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HOW SAUDI ARABIA'S EXPANDING FINTECH

REGULATIONS ARE RESHAPING CAPITAL MARKETS

An Insights Market Brief on Regulatory Reform, Capital Formation, and the Future of the Saudi Financial Ecosystem

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Executive summary

Saudi Arabia's capital markets are undergoing one of the most consequential regulatory transformations in the Kingdom's modern financial history. What began as a set of experimental fintech sandboxes under the Saudi Central Bank (SAMA) and the Capital Market Authority (CMA) has, within a few short years, matured into a comprehensive regulatory architecture spanning open banking, digital payments, alternative financing funds, foreign investor access, and public listing reform. The cumulative effect is not confined to the fintech sector itself — it is actively reshaping how capital is raised, allocated, and deployed across the Saudi economy.

This brief consolidates the latest available statistics on the Saudi fintech sector and capital markets, maps the key regulatory milestones driving this shift, and outlines what the trend means for institutions, investors, and advisors operating in or entering the Kingdom.

1. The regulatory foundation

Saudi Arabia's fintech and capital markets reform agenda sits at the intersection of two regulators working in close coordination: SAMA, which licenses and supervises banks, payment providers, and fintech firms; and the CMA, which regulates securities offerings, listings, and market conduct on the Saudi Exchange (Tadawul) and its parallel market, Nomu. Both operate under the umbrella of the Financial Sector Development Program (FSDP), a core pillar of Vision 2030 tasked with deepening capital markets and expanding non-bank financing.

1.1 Milestones that built the current framework

1. Regulatory sandboxes — SAMA and the CMA each operate controlled testing environments that let fintech firms trial new products under supervision before securing a full license, reducing time-to-market while preserving oversight
2. Open Banking Framework (2022) — SAMA's framework opened bank data and payment rails to licensed third parties via APIs, enabling a new generation of account-aggregation, lending, and payment-initiation products.
3. Personal Data Protection Law (effective September 2024) — introduced data residency requirements and cross-border transfer restrictions, raising compliance thresholds for both domestic and foreign fintech entrants.
4. Financing Investment Funds reform (April 2026) — the CMA consolidated fragmented rules into unified instructions permitting financing investment funds to publicly list on the Main Market and Nomu for the first time, ending their restriction to private placement.
5. Foreign investor liberalisation (effective 1 February 2026) — the CMA opened the Saudi capital market to all categories of non-resident foreign investors, allowing direct participation across all market segments.
6. Minimum licensing capital — SAMA sets a baseline capital requirement of SAR 5 million for fintech licensing, adjustable at the regulator's discretion based on market conditions.

1.2 Fintech sector at a glance

Metric	Figure
Licensed fintech firms (mid-2025)	280+
Fintech firms, end-2023 (baseline)	216, incl. 69 new entrants
Cumulative sector funding, end-2023	SAR 2.7 billion
Jobs created (fintech sector, end-2023)	6,726
Cashless transaction share (2024)	79% (vs. 70% 2025 target — met early)
Minimum SAMA fintech licensing capital	SAR 5 million

Sources: ICLG Fintech Laws and Regulations Report 2025-2026; SDK.finance; PS Market Research.

2. Market size and growth trajectory

Independent research houses vary in their base-year estimates of the Saudi fintech market — a reminder that this remains an emerging and fast-moving data category — but converge on a consistent growth story: low double-digit to high-teens compound annual growth through the early 2030s, driven by policy-led modernisation, embedded finance, and rising smartphone-based financial access.

Source	Base year estimate	Forecast	CAGR
PS Market Research	$2.7B (2025)	$6.7B by 2032	14.0%
Mordor Intelligence	$2.85B (2025)	$6.08B by 2031	13.45%
IMARC Group	$2.1B (2025)	$4.8B by 2034	9.76%
MarkWide Research	$8.7B (2026)	$40.39B by 2035	18.60%

Note: figures are not directly comparable across sources due to differing market-definition scopes (e.g. inclusion of embedded finance, BNPL, or digital banking infrastructure spend). Treat the direction of travel, not the absolute figures, as the reliable takeaway.

Regardless of which estimate is used, the underlying drivers are consistent: near-universal internet penetration, a young and mobile-first population, the Mada national payment network and Sarie real-time settlement rails, and continued regulatory clarity that has expanded the pool of licensed entrants.

3. How this is reshaping capital markets

The fintech regulatory build-out is not occurring in isolation from the broader capital markets — it is one of several converging reforms that are collectively deepening Tadawul, diversifying financing instruments, and widening the investor base.

