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Fintech Expansion in Saudi Arabia: A Business Plan for Digital Lending

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1. Executive Summary

Business Concept & Mission Statement

This business plan suggests the development of a Sharia-compliant digital lending platform in Saudi Arabia, targeting underserved segments like Small and Medium Enterprises (SMEs), gig economy workers, and unbanked populations. Ethically driven, the platform will utilize cutting-edge technologies, Artificial Intelligence (AI), blockchain and alternative credit scoring to offer rapid, collateral-free loans in a peer-to-peer (P2P) model. It will meet the urgent SME financing gap and the larger financial exclusion problem in the Kingdom. The vision of this platform is to democratize access to credit in Saudi Arabia by providing quick, ethical, and inclusive digital lending solutions that comply with Islamic financial principles. Through scalable technology and data-driven risk assessment, the business will streamline the loan approval process, decrease reliance on collateral, and encourage financial inclusion for the benefit of Saudi Vision 2030.

Operating Plan Summary

The business will be based in Riyadh, capitalizing on its advantageous location as the Kingdom's financial centre and close reach of regulatory bodies such as the Saudi Arabian Monetary Authority (SAMA). Operations will be entirely online, with a mobile-first design guaranteeing accessibility nationwide. Mobile app and website-based day-to-day operations will be supported by AI-powered credit assessment software. The operational lifecycle includes borrower onboarding, real-time loan approval via data analytics, and secure disbursement via blockchain-based platforms.

Compliance with regulatory and Islamic finance regimes will be ensured by incorporating Sharia board governance as well as full adherence to SAMA's regulatory sandbox regulations. Facilities will comprise co-working areas in Riyadh for core employees, with remote work functionality facilitated by virtual software such as Zoom and Slack. A strong data security infrastructure will be implemented, utilizing encrypted cloud storage and adherence to GDPR and local data protection regulations. The expansion will encompass secondary sites such as Jeddah and Dammam and eventual penetration into underserved rural markets.

Marketing Plan Summary

The strategy aligns with the Product Life Cycle (PLC) approach starting with user generation and brand familiarization during the introductory phase, followed by market growth and market penetration from year three through to year five, and ending up with leadership of the market and customer loyalty past year five. The Unique Selling Proposition (USP) is the integration of Sharia-compliant finance with digital-first, ethical lending. The positioning will be around inclusivity, transparency, and innovation—attributes that most traditional banking institutions lack. Key

messaging will be around trust, accessibility, and financial empowerment, with storytelling highlighting actual borrower success stories.

Online marketing will be the main channel of outreach, i.e., SEO, Google Ads, social media segmentation, and influencer partnerships with well-respected Islamic finance teachers. Offline outreach will be through community outreach, financial literacy seminars, and partnerships with mosques, universities, and SME centres. The platform's 4Ps (Marketing Mix) are customised for Saudi Arabia's fintech landscape. The product consists of AI-powered Murabaha and Mudaraba lending products. Pricing is clear and low-cost, with profit-sharing instead of interest. Placement exploits digital platforms in Riyadh, Jeddah, and under-penetrated regions. Promotion consists of referral schemes, first-loan discounts, and PR in the business press, supporting Vision 2030's financial inclusion objectives.

Financial Plan Summary

The financial plan provides the capital, revenue, and risk structure necessary to set up and grow a Sharia-compliant online lending platform in Saudi Arabia. The initial capital needs are SAR 10.45 million for platform development, regulatory licensing, marketing, personnel, operations, and a pool of loan capital. Total capital requirements over five years increase to SAR 33.8 million to fuel business growth. Revenues are projected to increase from SAR 1.85 million during Year 1 to SAR 21.5 million during Year 5 from loan interest, platform charges, and P2P transaction fees. Break-even is anticipated within Year 2 with 4,286 annual loans producing SAR 6.43 million revenues. Net profits of over SAR 13 million with a margin of 25–30% are anticipated within Year 5. The main risks are credit default, regulatory risk, and cyber threats. These are addressed with AI-based credit scoring, in-built compliance, and secure IT infrastructure. Early-stage returns will be modest as a result of high upfront expenses, but long-term prospects look good with firm demand, digital scalability, and fitment in Saudi Arabia's Vision 2030 for financial inclusion and fintech.

Contents

1.	Executive Summary	2
	Business Concept & Mission Statement	2
	Operating Plan Summary	2
	Marketing Plan Summary	2
	Financial Plan Summary	3
2.	Business Description	8
2.1.	Overview of the Business Idea	8
2.2.	Problem Statement & Market Need	8
2.3.	Business Objectives & Goals	9
2.4.	Key Success Factors	10
3.	Business Project Description	10
3.1.	Purpose of Business Project	10
3.2.	Product(s)	11
	SME Loans	11
	Microloans for Individuals	11
	Sharia-compliant Financing	12
	P2P Lending Platform	12
	AI-Based Credit Assessment and Risk Management	12
3.3.	Products' Market	13
	SME Lending Market	13
	Personal and Microloans Market	13
	Investor Market	14
3.4.	Customers	14
3.5.	Required Information for Business Operations	15
4.	Business Environmental Analysis	16
4.1.	PESTLE Analysis	16
4.1.1.	Political Factors	17
4.1.2.	Economic Factors	18
4.1.3.	Social Factors	18
4.1.4.	Technological Factors	19
4.1.5.	Legal Factors	19
4.1.6.	Environmental Factors	20
4.2.	SWOT Analysis	20
4.2.1.	Strength	20

4.2.2.	Weaknesses.....	21
4.2.3.	Opportunities	22
4.2.4.	Threats	22
5.	Industry Background	22
5.1.	Industry Description.....	22
5.2.	Industry Competition	24
5.3.	Industry Development and Growth	25
6.	Market Analysis	26
6.1.	Target Market.....	26
6.1.1.	Customer Segmentation	27
6.1.2.	Customer Pain Points	28
6.1.3.	Customer Needs and Behaviour Trends.....	29
6.1.4.	Geographic and Demographic Focus	29
6.2.	Market Share (Expected Sales).....	30
6.2.1.	Expected Market Share (Short and Medium-Term)	30
6.2.2.	Revenue Model and Assumptions	31
6.2.3.	Demand Drivers and Justification	31
6.2.4.	Risks and Mitigating Factors.....	31
7.	Marketing Plan	32
7.1.	Marketing Plan as a Road Map	32
7.2.	Develop a Marketing Plan	33
7.2.1	Market Entry and Positioning Strategy.....	33
7.2.2	Branding and Communication Strategy.....	34
7.2.3	Digital Marketing Strategy	34
7.2.4	Offline and Community-Based Marketing.....	34
7.2.5	Strategic Partnerships.....	35
7.3.	Marketing Mix	35
7.3.1	Product	35
7.4.2	Price.....	36
7.4.3	Place	36
7.4.4	Promotion.....	36
8.	Operating Plan.....	36
8.1	Location	36
8.2	Operation Procedures.....	37
8.3	Facilities and Layouts	39
8.4	Purchasing and Distribution	40

8.5 Inventory Management and Control	40
8.6. Quality Control and Customer Service	41
8.7 Determining the Breakeven Point.....	41
9. Management Plan	42
9.1. Managerial Structure	42
9.1.1. Business Hierarchy Overview	42
9.1.2. Key Leadership Roles.....	43
9.1.3. Decision-Making Process and Responsibilities.....	43
9.1.4. Organisational Chart Explanation.....	44
9.2 Describing Your Team Members' Qualifications and Experiences.....	44
9.3 Introducing the Team as a Unit.....	46
10. Financial Plan	46
10.1. Introduction to Financial Plan	46
10.2. Specifying Business Capital Requirements.....	47
10.2.1. Cost Breakdown for the Initial Phase	48
10.3. Financial Projections	49
10.3.1. Revenue Projections (Year 1 – Year 5).....	49
10.3.2. Income Statement (Profit & Loss)	50
10.3.3. Cash Flow Statement.....	50
10.3.4. Balance Sheet Summary	50
10.4. Breakeven Analysis for Sales	51
10.5. Assessing Risks and Rewards.....	52
10.5.1. Current Risks in the Business	53
10.5.2. Risk Register	53
10.5.3. Risk Mitigation Strategies.....	54
10.6. Anticipating Financial Returns.....	54
10.6.1. Short-term Returns	54
10.6.2. Long-term Returns	55
10.7. Summary of the Financial Plan.....	55
11. Conclusion and Recommendations.....	55
11.1. Business Vision and Purpose.....	55
11.2. Summary of Key Findings	56
11.2.1. Business Feasibility and Competitive Advantage	56
11.2.2. Strategic Implications and Sustainability	56
11.3. Recommendations	57
11.3.1. Operational Recommendations	57

11.3.2. Marketing and Growth Recommendations	57
11.3.3. Financial Recommendations	58
11.3.4. Technology & Security Recommendations	58
11.4. Future Outlook and Expansion Strategy	58
12. References	60

2. Business Description

2.1. Overview of the Business Idea

This business plan is intended to set up a fintech start-up with a focus on digital lending for Small and Medium-sized Enterprises (SMEs) and individuals in Saudi Arabia. The key aims are to create a scalable, AI-based lending model, with the ability to provide quick, collateral-free loans; while, filling gaps in SME funding and financial inclusion. The plan will also study Riyadh's regulatory environment, making sure it is compliant with Saudi Central Bank regulations and Sharia-compliant principles of financing. Through alternative models of creditworthiness and digital channels, the business aims to simplify lending processes, minimise financial exclusion, and enhance Saudi Arabia's Vision 2030 financial technology growth objectives.

Unlike conventional banks, which rely primarily on collateral-based lending, as noted by Xue and Yun (2024), this platform will leverage data analytics and machine learning to assess borrowers' creditworthiness, making financing more accessible to underserved populations. A key market opportunity exists in addressing the SME funding gap in Saudi Arabia, where traditional banks hesitate to lend due to perceived risks and lack of credit history, as reported by Jrad (2023). Senior SME Banking Specialist MENA, Saleem (n.d.) in one of the World Bank documents indicated that only 8% of total bank lending in Saudi Arabia goes to SMEs, significantly lower than the global average of 18%. Hence, digital lending solutions can bridge this gap by offering faster loan processing, minimal paperwork and lower interest rates compared to conventional financial institutions.

For individual borrowers, the platform will provide instant microloans for personal expenses, including education, medical emergencies and short-term cash flow needs. Digital lending has proven to enhance financial inclusion, particularly in emerging economies, by catering to the unbanked and underbanked populations (Magale, 2024). The business will adopt a peer-to-peer lending (P2P) model, supported by institutional funding, allowing investors to finance loans in exchange for competitive returns. Additionally, a Sharia-compliant lending model will be integrated, aligning with Islamic finance principles and ensuring ethical and interest-free financing for Muslim consumers.

2.2. Problem Statement & Market Need

One of the biggest challenges in Saudi Arabia's financial sector is the lack of access to credit for SMEs. SMEs represent 99.5% of all private businesses in Saudi Arabia and contribute nearly 30% to GDP (Monsha'at, 2022). However, Senior SME Banking Specialist MENA, Saleem (n.d.) in one of the world bank documents reported that SMEs in Saudi Arabia receive only 8% of total bank lending, far below the 18% global average. In this context, Waked (2016) reported that traditional banks impose strict collateral requirements and lengthy approval processes for Saudi SMEs, making financing

inaccessible. Moreover, Saudi Arabia's lending market is still highly centralised, with traditional banks controlling the majority of financial services. Saudi Arabia's SME sector remains underfunded, with only 5.7% of total bank financing allocated to small and micro enterprises, leaving businesses reliant on alternative funding sources such as personal savings or informal lending (Kingdom of Saudi Arabia, 2021). This financial exclusion limits business expansion, job creation, and economic diversification.

A significant portion of Saudi Arabia's population remains unbanked or underbanked, particularly among low-income individuals, freelancers, and gig workers. According to the King Khalid Foundation (2018), in Saudi Arabia, 35% of low-income individuals remain unbanked, compared to 24% in higher-income groups, highlighting an 11% financial inclusion gap that limits access to credit. In addition, according to Saudi's banking supervision department, Saudi Arabian Monetary Authority (SAMA) (2006) reported that loan approvals from banks can take three weeks to a month, requiring excessive documentation and high operational costs. Islamic banking dominates Saudi Arabia's financial sector, creating demand for interest-free financing (Saudi Central Bank, 2021). Many borrowers prefer Sharia-compliant models such as Murabaha (cost-plus financing) and Mudaraba (profit-sharing).

In light of these aforementioned growing preferences for ethical and interest-free financial solutions, Noreen (2024) noted that Saudi Arabia's fintech industry is expanding rapidly, driven by Vision 2030 and government-backed regulatory initiatives. The regulatory sandbox by SAMA fosters fintech innovation and the sector is projected to grow at a significant pace in the coming years (Fintech Saudi, 2024). This presents a prime opportunity for digital lending platforms to capitalise on market growth and redefine the lending landscape. Digital lending has become a revolutionary solution to the SME finance gaps, financial exclusion and inefficiencies in conventional banking. Based on the findings of Rahardja et al. (2025), fintech-based lending models use alternative credit scoring, AI-driven risk assessment and digital verification to provide quicker and more inclusive access to credit. Mills and McCarthy (2016) identified that digital lending shortens loan processing time from weeks to hours, significantly reducing operational costs and documentation requirements. Additionally, P2P lending and AI-based microfinance solutions increase access for unbanked consumers, freelancers and gig workers (Oladinni and Adewale, 2025). In Saudi Arabia, fintech uptake can close SME funding gaps, enhance economic diversification and increase Sharia-compliant lending, supporting Vision 2030 objectives.

2.3. Business Objectives & Goals

This business plan aims to build a fintech start-up focused on digital lending to SMEs and individuals in Saudi Arabia. The primary objectives are to create a scalable, AI-based lending model,

providing quick, collateral-free loans; while, addressing the gaps in SME financing and financial inclusion. The plan will also examine Riyadh's regulatory environment. Using alternative credit assessment models and online platforms, the company aims to simplify lending procedures, minimise financial exclusion and facilitate Saudi Arabia's Vision 2030 fintech growth objectives.

