MENA FINTECH VENTURE SUMMARY 2019

MAGNiTT REPORT IN COLLABORATION WITH ADGM

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$237M INVESTED IN MENA FINTECH 2015 – 2019 YTD

181 N. OF DEALS IN MENA FINTECH 2015 – 2019 YTD

1ST INDUSTRY RANKING BY N. OF DEALS 2018 AND 2019 YTD

FINTECH RANKED 1ST ACROSS MENA BY NUMBER OF DEALS IN 2018 AND 2019 YTD

1

- **Ranking** – FinTech surpassed e-commerce and logistics in 2018 as the most invested industry by number of deals
- **Total Funding** – Total funding still lags behind others, however, with most investments at the early stage

REGIONAL DEMOGRAPHICS AND GOVERNMENT SUPPORT PROPEL FINTECH GROWTH

2

- **Drivers** – 6 key drivers to FinTech growth incl. internet penetration, regulatory sandboxes & government funds
- **Government Support** – Regional initiatives include 9 regulatory sandboxes and 5 FinTech funds across MENA

PAYMENTS AND REMITTANCES IS THE TOP SUB-INDUSTRY WITHIN FINTECH

3

- **Top Verticals** – Payments & remittances startups have historically received the highest share of FinTech deals
- **Emerging Trends** – Other FinTech technologies, including blockchain, are high on government agendas

THE UAE IS MENA'S LARGEST FINTECH HUB

4

- **Regional Hub** – The UAE houses the largest number of FinTech startups & accounts for the most amount of funding
- **High Growth** – 39% yearly growth in FinTech startups since 2012 highlights interest from founders & investors alike

75+ DIFFERENT ENTITIES INVESTED IN MENA-BASED FINTECH STARTUPS IN THE LAST 5 YEARS

5

- **Accelerators** – 57% of FinTech investments in 2018 & 2019 YTD have been by accelerators
- **International Interest** – 14% of investors in FinTech have come from outside of the MENA region

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KEY FINTECH DRIVERS

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6 KEY DRIVERS OF FINTECH ADOPTION AND STARTUP GROWTH ACROSS THE MENA REGION

1. CONSUMER DEMOGRAPHICS

Large market size: MENA is over 300 million people, making for a large addressable market for FinTech startups

High GDP per capita: GCC countries have a nominal GDP per capita of $29.1K, among the highest in the world

2. INTERNET & PAYMENTS ADOPTION

High internet penetration: The GCC countries have an average internet penetration of 94%

Growing payment penetration: GCC sees online payments penetration of 76%, which is expected to increase

3. CONSUMER ATTITUDES

Weary of traditional banks: 76% of UAE consumers trusts at least 1 tech company more than their bank with their money

Open to FinTech: 83% of UAE residents are open to adopting FinTech solutions by non-financial institutions

4. REGULATORY SANDBOXES

Regulatory sandboxes: 9 regulatory sandboxes and RegLabs launched for the development and adoption of FinTech

Licensing initiatives: Several governments have launched licenses for startups

5. FINTECH FUNDS & ACCELERATORS

Government FinTech Funds: 5 regional investment funds open to FinTech startups, amounting to $1.4B in cumulative capital

FinTech focused accelerators: 4 government FinTech accelerators and incubators have been set up as well

6. PRIVATE CAPITAL AVAILABILITY

Growing investor interest: 75+ investors have invested in MENA-based FinTech startups, with an upward trend emerging

Mostly regional appetite: With 86% of total institutions, regional investors account for the lion's share of FinTech investors in 2019

