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Shaping the Next Era of GCC Banking

Strategic Initiatives Defining the Future of Finance | Q3 2026

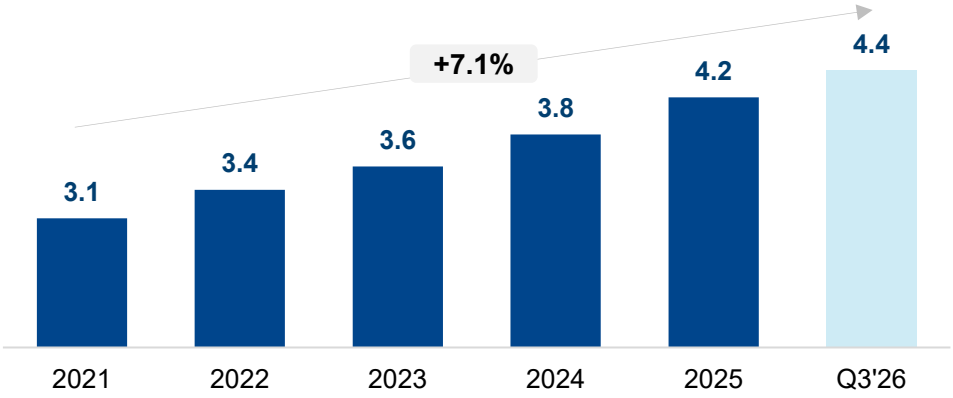


GCC banks continue to demonstrate strong profitability and efficiency, indicating a compelling opportunity for fintech, AI, payments, and embedded-finance partnerships

Current State of GCC Banking: A Strong Foundation for Digital Transformation

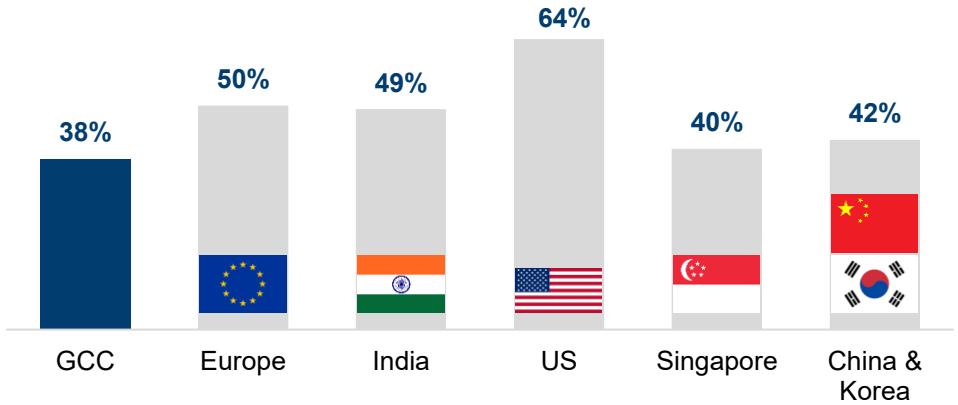
GCC Banking Assets

2021–Q3'26 | Figures in USD Tn



Cost-to-Income Ratio | Global Benchmarking

2025 | Figures in Percentages



- GCC banking scale and financial strength create a favorable foundation for digital transformation, with banking assets reaching USD 4.4tn by Q3 2026 and growing at a 7.1% CAGR since 2021.
- Stronger operating efficiency gives GCC banks greater capacity to invest in digital initiatives, with a 38% cost-to-income ratio, which is below that of major banking markets such as Europe, India, and the US.
- The combination of scale and efficiency creates a strong partnership opportunity for fintechs, particularly in payments, API-led banking, AI, and embedded finance, where banks can leverage external capabilities to accelerate innovation.
- The opportunity extends beyond basic digitization toward strategic transformation, with fintechs well positioned to support GCC banks in automation, real-time data, cloud adoption, and the development of new customer propositions.

