

Visa's SMEs Report:
Unveiling the
Megatrends in the
United Arab Emirates

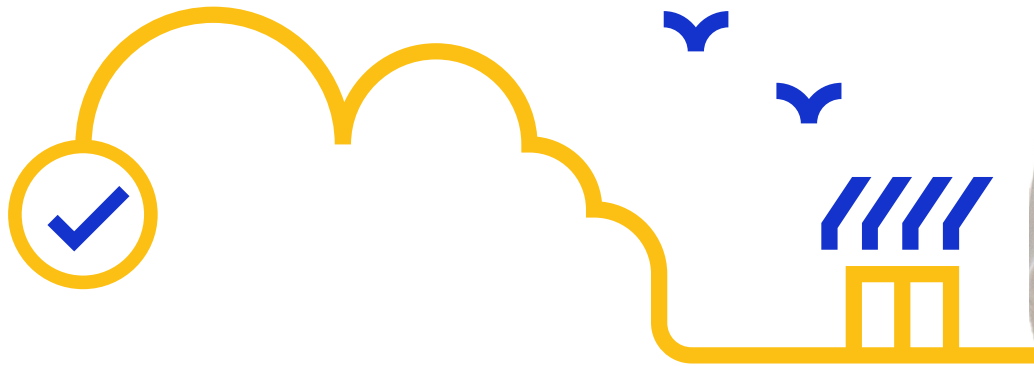


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UAE SMEs Highlights



SMEs Represent A Significant Opportunity For Banks, Non-Bank Financial Institutions And Fintechs

SMEs in the UAE¹

558K+

small businesses

94%

of all UAE businesses are SMEs

86%

of the private workforce are employed through SMEs

SME Opportunity in the UAE^{1,2}

63.5%+

GDP contribution (non-oil) from SMEs

\$60B

Est. SME financing gap (USD)



UAE SMEs Megatrends



7 Megatrends in SME financial services in the UAE



Trend 1

Greater Desire For Streamlined Banking Experience



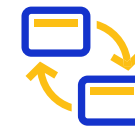
Trend 2

Need For Easier Access To Credit To Facilitate & Optimize Cash Flow



Trend 3

Integration With Social Media & E- Commerce Platforms To Build A Marketing Presence



Trend 4

Contactless Payments Are Playing A Growing Role In Digitizing SMEs



Trend 5

Growing Interest In Providing Better Employee Benefits



Trend 6

Need For Easier Access To Increased Movement Towards Digital Payments, Away From Checks



Trend 7

Investment In SME Digitization Tools Is Increasing



Trend 1

Greater Desire For A Streamlined Banking Experience

Opening a bank account in the UAE is necessary for SMEs, yet can be challenging and expensive.

High minimum account requirements, extended processing times, and associated costs can make setting up a bank account challenging for SMEs. The UAE government is undertaking measures to simplify the process; however, stringent compliance requirements remain to ensure transparency in the account opening, underwriting process and timelines, as well as transaction-level data to support ongoing SME compliance requirements.

Illustrative Case Studies



SME Financial Services In The UAE¹

15K-70K

range, in AED, of minimum account requirements reported by SMEs

44%

of SMEs have business cards, and an incremental 34% say they intend to get a card product

97%

of MSMEs surveyed by the CBUAE reported having a bank account in order to conduct business transactions



¹ ecommerceDB, affable.ai, Meltwater Digital Report 2023, KoreFusion analysis.

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Trend 2

Need For Easier Access To Credit To Facilitate & Optimize Cash Flow

Only 10% of bank loans are granted to SMEs, reflecting limited alternative funding options.

Obtaining financing from banks can be a hurdle for SMEs due to short credit histories, trouble providing collateral, interest rates, and administrative hurdles. The government is actively working to support SMEs through regulatory changes and development funds, in line with UAE's 2030 vision.