2.4. Key Success Factors

The success of the suggested fintech for digital lending in Saudi Arabia will be subject to three pivotal elements, i.e. compliance with regulations, tech innovations and strong financial partnerships. SAMA regulation compliance is a starting point for the business to be carried out in a legally sound environment. The regulatory sandbox set by SAMA encourages fintech innovation while not undermining consumer protection and financial stability (Fintech Saudi, 2024). In addition, strict compliance with Islamic finance principles such as Murabaha and Mudaraba, as explained by the Saudi Central Bank (2021), will make this model for lending market-demand responsive. Artificial Intelligence (AI)-driven credit scoring enhances risk assessment, which makes lending more inclusive and effective (Rahardja et al., 2025). Blockchain technology enhances security and transparency in transactions and ensures no risks of fraud (Oladinni & Adewale, 2025). Behavioural and transactional data alternative credit scoring will improve access to financial services among the unbanked, as has been demonstrated in other developing markets by Magale (2024). Strategic alliances with institutional investors, venture capitalists and Sharia-compliant financial institutions will provide the required liquidity for lending operations. P2P lending models supported by institutional funding have worked well in improving loan availability and return on investment (Mills & McCarthy, 2016). These aforementioned factors, supported with reliable evidence, put the fintech start-up on the path to sustainable growth as it bridges the SME funding gap and financial inclusion challenges in Saudi Arabia.

3. Business Project Description

3.1. Purpose of Business Project

The primary purpose of this business project is to establish a fintech-based digital lending platform that addresses critical financial challenges in Saudi Arabia, particularly the SME funding gap and the financial exclusion of unbanked populations. Despite SMEs representing 99.5% of private businesses in Saudi Arabia, they receive only 8% of total bank lending, significantly lower than the global average of 18% (Monsha'at, 2022). Traditional banks impose strict collateral requirements and lengthy approval processes, leaving many SMEs without adequate funding (Waked, 2016). By introducing fast, collateral-free loans through AI-driven risk assessment, this platform will bridge this gap and support business growth.

Additionally, a significant portion of Saudi Arabia's population remains unbanked or underbanked, including freelancers and gig workers who struggle to access formal credit. According to the King Khalid Foundation (2018), 35% of low-income individuals in Saudi Arabia remain unbanked, compared to 24% in higher-income groups. The proposed digital lending platform will use alternative credit scoring, considering behavioural and transactional data rather than conventional credit history, making financing more accessible. This initiative aligns with Saudi Vision 2030, which prioritises fintech expansion and financial inclusion. Government-backed initiatives, such as the SAMA regulatory sandbox, are fostering fintech growth, creating an opportunity for digital lenders to thrive (Fintech Saudi, 2024). By leveraging AI, blockchain, and alternative credit assessment models, this platform will provide secure, efficient, and inclusive financial solutions, transforming the lending landscape in Saudi Arabia.

3.2. Product(s)

The planned fintech platform will transform the financial sector in Saudi Arabia through a portfolio of digital lending products that would be specifically created to meet the specific needs of SMEs and individuals. By harnessing innovative technologies and Sharia-compliant principles, the platform will seek to achieve greater financial accessibility, efficiency and inclusion. The main product features a portfolio of digital lending products that would target varied financial needs are elaborated as follows;

SME Loans

To attain the key position of SMEs in economic growth, the platform will offer both short-term and long-term funding opportunities. These consist of working capital loans for operational and growth purposes. Utilising digital procedures, the platform will provide quick approvals and disbursements, which handle the usual hindrances SMEs experience when seeking timely capital. This strategy is consistent with Saudi Arabia's Vision 2030 target of raising SME contribution to GDP from 20% to 35% by 2030, as noted by The Embassy of the Kingdom of Saudi Arabia (2024), which focuses on the expansion and sustainability of the SME sector.

Microloans for Individuals

In order to increase financial inclusion, the platform will extend microloans to individuals facing urgent financial demands, including educational expenses, healthcare emergencies or sudden expenses. The virtual nature of the platform will provide efficient processing in that users have immediate access to money without having to wait through bureaucratic processes usually witnessed

in mainstream lending institutions. This strategy aligns with the findings of Flaming and Jeník (2021), observing that digital onboarding and instantaneous approval of loan services greatly improved processing speed while increasing business effectiveness in microfinance services.

Sharia-compliant Financing

Compliance with Islamic finance principles is one of the core of the platform's products. Products will be framed through models such as Murabaha and Mudaraba to guarantee Sharia law compliance, as outlined by the Saudi Central Bank (2021). Under a Murabaha agreement, the platform will buy goods on behalf of the customer and sell them at a mutually agreed profit margin, enabling asset acquisition without interest-bearing loans. Mudaraba is a profit-sharing model where the platform will bring in the capital and the client contributes expertise and management, with the profit sharing according to a predetermined ratio. Such models will suit the preferences of the Saudi people and they will provide ethical and culturally sound financial options.

P2P Lending Platform

The platform will use a P2P lending model, where direct contact is made between individual and institutional investors and borrowers. The integration of the P2P model, as per Fernandes (2023), changes investment opportunities and offers alternative sources of funding to borrowers. By removing intermediaries that are traditionally involved, the platform will provide competitive prices to lenders and borrowers, creating a more inclusive financial system. Notably, platforms like Forus and Raqamyah have already utilised P2P lending in Saudi Arabia with great success, enabling SMEs by offering innovative funding solutions (Fernandes, 2023).

AI-Based Credit Assessment and Risk Management

To improve the efficiency and accuracy of credit assessments, the platform will use AI for credit evaluation and risk management. Through the analysis of a full set of data points, ranging from transaction history and behavioural trends, the AI platform can determine creditworthiness effectively even for individuals without conventional credit history (Patel, 2024). Through this technology-based process, default risks will be minimised and lending is both equitable and data-driven. In addition, Rijal and Saranani (2023) supported that incorporating blockchain technology allows for improved transparency and security and encourages users' trust, which will also be a positive integration for the platform.

3.3. Products' Market

SME Lending Market

SMEs play a significant role in the economic diversification of Saudi Arabia, with an estimated 1.3 million businesses as of the fourth quarter of 2023, which recorded a 3.1% growth for that period (Omari, 2024). Though highly important, SMEs have considerable funding issues. In the third quarter of 2023, credit extended to SMEs increased by 18% year-over-year to SR268.57 billion (\$71.61 billion) (Omari, 2024). However, this growth is still insufficient to meet the burgeoning demand for SME financing. Traditional banks in Saudi Arabia have historically been conservative in extending credit to SMEs, primarily due to perceived risks and the lack of comprehensive credit histories. As a result, SMEs often struggle to secure the necessary funding for operations and expansion. To address this, the Saudi government established the National SME Bank in 2021, aiming to increase SME financing to 20% of total loans and enhance digital access to funding solutions (SME Bank, 2021). Initiatives like the Kafalah program have also been introduced to support SMEs, with the program facilitating funding for 5,476 SME initiatives, totalling over SR15.6 billion as of December 2023 (Arab News, 2024).

Moreover, the Kingdom has witnessed a significant rise in fintech adoption, driven by the need for more accessible and efficient financial services. The digital lending market in Saudi Arabia was valued at \$41.68 billion in 2022 and is projected to grow at a compound annual growth rate (CAGR) of 15.33%, reaching \$98.09 billion by 2029 (BlueWeave, 2023). This growth is fueled by the convenience offered by fintech solutions, improved loan accessibility, and reduced documentation requirements. The government's support for fintech innovation aligns with its Vision 2030 objectives, aiming to diversify the economy and reduce dependence on oil revenues (Omari, 2024).

Personal and Microloans Market

There is an increasing need for fast, collateral-free personal loans in Saudi Arabia, encouraged by consumers who require immediate financial assistance for educational purposes, medical emergencies and unexpected expenses (Magale, 2024). The market for personal loans was worth \$146.54 billion in 2021 and is expected to grow to \$670.58 billion by 2031, recording a CAGR of 16.3% during 2022-2031 (Allied Market, 2022). This rise reflects strong demand for personal financing products that provide quick approvals and low collateral requirements. Furthermore, in a nation where Islamic values play a significant role in financial choices, there is a high demand for Sharia-compliant financial products financing (Saudi Central Bank, 2021). Fintech firms have provided products based on Islamic financing models like Murabaha and Mudaraba, with strict compliance with Sharia law

(Saudi Central Bank, 2021). This convergence not only serves cultural and religious preferences but also promotes financial inclusion by offering ethical funding alternatives to an extended segment of the population.

Investor Market

Investors are increasingly observing the prospect of fintech-based lending platforms as viable channels for portfolio diversification. The creative character of fintech offerings combined with increasing needs for alternative finance creates appealing investment opportunities. In 2023, Saudi Arabia emerged as the leading country in the MENA region for Venture Capital (VC) funding, setting a new record with \$1.38 billion in VC capital deployed (Omari, 2024). Between 2018 and 2023, there has been a remarkable growth in VC funding, with a CAGR of 85% (Omari, 2024). This trend underscored the increasing investor confidence in the fintech sector's potential for substantial returns and its role in driving economic growth.

3.4. Customers

The major clients for the fintech online lending platform in Saudi Arabia are SMEs, individual lenders and investors.

- SMEs form the primary driver of the Saudi economy and account for 99.5% of private sector enterprises as well as close to 30% of the GDP (Monsha'at, 2022). They have access to a mere 8% of bank lending, significantly below the 18% international average (Saleem, n.d.). Traditional banks charge strict collateral conditions, time-consuming approval procedures and high interest rates, denying numerous SMEs access to prompt credit (Waked, 2016). This fintech platform will provide SMEs with quick, collateral-free capital to drive business growth, working capital requirements and operational expansion.
- Individual borrowers, including freelancers, gig workers and low-income individuals, are subjected to financial exclusion caused by the traditional banking system's over-reliance on credit history and formal employment records. 35% of low-income earners in Saudi Arabia are unbanked, as opposed to 24% of those in higher-income brackets (King Khalid Foundation, 2018). Through AI-based credit scoring, this platform will offer microloans to users for education, medical needs and short-term expenses, supporting Vision 2030's financial inclusion objective. Demand for Sharia-compliant financing is also increasing, as Islamic banking controls Saudi Arabia's financial sector, with Murabaha and Mudaraba being favoured over traditional interest-based lending (Saudi Central Bank, 2021).
- Institutional and individual investors are the other important customer segments. Saudi Arabia

has also become the leader in venture capital for the MENA region, with \$1.38 billion raised in VC investments in 2023 (Omari, 2024). P2P lending models yield competitive returns along with direct participation in financing SMEs and individuals. The digital lending market, expected to achieve a 15.33% CAGR with a value of \$98.09 billion by 2029 (BlueWeave, 2023), underscored the increased investor interest in fintech-driven financial solutions.

By targeting these key customer segments, the digital lending platform will bridge financial gaps, enhance financial inclusion and contribute to Saudi Arabia's Vision 2030 fintech growth objectives.

3.5. Required Information for Business Operations

To accurately evaluate the creditworthiness of SMEs and individual borrowers in Saudi Arabia, the fintech platform must have an in-depth range of data beyond conventional credit information. For SMEs, there is a need for financial statements, cash flow history, tax returns, and bank transaction records to analyse financial well-being and operational performance. There is also a need for business model data, industry sectors, market positions and customer bases to determine growth and risk implications. This is because only a limited amount of Saudi Arabia's total bank lending goes to SMEs; hence, integrating alternative sources of data is essential (Saleem, n.d.). Using AI-powered analytics, the platform can process real-time transaction information and other unconventional metrics to generate dynamic SMEs' financial behaviour profiles, making credit decisions more accurate.

For individual loan borrowers, particularly the unbanked and underbanked, conventional credit records can be absent. In Saudi Arabia, 35% of poor people are unbanked, as opposed to 24% among those in more affluent segments (King Khalid Foundation, 2018). To address this, the platform will use alternative data sources, including payment histories for utilities and rents, work records and mobile phone use patterns. Behavioural finance, such as consumption patterns and saving behaviours, provides further information regarding financial responsibility. Fintech firms are using data analytics to determine creditworthiness by considering enormous amounts of data from many different sources to make more precise lending decisions, particularly for consumers with little or no established credit history (Mhlanga, 2024). In addition, the incorporation of Sharia-compliant models such as Murabaha and Mudaraba requires knowledge of borrowers' compliance with Islamic finance values and the type of financed assets, meeting ethical and legal requirements (Saudi Central Bank, 2021). Gathering and analysing the wide variety of data allows the platform to provide customised, inclusive and effective lending options that are aligned with Saudi Vision 2030 targets for financial inclusion and economic diversification.

4. Business Environmental Analysis

Business Environmental Analysis examines external elements that affect a business, guiding companies through opportunities and threats (Bhushan, 2017). For a fintech digital lending company in Saudi Arabia, knowing internal and external conditions is vital for long-term growth. To evaluate these factors, this analysis will employ the PESTLE framework and SWOT analysis, strategic models that analyse internal and external elements impacting business operations.

4.1. PESTLE Analysis

PESTLE Analysis assists in the identification of government regulations, economic trends, consumer behaviour, technological developments, legal obligations and environmental factors (Makvandi, 2024) (Figure 1).

