

Chapter 4

FinTech Strategies in the GCC: Developing a Growing FinTech Ecosystem – A GCC Perspective

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ABSTRACT

The Gulf states, attempting to diversify their economies, have focused largely on transforming their economies. Part of their transformation focus areas is the technology sector. FinTech is a generic term used for all financial technology developments, and has gained a lot of traction in the recent years. As Financial services is one of the main sources of GDP for the GCC states, the GCC governments have focused in promoting the FinTech entrepreneurship spirit, through different initiatives. In the chapter, the authors analyze the FinTech ecosystem development mode for all the GCC countries, focusing on understanding the reason that have made it one of the most successful FinTech ecosystems globally.

INTRODUCTION

The Gulf has long been famous for two things: its oil and the lavish spending on extravagant initiatives made possible by oil windfalls. Yet, in this age when humanity is aligning its efforts to achieve a more balanced (Sustainable Development, n.d.) and sustainable (The Paris Agreement, n.d.) path to growth and systems of production face rapid technology-driven transformation, perhaps unexpectedly, Gulf countries are leading the way.

In the recent years, all the Gulf countries have launched long term plans to transform their economic models to embrace the opportunities created by the 4th Industrial Revolution (Lanteri, 2017), by leveraging, experimenting, and exploiting different emerging technologies. This is a result of the changing economic environment globally, and the associated risks and opportunities. As a result, the gulf countries have been performing quite well on Innovation indices, making them very attractive places to test and implement these technologies. Such examples include the Hyperloop, which is supposed to cut the time needed between Dubai and Abu Dhabi in 10 minutes, the use of robots in different companies and departments, and self-driving cars, among others.

While these technologies are successfully deployed across multiple domains, what presently seems their most promising application in the Gulf is in finance (AMP, n.d.). This seems to be aligned with the fact that the GCC countries, apart from oil exporters, are also popular financial hubs. Such success holds precious lessons for the region, highlighting the importance of both a clever strategy and an effective execution.

In order to understand in depth, this chapter is structured in the following sequence: In the following section, we describe the traditional economic structure of the Gulf countries. We then explore further the meaning of fintech, and how it is affecting company operations.

THE TRADITIONAL ECONOMIC STRUCTURE OF THE GULF COUNTRIES

The Gulf Cooperation Council (GCC) is a group of six oil exporting countries – namely Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. It was formed a regional intergovernmental political and economic

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