MENA FINTECH MARKET MAP

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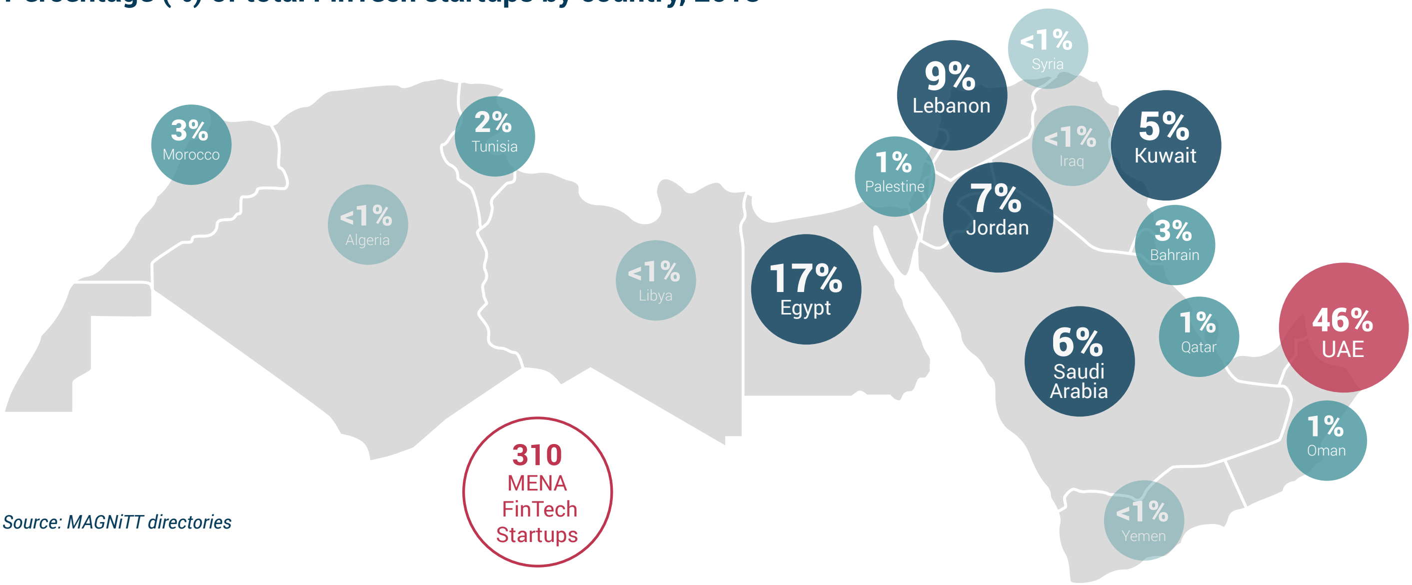
Percentage (%) of total FinTech startups by country, 2018



Source: MAGNiTT directories

MENA FinTech market map - Overview of venture funded & exited Startups (2008-2019 YTD)

SUB-INDUSTRY RANKING BASED ON 2019 NUMBER OF DEALS, LOGOS ALPHABETICALLY ORDERED

#1 Payments & Remittances

#2 Wealth Management

#3 Capital Markets

#4 InsurTech

#5 Blockchain

#6 Real Estate Finance

#7 RegTech

#8 Personal Finance

ABOUT
ABU DHABI GLOBAL MARKET (ADGM)

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ABU DHABI GLOBAL MARKET

A smart IFC and innovation hub

- **$700** Starting licence fee per year
- $1B+ funding through ADGM tech ecosystem
- Sector agnostic
- Up to 4 employee visas
- No office space required
- 100% foreign ownership
- 0% corporate & personal income tax
- Direct application of common law

ADGM Digital Lab

- The world's 1st fully digital FinTech regulatory sandbox
- Hosted by a regulator
- Real-time collaboration b/w FinTechs, financial institutions & regulators

ADGM FinTech RegLab is the most active regulatory framework in the region with

- **83** RegLab applications
- **32** FinTechs approved
- **20** Participating countries

Who calls ADGM home?

- 100+ Start-ups
- PLUGANDPLAY ABU DHABI GLOBAL MARKET, techstars, STARBURST: 3 globally renowned accelerator programmes
- wework: 3 floors of co-working space
- HUB71: A community of founders, investors and business enablers

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