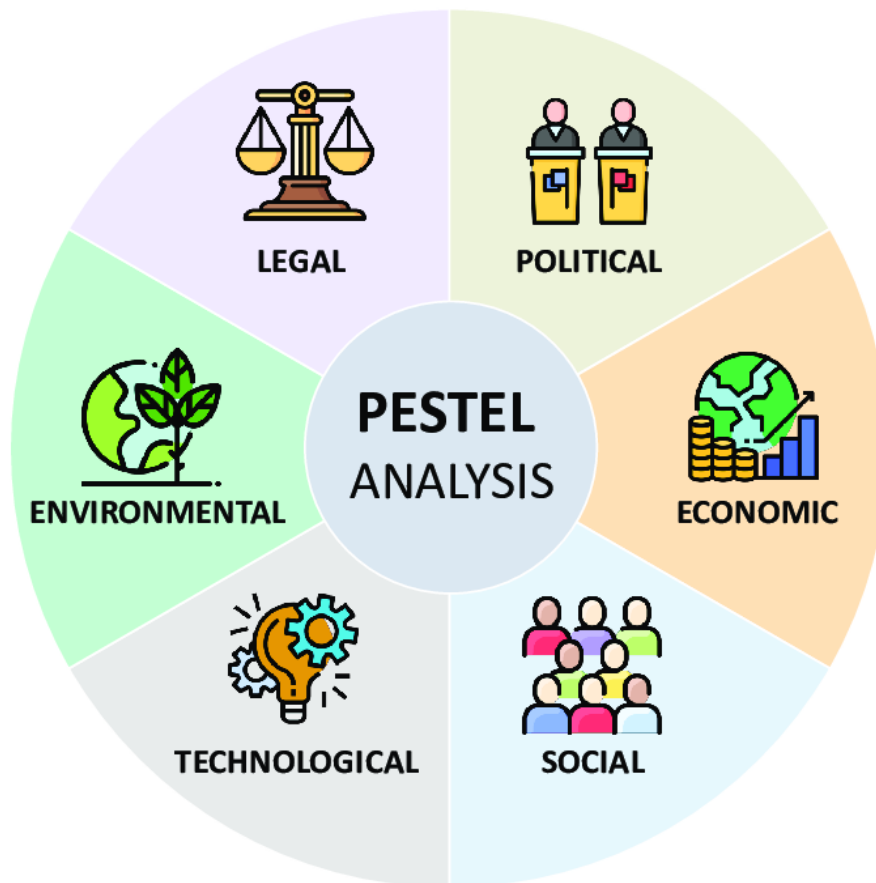


Figure 1 – PESTLE Analysis (Source: Segura et al., 2023)

In the fintech industry of Saudi Arabia, market conditions are influenced by elements like Vision 2030 initiatives, SAMA regulations, digital banking adoption and Sharia-compliant financing demand. The subsequent sections will offer a detailed analysis of each PESTLE factor, examining how they affect the fintech industry and informing strategic decisions for the proposed digital lending platform.

4.1.1. Political Factors

Saudi Arabia's fintech expansion is largely driven by government regulations and Vision 2030 initiatives. Vision 2030 aims to diversify the economy, reduce oil dependence, and position fintech as a key growth sector. The Financial Sector Development Program (FSDP) promotes financial inclusion and supports fintech innovation (Mpukumpa, 2023). The Saudi Central Bank (SAMA) has established a Regulatory Sandbox Framework, enabling fintech firms to test digital lending solutions in a controlled environment, fostering innovation and competition (Fintech Saudi, 2024). SAMA also introduced digital bank licensing guidelines, streamlining market entry for fintech startups. The Fintech Saudi initiative, launched in 2018, further accelerates sector growth by providing resources and regulatory support (Kaddour, Alsayed and Altrasi, 2025). These efforts have attracted substantial investment, with Saudi Arabia's fintech market projected to reach \$63.90 billion in 2024 (Mordor Intelligence, 2024) (Figure 2).

Saudi Arabia Fintech Market

Assets Under Management Value in USD Billion

CAGR >6.07%



Figure 2 - Saudi Arabia's Fintech Market (Source: Mordor Intelligence, 2024).

By creating a pro-business regulatory framework, the government is ensuring a thriving digital lending ecosystem that supports SMEs, financial inclusion, and economic diversification in alignment with Vision 2030.

4.1.2. Economic Factors

The country has made significant improvements in financial inclusion, with 71% of adults and 58% of women having access to bank accounts by 2021 (Aldaarmi, 2025). Aldaarmi further added that formal finance for SMEs was just 5%, clearly showing a very wide gap for SME financing. To bridge this, the government desires to enhance SME contributions to GDP by making it more convenient for them to access financing. Moreover, Khan and Alhadi (2022) stated that Fintech adoption plays a central role in closing this financing gap. The FSDP focuses on how fintech can help in attaining financial stability, efficiency and inclusiveness. Efforts such as the regulatory sandbox launched in 2018 have created an enabling environment for fintech start-ups; as of December 2021, 26 fintech firms and 14 banks were engaged (Khan and Alhadi, 2022). Despite these efforts, SMEs, which make up 99% of all Saudi firms, continue to have major financing problems (Shah, 2024). This government pressure to fill this gap has established a massive market for lending fintech solutions, digital banking, and financial management customised to SMEs.

4.1.3. Social Factors

Saudi Arabia's fintech growth is largely driven by social forces, especially consumer attitudes and the desire for Sharia-compliant financing. The Kingdom's Muslim majority has a strong attraction to financial products that conform to Islamic norms (such as the prohibition of interest (riba), risk-sharing principles, etc.). Alsmadi (2025) noted that Sharia compliance, perceived financial gains, ease of use of technology and Islamic social responsibility have a considerable impact on the uptake of Islamic fintech services. Moreover, Saudi Arabian consumer behaviour has also seen an increasing familiarity with digital money services. This shift has been made easier with the high penetration of smartphones and growing internet penetration. Significantly, according to El-Shaeri (2024), there has been increasing popularity of the Buy Now, Pay Later (BNPL) services, with 77% of Saudi consumers using BNPL for everyday transactions, showing a willingness to adopt digital lending products. Additionally, Abboud and Chabhar (2024) disclosed that 62% of customers value Environmental, Social and Governance (ESG) objectives while selecting a financial services provider. This movement reinforced the need for fintech operators to position their products and services in harmony with

ethical and socially responsible behaviour to respond to customer demands. Thus, the social landscape in Saudi Arabia offers a setting for fintech growth as long as digital lending services are Sharia-compliant, convenient to use and follow the moral values of customers.

4.1.4. Technological Factors

Technological innovation, particularly in the areas of AI, blockchain and alternative credit scoring, is central to the growth of fintech in Saudi Arabia's online lending market (El-Shaeri, 2024). AI is transforming financial services by helping to evaluate alternative sources of data, including utility bills and mobile phone usage, for determining creditworthiness (Christensen, 2021). This allows for financial inclusion as it enables lenders to provide credit to people with no traditional credit history. Additionally, blockchain technology provides greater transparency and security in financial transactions. Al-Baity (2023) stated that with its integration into AI, data integrity in credit scoring models is guaranteed, hence minimising fraud and enhancing trust in online lending platforms. Alternative credit scoring techniques using a wide variety of data sources outside the traditional credit reports are on the rise (Goh, 2023). By integrating data like e-wallet transactions and e-commerce activity, these approaches give a better evaluation of the creditworthiness of an individual, facilitating financial inclusion. The Saudi fintech industry is embracing these technologies actively to advance financial services. The digital payments segment, for example, is expected to reach transaction values of USD 42.25 billion by 2022 end, indicating the speedy adoption of technological innovations (TechSci Research, 2024). Therefore, the strategic implementation of AI, blockchain, and non-traditional credit-scoring techniques is paramount for the development and prosperity of digital lending platforms in Saudi Arabia, leading to a more inclusive and effective financial ecosystem.

4.1.5. Legal Factors

Fintech companies seeking to do business in Saudi Arabia have to comply with a detailed regulatory framework set by SAMA (Webadmin, 2024). SAMA regulates licensing and supervises the provision of financial services, such as digital lending, to maintain financial stability and protect consumers. Compliance requires adherence to Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) requirements, as well as having stringent cybersecurity controls in place as stated in SAMA's Cyber Security Framework (Swaiss, 2024). Moreover, fintech companies are required to comply with data protection regulations to protect customer information. SAMA has also launched programs such as the Regulatory Sandbox, in which fintech innovators can pilot their solutions under supervised regulatory conditions (Saudi Central Bank, 2019). Hence, fintech

companies need to be aware of and adhere to these legal obligations to effectively set up and extend their online lending services in the Kingdom.

4.1.6. Environmental Factors

Sustainability and ESG considerations are becoming increasingly significant in Saudi Arabia's financial sector. The Kingdom's Vision 2030 emphasises sustainable development, encouraging financial institutions to integrate ESG factors into their operations (Alhejaili, 2024). Fintech companies are expected to adopt green finance initiatives and support climate risk management to align with national sustainability goals (Khan and Alhadi, 2022). Integrating ESG principles not only enhances corporate reputation but also meets the growing demand for responsible investment options among consumers. Moreover, adherence to ESG standards can provide a competitive edge as investors and stakeholders increasingly prioritise sustainability in their decision-making processes (Khan, 2024). Therefore, fintech firms must consider environmental factors and embed ESG considerations into their business models to ensure long-term success and alignment with Saudi Arabia's sustainable development objectives.

Conducting a business environmental analysis using the PESTLE framework was essential for the proposed fintech company in Saudi Arabia to understand the external factors influencing its operations. This analysis provided insights into political, economic, social, technological, legal and environmental elements, enabling strategic planning and alignment with Vision 2030 objectives. By comprehensively evaluating these factors, fintech firms can identify opportunities and mitigate risks, ensuring sustainable growth and effective contribution to the Kingdom's economic diversification and financial inclusion goals.

4.2. SWOT Analysis

There is also a need to systematically assess a business's internal strengths and weaknesses, as well as its external opportunities and threats, to inform strategic decision-making; hence, SWOT analysis was used. A SWOT analysis examines the Strengths, Weaknesses, Opportunities, and Threats associated with a business venture (Benzaghta et al., 2021).

4.2.1. Strength

The AI-powered digital lending system is the core advantage of this fintech startup, as it provides prompt, collateral-free loans accessible to SMEs and individuals. The solution fills a funding gap in Saudi Arabia, as research by Jrad (2023) revealed that traditional banks maintain strict loan

requirements. The startup utilises the evolving fintech ecosystem that received support from Vision 2030 implementations to advance digital transformation and financial inclusion initiatives. Key Market Indicators (KMI) data from Statista indicated that Saudi Arabia will experience an 8.1% increase in mobile internet penetration to 74.52% by 2029, supporting the development of its fintech sector (Saleh, 2025) (Figure 3).

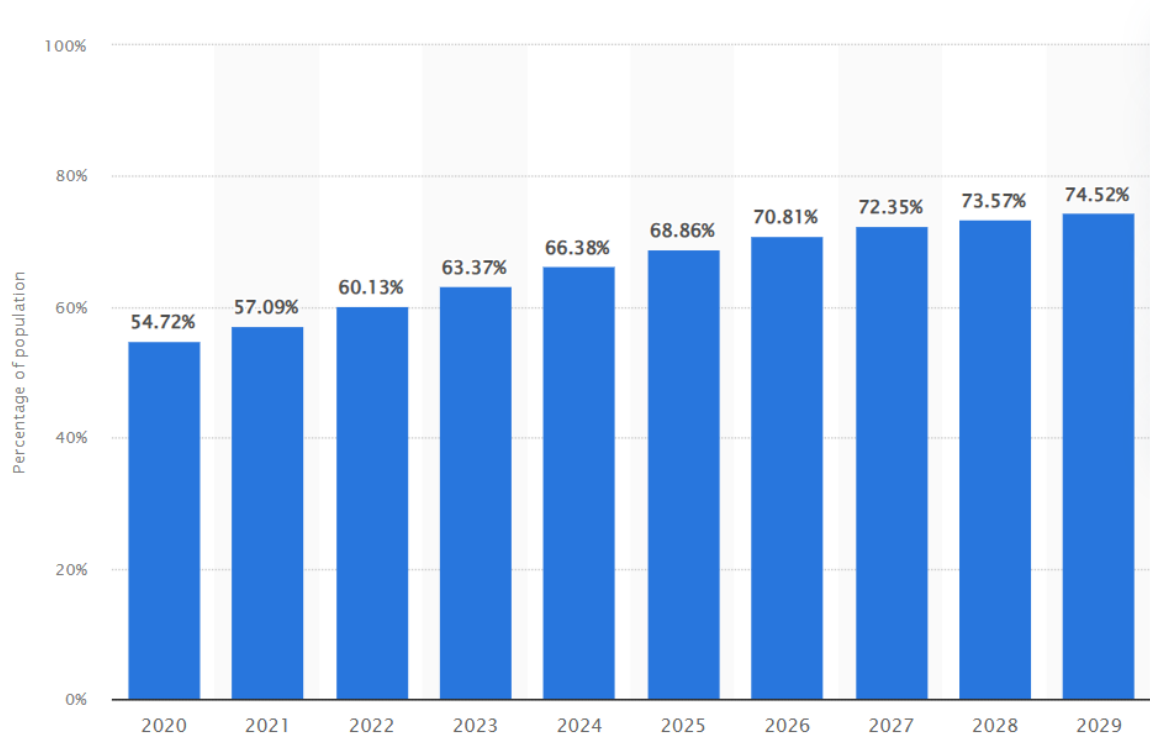


Figure 3 – Saudi Arabia's mobile internet penetration (Source: Saleh, 2025).

The Saudi Central Bank mandates compliance regulations that boost credibility in financial operations by creating trust with customers and investors who operate in highly controlled sectors.

4.2.2. Weaknesses

The business experiences numerous weaknesses, for instance, its requirement to invest in extensive AI risk assessment model development and compliance costs. Al Faisal et al. (2025) highlighted that high mobile penetration and digital banking reforms significantly drive fintech adoption by enhancing accessibility and user engagement. Moreover, fintech companies struggle to achieve customer trust in banking markets that are mostly served by traditional institutions (Iyelolu & Paul, 2024). Operating within the fintech sector demands constant technological transformations, which exposes the business to increasing operational expenses. A lack of knowledge about digital

lending between Saudi Arabian SMEs and individuals could also create obstacles to advancing digital adoption rates. Operation risk grows when an enterprise depends on external data providers for credit risk assessment because disruptions might slow down lending processes.

4.2.3. Opportunities

A startup finds an attractive business prospect through the rising need for alternate lending services within Saudi Arabia. SMEs generate approximately 20% of Saudi Arabian GDP but suffer from \$210 billion to \$240 billion in financing shortages across the MENA region, which includes formal SME financing requirements totalling between \$160 billion and \$180 billion (Saleem, n.d.). Government initiatives such as the Fintech Saudi program and regulatory sandbox, as reported by the Saudi Central Bank (2019), foster a favourable environment for Fintech expansion. Advances in AI, blockchain, and big data analytics further create opportunities for enhanced credit assessment and fraud detection, improving loan approval rates. The implementation of relationships with banks and telecom institutions provides organisations with greater market penetration, which leads to sustainable development, as emphasised by Hung and Luo (2016).

