

Middle East Set to Reap Huge Dividends as It Embraces Real-Time Payments – ACI Worldwide Report

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Region on cusp of a real-time payments revolution as ACI's Prime Time for Real-Time Report highlights real-time growth forecasts and economic benefits

Miami, FL/Dubai, United Arab Emirates – May 11, 2022 – The Middle East is ideally placed to realize huge gains and significant economic benefits for businesses and consumers from real-time payments, due to the region's untapped potential, high levels of innovation and ability to examine and opt for best in class practices from around the world, according to the third edition 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).

The report – tracking real-time payments volumes and growth across 53 countries – includes an economic impact study for the first time, providing a comprehensive view of the economic benefits of real-time payments for consumers, businesses and the broader economy across 30 countries. The report covers all G20 nations, excluding Russia.*

The new research shows governments that advance 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.

Middle East Highlights

Bahrain

- The Bahrain real-time payments market is a success story — at 34.2%, the country recorded the largest real-time share by volume, according to GlobalData.
- Bahrain's real-time payments system Fawri+ has been in place since 2015 and has seen a rapid ramp-up in terms of adoption and usage, growing from less than 1% of all electronic transactions by volume in 2017 to more than 50% of electronic payments volume in 2021.
- In 2021, 142 million real-time transactions were made in Bahrain, resulting in estimated cost savings of \$39 million for businesses and consumers. This in turn helped to unlock \$246 million of additional economic output, which represents 0.63% of the country's GDP.
- With real-time payments expected to rise to 1.1 billion in 2026, net savings for consumers and businesses are forecasted to climb to \$208 million in 2026. This would help to generate an additional \$310 million of economic output, equivalent to 0.68% of the country's forecasted GDP.
- The country is the region's stellar performer with predicted real-time payments transaction growth of 50.7% CAGR between 2021 and 2026.

Saudi Arabia

- Saudi Arabia is 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, leading to estimated cost savings of \$23 million for businesses and consumers, and helping unlock \$166 million of economic output (0.02% of formal GDP) supported by real-time payments.
- Real-time volumes are expected to record a compound annual growth rate (CAGR) of 22.1% from 2021-2026. Real-time payments transaction volumes are forecast to rise to 473 million by 2026, delivering net savings for businesses and consumers of \$109 million, helping to generate an additional \$267 million of economic output, equivalent to 0.03% of the country's forecast GDP.
- The untapped economic benefits of real-time payments in Saudi Arabia are large. According to the Cebr, the theoretical impact of all payments being real-time could add 2.8% to formal GDP by 2026. However, these are theoretically modelled benefits; they do not suggest that there is no place for non-instant electronic payments or paper-based payments in the future.

United Arab Emirates (UAE)

- UAE's mandated Instant Payments Platform (IPP) is set to launch in October 2022.
- In 2021, 28 million real-time transactions were made in the UAE, expected to climb to 134 million in 2026.
- Real-time payments are expected to record a CAGR of 36.5% from 2021–2026.
- Economic impact data are not available yet as the scheme will only go live later this year.

The report highlights that the Middle East is a nascent real-time payments market, but uniquely placed to rapidly capitalize on the productivity and efficiency gains, as well as the economic benefits that real-time payments provide. Given its propensity to embrace the latest technologies, expertise and operating model, the potential across the region is huge.

“The Middle East is on the cusp of a real-time payments revolution; the region 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 Middle East has shown that it has the appetite to embrace innovative 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.

“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. For example, workers are paid quickly, allowing them to better plan their finances, while instant payments allow businesses to be more flexible and reduces the need for burdensome cashflow management.”

“Developing nations continue to drive the majority of real-time volume gains, confirming the industry trend of the strongest growth coming from economies with minimal existing electronic payments infrastructure, and therefore heavier reliance on cash,” said Sam Murrant, lead analyst, GlobalData. “In almost all cases, government initiatives are significant drivers of the transition to real-time, for a variety of reasons. The enhanced regulation that digital payments enable reduces the shadow economy and increases the tax take. And a modernized infrastructure boosts financial inclusion where traditional mechanisms, such as cards and formal bank accounts, are lacking.”