Illustrative Case Studies



Access To Financing For SMEs In UAE¹

77%

of MSMEs surveyed by CBUAE consider themselves to be financially constrained

30%

of SMEs have trouble getting credit

\$23B

financial facilities and loans extended by banks to SMEs in 2022; an additional \$262M has been extended by the Emirates Development Bank



¹ CBUAE (2020), Visa (2023), Emirates News Agency (2022), Emirates Development Bank (EDB), Korefusion analysis
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Trend 3

Integration With Social Media & E-Commerce Platforms To Build A Marketing Presence

SMEs rely on digital tools to tap into the UAE's growing e-commerce market and digital payments.

Establishing an online presence is crucial for any small business in the UAE, which boasts the largest social and e-commerce market in the region. SMEs are leveraging social media platforms, influencers, and their own websites to build their brand and sell both online and offline.

Illustrative Case Studies



Social Media & Online Marketing In The UAE¹

14%

of the UAE retail market is online.

65%

of the estimated 11K influencers in the UAE cater to SME online advertising

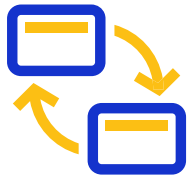
26%

of users aged 16-64 use social media to find products to purchase



¹ ecommerceDB, affable.ai, Meltwater Digital Report 2023, KoreFusion analysis.

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Trend 4

Contactless Payments Are Playing A Growing Role In Digitizing SMEs

SMEs are adapting to changing consumer behaviors and payment patterns, with a focus on mobile payments and digital wallets.

Contactless payments are popular in the UAE. Payment providers are streamlining the in-person checkout process using QR codes, e-wallets, digital payment acceptance, and mPOS, with a strong focus on small and micro businesses.

Illustrative Case Studies



Contactless Payments Adoption Across SMEs & Consumers¹

49%

of UAE SMEs identified accepting contactless payments as a critical investment area to meet consumer expectations

85%

est. in-person contactless transactions share of all Visa transactions for small businesses (vs 65% for all businesses)

1.4M+

mobile wallet users in the UAE

\$2.5B

total value of mobile wallet transactions across ~119M transactions



¹ Visa Back to Business Study (2021), Visa Economic Empowerment Institute (2021), Boku (2021), KoreFusion analysis
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Trend 5

Growing Interest In Providing Better Employee Benefits

UAE SMEs are looking to enhance the employee experience amidst inefficient HR functions, costly benefits, and complex insurance policies.

Setting up a business in the UAE is challenging and costly, with a highly competitive market making it difficult for SMEs to attract and retain top talent. Employee retention and engagement are significant challenges, leading SMEs to focus on offering the best benefits and insurance offerings to keep skilled workers.

Illustrative Case Studies



Demand For Employee Benefits In The UAE¹

89%

of UAE employees would switch jobs at the same salary if more / better benefits are offered

<30%

of UAE employers are providing non-mandatory benefits today

86%

of UAE employers would offer additional employee benefits if they were more affordable; this is especially true for SMEs.

52%

of UAE employers are facing talent shortages



¹ Zurich International Life Middle East (2022), KoreFusion analysis

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Trend 6

Increased Movement Towards Digital Payments, Away From Checks

Use of checks is still common in the UAE, but the country is moving towards low-cost, faster digital payments infrastructure and the introduction of direct debit systems to reduce the reliance on physical cheques in key sectors.

SMEs are moving away from expensive, inefficient check payments towards real-time interbank transfers, direct debit, and digital payment options. While cards are an option, they remain underutilized. With the UAE prioritizing SME digitization and e-commerce growth, the trend towards digital payments is expected to accelerate.

Illustrative Case Studies



Current Check Payment Statistics¹

59%

of SME payment methods are cash and checks, with business cards only accounting for 7%

\$272B

total value of the 21M+ checks cleared in in 2021

1.1M

average number of checks that bounce annually due to insufficient funds or clerical errors

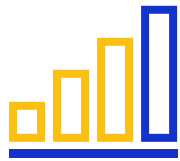
6+

number of sectors requiring check payments: real estate (rent / purchases), goods & services, utilities, education, auto leasing, asset purchases, and other large value payments.



