



Digital Banking in Middle East and Africa: Seven Key Trends Shaping the Future

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Coding Colorful Banking

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Introduction

Across the MEA region, the banking sector is undergoing a significant transformation. Advancing technologies and innovations combined with seismic shifts in customer expectations mean that banks – both incumbent and challenger – need to adapt to the new status quo in order to remain competitive.

Investment in digital banking is at the heart of this transformation. In MEA, 48% of banks are prioritizing investments in digital banking platforms to modernize their legacy systems, per a Celent study on retail banks. In this study, we explore seven key trends shaping the future of banking in the region: data-first banking, AI and personalization, AI regulation and transparency, super apps, CBDCs, ESG and tech talent acquisition. We also examine the main challenges banks must overcome that can help them achieve success.



Estimated growth of the global market for digital banking platforms, reflecting the increasing demand for modern, agile banking solutions

**\$22.30
billion**
in 2030

**\$11.56
billion**
in 2025

01. Key Opportunities for Growth

Financial inclusion:

Historically, the MEA has struggled with a significant unbanked population. Per a [2021 study by the World Bank](#), **only 48% of adults across the region have a bank account** (excluding high-income economies) – **23% lower than the developing economy average.**

The tide has begun to turn in recent years thanks to advances in digital banking. **Mobile technology allows people in rural areas to connect to their banks without having to access a physical branch.** And given that the share of global consumers actively using mobile for their banking needs was as high as [57 percent in 2023](#), the technology should clearly be central to any forward-thinking bank's strategy.

Technological leapfrogging: Many incumbent banks struggle to adapt quickly to the latest advances in digital banking technology as they're reliant on legacy core systems that are often cumbersome and difficult to update. **Digital banks are not hamstrung by this type of technology, instead running off Cloud-Native technologies and SaaS solutions.**

This presents an enormous opportunity. Banks that can leverage cutting-edge technologies

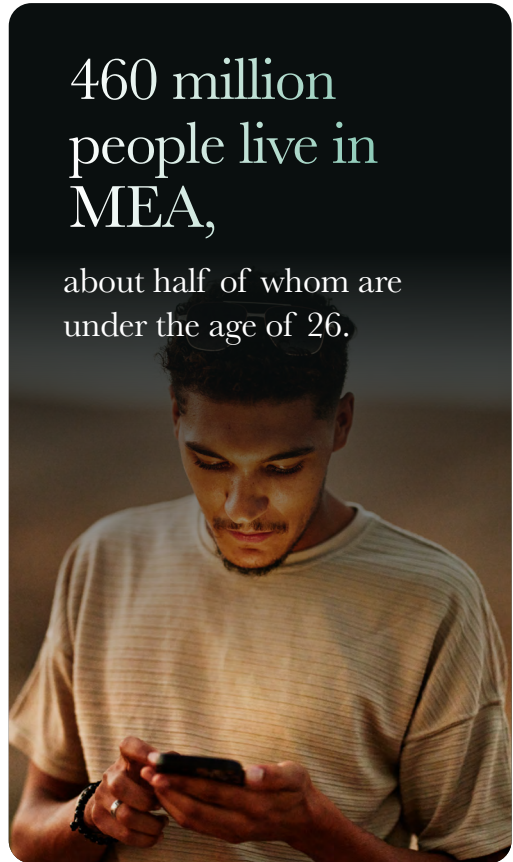
to offer their customers the best in digital banking solutions stand to catch up with or even leapfrog their incumbent competitors.

Youth demographics: The MEA is home to approximately [460 million people](#), about half of whom are under the age of 26. This means a population which is not only amenable to adopting the latest in innovative digital banking technologies – they'll demand it from their banking provider.

Banks able to provide digital technology that young customers crave will **set themselves apart from the competition** and could become the long-standing preferred choice for a growing, youthful population.

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02. Significant Challenges in Digital Banking

Despite the opportunities, banking in the MEA region also poses **significant challenges**. These will need to be overcome for financial institutions to succeed in their digital banking ambitions.