4.2.4. Threats

The Saudi fintech sector is becoming more competitive because STC Bank and D360 Bank have joined the financial landscape as digital banks under licensing from the Saudi Central Bank (Narayanan, 2025). Market competition grows stronger through this development, which could decrease the number of acquired customers. The financial institutions of Saudi Arabia face significant security challenges since data breaches result in \$5.31 million per incident, as reported by Fintechnews Middle East (2024). The continuous challenge for compliant operations comes from regulations which evolve when the Saudi Central Bank makes new policy changes that modify operational models. Borrowers' ability to repay loans becomes threatened by economic fluctuation and rising interest rates, and it presents default risks to lenders (Punitha, 2024). Global financial stability issues might negatively affect the level of investments directed toward fintech in the market.

5. Industry Background

5.1. Industry Description

Financial technology in Saudi Arabia has experienced revolutionary development, which has made the Kingdom a significant hub for digital financial innovation. The financial technology (fintech) sector in Saudi Arabia is experiencing growth which supports the strategic framework of Vision 2030 (Noreen, 2024). The Saudi Arabian market has shown exceptional growth regarding fintech company

operations. Morgan (2025) reported that in 2018, Saudi Arabia had only 10 fintech companies; by 2022, this number had risen to 89, and by the end of 2023, it surpassed 200. In this context, initially, the FSDP, a pillar of Vision 2030, had set a target of 150 fintech companies by 2023, which is achieved (Figure 4).

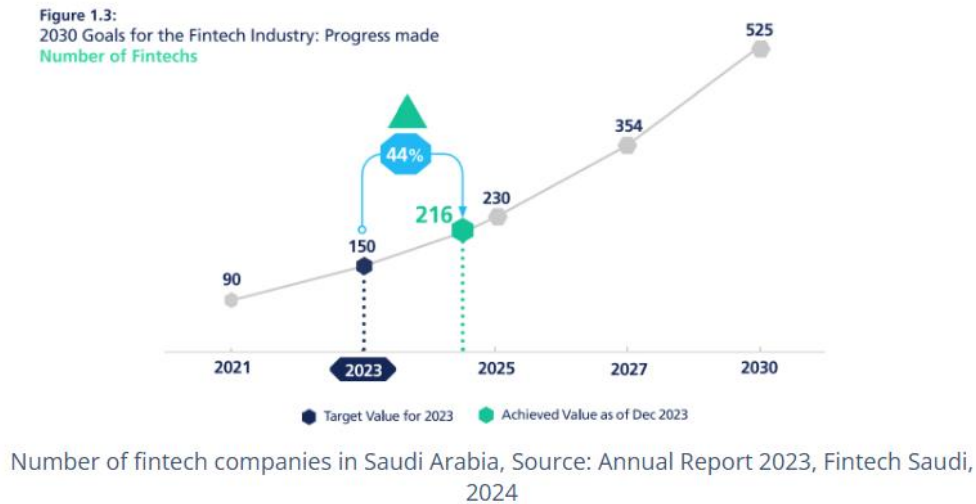


Figure 4 – (Source: Fintechnews Middle East, 2024)

The rapid development showed Saudi Arabia's dedication to building a vital fintech infrastructure which corresponds to growing digital financial service needs among its citizens. The swift growth of this sector demonstrated that regulations with supportive frameworks properly stimulated fintech innovation. The financial technology sector produced SAR 3 billion (USD 1 billion) in 2023 GDP performance, which surpassed initial forecast estimates (Fintechnews Middle East, 2024). The reliable sector performance resulted in sustained investor capital inflow reaching SAR 6.9 billion (USD 1.8 billion) by 2023 (Fintechnews Middle East, 2024). The fintech industry produced 6,726 direct employment opportunities throughout 2023, according to SAMA (2024). The fintech field has experienced significant expansion, leading to 6,726 direct employment positions in 2023, after starting with 1,640 jobs in 2021.

The SAMA, along with the Capital Market Authority (CMA), functions as the primary driver behind the development of a suitable fintech ecosystem. Through the Regulatory Sandbox framework, both domestic and overseas companies receive secure experimental platforms to develop their products, thus reducing market entry uncertainties (Saudi Central Bank, 2019). BNPL and the insurance sector received enhanced regulatory clarity through new rules which provided support for innovative financial solutions, according to El-Shaeri (2024). The Fintech Career Fair represents one of the support programs developed to foster the fintech ecosystem, which provided more than 8,000 job seekers with

access to over 600 job and internship opportunities (Fintechnews Middle East, 2024). Saudi Arabia has improved its fintech infrastructure through key components, i.e., Makken delivers cloud and cybersecurity solutions, and the Open Banking Lab functions as an open banking service testing platform (Arab News, 2023).

Saudi Arabia has chosen digital payment system adoption as its main focus in developing its fintech strategy. The adoption of digital payments in retail transactions exceeded 70% in 2025, according to Central Banking Newsdesk (2024). The digital solution readiness of the population, along with financial inclusion gains, becomes possible through accessible financial services that serve underserved communities. The Saudi fintech market has set a target to expand to USD 63.90 billion by 2024, as statistics showed an over 6% compound annual growth rate (Sidra Capital, 2024). The drastic expansion of the Saudi fintech sector resulted from rising smartphone adoption, streaming internet usage favourable regulatory provisions and an evolving Saudi preference for digital financial options. The Kingdom plans to establish 525 fintech companies by 2030 with an estimated impact of SAR 13 billion toward GDP as well as 18,000 direct job positions, which will strengthen its status as a top fintech centre in the Middle East (Malyshev, 2021).

5.2. Industry Competition

The fintech sector in Saudi Arabia has demonstrated tremendous development, which has established a field that contains both domestic and international technology competitors (like STC Pay, HalalaH, Tamara, Apple Pay, and PayPal). The Saudi market now includes six prominent fintech companies, which include Rasanah Technologies LLC, SURE, Foodics, Sulfah, Raqamyah Platform and Maalem Financing Company that deliver digital payment services and lending platforms (Globe Newswire, 2024). The specific knowledge that local companies have of Saudi market regulations and cultural customs enables them to deliver Sharia-compliant solutions and obtain regional market leadership against competitors. International fintech companies introduce advanced technologies and global expertise to improve services, though they encounter regulatory hurdles and market entry limitations when operating in the Saudi market (Mordor Intelligence, 2024).

However, the proposed initiative needs to address multiple obstacles when it attempts to begin operations in the Saudi fintech industry. SAMA implements comprehensive regulations through licensing procedures and the implementation of AML and Counter-Terrorism Financing (CTF) standards, according to Swaiss (2024). Operational penalties along with license penalties await companies that fail to meet regulation requirements. Fintech firms operating in the Middle East must invest time and financial resources into conducting different licensing processes for each country since the fragmented regulatory structure makes cross-border operations complex (Baamir, 2025). Money

transfer and payment functions will maintain dominance in the Saudi fintech industry, accounting for 96% of the market in 2024 (Mordor Intelligence, 2024). Saudi Payments, alongside digitalisation advances, function as the main drivers behind this market dominance. The savings and investments segment in Saudi fintech is expected to show the highest growth rate over 2024-2029, with estimated expansion reaching 18% (Mordor Intelligence, 2024). Saudi Arabia's fintech market presents an environment characterised by multiple opportunities, which also includes multiple aforementioned difficulties to overcome.

5.3. Industry Development and Growth

The fintech industry in Saudi Arabia has experienced remarkable development and growth over recent years, positioning the Kingdom as a growing centre for financial technology within the Middle East and North Africa (MENA) region (Salian, 2024). This evolution is driven by strategic government initiatives, substantial investment inflows, and a rapidly expanding digital infrastructure. Central to Saudi Arabia's fintech expansion is the government's Vision 2030 plan, which aims to diversify the economy and reduce dependence on oil revenues (Figure 5).

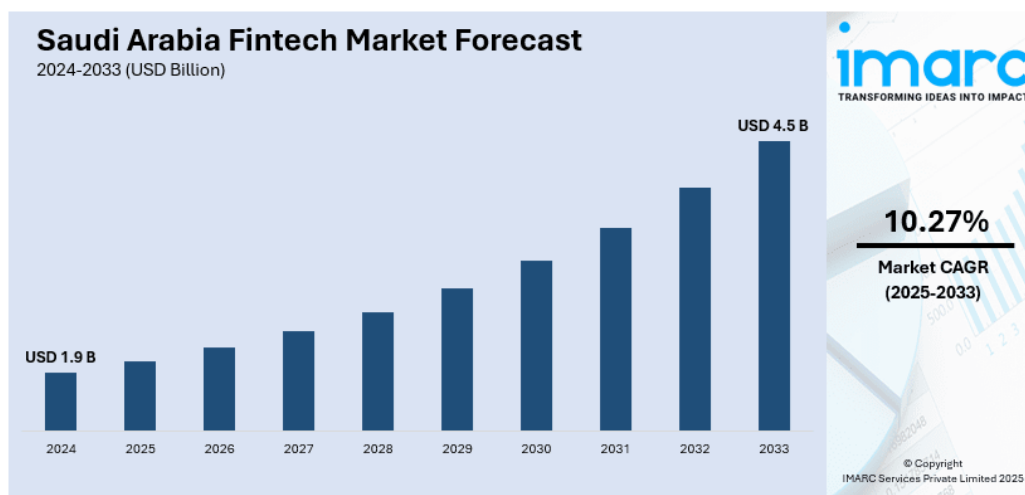


Figure 5 – Saudi Arabia's fintech expansion (Source: IMARC Group, 2023)

A pivotal component of this vision is the FSDP, designed to develop a strong and innovative financial ecosystem. In 2022, the FSDP launched the Fintech Strategy Implementation Plan, targeting an increase in fintech companies from 80 to 230 by 2025, boosting digital transactions to 70% within three years, contributing \$1.2 billion to the GDP, and creating 6,000 new jobs by 2025 (Figure 6) (Santosdiaz, 2025).

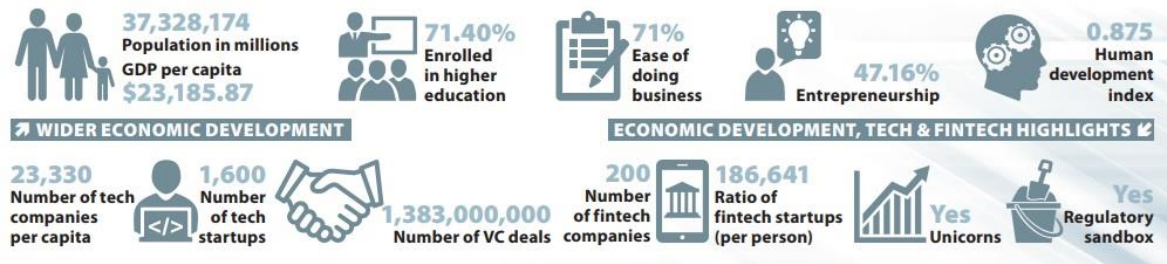


Figure 6 – Key statistics of Fintech in Saudi Arabia (Source: Santosdiaz, 2025).

The Saudi Central Bank (SAMA) has played a crucial role in regulating and overseeing the fintech sector, ensuring a secure and compliant environment (Saudi Central Bank, 2019). Initiatives like the Fintech Sandbox allow companies to test products and services in a controlled setting, promoting innovation while maintaining regulatory standards (Saudi Central Bank, 2019). Considering market growth and investment, the fintech market in Saudi Arabia has seen substantial investment growth. In the first half of 2024, Fintech funding reached \$62 million, a 360% increase compared to the same period in 2023, making it the second-largest startup vertical by funding, capturing 15% of total investment (Fintech Galaxy, 2024). According to Hassan (2024), these projections indicate that fintech assets under management could approach \$64 billion by the end of 2024.

Saudi Arabia boasts one of the highest rates of mobile adoption in the region, with contactless payments exceeding 94% (Santosdiaz, 2025). Non-cash payments accounted for 62% of all transactions in 2021, up from 18% in 2016, reflecting a significant shift towards digital payment solutions (Fintech Galaxy, 2024). Despite the rapid growth, challenges such as navigating regulatory landscapes, ensuring cybersecurity, and fostering consumer trust remain. However, the government's commitment to creating a conducive environment for fintech innovation, coupled with a young, tech-savvy population, positions Saudi Arabia favourably for continued growth in the fintech sector (Fintech Galaxy, 2024). Hence, it is evident that Saudi Arabia's fintech industry is rapidly advancing, supported by strategic reforms, regulatory backing and digital innovation aligned with Vision 2030.

6. Market Analysis

6.1. Target Market

Saudi Arabia's financial landscape is undergoing a significant transformation, driven by the government's Vision 2030 initiative aimed at diversifying the economy and reducing oil dependency. A key component of this vision is the development of the financial sector, with a strong emphasis on financial inclusion and the integration of digital technologies (Kingdom of Saudi Arabia, 2021). The fintech industry has emerged as a pivotal player in this evolution, addressing previously unmet lending

needs and enhancing access to financial services. Historically, a substantial portion of Saudi Arabia's population has been underserved by traditional banking institutions. In 2023, approximately 16% of the population remained unbanked, equating to over 4.3 million individuals, while an additional 53% were considered underserved, representing around 14 million people (Yasmeen, 2024). This gap has created a fertile ground for fintech solutions that offer more accessible, efficient, and user-friendly financial services.

Digital platforms have become instrumental in promoting financial inclusion within the Kingdom. The widespread adoption of smartphones, with user numbers reaching 33.55 million in 2024 and projected to grow to 36.55 million by 2028, has facilitated this digital shift (Ubuy Content Team, 2023) (Figure 7).