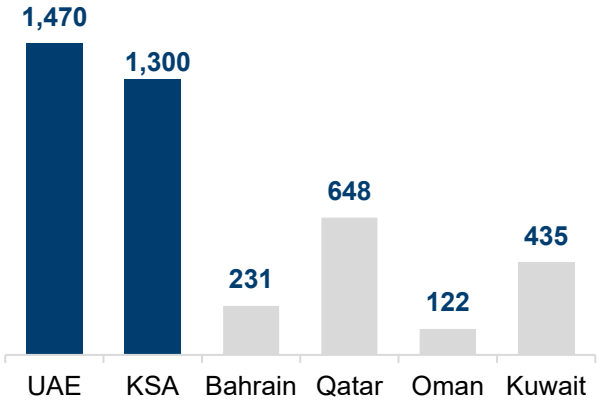
Source: *Desk Research, Commercial Databases, Aranca Analysis*

KSA's banking sector combines strong asset quality with the GCC's lowest NPA ratio, while the UAE pairs robust asset growth with moderate credit risk

Benchmarking GCC Banking Performance (1/3)

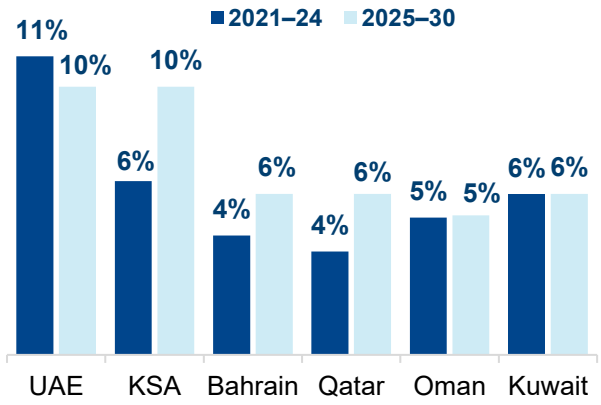
Banking Assets

2025 | Figures in USD Bn



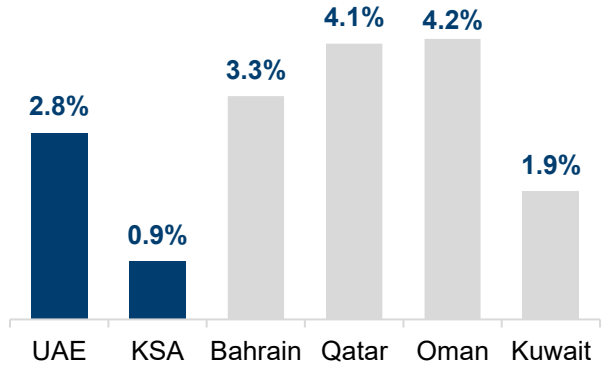
Banking Assets Growth Rate

2021–30 | Figures in Percentages



Non-performing Assets

2025 | Figures in Percentages



- KSA offers the strongest combination of scale, growth, and asset quality, with the GCC's largest banking asset base (~USD 1.48tn), projected 10% annual growth through 2030, and the region's lowest NPA ratio at just 0.9%.
- The UAE represents a high-growth, large-scale alternative, but with comparatively higher credit risk, with banking assets projected to grow 10% annually through 2030 but with an NPA ratio of 2.8%, materially above KSA's.
- The smaller GCC markets present more differentiated opportunities rather than a uniform growth story. Bahrain and Qatar are projected to grow at 6% annually through 2030, while Kuwait is also projected to maintain 6% growth with relatively low NPAs of 1.9%.
- Elevated NPAs make Qatar and Oman comparatively higher-risk markets, with NPA ratios of 4.1% and 4.2%, respectively. This suggests that their growth potential needs to be weighed against weaker asset quality.

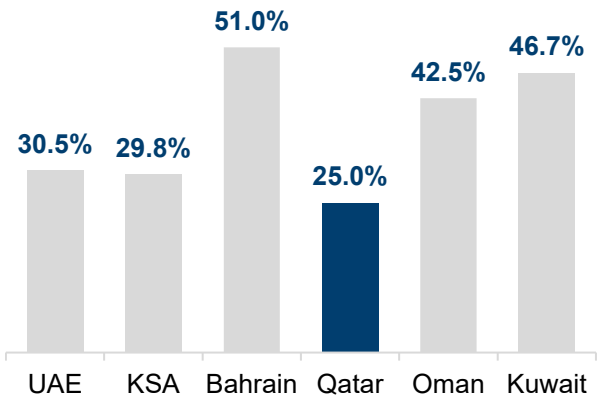
Source: *Desk Research, Commercial Databases, Aranca Analysis*

Qatar leads the GCC in operating efficiency, KSA and Kuwait record the strongest net interest margins, and the UAE and KSA deliver the region's highest returns on assets