3.1 Market scale and liquidity

Metric	Figure
Tadawul market capitalisation (Q2 2025)	$2.4 trillion
Asset management AUM (Q1 2025)	~$295 billion
AUM annual growth rate, 2015–2024	~12%
PIF assets under management (2025 approx.)	$925 billion
Non-oil share of real GDP (2025)	~55%

Sources: Setup in Saudi — A Closer Look at Saudi Financial Markets; Vision2030.ai CMA profile.

3.2 Listing reform: lowering the barrier to public capital

The CMA maintains two listing tracks. The Main Market (Tadawul) requires a minimum market capitalisation of SAR 300 million, at least 200 public shareholders, a minimum 30% public float, and three years of operating history under substantially the same management. The Nomu Parallel Market designed for SMEs and growth companies — carries lighter requirements: a minimum market capitalisation of SAR 10 million, at least 20% of shares floated (or SAR 30 million worth, whichever is less), only one year of operating history, and a minimum of 50 public shareholders.

This dual-track structure has proven directly relevant to fintech capital formation. Rasan Information Technology, a fintech-adjacent insurance technology firm, completed a notable IPO in May 2024 — one of several fintech-linked listings that have used the Kingdom's public markets as an exit and growth-financing route rather than relying solely on private venture capital.

3.3 Foreign capital access

Two reforms stand out as structurally significant for capital markets depth. First, the CMA's approval of Qualified Foreign Investor (QFI) access and subsequent inclusion of Saudi Arabia in the MSCI and FTSE Russell Emerging Markets indices brought sustained passive and active foreign inflows into Tadawul-listed equities. Second, and more recently, the CMA's decision to open the capital market to all categories of non-resident foreign investors — effective 1 February 2026 — removed remaining structural barriers to direct foreign participation across every market segment.

3.4 New instruments: financing funds, sukuk, and debt markets

The CMA has also moved to ease sukuk and broader debt issuance and, as of April 2026, permitted financing investment funds — vehicles that extend credit to consumers or SMEs — to conduct public offerings and list on both the Main Market and Nomu, ending their prior restriction to private placement only. The reform introduced specific risk controls alongside the liberalisation: public financing funds face a 15% borrowing cap relative to net asset value (50% for Parallel Market listings) and a 25% maximum exposure limit to any single beneficiary or group.

This is a meaningful development for fintech lenders and buy-now-pay-later providers in particular, since it creates, for the first time, a public listing and public fundraising pathway for the credit vehicles that back their balance sheets — rather than requiring them to rely exclusively on private credit or bank warehouse facilities.

4. Notable transactions signalling the trend

Company / entity	Development
Rasan Information Technology	Fintech-adjacent IPO, May 2024 — one of the Kingdom's landmark fintech-linked public listings
Tabby	$160M Series E (Feb 2025) at a $3.3B valuation; later secondary sale valued the company at $4.5B (Oct 2025); engaged HSBC, JPMorgan and Morgan Stanley as IPO advisors; annualised transaction volume exceeding $10B, up 67% in 2024
STC Bank	Commenced digital banking operations (Jan 2025) after SAMA approval, backed by SAR 2.5 billion in capitalisation
Sahm Capital	First fintech-driven firm to secure full CMA licensing; active sponsor of the Capital Market Forum
SpireTech, The Lending Hub, Soar, Ldun	Four new entrants approved into SAMA's Regulatory Sandbox (Feb 2025) spanning open banking, P2P lending, and SME factoring

Sources: Saudi IPO Calendar (decoded.finance); ICLG Fintech Laws and Regulations Report; PS Market Research; Malay Mail / Media OutReach.

5. What this means for institutions and investors

01 Financing and lending fintechs now have a credible public-market exit and fundraising route via Nomu-listed financing funds, reducing dependence on private credit.

02 Traditional asset managers face rising competitive pressure from digital-native entrants as AUM growth continues at a ~12% annual clip alongside a rapidly maturing fintech landscape.

03 Foreign institutional investors gain the broadest access to the Saudi market to date, following the February 2026 liberalisation — a structural tailwind for equity and debt issuance volumes.

04 Compliance costs are rising in parallel with market access — the Personal Data Protection Law and SAMA's evolving cybersecurity and governance requirements mean market entry now carries a heavier regulatory diligence burden than it did even two years ago.

05 Advisory, legal, and marketing firms serving the financial sector should expect continued demand from both incumbent institutions adapting to open banking and new entrants navigating CMA listing and SAMA licensing requirements.