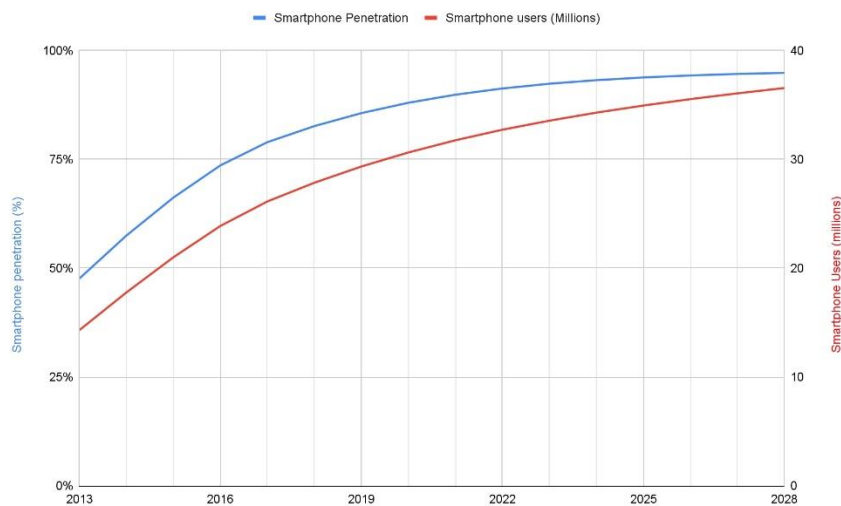


Figure 7 - Adoption of Smartphones in Saudi Arabia (Source: Ubuy Content Team, 2023)

Furthermore, internet penetration achieved an impressive 99% in 2023, ensuring that the majority of the population can access online financial services (Shah, 2024). These technological advancements have enabled fintech companies to reach a broader audience, offering innovative solutions that cater to the diverse needs of Saudi citizens.

6.1.1. Customer Segmentation

To effectively serve the Saudi market, it is essential to identify and understand the key customer segments that stand to benefit from fintech lending platforms:

6.1.1.1. Small and Medium Enterprises (SMEs)

SMEs are the backbone of Saudi Arabia's economy, and their development is a priority under Vision 2030, which aims to increase their contribution to GDP by 35% (The Embassy of the Kingdom of Saudi Arabia, 2024). Despite their significance, many SMEs face challenges in accessing financing due to stringent collateral requirements and lengthy loan approval processes. These businesses often rely on traditional banks, which may not offer the flexibility or speed that SMEs require. With a growing emphasis on digital transformation, as evidenced by 93% of SMEs expressing confidence in adopting digital payments and data-driven insights, as reported by Mastercard (2025). There is a clear opportunity for fintech platforms to provide tailored lending solutions that address these challenges.

6.1.1.2. Individual Borrowers (Including Gig Workers and Freelancers)

The unbanked and underbanked segments of the population represent a significant market for fintech lending. In 2023, 16% of Saudi adults were unbanked, and 53% were underserved (Yasmeen, 2024). Many individuals in these categories seek financing for purposes such as education, healthcare or managing short-term cash flow needs. Additionally, there is a strong preference for Sharia-compliant financing options, reflecting the cultural and religious values of the population (Alsmadi, 2025). Fintech platforms can cater to these needs by offering accessible, compliant, and user-friendly lending products.

6.1.1.3. Institutional and Retail Investors

There is a growing demand among investors for alternative investment opportunities, including Peer-to-Peer (P2P) lending and Sharia-compliant financial products. The fintech market in Saudi Arabia was valued at USD 63.90 billion in 2024 and is projected to reach USD 87.14 billion by 2029, growing at a CAGR of 6.07% (GlobeNewswire, 2024). This growth indicated a robust appetite for fintech innovations, presenting opportunities for investors to diversify their portfolios and participate in the burgeoning digital economy.

6.1.2. Customer Pain Points

Understanding the challenges faced by potential customers is crucial for developing effective fintech solutions:

- **Lengthy Loan Processing Times:** Traditional banks often have protracted approval processes, which can be detrimental to SMEs and individuals needing quick access to funds.

- **High Collateral Requirements:** Many financial institutions require substantial collateral, posing a barrier for SMEs and individuals who may lack sufficient assets.
- **Exclusion of Those with No Formal Credit History:** A significant portion of the population may be excluded from traditional financing due to the absence of a formal credit history.
- **Religious Restrictions on Interest-Based Loans:** There is a strong demand for Sharia-compliant financing options that adhere to Islamic principles, avoiding interest-based transactions.

6.1.3. Customer Needs and Behaviour Trends

To effectively address these pain points, fintech platforms must align their offerings with the evolving needs and behaviours of their target market:

- **Demand for Fast, Paperless, Digital Lending:** Customers increasingly prefer streamlined, digital processes that reduce paperwork and expedite loan approvals.
- **Preference for Ethical Finance:** There is a notable inclination towards financial products that comply with Islamic finance principles, such as Murabaha and Mudaraba.
- **High Digital Adoption Rates:** With smartphone penetration at 92% in 2024 and projected to reach 95% by 2028 and internet penetration at 99% in 2023, the Saudi population is well-positioned to embrace digital financial services (Shah, 2024; Ubuy Content Team, 2023).
- **Growing Trust in Fintech:** Regulatory developments, including the establishment of the Regulatory Sandbox by the Saudi Central Bank (SAMA), have enhanced consumer confidence in fintech solutions.

6.1.4. Geographic and Demographic Focus

A strategic approach to market penetration involves focusing on specific geographic and demographic segments:

- **Primary Urban Markets:** Major cities such as Riyadh, Jeddah, and Dammam are economic centres with a high concentration of SMEs and tech-savvy individuals, making them ideal targets for fintech services.
- **Secondary Focus on Underserved Regions:** Expanding services to remote and underserved areas aligns with national goals of financial inclusion and taps into a market with limited access to traditional banking services.

- **Target Demographics:** Focusing on individuals aged 18-40, who are more likely to be digitally literate and open to adopting fintech solutions, can enhance the market

6.2. Market Share (Expected Sales)

Estimating the market share or demand for a fintech lending platform in Saudi Arabia requires a comprehensive analysis of the industry size, growth forecasts, competitive landscape, and various demand drivers. The Saudi lending market is on a robust growth trajectory, with projections indicating that the cumulative loan portfolio will reach SAR 2.95 trillion by 2029 (GlobeNewswire, 2024). This expansion is largely driven by government initiatives, such as Vision 2030 and the FSDP, which aim to diversify the economy and promote financial inclusion.

The microfinance segment is also experiencing significant growth. Valued at \$0.68 billion in 2021, it is projected to reach \$1.68 billion by 2031, reflecting a Compound Annual Growth Rate (CAGR) of 9.4% (Allied Market, 2022). This rise underscored the increasing demand for personal and microloans, particularly among underserved populations. Concurrently, the fintech investment landscape is flourishing. In 2024, Saudi Arabia's venture capital ecosystem achieved unprecedented levels, with the country becoming the most funded in the MENA region, raising \$750 million across 178 deals (Paine, 2024).

Several fintech startups are revolutionising Saudi Arabia's financial landscape, including Raqamyah, Forus, STC Pay, and Tamara (Paytabs, 2024). Traditional banks in Saudi Arabia face challenges due to stringent regulatory environments, including stricter capital adequacy requirements and enhanced oversight of lending practices (Globe Newswire, 2025). To differentiate in this competitive landscape, this proposed fintech lending platform can focus on offering Sharia-compliant products, leveraging advanced digital technologies for streamlined user experiences, and targeting underserved segments such as SMEs and individuals without formal credit histories.

6.2.1. Expected Market Share (Short and Medium-Term)

6.2.1.1. Year 1–2: Conservative Share

Initially, the proposed business aims to capture a modest percentage of the SME loans and microloans market by focusing on niche segments and building brand recognition.

6.2.1.2. Year 3–5: Scaling and Expansion Targets

By years three to five, the platform can aim for expanded market share through strategic partnerships, enhanced product offerings, and geographic expansion.

Utilising a bottom-up approach, aggregating potential sales from targeted segments, supported by credible data on SME financing needs and personal loan demands.

6.2.2. Revenue Model and Assumptions

The revenue model would encompass earnings generated through platform fees, profit-sharing models in line with Sharia principles, and value-added services. Key Performance Indicators (KPIs) would include specific goals for loan disbursement volumes, maintaining low default rates through robust risk assessment models, and determining average loan sizes per segment. A detailed revenue projection table outlining expected income streams over five years, considering factors like market penetration rates and operational costs, would provide further clarity.

6.2.3. Demand Drivers and Justification

Several factors drive demand for fintech lending platforms in Saudi Arabia. Government initiatives like Vision 2030 aim to diversify the economy and promote financial inclusion, creating a conducive environment for fintech growth (Globe Newswire, 2024). The unbanked and underbanked segments present opportunities for digital lending solutions tailored to their needs. Initiatives like Kafalah, which extended SAR 13.9 billion in loan guarantees to SMEs in 2024, along with support from entities like the SME Bank and the Saudi Arabian Monetary Authority (SAMA), provide a supportive framework for fintech operations (ArgaamPlus, 2025). Additionally, high internet penetration and increasing mobile payment adoption facilitate the acceptance of digital financial services (Saleh, 2025).

6.2.4. Risks and Mitigating Factors

Despite these drivers and justifications, certain risks must be considered. Potential economic slowdowns and evolving regulations could impact operations. Mitigation strategies include staying abreast of regulatory developments and maintaining agility in business strategies. Cybersecurity and data trust concerns are also pertinent, given the rise in cyber threats targeting Saudi Arabia. In 2024, Saudi Arabia experienced a 35% increase in cyberattacks, with ransomware, phishing, and supply chain breaches posing significant threats to critical sectors such as finance, government, and energy (Foresiet, 2024). Notably, the Kingdom faces approximately 22.5 million cyberattacks annually, highlighting the acute need for effective cybersecurity solutions (Zafar and Khan, 2024). This rise highlights the critical need for robust cybersecurity measures to protect sensitive financial data and maintain customer trust in the rapidly evolving digital landscape. Investing in robust cybersecurity

measures, conducting regular audits, and fostering a culture of data privacy and protection is essential to mitigate these risks.

In conclusion, the Saudi Arabian fintech sector is poised for significant expansion, driven by robust government initiatives, increasing digital adoption, and a supportive regulatory environment. The substantial growth in venture capital funding, particularly in fintech, underscores the sector's potential. However, addressing challenges such as cybersecurity threats and ensuring financial inclusion will be critical to sustaining this growth trajectory.

7. Marketing Plan

7.1. Marketing Plan as a Road Map

Utilising the Product Life Cycle (PLC) framework, the marketing plan for the fintech lending platform in Saudi Arabia is structured to navigate through the Introduction, Growth and Maturity phases, each with distinct objectives and strategies (Figure 8).

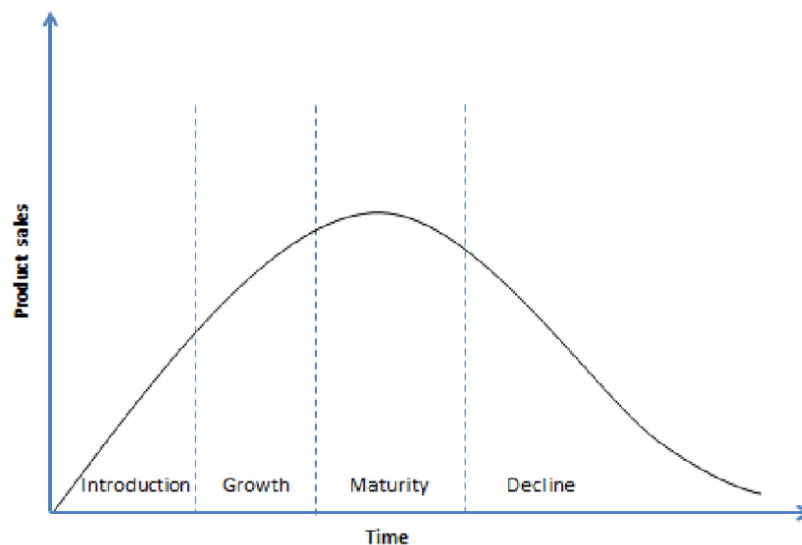


Figure 8 - PLC framework (Source: Hanna et al., 2015)

- **Introduction Phase (Years 1–2):** The primary short-term objectives are to build brand awareness and acquire early adopters, particularly among SMEs and individual borrowers. Key Performance Indicators (KPIs) include tracking Customer Acquisition Cost (CAC), monitoring app downloads and assessing initial conversion rates. Strategies involve targeted digital marketing campaigns, partnerships with local business hubs and offering promotional

incentives to encourage trial usage.

- **Growth Phase (Years 3–5):** As the platform gains traction, the focus shifts to scaling operations and expanding market share. Long-term objectives encompass increasing loan disbursement volumes and enhancing customer retention. KPIs such as Customer Lifetime Value (CLV), active user rates, and repeat loan applications become critical. Strategies include diversifying product offerings, leveraging data analytics for personalised services, and expanding into underserved regions to capitalise on emerging opportunities.
- **Maturity Phase (Beyond Year 5):** In this stage, the emphasis is on sustaining market leadership and optimising profitability. Objectives involve maintaining a competitive edge through continuous innovation and operational efficiency. KPIs focus on market penetration rates, net promoter scores and operational cost ratios. Strategies entail investing in advanced technologies, exploring strategic alliances, and enhancing customer experience to foster loyalty and advocacy.

By aligning marketing objectives and strategies with the PLC stages, the platform can effectively manage resources, adapt to market dynamics, and achieve sustainable growth in Saudi Arabia's evolving fintech landscape.

7.2. Develop a Marketing Plan

7.2.1 Market Entry and Positioning Strategy

The new fintech platform will gain entry into the Saudi market using a Sharia-compliant, digital-first and ethical lending strategy as a disruptor to the traditional financial sector. The Unique Selling Proposition (USP) is to provide collateral-free loans fueled by AI and blockchain in compliance with Islamic finance principles, a key requirement in the Kingdom, where Islamic banking is dominant (Saudi Central Bank, 2021). To stand out from players like Raqamyah, Forus and STC Pay, the platform will be positioned as inclusive, transparent, and technology-enabled, targeting underserved segments like freelancers and SMEs. This is in line with Saudi Vision 2030, which prioritises financial inclusion and fintech-led growth (Fintech Saudi, 2024). While Raqamyah focuses mainly on SMEs and Forus on P2P lending, this platform's combination of AI, Sharia compliance, and microfinance for individuals adds a distinctive edge (Fernandes, 2023).

7.2.2 Branding and Communication Strategy

Brand identity will focus on three pillars including trustworthiness, innovation, and community-focus. Considering that 62% of consumers in Saudi Arabia prioritise Environmental, Social, and Governance (ESG) standards in their choice of financial providers (Abboud & Chabhar, 2024), this platform will amplify its ethical model as a core brand message. The tone of voice will be confident yet transparent, avoiding financial jargon to build accessibility. Empowering messaging, such as “Finance for All, Guided by Values”, will be key to marketing. Communication will spotlight stories of real-life borrowers and entrepreneurs, using a storytelling approach to emphasise human-centred finance. For instance, testimonials of gig workers receiving urgent medical loans or SMEs expanding operations without traditional collateral can be featured in short documentary-style campaigns.