Benchmarking GCC Banking Performance (2/3)

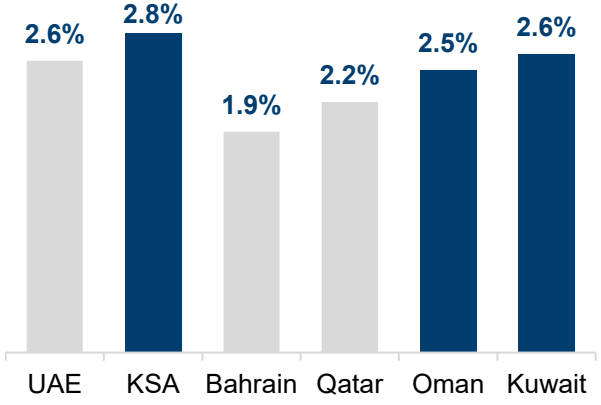
Cost to Income

2025 | Figures in Percentages



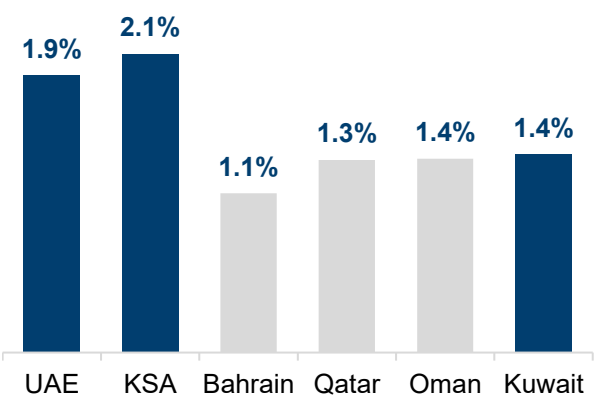
Net Interest Margin

2025 | Figures in Percentages



Return on Assets

2025 | Figures in Percentages



- KSA stands out as the strongest profitability market, combining a high 2.8% net interest margin with the GCC's highest return on assets at 2.1%, indicating strong conversion of lending income into overall returns.
- Qatar leads on operating efficiency, with the region's lowest cost-to-income ratio at 25%. This provides banks with a structural cost advantage, although its lower 2.2% NIM limits the extent to which this efficiency translates into returns.
- Kuwait demonstrates a strong margin-led performance profile, with a 2.6% NIM matching Oman and a relatively moderate 46.7% cost-to-income ratio. However, its 1.4% RoA remains below those of KSA and the UAE.
- Bahrain is the clear performance laggard, with the GCC's highest cost-to-income ratio at 51% and lowest NIM at 1.9%, resulting in the region's lowest RoA of 1.1% and indicating greater pressure on banking profitability.

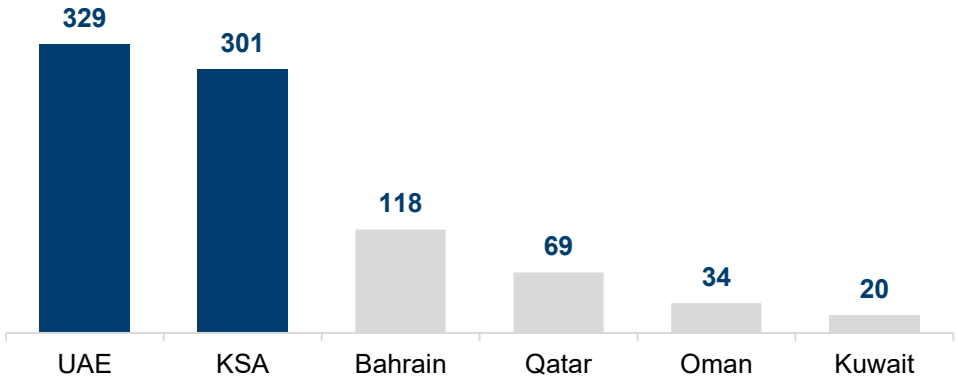
Source: *Desk Research, Commercial Databases, Aranca Analysis*

The UAE leads the GCC in fintech ecosystem scale, with KSA close behind, while Qatar and Bahrain demonstrate strong digital banking adoption across the region

Benchmarking GCC Banking Performance (3/3)