6. Outlook

The direction of travel is unambiguous even where exact market-size figures diverge across research providers: Saudi Arabia is deliberately using fintech regulation as a lever to deepen its capital markets, diversify financing instruments beyond bank lending, and widen both the domestic and foreign investor base. The coming 12–24 months are likely to bring further clarity on first fund listings under the new financing-fund regime, continued IPO activity on both Tadawul and Nomu, and incremental easing of foreign-investor rules as the Kingdom pursues its Vision 2030 non-oil GDP diversification targets.

For institutions operating in or advising on the Saudi market, the practical implication is straightforward: regulatory change here is not a compliance afterthought but an active driver of new product categories, new capital pools, and new competitive dynamics — and firms that track CMA and SAMA rulemaking closely will be better positioned to capture the resulting deal flow.

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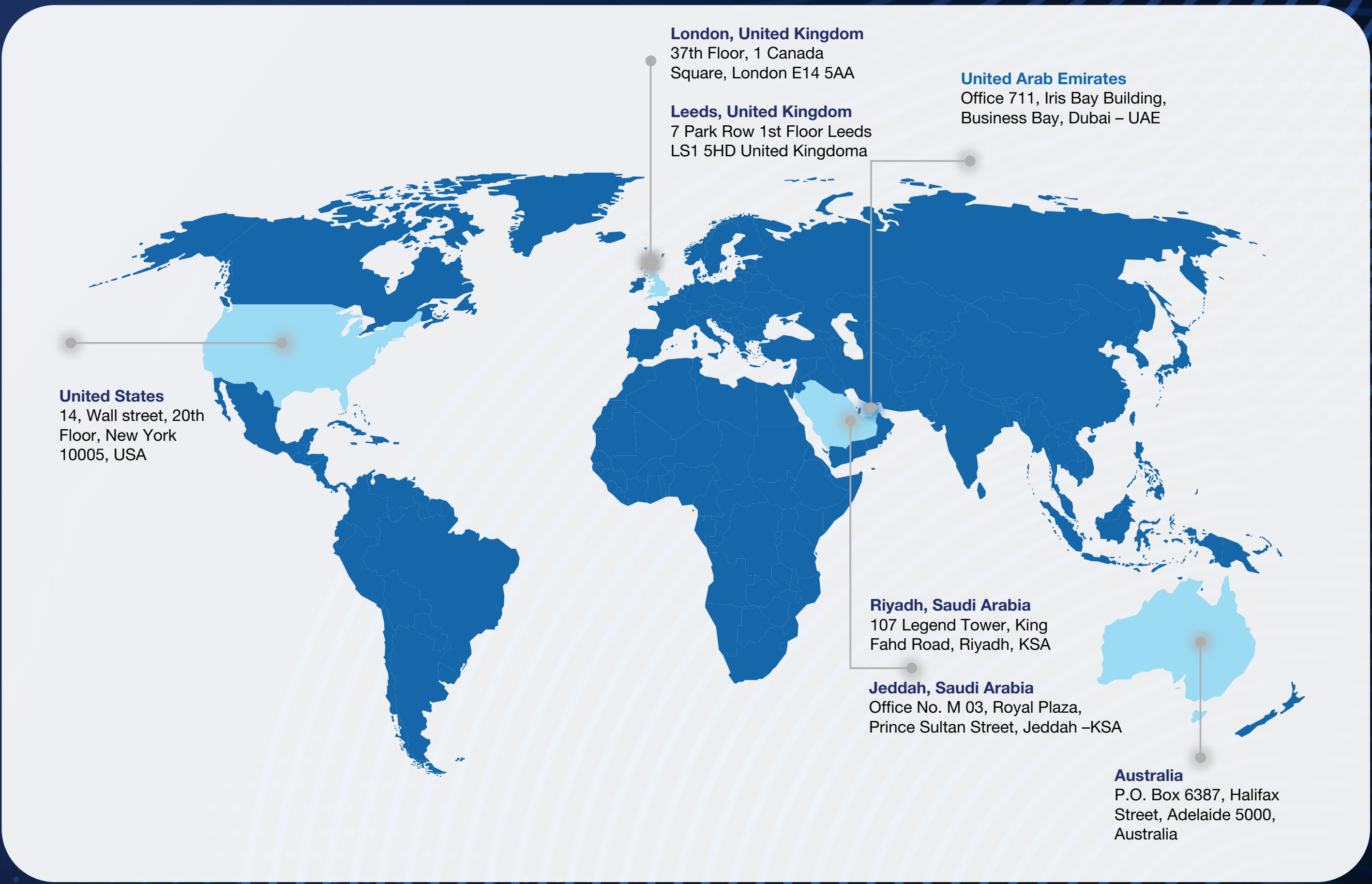

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