7.2.3 Digital Marketing Strategy

Considering Saudi Arabia's 99% internet penetration and 92% smartphone adoption rate (Shah, 2024; Ubuy, 2023), digital channels will be the core outreach medium. The company website and mobile app will serve as transactional and educational hubs. Search engine optimisation (SEO) will be used to target users searching for “instant halal loans,” “digital SME loans KSA,” and similar keywords. Educational content, blogs, explainer videos, and FAQs will be published regularly to demystify fintech and Islamic lending. Google Ads and YouTube pre-roll campaigns will raise visibility, with programmatic display ads targeting fintech-curious users.

Social media platforms will be segmented by audience:

- **Instagram & TikTok:** Microloan users, showcasing testimonials and educational reels.
- **LinkedIn:** Targeting SMEs, investors, and partners with whitepapers and industry updates.
- **Twitter (X):** Real-time updates, fintech policy discussions, and community engagement.

Moreover, influencer marketing will play a vital role. Collaborating with trusted Saudi voices and Islamic finance scholars, like Sheikh Assim Al Hakeem or financial educators, will enhance credibility and widen reach among conservative audiences.

7.2.4 Offline and Community-Based Marketing

To strengthen its on-ground presence, the platform will host financial literacy workshops in Riyadh, Jeddah and underserved cities. These events will be held in collaboration with local mosques, universities, and SME accelerators. Partnering with science and technology initiatives and universities

can build trust among early entrepreneurs. This aligns with Mastercard's (2025) finding that 93% of SMEs in Saudi Arabia are confident in adopting digital payments and seek tech-driven lending solutions. Additionally, community leader engagement will foster trust, particularly vital for women and rural populations with less access to formal finance. Storytelling booths and case studies at local events will personalise the brand.

7.2.5 Strategic Partnerships

The platform will partner with telecom operators (e.g., STC, Mobily) to enable mobile-based credit scoring and loan disbursement. Collaborations with payment gateways like HyperPay or Tap can ensure seamless digital transactions. Moreover, integration with government programs such as Kafalah and the SME Bank will be vital for credibility and access to financial guarantees. In 2024, Kafalah facilitated over SAR 13.9 billion in loan guarantees, showing strong institutional support for SME lending (ArgaamPlus, 2025). This dynamic strategy, anchored in digital scalability, ethical finance and government-aligned partnerships, ensures a holistic, growth-focused market entry and long-term positioning.

7.3. Marketing Mix

Formulating a strong marketing mix is necessary for the effective launch and expansion of a Sharia-compliant digital lending platform in Saudi Arabia. It includes the 4Ps, an acronym for Product, Price, Place, and Promotion, which are the marketing basics that together determine how a product is developed, priced, circulated and promoted to satisfy customers and attain business goals (Kasirye, 2022). Each element is designed to be compliant with Islamic financial principles and the Kingdom's developing fintech environment.

7.3.1 Product

The platform's core offerings are Sharia-compliant loan products, specifically Murabaha and Mudaraba. Murabaha involves the bank purchasing an asset and selling it to the customer at a predetermined profit margin, ensuring transparency and adherence to Islamic law (Young, 2020). Mudaraba, on the other hand, is a profit-sharing arrangement in which the bank provides capital and the entrepreneur contributes expertise, with profits shared according to the agreement (Domat, 2024). These financial products are delivered through intuitive mobile and web platforms designed for efficient customer onboarding. Features include real-time credit scoring, personalised user dashboards, and responsive customer support, catering to the tech-savvy Saudi population, where smartphone penetration is notably high (Albarrak & Alokley, 2021).

7.4.2 Price

The pricing will be competitive and transparent, featuring low service fees and profit-sharing mechanisms instead of interest, in line with Sharia principles. There are no hidden charges, and the fee structures are communicated to build trust. Pricing is differentiated to accommodate the varying needs of SMEs and individual borrowers, ensuring affordability and accessibility across segments. This approach aligns with Islamic finance principles, as reported by Khan, Kustin and Khan (2017), that emphasise fairness and transparency in financial dealings.

7.4.3 Place

Distribution is primarily via mobile apps and internet portals, utilising the digital landscape of the country. Starting with cities such as Riyadh, Jeddah and Dammam, where digital penetration is the maximum, the next steps will go to underserved towns through targeted digital promotions, targeting the goals for financial inclusion set out in Saudi Arabia's Vision 2030.

7.4.4 Promotion

Promotional strategies include online marketing, referral incentives and first-time borrower incentives to fuel user acquisition. Awareness initiatives will emphasise alignment with Vision 2030, highlighting the platform's contribution to economic diversification and financial inclusion. Press releases and coverage in fintech news websites and business publications will also build credibility and visibility.

Through the combination of these 4Ps components, the marketing mix positions the platform to address the financial requirements of Saudi Arabia's multicultural population by Islamic principles while taking advantage of digital innovation.

8. Operating Plan

8.1 Location

Riyadh, which is also the financial capital of the country, will be the point of business for the company. This fintech start-up would prove to be an ideal location for Riyadh, as the city is a global economic and financial centre in the Middle East. Riyadh, being the capital, has several main financial institutions, which include the Saudi Arabian Monetary Authority (SAMA) which oversees and regulates the financial sector. Being able to operate in Riyadh means the business can be close to regulatory bodies required for compliance, such as SAMA's fintech regulations and Sharia-compliant financial frameworks (SAMA, 2021). According to Al-Baity (2023), the capital city plays a central role in

financial decision-making by making the key players in industry, investors, and regulatory resources easily accessible.

In addition, Riyadh's growing market and financial, infrastructure, and tech investment, in particular, make it an ideal setting to launch new financial services. It is made even easier to decide that the business should be set up here due to the legal and regulatory advantages of running a business in Riyadh. According to Aldaarmi (2025), Saudi Arabia's Vision 2030 has declared fintech a priority, and it is in Riyadh, that the transformation is taking place, supported by government-backed initiatives, including the Financial Sector Development Programme (FSDP). SAMA has brought in the regulatory sandbox whereby fintech companies operate in a controlled environment to test their services without committing them to a full-scale implementation (Kaddour et al., 2025). Thus, operating in Riyadh gives strategic access not only to regulatory bodies but also to legal frameworks that favour fintech innovation in areas like digital lending and Sharia-compliant finance.

Once the company grows significantly in Riyadh, the geographical expansion strategy will emphasise the business's approach to both secondary locations (Jeddah and Dammam). Jeddah and Dammam are the key economic centres in Saudi Arabia, the former being the only gateway to the western region and the latter playing a vital role as an oil and industrial hub (Fintech Saudi, 2024). By expanding into these cities, the business will be able to reach out to a wider customer base and expand its outreach. In terms of its technological infrastructure, the start-up will take a digital-first approach and will skip the need for physical branches. With cost efficiency and scalability, they rely on mobile and web platforms to deliver services. In line with global fintech trends, companies are going digital first to provide faster, more accessible financial products (Christensen, 2021). According to the model, it also supports Saudi Arabia's Vision 2030, which seeks to enrich digital services in the economy.

8.2 Operation Procedures

Table 1-Operation Procedures

Table 1 below shows a detailed breakdown of operational procedures at the fintech start-up.

Process/Function	Description	Details
Daily Operations	The platform operates primarily through its mobile app and website.	Digital-First Model: All operations are conducted online through a user-friendly mobile app and website, ensuring a seamless and scalable digital lending experience.

Loan Application Process	Step-by-step process for loan applications from request to approval.	1. Loan Request: Customers initiate loan applications through the mobile app or website. 2. AI Credit Evaluation: The system analyzes customer financial data for risk assessment. 3. Loan Approval: AI-based algorithms evaluate eligibility and approve/reject loans instantly.
Risk Management Procedures	AI-driven models assess borrowers' risk profiles, ensuring accurate credit evaluations.	1. Data Collection: Borrower data (e.g., transaction history, income, behavior) is collected. 2. Risk Scoring: AI algorithms generate a credit score based on alternative data. 3. Loan Approval/Rejection: Based on risk analysis, the loan is either approved or rejected.
Data Security Measures	Cybersecurity measures to ensure safe and encrypted handling of sensitive customer information.	1. Data Encryption: All sensitive data is encrypted during transmission and storage using advanced encryption protocols. 2. Secure Cloud Storage: Data is stored in secure, compliant cloud environments. 3. Privacy Compliance: Adheres to international data protection standards (e.g., GDPR, local data laws).
Use of Blockchain	Blockchain technology to enhance transparency, security, and fraud prevention in lending transactions.	1. Immutable Transaction Logs: Blockchain ensures transparency and immutable records of all transactions. 2. Fraud Prevention: Blockchain's distributed nature prevents fraud by making transactions traceable and verifiable.
Operational Workflow	Description of workflows within key departments: customer support, AI data analysis, and compliance.	1. Customer Support: A 24/7 support system through live chat, email, and AI chatbots, assisting customers with queries and issues. 2. AI Data Analysis: Continuous updates to AI models to ensure accuracy in credit scoring. 3. Compliance: Ensuring adherence to regulatory and Sharia compliance standards, including monitoring loan approvals and financial transactions.

8.3 Facilities and Layouts

Table 2 below illustrates that the office and workspace will be in a co-working space or business hub in Riyadh for flexibility and scalability. The attractive combination of proximity to the key financial and regulatory institutions and cost-effectiveness make it a preferred location. The small private offices will be designed as part of a flexible workspace design for the essential staff, the open collaborative spaces for brainstorming, and customer service centres to handle client inquiries nearly remotely. For secure data storage, the fintech platform's AI-driven loan processing will be supported by the backend systems as well as cloud-based solutions that incorporate robust cybersecurity measures. It ensures operational efficiency and security. In the early stages, the startup will have a virtual office structure, with employees able to work remotely instead of paying overhead costs. With virtual tools such as Slack, Zoom, and Microsoft Teams, collaboration will be facilitated. The office equipment and technology will also consist of high-performance computers, a server for hosting the platform, and communication tools for team collaboration and client interactions. And the main thing, will make sure of the smooth and safe running of all functions.

Table 2-Facilities and Layouts

Facility/Function	Description	Details
Office and Workspace	The main office space is located in a co-working space or business hub in Riyadh.	- The business will operate from a co-working space or business hub in Riyadh. - This location offers flexibility and scalability for the team.
Flexible Workspace Design	Digital-first approach with workspaces for staff, collaborative areas, and customer service centers.	- Small private offices for key staff. - Open spaces for collaboration and innovation. - Designated customer service centers for remote teams.
Technology Infrastructure	Cloud-based IT infrastructure supporting all operations, including digital lending.	- Use of secure cloud services for data storage and scalability. - Advanced cybersecurity protocols to protect sensitive data. - Backend systems for AI-driven loan processing.

Virtual Offices	Infrastructure to support remote work for employees, especially in the initial phase.	- Employees will work remotely from various locations. - Virtual tools (Slack, Zoom, Microsoft Teams) will be used for communication and collaboration.
Office Equipment and Technology	Necessary equipment for daily operations, including computing devices, servers, and communication tools.	- High-performance computers and laptops. - Servers for hosting the platform. - Communication tools for team collaboration and client interactions (e.g., Slack, Zoom).

8.4 Purchasing and Distribution

In terms of technology, the platform will rely on a strong technology stack, including credit scoring and loan processing to AI algorithms, fraud detection, as well as blockchain software for transaction transparency and security. This will guarantee that these technologies will help to automate the loan assessments, resulting in reduced processing time while fulfilling the financial regulations. In addition, the platform will still require requisite licences to operate legally in Saudi Arabia, including fintech regulatory approvals by the Saudi Arabian Monetary Authority (SAMA), and aligning with the local financial and legal standards of Saudi Arabia itself. The key partners will include AI technology suppliers, cloud service cases for data storage, and cybersecurity experts whose responsibility would be to protect sensitive customer information. The partnerships will allow for the smooth and secure running of the platform. It will be distributed through online channels like mobile apps and websites, granting easy access to the users. Strategies such as SEO, Google Ads, and social media campaigns will be utilised to market to the target market as part of digital marketing strategies targeting customer acquisition.

8.5 Inventory Management and Control

Traditional inventory management is unnecessary because the platform functions primarily through digital means. The organisation will handle digital infrastructure and financial resources to ensure efficient operations replace traditional physical product management. The business needs to perform routine checks of available lending funds so capital operations stay sustainable while performing comprehensive risk evaluations. The business needs to monitor its financial resources meticulously to provide loans successfully while maintaining operational feasibility. Since the platform depends on funds from institutional investors and peer-to-peer (P2P) lending platforms, investment

management serves as a vital operational element. The platform needs to handle investments in a way that generates sufficient cash for client loans while delivering returns to fund contributors. AI control systems will monitor capital flows to distribute resources properly while preventing the company from taking excessive financial risks.

8.6. Quality Control and Customer Service

Quality control acts as an essential component to guarantee both internal standards satisfaction and regulatory compliance for platform-processed loans. Solid quality assurance processes will track AI-based credit scoring algorithms to maintain an accurate assessment of loan requests and objectivity in decision-making. The platform demands proper Sharia compliance because its financial products need to respect the principles of Islamic finance. The evaluation of models Murabaha and Mudaraba models will verify their adherence to ethical and legal standards that Saudi Arabian regulatory bodies have established. The platform will provide 24/7 digital customer service through chatbots and email support, which users can use to find solutions for problems. Complete FAQs and step-by-step guides will be available on the platform as training resources to assist customers during their loan application process. A feedback system will operate as a continuous improvement tool by gathering customer satisfaction information, which will drive user-based changes.

8.7 Determining the Breakeven Point

As detailed in table 3 below, the breakeven point will be determined by comparing total revenues from loan processing and P2P lending fees against the business's fixed and variable costs. Revenue streams such as loan processing fees and P2P lending fees are the primary sources of income. The cost structure includes fixed costs (e.g., salaries and regulatory compliance) and variable costs (e.g., marketing and technology). The breakeven timeline estimates that it will take approximately 3-5 years to recover the initial investment. Finally, once the breakeven point is reached, the business will focus on scalability, expanding into other regions to increase its market presence and overall profitability.