¹ Visa Back to Business Study (2021), Visa Economic Empowerment Institute (2021), Boku (2021), KoreFusion analysis

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Trend 7

Investment In SME Digitization Tools Is Increasing

The exponential growth of e-commerce and UAE’s entrepreneurial initiatives drive SME digitization, keeping with UAE’s Economic Vision 2030.

SME digitization is a top priority for the UAE with multiple initiatives launched with public and private sector partners. SMEs are increasingly using invoicing & expense management platforms to digitize financial processes and digital accounting software to comply with recent VAT and tax requirements.

Illustrative Case Studies **ALAN Qashio**

SME Digitization In The UAE¹

74%

of UAE SMEs still rely on manual processes and basic communication tools, making digitization a potential benefit for most SMEs

55%

of UAE SMEs struggle with financial management and accounting and are attracted by automated accounting services

76%

of UAE SMEs that digitized attracted new customers, and 65% found it generated cost savings

\$17.1B

potential benefits to UAE SMEs and startups between 2022 and 2030 from hyperscale cloud computing



¹ Dubai Chamber of Digital Economy (2022), Visa (2023), Ministry of Economy (2021), KoreFusion analysis

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Illustrative Fintech & Bank Case Studies



What UAE SMEs need from issuers to support their growth and evolution



1 SME-friendly and simplified banking experience

- Pricing and balance requirements proportional to SME size
- Streamlined KYC/KYB and fast onboarding
- Business set-up and management tools
- Data analytics & insights

Wio
Business



2 Streamlined compliance and accessible financing

- Alternative forms of lending
- Payment deferrals and installment plans
- Quick and simple credit process
- Transparent, optimized pricing

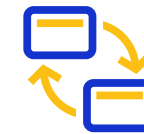
b beehive



3 Digital commerce support and tools to grow their customer base

- Streamlined marketing and ecommerce enablement tools
- Easy-to-use & low cost
- Reporting, tracking and data analysis capabilities
- Offline / online payments acceptance

zbooni™ Say hello to cCommerce.



4 Payment acceptance hardware / gateways and pricing proportional to SME transaction volumes

- POS, mPOS and/or SoftPOS solutions
- Mobile wallet and QR code payments
- Affordable and easy to integrate

magnati

What UAE SMEs need from issuers to support their growth and evolution (cont'd)



5

Support SMEs to provide better employee benefits and navigate HR functions affordably

- Competitive pricing
- Digital insurance and benefits marketplace
- Automated HR tasks

BAYZAT



6

Digital payment channels and increased business card adoption

- Increased acceptance of mobile wallets, cards, and virtual cards
- Instant money transfers via cards
- High credit limits on business cards to encourage adoption
- Promotional offers on cards and digital payments

NYMCARD



7

Partner with financial & business management tools for SMEs

- Better cash flow management & improved efficiency
- Invoicing, bookkeeping and payments
- Reporting & data-driven insights

ALAN





Providing Accessible Financial Services From A Single Banking Platform

Wio is a neobank that provides digital bank accounts to individuals and businesses of all sizes. It offers a seamless experience with personalized features and integrated services, including digital account opening, automated invoicing & payments, expense management, virtual cards, low FX rates, mobile wallet payments, multicurrency accounts, and insights & analytics. The platform is ideal for SMEs with domestic and/or international operations.

Why should issuers take notice

A joint venture between Abu Dhabi Development Company (ADQ), Alpha Dhabi Holding, e& and First Abu Dhabi Bank (FAB) valued at US\$630M. Wio has acquired 20,000+ SMEs in 2022 and continues to be an attractive choice for entrepreneurs in the UAE.



SME Need
Simplified & efficient banking processes

SME Mega Trend
Greater desire for streamlined banking experience



Source: Company website, KoreFusion analysis

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P2P Lending Fulfilling SME Financing Needs

Beehive is a leading digital P2P lending platform that directly connects investors with businesses via a marketplace. It offers a streamlined and simple online funding process with no hidden fees. They work with various partners, including development banks, traditional banks, and SME associations, to offer easily accessible and innovative financing products.