Prime Time for Real-Time Report 2022 – All Global Figures at a Glance

GlobalData - Real-Time Payments Growth:

	<u>2021</u>	<u>2026</u>	
Real-time transactions made globally	118.3 billion	427.7 billion	YoY growth 64.5%

	<u>2021</u>				
Five countries with the highest volume of real-time payment transactions	India 48.6 billion	China 18.5 billion	Thailand 9.7 billion	Brazil 8.7 billion	South Korea 7.4 billion
	<u>CAGR 2021 – 2026</u>				

Top 5 fastest growing real-time markets (where instant payments share of all electronic payments was 10% in 2021)	Brazil 56.8%	Oman 41.0%	India 33.5%	Philippines 31.7%	Malaysia 26.9%
Top fastest growth of real-time transactions by regions	South & Central America 51.3%	Middle East, Africa & South Asia 32.6%	North America 30.2%	Europe 23.0%	Asia-Pacific 15.0%

Cebr Real-Time Economic Impact:

	<u>2021</u>	<u>2026</u>
Aggregated net savings for consumers and businesses facilitated by real-time payments across the 30 countries observed	US\$46.6 billion	US\$184.0 billion
Formal GDP facilitated by real-time payments	US\$78.4 billion (<i>equivalent to 0.10% of the combined GDP of the 30 countries</i>)	US\$173.0 billion (<i>equivalent to 0.19% of the combined forecasted GDP of the 30 countries</i>)
Global number of jobs required to produce an equivalent level of output	4.9 million jobs	10.3 million jobs
India, Brazil, China, Thailand, South Korea – business and consumer level benefits	US\$37.0 billion combined	US\$164.6 billion combined
India, Brazil, China, Thailand, South Korea – formal GDP supported by real-time:	US\$54.6 billion (<i>equivalent to 0.23% of the combined GDP of the five countries, or the equivalent output of 4.2 million workers</i>)	US\$131.7 billion (<i>equivalent to 0.43 of the combined forecasted GDP of the five countries, or the equivalent output of 9.0 million workers</i>)
U.S., Canada, U.K., France, Germany – business and consumer level benefits	US\$2.1 billion combined	US\$5.5 billion combined
U.S., Canada, U.K., France, Germany – formal GDP supported by real-time:	7.3 billion (<i>equivalent to 0.02% of the combined GDP of the five countries, or the equivalent output of 70.4 million workers</i>)	13.9 billion (<i>equivalent to 0.04% of the combined forecasted GDP of the five countries, or the equivalent output of 118.9 million workers</i>)

GlobalData - Consumer Payments Modernization:

	<u>2021</u>
Over half of consumers worldwide now own and use a mobile wallet:	52.7% up 12.1% in the two years since 2019 (Covid-19 impact), and up 33.8% since 2018

GlobalData - Fraud Trends

	<u>2020</u>	<u>2021</u>
Cases of card details being stolen online are falling – 2021 saw a slight decrease in cases	17.5%	16.9%
Cases of card details being stolen or skimmed in person are also falling – 2021 saw a decrease in cases	15.5%	0.5%

<u>Digital wallet account hacks, identity theft and social engineering cases are rising. Percentage of total fraud cases:</u>	<u>2020</u>	<u>2021</u>
<u>Digital wallet account hacks</u>	<u>6.2%</u>	<u>7.3%</u>
<u>Identity theft</u>	<u>11.6%</u>	<u>12.0%</u>
<u>Social engineering</u>	<u>13.7%</u>	<u>14.4%</u>

*Note to editors: Russia is not included in the Cebr Economic Impact Study in the absence of a robust data set.

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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