Table 3 Breakeven Point

Aspect	Description	Details
Calculation of Breakeven Point	Estimation of the point where total revenue equals total costs.	The breakeven point is calculated based on projected revenue from loan disbursements, fees, and fixed costs (e.g., technology, licenses, staff).

Revenue Streams	Different sources of income for the business.	1. Loan Processing Fees: Small fee charged for each loan transaction. 2. P2P Lending Fees: Percentage of successful loan matches is taken from lenders and borrowers.
Cost Structures	Breakdown of fixed and variable costs.	Fixed Costs: Salaries, cloud services, regulatory compliance. Variable Costs: Marketing, customer acquisition costs, technology development.
Breakeven Timeline	Time required to cover initial investment.	Estimated to take 3–5 years based on projected growth, revenue generation, and cost management.
Scalability Considerations	Expansion after reaching the breakeven point.	After reaching breakeven, the business will scale by entering other regions and increasing market share, driven by digital-first operations and strong revenue models.

9. Management Plan

9.1. Managerial Structure

An effectively organised managerial structure is critical to ensure strategic consistency, operational effectiveness and good governance for any company, especially in the fintech industry, where user trust, compliance and innovation take centre stage. The proposed business envisioned, as a Sharia-compliant, digital-native financial platform, will follow a functional hierarchical organisational structure with defined leadership roles, reporting hierarchies and lines of accountability to ensure transparency and facilitate rapid decision-making.

9.1.1. Business Hierarchy Overview

The company will be run on a top-down structure supplemented by cross-functional teamwork to ensure both control and innovation. At the centre of the organisation is the Chief Executive Officer (CEO), who is accountable to the Board of Directors and is in charge of the overall vision, strategy and corporate governance of the company. Beneath the CEO, a senior leadership team consisting of the Chief Operating Officer (COO), Chief Financial Officer (CFO), Chief Technology Officer (CTO) and Chief Compliance Officer (CCO) will manage the primary domains of the business. Each department will consist of middle managers, team leads and specialist staff who ensure day-to-day operations align with strategic objectives. This structure aligned with the findings of Ståhle, Ahola and Martinsuo (2019), emphasising that such functional structure allows clear segmentation between organisation

functions (e.g. product development, regulatory compliance, customer service, marketing and finance). This is particularly vital in a regulated industry like Islamic fintech.

9.1.2. Key Leadership Roles

- **CEO:** The CEO will oversee the strategic direction, manage stakeholder relationships, and drive corporate growth. As visionary leader, they will link with the board, investors and regulatory bodies while fostering an ethical and inclusive corporate culture.
- **COO:** The COO will manage internal operations, ensure workflow optimisation, and supervise departments such as HR, customer service, and admin. They will be responsible for translating the CEO's vision into actionable plans.
- **CFO:** The CFO will manage budgeting, forecasting, and financial reporting. Considering the Sharia-compliant nature of the business, the CFO will also ensure that all financial models, risk assessments, and funding strategies adhere to Islamic finance principles.
- **CTO:** The CTO will be responsible for the development and maintenance of the mobile app, website, and backend infrastructure. They will lead innovation efforts, cybersecurity initiatives, and integrations with partners such as telecoms and banks.
- **CCO:** To ensure Sharia compliance and regulatory alignment, the CCO will oversee legal matters, liaise with the Sharia Advisory Board, and implement governance frameworks in line with SAMA (Saudi Central Bank) regulations.

Each executive will lead their respective teams, with dotted-line collaboration encouraged for innovation and strategic initiatives. For instance, marketing and technology teams will collaborate on digital campaigns and UX development, while compliance and finance teams will co-develop Sharia-compliant lending protocols.

9.1.3. Decision-Making Process and Responsibilities

The company will employ a hybrid decision-making model, combining centralised strategic oversight with decentralised operational autonomy. Strategic decisions (e.g., market expansion, new partnerships) will be made by the CEO and approved by the board. Operational decisions (e.g., marketing tactics, and product features) will be handled by department heads in consultation with relevant stakeholders. To ensure agility and responsiveness, the business will adopt:

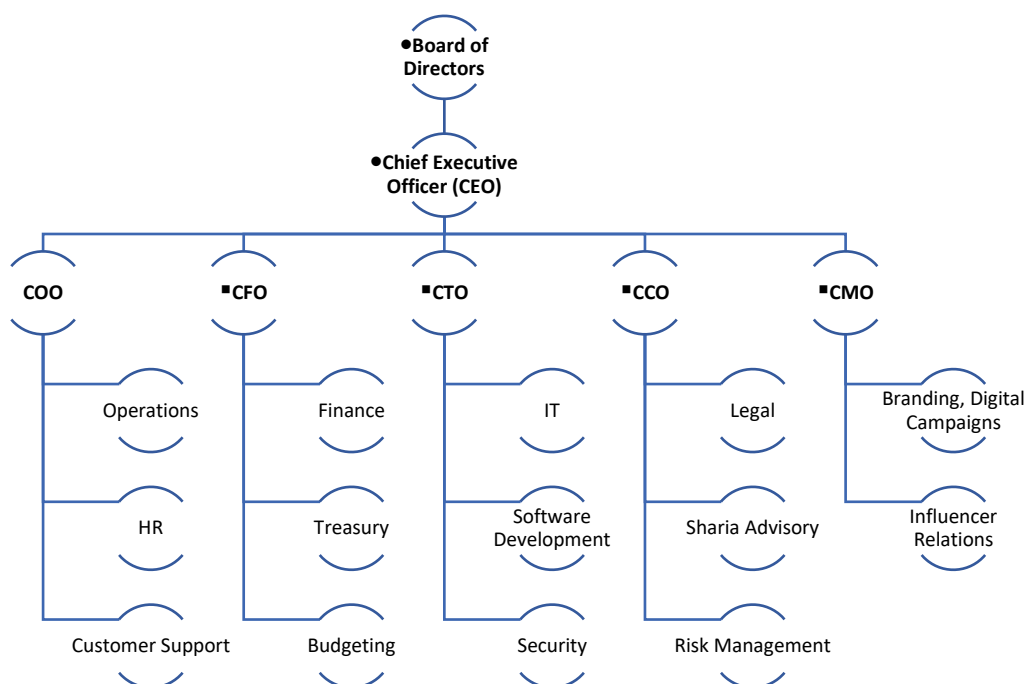
- Weekly executive leadership meetings for goal-tracking
- Quarterly strategy reviews

- Real-time KPI dashboards for performance monitoring
- Consultation with a Sharia Advisory Board for all new product rollouts and marketing content to ensure Islamic ethical standards

This framework ensures that while strategic control remains centralised, innovation and execution are fast-tracked through empowered teams.

9.1.4. Organisational Chart Explanation

The organisational chart will be structured as follows:



Each C-level executive will oversee specialised teams with defined responsibilities. While the chart supports clear accountability, regular cross-departmental meetings and collaboration platforms (e.g., Slack, Monday.com) will enhance inter-team coordination.

9.2 Describing Your Team Members' Qualifications and Experiences

As evident in table 4, the team of the fintech startup will be composed of a highly qualified and experienced team with specific expertise in different critical areas. With more than 15 years' experience in the fintech industry, the CEO will develop the company's strategic direction and lead long-term growth. The COO will be responsible for making sure that the day-to-day operations are functioning without a problem, optimise the loan process. The CFO will be responsible for the financial wellbeing of the company by ensuring profitability, sustainability as well and compliance with

regulations. A role that the CTO will be responsible for is the standard technology infrastructure of the platform (i.e, security, scalability, innovation). The Compliance Officer will make sure all our operations strictly adhere to regulatory standards and Islamic finance principles, whereas the Customer Service Manager will supervise the team, offer support to the customer, and work with the AI team to enhance service delivery. The Fintech startup will be successful together as a team.

Table 4Team Members' Qualifications and Experiences

Position	Experience & Qualifications	Responsibilities
Chief Executive Officer (CEO)	15+ years in fintech and financial services. MBA in Finance. Proven track record in startups.	Setting strategic direction, forging partnerships, overseeing long-term growth, and leading fundraising efforts.
Chief Operating Officer (COO)	10+ years in operations and business management in fintech and financial institutions.	Overseeing daily operations, optimizing loan application processes, managing customer service, and risk management.
Chief Financial Officer (CFO)	CFA designation, degree in economics. Extensive experience in budgeting, forecasting, financial risk management.	Managing financial health, capital planning, monitoring cash flow, and ensuring compliance with financial regulations.
Chief Technology Officer (CTO)	12+ years in software development and technology management in fintech. Expertise in AI, machine learning, blockchain.	Leading technology development, ensuring platform security, driving innovation, and maintaining scalability.
Compliance Officer	Law degree, experience in regulatory affairs and Islamic finance.	Ensuring compliance with local and international regulations, overseeing Sharia compliance, and managing audits.
Customer Service Manager	8+ years in managing customer support teams in fintech/e-commerce.	Managing 24/7 support, developing training programs, and collaborating with the AI team to enhance user experience.

9.3 Introducing the Team as a Unit

The team will come together to collectively fulfil the fintech startup's vision of providing Sharia-compliant, scalable, and efficient digital lending solutions. The team will have a balance of leadership, operational experience, financial acumen, and technological sophistication, ensuring the business is run efficiently and is adaptable to market changes. The strengths of each member will be specialized, but when combined, they will bring about the achievement of common goals. The CEO will direct the team, setting its direction, building strategic partnerships, and driving growth. The COO will be responsible for implementing the strategic vision and managing the day-to-day operations of the platform. The financial aspects of the company will be overseen by the CFO, ensuring the financial health of the company remains stable and in alignment with the business model to manage financial risks.

In the capacity of the CTO, this individual will be the technical backbone of the platform, driving innovation in technology infrastructure while ensuring it is secure and scalable. The Compliance Officer will ensure that the company complies with legal and regulatory standards, particularly in Sharia-compliant finance. The Customer Service Manager will ensure that the platform remains customer-focused, offering high-quality support built upon a foundation of trust. This team will collectively possess the necessary tools to overcome the hurdles of the fintech industry and help keep the startup afloat by prioritising operational excellence, financial sturdiness, and forward-thinking tech. As a unit, they will work together to ensure that the technology platform has a positive effect on Saudi Arabia's Vision 2030 goals, namely contributing to financial inclusion and technology advancement. The qualifications and experiences of each team member will fit right in with the other members of the team, and as the company grows, it can do it efficiently and with a high standard of service and compliance.

10. Financial Plan

10.1. Introduction to Financial Plan

The financial plan describes the economic feasibility and sustainability of developing a fintech platform concentrating on digital advancement in Saudi Arabia. As a start-up in the fast-paced fintech landscape, having a logical and well-defined financial strategy is essential to foster growth, innovation, and compliance with industry regulations. This plan outlines the conditions of the initial capital to establish the platform, which comprises technology development, regulatory licensing, marketing, and operational expenses. Additionally, it supplies comprehensive forecasts, including expected revenue from loan interest, platform fees, and monetised partnerships. A breakeven analysis, which calculates the required sales volume to cover expenses, is also included to illustrate the start-up's profitability.

timeline. Moreover, the plan evaluates the risks and rewards of the lending model, focusing on the default risk, competition, and economic volatility. The financial projections are also included to showcase the platform's anticipated value and demonstrate its strategic alignment with investor interests.

10.2. Specifying Business Capital Requirements

The table below presents a detailed breakdown of business capital requirements for this fintech start-up in a clear five-year plan. This includes major initial and operational cost categories that are realistic for launching and scaling a digital lending platform in Saudi Arabia.

Category	Year 1 (SAR)	Year 2 (SAR)	Year 3 (SAR)	Year 4 (SAR)	Year 5 (SAR)	Notes
Platform Development	1,200,000	500,000	250,000	250,000	250,000	Web/app dev, upgrades, AI/ML modules, P2P systems
Regulatory & Licensing	400,000	50,000	50,000	50,000	50,000	SAMA license, legal & compliance fees
Marketing & Customer Acquisition	800,000	1,000,000	1,200,000	1,400,000	1,600,000	Digital campaigns, referral programs, and branding
Staff Salaries & Admin	1,500,000	1,800,000	2,200,000	2,500,000	2,800,000	Tech, finance, customer support, HR
Operational Costs	600,000	800,000	1,000,000	1,100,000	1,300,000	Rent, utilities, cloud hosting, insurance
Loan Capital (Lending Pool)	5,000,000	8,000,000	12,000,000	18,000,000	25,000,000	Funds reserved to disburse loans to borrowers

Contingency & Reserve (10%)	950,000	1,215,000	1,670,000	2,130,000	2,800,000	Emergency buffer for unexpected expenses
Total Capital Required	10,450,000	13,365,000	18,370,000	25,430,000	33,800,000	

10.2.1. Cost Breakdown for the Initial Phase

This table gives a detailed cost overview of where the SAR 10.45 million in capital will be consumed during the launch, including descriptions of all the costs incurred.