Why should issuers take notice

Founded in 2014, Beehive is a leader in the UAE as it has facilitated over US\$410M in loans, with additional operations in KSA and Oman. It was acquired by e& enterprise as it is well-poised to address the GCC's SME credit gap.



SME Need

Fast, affordable and accessible financing

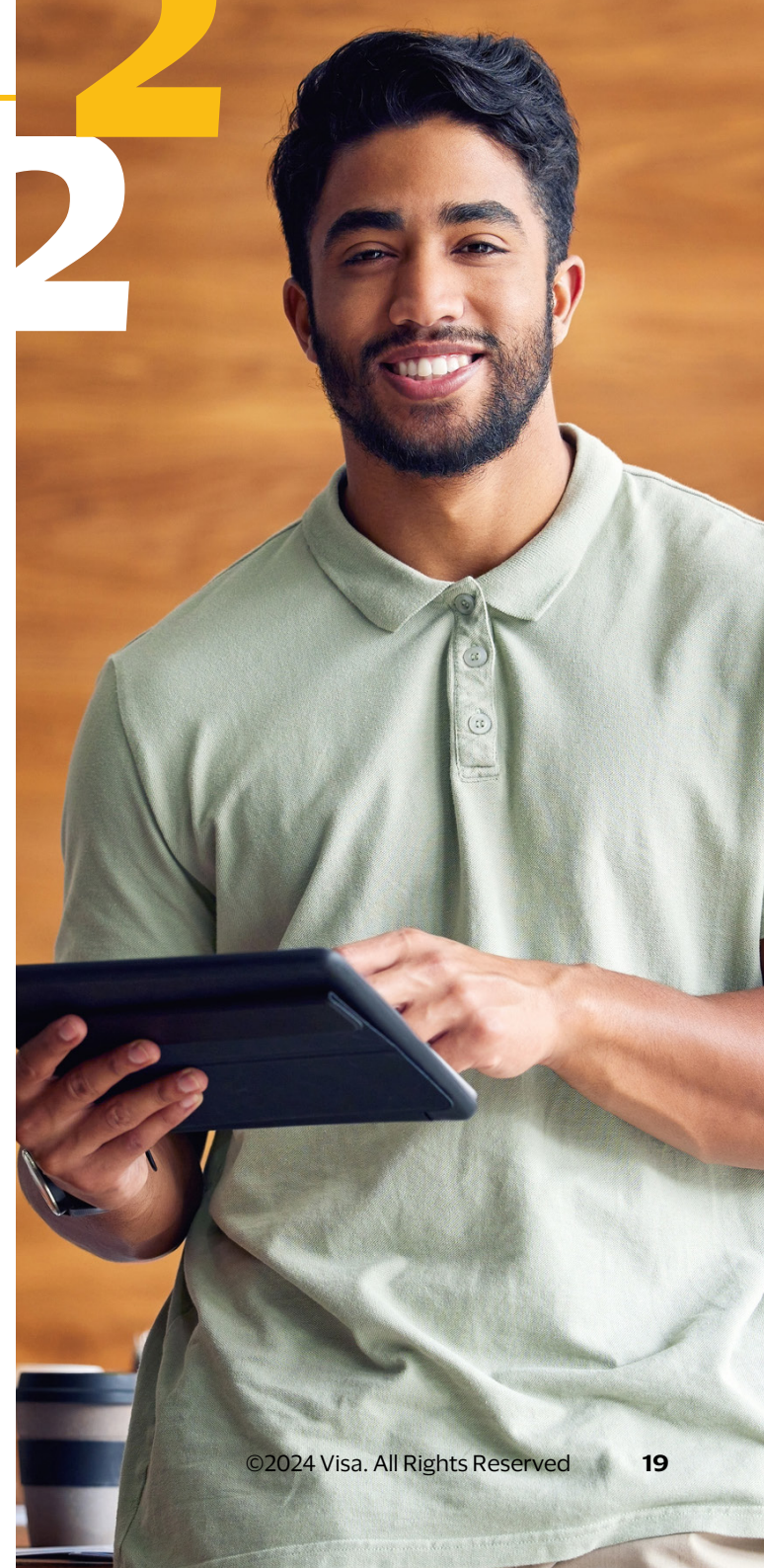
SME Mega Trend

Need for easier access to credit to facilitate & optimize cash flow



Source: Company website, KoreFusion analysis

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Say hello to cCommerce.

