructure.

Open Banking journey in the Kingdom:



During this journey, SAMA will work with financial market participants seeking active collaboration to co-build the Open Banking ecosystem. This approach will result in the optimal Open Banking framework to address the ecosystem stakeholders' needs.

For more information on Open Banking progress in the Kingdom, please visit our website www.sama.gov.sa