Limited Digital Agility: While the MEA region may well be a hotbed of opportunities for smaller, more agile fintechs, traditional banks may struggle to compete and offer the same digital products and services because of their legacy systems. Furthermore, **MEA banks' ability to leverage SaaS solutions for digital transformation is often hindered by data residency issues** – limited local data centers and cross-border data transfer restrictions complicate smooth SaaS operations.

Regulatory Compliance: Meeting regulatory requirements is always troublesome for banks, but the MEA region poses unique challenges. Aside from the fact that countries across the region have vastly different banking regulations that industry players must adhere to, there are also **specific directives around the aforementioned financial inclusion, as well as Islamic banking and cross-border operations**.

Talent Acquisition: MEA countries suffer from a lack of skilled professionals in AI, data analytics and cybersecurity. The current educational infrastructure struggles to develop enough professionals with the specialized skills required in the digital banking sector. Furthermore, many individuals from the MEA region who develop these skills leave for higher salaries and more advanced work environments in other parts of the world.

Despite the opportunities, banking in the MEA region also poses significant challenges.



03. Emerging Trends in Digital Banking

Per a [Finastra study](#), only 29% of MEA banks have fully digitized their processes, which is below the global average of 47%.

For this study, we've identified **seven key trends that are shaping the development of the digital banking sector in the MEA region**. Regardless of size, banks wishing to gain a strong foothold in the region will need to be aware of these trends, with a view to incorporating them into their short, medium and long-term strategies.

1. Data-First Banking

Data is at the heart of many leading [banks' digital strategies](#). Whether it's leveraging AI technology to **create more personalized customer experiences or protecting against fraud**, data is vital for keeping up with the competition.

MEA banks still lag behind their European and American counterparts in this regard. Per a Finastra study, only 29% of MEA banks have fully digitized their processes, which is below the global average of 47%. This slower pace of digital transformation is hindering their ability to fully harness the power of data for strategic decision-making and customer personalization.

However, they stand in good stead thanks to the region's young and tech-savvy population, as well as the digitally friendly approach that many MEA banks are taking. Like other regions, MEA banks will need to navigate increasingly tight data regulations, which are often country specific. This makes a data-first approach even more difficult for banks with operations across the entire region.

Use case: Mashreq Bank has gone through a significant **digital transformation** in recent years, with customer needs at the heart of their transformation, and data the driving force. The UAE-based bank has [taken](#) steps in **overhauling its legacy systems and adopting cloud and AI technology** to better leverage customer data and meet regulatory demands.

2. AI and Personalization

Banks across the world have been competing with one another for years to offer **personalized experiences to their customers**. And MEA banks are no different. However, they do face unique challenges in this area. Many of them lack the quantity and quality of data enjoyed by other regions' banks.

[McKinsey](#) estimates that AI technologies could deliver up to \$1 trillion of additional value for banks each year. Nevertheless, there's still an overwhelming appetite among MEA customers for this level of banking service, and AI is helping provide it. For instance, gen AI-powered chatbots allow banks to not only process customer feedback on an enormous scale, but also to learn from that feedback to improve and further personalize products and services.

AI-powered customer experience seamlessly integrates with bank systems and internal documents, providing precise, on-demand answers to employee queries, helping to streamline their workflows.

Use case: Abu Dhabi Islamic Bank's (ADIB) chatbot, [Chat Banking](#), offers a hyper-personalized and uber-efficient service to its customers. **The chatbot handles over**

150,000 exchanges per month at an accuracy rating of over 80%. And it does so in 17 different dialects of English and Arabic, ensuring that it reaches the needs of as many customers as possible.

3. AI Regulation and Transparency

While AI is creating opportunities for MEA banks to improve the **customer experience by offering greater personalization, it also presents problems regarding regulatory compliance and transparency.**

While other regions around the world, such as the [EU](#) and [China](#), have introduced strict and comprehensive regulatory frameworks to curb AI's influence, there are currently few regulations across MEA. Indeed, many of the region's countries have opted for a business-friendly approach to AI. And while this may encourage innovation and growth, banks could struggle with problems around bias and discrimination, market exploitation, and economic inequality.