New Sales Channels For Social Commerce

Zbooni is an end-to-end invoicing and commerce platform that connects merchants and consumers on social media platforms such as WhatsApp and Instagram, enabling transactions via preferred social media and chat services. It empowers SMEs to capture orders, accept payments, increase sales, and track orders to help them transition into the new era of social commerce.

Why should issuers take notice

The company was incubated at Facebook, one of the few global businesses to receive such support. Its merchant app went live in 2018 and has become the MENA region's pioneer in social commerce with a total of US\$11M raised to date.



SME Need

Expand online reach & increase customer base

SME Mega Trend

Integration with social media & e-commerce platforms to build a marketing presence



Source: Company website, KoreFusion analysis

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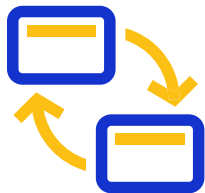


Simple Payment Acceptance Via POS and SoftPOS Solutions

One of the largest UAE-based payment solutions providers that is utilizing next-gen technologies to improve experiences and efficiency. They offer a variety of hardware and software-based POS solutions, including SoftPOS which enables businesses of all sizes to accept contactless transactions of any value using their own devices as payments terminals.

Why should issuers take notice

Magnati is a leading payments provider in the Middle East offering services to 30,000+ merchants, processed an estimated US\$40B in transaction value and issued 2+ million prepaid cards.



SME Need
Accept digital payments
at low rates

SME Mega Trend
Contactless payments help in digitizing
SMEs



Source:
Company website, KoreFusion analysis

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BAYZAT

Comprehensive HR & Employee Benefits Platform

Bayzat is an all-in-one HR and employee benefits platform that offers automated HR software, payroll, health insurance offerings & management, and a portfolio of employee benefits. It caters to both SMEs and large corporates, helping them grow and retain talent.

Why should issuers take notice

A regional leader serving 234,000+ employees in over 3,200+ businesses in the GCC. It is one of the few players focusing on providing an all-in-one employee benefits platform and it plans to continue expanding its operations across the Middle East, particularly in KSA & UAE, with total funding of US\$60M.



SME Need
Support to get affordable benefits and HR services

SME Mega Trend
Growing interest in providing better employee benefits



Source: Company website, KoreFusion analysis

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Optimized Digital Payments For MENA SMEs

The NymCard Platform platform is designed to give clients complete control over your payments infrastructure. From card issuing to transaction processing and settlement, the modular approach allows to build custom workflows that meet unique business needs.

NymCard tech stack allows to plug into their 150+ growing APIs and launch solutions like Prepaid cards, Multi-currency, Charge and Credit cards, and Buy Now Pay Later.

Why should issuers take notice

Founded in 2018 and operating across the MENA region, NymCard provides a comprehensive payment platform encompassing everything from card issuance and program management to mobile payments and beyond.



SME Need
Increased adoption of cards and digital payments

SME Mega Trend
Stubborn check use puts a ceiling on digital payments



Source: Company website, KoreFusion analysis

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Qashio

Empowering SMEs' Digitization Journey

Qashio is MENA's multi-award-winning Corporate Card & Spend Management Solution. It provides businesses with the ability to issue company cards with custom controls, automatically match transactions and receipts, streamline approval processes, and simplify budgeting. Qashio enables real-time tracking of business expenses, automates accounting, and provides real-time reporting.

Why should issuers take notice

Since its launch in 2021, Qashio has been operating in the UAE market, developing a UAE tax-compliant solution that seamlessly integrates with popular ERP systems in the UAE.



SME Need
Better expense management & improved efficiency

SME Mega Trend
Investment in SME digitization tools is increasing



Source: Company website, KoreFusion analysis

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Unlock the **SME Opportunity**