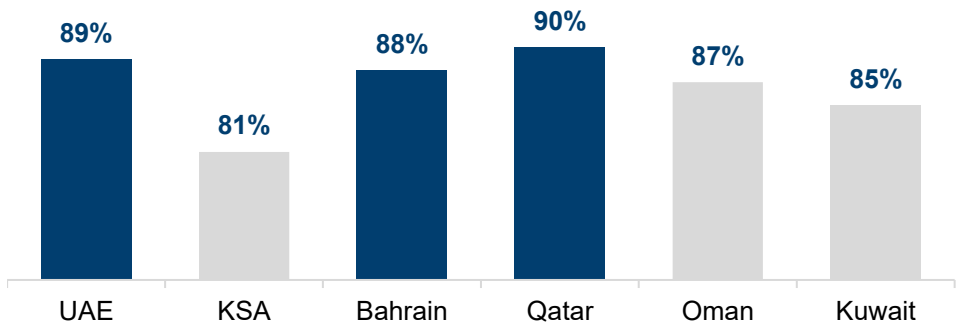
Number of Fintechs

2026 YTD | Figures in Units



Indicative Digital Banking Penetration

2026 YTD | Figures in Percentages



- UAE and KSA are the region's primary fintech hubs, with 329 and 301 fintechs, respectively, giving them the deepest ecosystems and strongest foundations for continued fintech innovation and partnerships.
- Qatar and Bahrain demonstrate that strong digital adoption does not necessarily require the largest fintech ecosystem, with digital banking penetration of 90% and 88%, respectively. This indicates a mature customer base that can support further fintech adoption.
- Oman and Kuwait represent potential whitespace opportunities, with relatively small fintech ecosystems of 34 and 20 fintechs despite high digital banking penetration of 87% and 85%, respectively. The combination suggests an established digital customer base but comparatively limited fintech supply.
- The GCC fintech opportunity therefore extends beyond the established hubs, with smaller markets potentially offering attractive opportunities for fintechs that can leverage high digital adoption without facing the same level of ecosystem saturation as the UAE and KSA.

Source: *Desk Research, Commercial Databases, Aranca Analysis*

The UAE is positioning itself as a regional financial-infrastructure hub, KSA is scaling a large domestic fintech market, and Bahrain is leveraging regulatory depth to develop specialized financial solutions

Country-Level Strategic Positioning (1/2)

UAE

- **Strategic position:** Combines international financial connectivity with a growing ecosystem of banks, fintechs, and financial free zones.
- **What is changing:** The CBUAE's 2024 Open Finance Regulation establishes a framework for consent-based data sharing & transaction initiation across regulated financial services, creating opportunities beyond conventional open banking.
- **Where the opportunity lies:**
  - Financial infrastructure
  - Intelligent financial services
- **Strategic implication:** Prioritize fintechs that can integrate across institutions, rather than standalone digital products competing on customer acquisition alone.

Saudi Arabia

- **Strategic position:** The region's largest banking market, supported by a large domestic customer base, deepening digital adoption, and active regulatory agenda.
- **What is changing:** SAMA moved open-banking providers from the sandbox phase to commercial licensing in March 2026.
- **Where the opportunity lies:**
  - SME finance
  - Open-banking monetization
  - Bank modernization
- **Strategic implication:** Prioritize solutions that can achieve meaningful domestic distribution, demonstrate measurable commercial returns, and scale through bank partnerships or regulated business models.

Bahrain

- **Strategic position:** A smaller market with an established financial-services base and a regulatory environment that has supported fintech experimentation since 2017.
- **What is changing:** Bahrain introduced open banking in 2019. By December 2024, the CBB reported 48 fintech licensees and 30 companies that had completed its regulatory sandbox.
- **Where the opportunity lies:**
  - Open-banking infrastructure
  - Regtech and compliance
- **Strategic implication:** Use Bahrain as a potential entry and validation market for focused propositions, with regional expansion dependent on licensing, bank distribution and proven demand.