Use case: In 2023, Saudi Arabia released its [AI Ethics Principles report](#), aimed at creating a framework where AI technology can flourish while also remaining transparent, especially in **"high-risk" sectors, such as healthcare, employment and law enforcement.**

"Data and AI cannot be an afterthought. It has to be integral to your business."

Andrew Steadman, Chief Product Officer at SBS



4. Super Apps

Driven by open banking and API technology, super apps are playing an increasingly important role in digital banking. An all-in-one mobile platform which performs multiple tasks – including account management, fund transfers and bill payments – super apps are used by an ever-growing market of customers, especially in Asia, where they've been a mainstay of consumer culture since the mid-2010s.

Super apps are growing steadily throughout the MEA region too, and there's no doubt it's a trend to watch in 2025. However, we may not see the same speed of growth as we have done in the Asian market, due to more complex and diverse regional regulations.

Use case: Leading telecommunications provider Orange launched [Max it](#) in 2023 – a super app that currently provides e-commerce, content creation and digital banking services in six countries. Orange plans to roll out the app in 12 additional countries throughout 2025, **while increasing its number of active users from 8 million to 45 million.**

5. CBDC

Thanks to changes in regulatory compliance, advances in technology and shifts in customer expectations, **central bank digital currencies (CBDCs)** have become a regular feature among trends in digital banking. In fact, 94% of central banks are exploring a CBDC, per a [2024 study](#) by the BIS.

CBDCs are a digital version of a country's national currency issued and regulated by its central bank. They're designed to facilitate secure, efficient and cost-effective transactions while addressing the growing demand for digital payment systems. And they're of particular interest to MEA countries. **Interchange costs in MEA are among the highest in the world,** posing significant problems for merchants. CBDCs could

reduce these high costs, rendering cross-border payments more affordable, as well as facilitating easier payments to rural areas.

Use case: Launched in 2019, [Project Aber](#) is a joint CBDC initiative between the Saudi Central Bank (SAMA) and the Central Bank of the UAE (CBUAE). By using a distributed ledger to facilitate cross-border payments and financial settlements between the two countries, Aber successfully demonstrates the feasibility of a dual-issued CBDC for cross-border payments.

Use case: The Bank of Ghana is developing its own CDBC, the [e-Cedi](#), which it intends to launch before 2026. The aim of this project is to promote financial inclusion and reduce the use of cash in rural areas with limited banking infrastructure.

CBDCs are a digital version of a country's national currency issued and regulated by its central bank.

6. ESG

Almost [three-quarters of MEA banks](#) have introduced environmental, social and governance (ESG) strategies in recent years. Initiatives around financing of renewable energy bonds and providing sustainably linked loans are among the most active ESG measures that MEA banks are taking.

However, many MEA banks lack a strong and robust framework to implement their initiatives across all levels of their organization. Nearly half don't have a formal ESG committee, and **80% have no ESG presence at board level.**

While MEA banks have begun taking steps toward realizing their ESG strategies, the vast majority still have work to do. Those banks that lag behind in ESG implementation could **lose customers and even fall foul of regulatory requirements.**

Use case: Leading Moroccan bank, Attijariwafa, has embraced a series of ESG policies, including investments in renewable energy, a significant reduction in paper use and over 1 billion dollars committed to ecological projects since 2011.

7. Tech Talent Acquisition

As the MEA digital banking sector grows, so too does the need for top talent. Experienced professionals adept in delivering and maintaining technological frameworks, such as AI and blockchain, are essential for cutting-edge financial services companies.

The MEA region suffers from a lack of homegrown talent, large and capable enough to support the burgeoning needs of the digital banking sector. In Saudi Arabia alone, an [estimated gap of 600,000](#) fintech experts needs to be overcome for the country to achieve its ambition of ranking among the world's most advanced digital economies.

