

UAE Real-Time Payments Scheme Expected to Drive Significant Economic Benefits — ACI Worldwide Report

May 11, 2022

The UAE is on the cusp of an instant payments revolution with real-time transactions set to account for 10.4% of all digital payments in the country by 2026

This bodes well for the UAE – in 2021 real-time payments schemes Saudi Arabia and Bahrain, two other member states of the Gulf Cooperation Council (GCC), helped unlock \$166 million and \$246 million of economic output in each country respectively

Dubai, United Arab Emirates – May 11, 2022 – The launch of the UAE's Instant Payments Platform (IPP) in Q4 2022 is expected to accelerate the adoption of real-time payments (RTP) across the Emirates and drive substantial economic benefits for businesses and consumers, according to the findings of [Prime Time for Real-Time](#), a report published by [ACI Worldwide](#), (NASDAQ: ACIW), in partnership with [GlobalData](#) and [the Centre of Economics and Business Research](#) (Cebr).

When launched in Q4 this year, the UAE IPP will enable instant transfers between bank accounts 24/7/365. Participation is mandatory for all financial institutions in the country and the scheme aims to provide best-in-class payments services, promote financial inclusion, and increase financial stability in the UAE.

[Prime Time for Real-Time](#) tracks real-time payments volumes and growth across 53 markets. For the first time, the report includes an economic impact study showing a clear correlation between real-time payments and economic growth. The research shows that governments that advance the real-time modernization of their national payments infrastructure create a win-win situation for all stakeholders in the payments ecosystem: consumers and businesses benefit from fast, frictionless and hyper-connected payments services, financial institutions future-proof their business in a highly competitive environment by speeding up cloud-first and data-centric modernization, and national governments boost economic growth, reduce the size of their shadow economy and create a fairer financial system for all.

UAE Real-Time Transactions on the Rise

According to the report, 28 million real-time transactions were made in the UAE in 2021. This figure is projected to grow to an impressive 134 million by 2026, representing a five-year CAGR of 36.5%. Real-time payments accounted for 3.2% of overall non-paper-based transactions last year and are expected to account for 10.4% of all electronic payments in the Emirates by 2026.

“The UAE is on the cusp of a real-time payments revolution; the country has an incredible opportunity and the momentum to drive economic growth and financial inclusion with real-time payments,” said Santhosh Rao, Senior Vice President, Middle East, Africa and South Asia, ACI Worldwide. “The UAE has shown that it has the appetite to embrace new technologies, and drive change and transformation at dazzling speed.”

“As our research reveals, modern economies depend on real-time payments to boost economic growth, prosperity, and financial inclusion, with central governments worldwide being the primary enabler of these systems. The challenge for financial institutions in the Emirates is to leverage the new payment rails and maximize their value for the benefit of their customers. Banks must reinvent their mission-critical operating systems to compete in the new real-time, cloud-first and data-centric business environment. Inaction is not an option as broad-based disruption of the sector has moved beyond a tipping point,” continued Rao.

Report Highlights Correlation between Real-Time Transaction and Economic Growth

While Economic Impact data for the UAE is not available as the IPP scheme is not yet live, the clear link between adoption of real-time payments and economic growth has already been demonstrated by Saudi Arabia and Bahrain, two other GCC member states. In Saudi Arabia — a newcomer to real-time payments, with its inaugural real-time payments system, Sarie, launched by the Central Bank in April 2021 — early uptake resulted in real-time payments transaction volumes reaching 175 million in 2021. This led to estimated cost savings of US\$23 million for businesses and consumers and helped to unlock US\$166 million of economic output. In Bahrain where RTP is more mature, 142 million real-time transactions were made in 2021 and the strong uptake of real-time payments resulted in estimated cost savings of US\$39 million for businesses and consumers — which helped to unlock US\$246 million of additional economic output.

“By allowing for the transfer of money between parties within seconds rather than days, real-time payments improve overall market efficiencies in the economy”, commented Owen Good, Head of Advisory, Centre for Economics and Business Research. “Real-time payments improve liquidity in the financial system and therefore act as a catalyst for economic growth. This is especially important for our fast-paced and digital-led gig economies. Workers are paid quickly, allowing them to better plan their finances. Instant payments allow businesses to be more flexible and reduces the need for burdensome cashflow management.”

Fraud – A Growing Concern

In addition to tracking developments in the real-time payments ecosystem, the report also analyzed financial fraud trends. Over one in three (36%) UAE respondents reported fraud in 2021, up from 24.1% in 2020. Almost half (49%) of these were victims stated the fraud related to credit cards (stolen cards or in-person skimming). Unsurprisingly, as the popularity of digital wallets has grown, so too have cases of digital wallet account hacks which in 2021 accounted for 7.3% of all fraud. With 73.5% of UAE consumers holding mobile wallets, it will become ever more important for businesses and consumers to safeguard funds in mobile wallets.

About ACI Worldwide

[ACI Worldwide](#) is the global leader in mission-critical, [real-time payments software](#). Our proven, secure and scalable software solutions enable leading corporations, fintechs, financial disruptors and merchants to process and manage [digital payments](#), power [omni-commerce payments](#), present and process [bill payments](#), and manage [fraud and risk](#). We combine our global footprint with a local presence to drive the [real-time digital transformation](#) of payments and commerce.

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