Source: *Desk Research, Commercial Databases, Aranca Analysis*

Qatar offers opportunities in specialized digital finance, Oman is building foundational fintech capabilities, and Kuwait is advancing data-driven banking innovation

Country-Level Strategic Positioning (2/2)

Qatar

- **Strategic position:** A well-capitalized banking market guided by national fintech and financial-services strategies.
- **What is changing:** Digital banking regulation and fintech initiatives are creating opportunities for new digital propositions and bank–fintech partnerships.
- **Where the opportunity lies:**
  - WealthTech and digital investment for affluent customers
  - RegTech, compliance automation, and risk analytics
  - Open banking as data-sharing frameworks mature
- **Strategic implication:** Prioritize bank-led solutions in wealth management and financial infrastructure, where institutional partnerships can accelerate adoption.

Oman

- **Strategic position:** A smaller banking market where opportunities center on financial inclusion, payments modernization and SME financing.
- **What is changing:** Open-banking regulation, fintech sandboxes, and payments-sector development are laying the groundwork for broader digital services.
- **Where the opportunity lies:**
  - Digital payments
  - SME lending, cash-flow underwriting, and digital credit
  - Digital onboarding, e-KYC, and banking automation
- **Strategic implication:** Target practical, integration-led solutions that address infrastructure gaps and scale through established financial institutions.

Kuwait

- **Strategic position:** An established banking market with strong financial capacity and opportunities to modernize digital infrastructure and customer propositions.
- **What is changing:** CBK's open-banking initiatives are creating pathways for consent-based data sharing and payment initiation, although implementation maturity remains a consideration.
- **Where the opportunity lies:**
  - Open banking, account aggregation, and personal finance
  - Digital SME lending and alternative credit assessment
  - Core banking modernization
- **Strategic implication:** Prioritize bank partnerships that modernize legacy systems and enable open finance and data-driven lending.

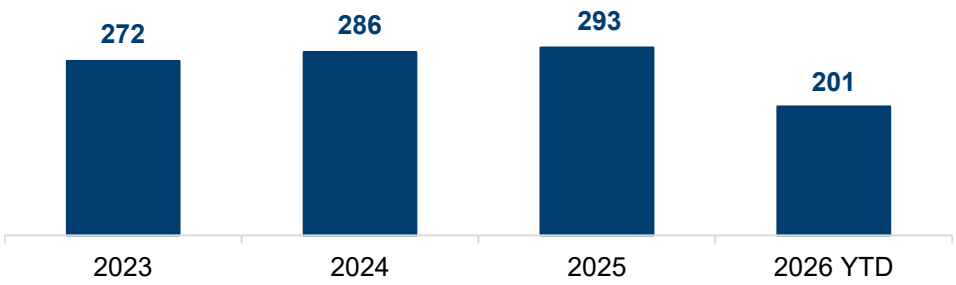
Source: *Desk Research, Commercial Databases, Aranca Analysis*

GCC fintech investment is recovering in value in 2026, with the UAE and KSA capturing the bulk of regional capital and investment concentrated in a handful of markets