Use case: In 2022, Emirates NBD launched its [National Digital Talent Program](#) to address the region's problems around tech talent acquisition. By partnering with leading MEA universities, the program aims to nurture a pool of future-ready talent to help develop the region's digital banking ecosystem.



“To overcome skepticism or change fatigue around new tech, providing hands-on training is crucial to demonstrate benefits. This ultimately builds confidence in new technologies.”

Xavier Rebeuf, Chief Product and Technology Officer at SBS



04. Case study | Banxy by Natixis

Banxy by Natixis: Algeria's first 100% mobile bank

Launched in just 11 months, [Banxy](#) became Algeria's first 100% mobile bank, offering a range of innovative services, **including video onboarding, real-time payment tracking and 24/7 customer service.**

Within only six months, Banxy's app was downloaded over **100,000 times**, attracting customers from 47 out of Algeria's 48 regions. This helped Natixis overachieve their deposit acquisition goals.

SBS helped Natixis – Banxy's parent company – to launch the digital bank through our [SBP Digital Banking Suite](#). **Thanks to our composable banking capabilities, omnichannel customer experience and cloud-native, state-of-the-art middleware.**

Banxy rapidly gained traction, surpassing key business objectives, particularly in deposit acquisition and customer adoption. This success highlights the bank's ability to combine innovative digital services with strong financial performance, ensuring sustained growth.

With a best-in-class tech stack plus a rich industry experience, our solutions enable seamless integration for quick deployment of new capabilities, reduced costs and an innovation-friendly model, supporting Banxy's continued expansion and success.

Within only
six months,
Banxy's app was
downloaded over
100,000 times
attracting
customers from
47 out of Algeria's
48 regions.



05. The Future of Digital Banking in MEA



The MEA region is brimming with ambition when it comes to digital banking. And with good reason, too. From the increasingly tech-savvy population to the digitally forward-thinking banks in the region, there's plenty of reason for optimism.

However, banks looking to take advantage of the changing landscape **need to do so thoughtfully, with strategies in place to get ahead of the competition.**

As outlined in this study, there are a number of different areas that will be key for banks moving forward, including robust regulatory frameworks, leveraging AI technology to improve customer experience and finding the right talent.



A Trusted Partner in Digital Banking

For banks to be successful in today's competitive and ever-changing market, they need to partner with experienced industry players who can accompany them along their digital transformation journey.

With over 50 years of experience, we've helped hundreds of banks in the MEA region and beyond to become digitally ready to meet their own customers' needs. Our blend of API-first and go-to-cloud approach, mixed with a human-centered design, ensures that all of our partners remain at the cutting-edge of innovation.

“““

The way [SBS] addresses market-based technology problems is commendable, as is its Regulatory Compliance Watch program to identify critical initiatives...SBS is best suited for financial institutions seeking a comprehensive, regulatory-compliant solution with strong real-time processing capabilities.

The Forrester Wave™: Digital Banking Processing Platforms, Q4 2024

Whether it's AI personalization, regulatory compliance or data-first strategic planning, our Digital Banking Suite will help you to grow and innovate, at your own pace.

[Contact us today](#) and see how we can help you achieve your digital ambitions.



SBS is a global financial technology company that's helping banks and the financial services industry to reimagine how to operate in an increasingly digital world. SBS is a trusted partner of more than 1,500 financial institutions and large-scale lenders in 80 countries worldwide, including Santander, Société Générale, KCB Bank, Kensington Mortgages, Mercedes-Benz, and Toyota FS. Its cloud platform offers clients a composable architecture to digitize operations, ranging from banking, lending, compliance, to payments, and consumer and asset finance. With 3,400 employees in 50 offices, SBS is recognized as a Top 10 European Fintech company by IDC and as a leader in Omdia's Universe: Digital Banking Platforms. SBS is headquartered in Paris, France.

To find out how we can help your bank to create market-beating digital transformation strategies:

→ www.sbs-software.com

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