Fintech Investment Activity in the GCC: Volume, Value, and Focus Areas

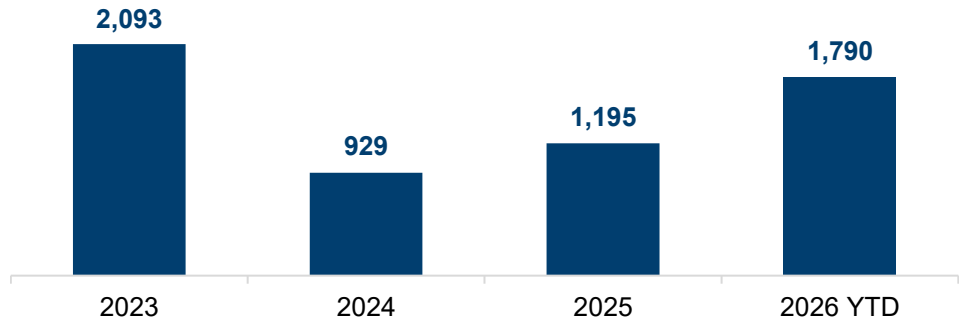
Number of Fintech Investments

2023–26 YTD | Figures in Units



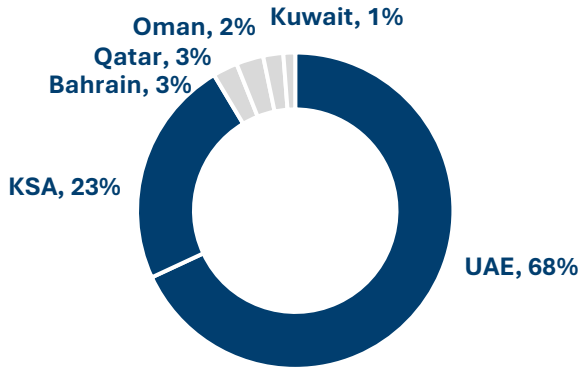
Fintech Investment Value

2023–26 YTD | Figures in USD Mn



Split of Fintech Investments by Region

2023–26 | Figures in Percentages



Key Observations

- Capital remains concentrated in the UAE and KSA, which together account for approximately 91% of regional fintech investments, with the UAE alone representing 68%.
- Average investment value per recorded deal has increased, suggesting a greater contribution from larger transactions.
- Investment remains concentrated in selected verticals, including payments, WealthTech, blockchain, and InsurTech, reflecting opportunities across infrastructure and digital financial services.

Source: *Desk Research, Commercial Databases, Aranca Analysis*

Top 15 Deals Completed YTD 2026

Date	Target	HQ	Sub-category	Deal Size (USD Mn)	Deal Type	Investors
Jun-26	D360	KSA	Digital Banking	390.8	Early Stage	Derayah Financial
Sep-26	barq	KSA	IT Consulting	329.5	Early Stage	M20 Capital Group, Noon E Commerce Solutions, Sohar International Bank
Mar-26	Advanced Digital Gaming Technology	UAE	Gaming Technology	250.0	PE Growth/Expansion	Blackstone, NRT Technology, Raya Holdings, Sightline Payments
Sep-26	Tabby	KSA	Buy Now, Pay Later	233.0	Later Stage	Arbor Ventures, Blue Pool Capital, HSG
Jan-26	Mal	UAE	Digital Banking	230.0	Seed Round	BlueFive Capital
Jul-26	SILQ	KSA	Logistics	100.0	Debt	Undisclosed
Mar-26	Optasia	UAE	AI Lending	89.3	Secondary Transaction	FirstRand
Aug-26	Fasset	UAE	Digital Assets	68.0	Later Stage	SBI Holdings, Speedinvest
May-26	Fasset	UAE	Digital Assets	51.0	Later Stage	Arz Portfoy, Investcorp, SBI Holdings
Sep-26	Tarabut	UAE	Open Banking	50.0	Later Stage	Gulf International Bank, Kanoo Ventures, Riyad Bank, SAB Invest, Zamil Group
Jan-26	PayLater	Qatar	Buy Now, Pay Later	37.5	Seed Round	KBN Group Holding, LuLu Financial Holdings, Qatar Development Bank
Feb-26	Stake	UAE	Fractional Real Estate	31.0	Later Stage	Ellington Properties, Emirates NBD, GFH Partners, MENA Venture Investments, Middle East Venture Partners, Mubadala Investment Company, Property Finder, STV, Wa'ed Ventures
Feb-26	Madfu	KSA	Buy Now, Pay Later	25.3	Early Stage	Afaq Capital
Apr-26	AICChain	UAE	Fintech	25.0	Early Stage	Gulf-Legacy Alpha Partners, Silicon Horizon Ventures
Mar-26	Stitch	KSA	Payment Infrastructure	25.0	Early Stage	Andreessen Horowitz, Arbor Ventures, COTU Ventures, Raed Ventures, Saudi Venture Capital Company

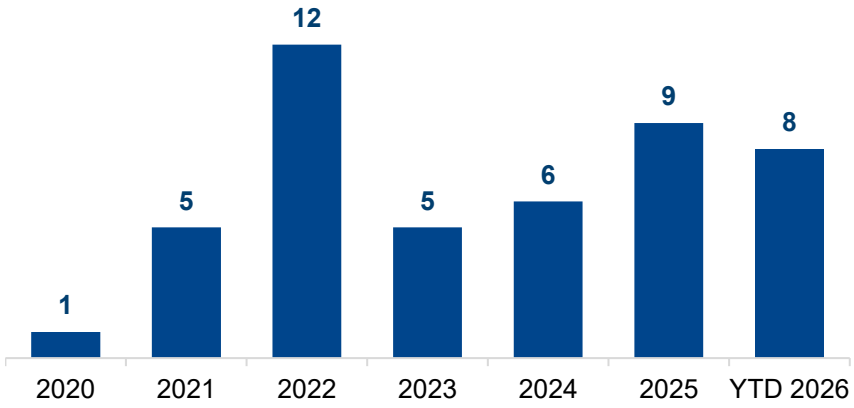
Source: *Desk Research, Commercial Databases, Aranca Analysis*

GCC banks are expanding through investments and acquisitions, led by a concentrated group of active investors, with activity spanning banking consolidation and adjacent financial technologies

GCC Banks Investment Activity: Trends, Focus Areas, and Geography

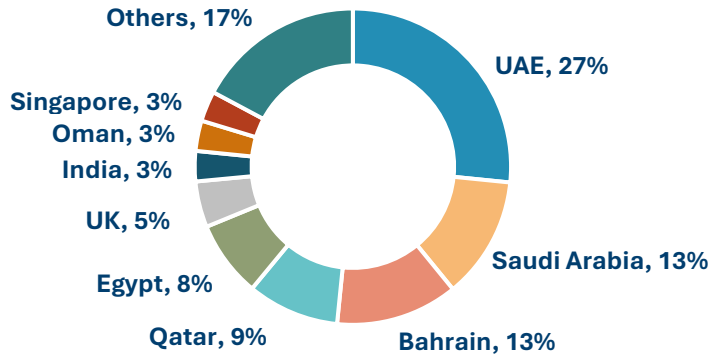
Number of Investments by GCC Banks

2020–26 YTD



Investments by Region

2019–26 YTD | Figures in Percentages



- GCC banking investment activity has regained momentum, with 9 investments in 2025 and 8 already in 2026 YTD, indicating sustained appetite for external growth following the 2022 peak of 12 investments.
- Investment activity is geographically diversified beyond the region's largest banking markets, with the UAE accounting for 27% of investments, followed by Bahrain and Saudi Arabia at 12.5% each, and Qatar at 9%, creating multiple markets for cross-border expansion.
- Banks are using investments to pursue both scale and new capabilities, with banking consolidation remaining a key investment route while payments and other financial technologies provide avenues to build adjacent capabilities.
- The shift toward technology partnerships expands the opportunity beyond traditional M&A, allowing banks to access AI, risk analytics, compliance automation, and payments capabilities without developing all capabilities internally.

Source: *Desk Research, Commercial Databases, Aranca Analysis*

GCC banks are investing in fintech infrastructure to expand digital capabilities, unlock new revenue streams, and embed financial services into customer and business workflows

Strategic Investments by GCC Banks

Deal Date: 2024

About Wahed

- Global Islamic fintech company offering Shariah-compliant financial solutions
- Manages over USD 1 billion in assets and serves more than 400,000 clients globally

Wahed & Qatar Development Bank

- The investment aligns with QDB's mandate to support financial innovation and strengthen the Islamic fintech ecosystem, while expanding access to Shariah-compliant financial services

Deal Date: 2026

About Tarabut

- Regulated financial infrastructure platform providing open banking and embedded finance solutions GCC
- Enables FIs to use real-time financial data to assess creditworthiness and deliver financing to SMEs & consumers

Tarabut & Riyad Bank

- Enables Riyad Bank to leverage Tarabut's open banking infrastructure to enhance digital lending, improve customer insights, and develop data-driven financial products

Deal Date: 2022, 2025

About NymCard Payments

- Enables businesses to issue/manage cards and move money through a modular API-based payments platform
- Supports embedded credit, wallets, and compliance tools to launch financial products quickly

NymCard & Mashreq

- Mashreq invested in NymCard to leverage its API-based card-issuing and payments platform, accelerating Mashreq's digital payments and embedded-finance expansion in the UAE

Source: *Desk Research, Commercial Databases, Aranca Analysis*

GCC banks are moving beyond digital channels to launch differentiated investment, AI-enabled banking, digital wealth, and sustainability-linked products

Regional Product Innovation Landscape

Product	Concept	Regional Examples
Fractional Sukuk	• Fractional Sukuk via Mobile App: Allows retail investors to buy fractional sukuks • Inclusive Investment: Enables ownership of Sharia-compliant sukuk previously accessible only to institutions or HNWIs • Fully Digital Experience: Seamless onboarding and trading through the ADIB mobile app	ADIB مصرف أبوظبي الإسلامي
AI-Powered Personalized Banking	• AI analyses customer transactions and financial behaviour to recommend relevant products • Recommendations link directly to digital application journeys; machine-learning credit models also support pre-approved financing	QIB المصرف
Digital Gold Investment Account	• Customers buy and sell gold digitally through the banking app, with investments starting at one gram • Combines accessible wealth management with Sharia-compliant banking	بيت التمويل الكويتي Kuwait Finance House
Green / Efficiency-Linked Home Improvement Loans	• A loan that enables homeowners to finance energy-saving and sustainable home upgrades, such as solar panels, smart systems, and insulation • Loan terms are linked to efficiency outcomes—if energy-saving targets are achieved, the interest margin or cost is reduced	بنك الدوحة DOHA BANK
Sustainable Finance Products	• Dedicated financing products supported by a formal sustainable-finance framework • Aligns lending with eligible environmental and social objectives under defined financing criteria	BBK بنك البحرين والكويت
Green Auto Loans	• Preferential auto loans for EVs, hybrids, and plug-ins • Low interest rates: 25–50 bps discount compared to ICE vehicles to support green mobility • Option to finance chargers and accessories alongside the car	بنك الإمارات دبي الوطني Emirates NBD

Source: *Desk Research, Commercial Databases, Aranca Analysis*

Global banks are embedding innovation into everyday banking, combining automated savings, AI-powered personalization, and sustainable lending to create differentiated customer propositions

Global Product Innovation Landscape

Product	Concept	Global Examples
Agentic AI Banking	• Moves beyond chatbots to execute selected banking tasks through natural-language conversations • Can handle servicing requests, card management, and routine transactions within controlled workflows	DBS
Rule-Based Savings	• Customers split money into virtual 'pots' or 'jars' for budgeting (rent, travel, school fees) • Savings grow via rules/triggers such as round-ups from purchases, % of salary, or scheduled transfers • This can also extend into micro-investing, where spare change is invested in ETFs, funds, or sukuk	monzo, Starling Bank
Green Mortgages & Energy-Efficiency Loans	• Offers preferential mortgage terms or dedicated loans for energy-efficient homes and eligible home improvements • Links financing to measurable property-efficiency criteria, connecting retail lending with sustainability goals	Bank of Ireland
Tokenized Corporate Deposits	• Represents commercial bank deposits on blockchain infrastructure, enabling programmable transfers and settlement • Aims to support round-the-clock liquidity movement while keeping funds within regulated banking infrastructure	WELLS FARGO
Generative AI Personal Finance Assistant	• A conversational AI assistant that helps clients plan, budget, and simulate financial scenarios in plain Arabic or English • Goes beyond traditional chatbots by running projections, recommending optimal loan repayment strategies, and alerting users to potential financial risks • Combines robo-advisory capabilities with interactive, personalized advice for smarter financial decisions.	UBS
Rule-Based Payment Routing	• Links multiple payment credentials to a single card credential • Automatically routes transactions to the appropriate underlying funding source based on rules such as merchant category, transaction value, or payment channel • Gives customers greater control over how purchases are funded, while helping SMEs manage business spending	mastercard, CUB City Union Bank Ltd

Source: *Desk Research, Commercial Databases, Aranca Analysis*

GCC banks are shifting investment towards AI-enabled operations, connected financial infrastructure, and scalable partnerships to drive growth beyond traditional banking

GCC Banking Strategic Initiative Outlook



Strategic Investments Will Accelerate Capability Building

GCC banks are using strategic investments to acquire capabilities, access new customer segments, and accelerate entry into adjacent financial services. With regional financial-services CEOs increasingly focused on innovation and growth, investments are likely to remain a key route to capability building alongside internal development.



AI and Connected Financial Infrastructure Will Shape Investment Priorities

Investment is shifting beyond customer-facing digital channels towards AI-enabled decisioning, automated operations, open finance, and integrated payments infrastructure. These capabilities can improve productivity, strengthen risk management, and enable banks to develop more personalized products across retail, SME, and corporate banking.



Commercial Partnerships Will Connect Banks to New Growth Opportunities

Banks are increasingly working with fintechs and technology providers to bring new capabilities into their operating models. Accelerator-to-enterprise programs, API integrations, and embedded-finance partnerships offer routes to commercial deployment, while strategic stakes and acquisitions can provide deeper access to proven technology and distribution.

Source: *Desk Research, Commercial Databases, Aranca Analysis*

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