Category	Sub-Category	Estimated Cost (SAR)	Description
1. Platform Development	UI/UX Design	200,000	Initial interface design for web and mobile platforms
	Backend Development	450,000	Core engine, API integration, AI credit engine
	Mobile App (iOS & Android)	300,000	Native apps for digital lending
	Security & Compliance Systems	200,000	Data encryption, KYC/AML tools
	Hosting & Cloud Infrastructure	150,000	AWS/Azure/GCP setup and first-year subscription
Total - Platform Development		1,300,000	
2. Licensing & Legal	SAMA Licensing	300,000	Regulatory licensing and sandbox participation
	Legal and Consultancy Fees	250,000	Business registration, legal framework, and fintech advisory
Total - Licensing & Legal		550,000	
3. Marketing & Branding	Branding & Website	250,000	Logo, branding guide, official website

	Digital Marketing Campaigns	550,000	Google Ads, social media, and content marketing
	Influencer & PR Partnerships	250,000	Fintech influencers, business media outreach
Total - Marketing		1,050,000	
4. HR & Office Setup	Initial Team Salaries (6 months)	1,000,000	Founding team: CEO, CTO, marketing, operations, support
	Office Space & Utilities	350,000	Co-working or rental space, first-year expenses
	Office Equipment & Software	250,000	Laptops, CRM, accounting tools, and fintech software licenses
Total - HR & Office		1,600,000	
5. Loan Capital Pool	Initial Lending Capital	5,000,000	Capital to fund digital loans for SMEs and individuals
Total - Lending Capital		5,000,000	
6. Contingency Fund	Reserve for Unexpected Costs	950,000	10% buffer for unexpected tech, regulatory, or operational issues
Total - Contingency		950,000	
Grand Total (For 1st Year)		10,450,000	

10.3. Financial Projections

10.3.1. Revenue Projections (Year 1 – Year 5)

Revenue Source	Year 1	Year 2	Year 3	Year 4	Year 5
Interest Income (on loans)	1,200,000	3,000,000	6,000,000	10,000,000	15,000,000
Platform/Processing Fees	300,000	750,000	1,200,000	1,800,000	2,500,000
P2P Transaction Fees	200,000	600,000	1,000,000	1,600,000	2,200,000
Sharia Financing Service Fees	150,000	400,000	800,000	1,200,000	1,800,000

Total Revenue	1,850,000	4,750,000	9,000,000	14,600,000	21,500,000
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10.3.2. Income Statement (Profit & Loss)

	Year 1	Year 2	Year 3	Year 4	Year 5
Total Revenue	1,850,000	4,750,000	9,000,000	14,600,000	21,500,000
Cost of Goods Sold (Loan Funds)	-500,000	-700,000	-1,200,000	-3,200,000	-4,500,000
Gross Profit	1,350,000	4,050,000	7,800,000	11,400,000	17,000,000
Operating Expenses	-3,200,000	-3,800,000	-4,200,000	-4,600,000	-5,000,000
EBIT (Operating Profit)	-1,850,000	250,000	3,600,000	6,800,000	12,000,000
Interest Expense (Loans)	100,000	200,000	300,000	400,000	500,000
Net Profit Before Tax	-1,750,000	450,000	3,900,000	7,200,000	12,500,000
Tax (20%)	-	-	100,000	620,000	1,300,000
Net Profit / (Loss)	-1,750,000	450,000	4,000,000	7,820,000	13,800,000

10.3.3. Cash Flow Statement

Cash Flow Item	Year 1	Year 2	Year 3	Year 4	Year 5
Opening Cash Balance	0	2,000,000	3,000,000	5,000,000	9,000,000
Capital Raised (Equity + Debt)	10,450,000	5,000,000	5,000,000	5,000,000	0
Operating Cash Inflow	1,500,000	3,800,000	7,500,000	12,500,000	18,000,000
Operating Cash Outflow	9,950,000	7,800,000	10,500,000	13,500,000	16,000,000
Net Cash Flow	2,000,000	1,000,000	2,000,000	4,000,000	2,000,000

Closing Cash Balance	2,000,000	3,000,000	5,000,000	9,000,000	11,000,000
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10.3.4. Balance Sheet Summary

	Year 1	Year 2	Year 3
Assets			
Cash and Cash Equivalents	2,000,000	3,000,000	5,000,000
Loan Portfolio Assets	4,000,000	6,500,000	9,000,000
Other Assets (Tech, IP, etc.)	1,500,000	1,200,000	1,000,000
Total Assets	7,500,000	10,700,000	15,000,000

Liabilities & Equities

Operating Liabilities	2,000,000	2,500,000	3,000,000
Debt Obligations	1,500,000	2,000,000	2,500,000
Equity (Retained Earnings +)	4,000,000	6,200,000	9,500,000
Total Liabilities + Equity	7,500,000	10,700,000	15,000,000

Key Assumptions:

- Loan interest income is considered to be the primary income stream (10% interest per year on average).
- Also, as the user base grows, the platform fee is assumed to be 1-2% per loan issued.
- In addition, P2P receives a 1% transaction volume fee.
- Costs from operations increase gradually as the business expands.
- Assuming no dividend pay-out in the first 3 years, profits are reinvested.
- A very conservative estimate of the loan default rate (COGS) assumed is 10-15% of total disbursed loans.
- Taxes are assumed to start in Year 3 (assuming losses paid back previous profits).

10.4. Breakeven Analysis for Sales

The break-even point (BEP) refers to a situation where total revenue is equal to total costs, i.e., no profit or loss (Ngamsomsuke et al., 2022). This aids in understanding the amount of revenue or the number of loans that have to be processed before the organisation starts making a profit (Suraju, 2025). The computation of breakeven is presented in the table below:

Assumptions	Value
Average revenue per loan (SAR)	1,500 (interest + processing fees)
Variable cost per loan (SAR)	800 (loan cost, servicing, default risk)
Fixed Annual Operating Costs (SAR)	3,000,000

Break-even Calculation Formula

Break-even Sales Volume =	Fixed Costs / (Selling Price per Unit – Variable Cost per Unit)
Break-even Sales Volume =	3,000,000 / (1,500 – 800)
Break-even Sales Volume =	3,000,000 / 700

Break-even Sales Volume =	4,286
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Break-even Analysis Table

	Value (SAR)
Fixed Costs (Annual)	3,000,000
Average Revenue per Loan	1,500
Variable Cost per Loan	800
Contribution Margin per Loan	700
Break-even Volume (loans)	4,286 loans/year

Break-even Revenue (SAR)	6,429,000
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As per the above break-even analysis, the company needs to process about 4,286 loans annually, which is around 357 loans monthly, to cover both fixed and variable expenditures, achieving a sustainable financial position. At an average revenue of SAR 1,500 per loan, the annual revenue requirement would further approximate to SAR 6.43 million to break even. This goal is significant because all revenue generated above this would directly increase the company's net profit and allow for reinvestment and business expansion (Morah, 2024). Given the business model's automated nature, especially AI-based credit evaluations and P2P lending, reaching this lower limit within the first two to three years seems comparative. Along with that, the digitised lending platform's operational growth potential will likely boost customer acquisition and loan processing efficiencies, supporting early profitability and providing enduring financial security in tune with the Saudi Arabia fintech expansion vision.

10.5. Assessing Risks and Rewards

The fintech start-up ideas offer major possibilities, especially in promoting Saudi Arabia's Vision 2030, which focuses on financial literacy, digital adoption, and the support of small and medium-sized enterprises (SMEs). The advantages of this model are enormous, as first, the platform will help deal with the acute financing shortage for SMEs, which is essential for economic growth. The integration of Sharia-compliant financial products enhances marketability by accommodating socio-cultural and religious sentiments. Additionally, AI credit evaluations alongside online lending systems assure faster responses, lower costs, and greater satisfaction. Thus, this business is easier to scale as the Saudi general public adopts digital financial services.

10.5.1. Current Risks in the Business

This business presents a multifaceted opportunity; however, strategically addressing the outlined risks is critical. Some of the key risks are; cybersecurity issues, failure to operate, or even loss of market acceptance of the service. The fintech industry is characteristically prone to regulatory risk, especially under the Saudi Central Bank (SAMA) as well as Sharia supervision (Alonso et al., 2022). Thus, complete compliance with these frameworks is a must and failure to follow these requirements can give rise to large fines or even loss of the operating licence.

Credit risk is also of high importance due to the unsecured, collateral-free nature of the loans. Borrowers overcoming the personal debt crisis might fall into ineffective payment hierarchies due to ineffective financial management or economic downturns (CFI, 2025). In addition, while attempts are made to mitigate the risk using AI-based credit evaluations, stronger risks are sometimes posed during the initial model training phase due to decision-making based on non-conventional data.

Cybersecurity risk also exists in the domain of fintech in various tech industries of Saudi Arabia. The compromise of customer information or any part of the platform could go a long way in ruining the company's reputation as well as attracting regulatory fines. Businesses need super technology prepared with encryption, privacy safeguards, and blockchain computing needs to be integrated to secure data (Ajish, 2024). Furthermore, operational risks such as system downtime or lower user experience can destroy trust and lead to an exodus of users. Thus, resistance to embrace innovative technologies and trust non-conventional lenders has its adoption phase issues, especially in more conservative domains.

10.5.2. Risk Register

Risks	Description	Impact	Likelihood	Mitigation Strategy
Regulatory Compliance	Failure to comply with SAMA or Sharia laws	High	Medium	Hire regulatory experts; integrate compliance into core operations
Credit Default	Borrowers fail to repay loans	High	High	AI credit scoring, early warning systems, and loan restructuring options
Cybersecurity Breach	Data theft, fraud, or system hacking	High	Medium	End-to-end encryption, frequent

				audits, and blockchain for transparency
Operational Downtime	Platform outages or technical failures	Medium	Medium	Cloud-based infrastructure, 24/7 IT monitoring, backup systems
Market Adoption	Low user trust or resistance to fintech models	Medium	Medium	User education, community outreach, partnerships with trusted brands

10.5.3. Risk Mitigation Strategies

All of these risks can be addressed with proper planning by establishing regulatory audit procedures with compliant consultants, incorporating regulatory requirements into the technological framework, and performing audits at set intervals will address continuous compliance. Credit risk can be contained with more proactive strategies, for example, by implementing more responsive predictive analytics for credit scoring combined with advanced default detection early warning systems (Razaque et al., 2025). Furthermore, advanced IT governance, regular penetration testing, and zero-trust framework controls will handle cyber risks. Operational risks should be addressed with a focus on redundancy, streamlined workflows, and elevated standards in customer service (IBM, 2024). Lastly, market acceptance can be enhanced by awareness campaigns alongside financial literacy programmes intended to build trust and educate users on the advantages of digital lending.

10.6. Anticipating Financial Returns

10.6.1. Short-term Returns

In the first two years, the growth of a new business in the fintech lending sector is projected to be gradual. Revenue will be generated along with some profitability. These early losses stem primarily from spending on building the platform, acquiring the requisite licences, spending on advertising, and integrating advanced technology (Ning & Yao, 2023). Due to regulatory requirements and the need to foster user trust, returns might be limited. However, revenues will steadily pick up with user acquisitions and higher volumes of loans being paid. At the end of Year 2, the company targets to be at break-even, servicing over 4,000 loans a year, which translates to SAR 6.43 million in revenue, while further operational losses are minimised.

10.6.2. Long-term Returns

In the upcoming 3 to 5 years, revenue is expected to expand significantly along with the adoption of network effects and enhanced AI capabilities. Furthermore, an operated market trust will be highly important because increased automation will diminish variable costs alongside an expanding base of borrowers, driving repeat revenue surges. Moreover, with smart reinvestment of profits into strategic advertisements and diversification of services offered (Sharia-compliant investment vehicles, SME advisory), the platform is expected to experience exponential growth (Alayed et al., 2025). In Year 5, revenues are anticipated to surge between SAR 15-20 million while maintaining a net profit margin of 25-30%, bolstered by low marginal costs associated with scaling digital operations.

10.7. Summary of the Financial Plan

As a result, the financial plan described a focused strategic five-year timeline for the establishment and scaling of a digital lending fintech platform in Saudi Arabia. Initial capital requirements are projected at SAR 6.4 million to fund the technology, staffing, marketing, licensing, and operational setup. Financial projections predict steady growth with the platform breaking even by Year 2 while surpassing 4,286 loans issued annually and revenues of SAR 6.43 million. Revenue is predicted to exceed SAR 15-20 million by Year 5, boasting a 25-30% net profit margin. Moreover, a comprehensive break-even analysis substantiates these estimates, illustrating economic viability after achieving critical volume. Risk assessment highlights regulatory, credit, and cybersecurity risks, paired with illustrative mitigation AI strategies, integrated compliance, and fortified architecture. The expected short-term returns are moderate as a consequence of the steep initial expenses, however, the long-term outlook is enhanced significantly owing to the potential for growth, rising adoption of fintech, and alignment with Saudi Vision 2030.

11. Conclusion and Recommendations

11.1. Business Vision and Purpose

This business plan set out to establish a Sharia-compliant fintech platform specialising in digital lending for SMEs and underserved individuals in Saudi Arabia. The core vision is to bridge the persistent financing gaps using AI-driven credit scoring, blockchain-based transparency and ethical financing models such as Murabaha and Mudaraba. In alignment with the Kingdom's Vision 2030, the platform will be positioned as a socially responsible and technologically advanced alternative to traditional lending institutions, empowering economic diversification and financial inclusion. This venture aims to deliver fast, secure and values-based financial services to build a more inclusive and resilient digital economy in Saudi Arabia.

11.2. Summary of Key Findings

The market analysis revealed an immense financing gap affecting SMEs and unbanked individuals in Saudi Arabia. Despite SMEs making up over 99% of private sector entities, they receive just 8% of total bank lending. Additionally, 35% of low-income individuals remain unbanked, limiting their access to formal financial services. Regulatory frameworks like the Saudi Central Bank's sandbox and the FSDP are fostering fintech innovation, while rapid smartphone and internet penetration (over 90%) ensures readiness for digital adoption. There is a rising preference for Sharia-compliant financing, driven by the Kingdom's cultural and religious values. AI and blockchain technologies, combined with a digital-first approach, are composed to redefine credit accessibility and risk management. Hence, this business model will not only align with ethical and legal standards but also meet a critical demand in Saudi Arabia's evolving financial sector.

11.2.1. Business Feasibility and Competitive Advantage

The feasibility of this fintech startup is strengthened by a strong and suitable business environment, government incentives and strong consumer demand. The use of AI-powered credit assessment will distinguish the platform by enabling faster, collateral-free lending, especially for customers without traditional credit histories. The incorporation of Sharia principles ensures cultural compatibility and legal legitimacy in a dominantly Islamic financial landscape. In contrast to conventional banks that impose lengthy approval processes and strict collateral requirements, this platform offers agile, data-driven services with lower overhead. Competitors like Raqamyah and STC Pay offer niche solutions, but few integrate ethical finance, AI, and P2P capabilities as comprehensively as proposed. This combination of digital innovation and value-based finance will position the startup as a leading disruptor. The scalability of the model ensures that the platform can adapt, grow and compete across urban and rural segments while fostering trust through transparency and community-driven financial empowerment.

11.2.2. Strategic Implications and Sustainability

The platform's long-term success lies in its alignment with Saudi Arabia's national economic and social development strategies. It will address key priorities such as SME empowerment, financial inclusion and ethical finance, all critical pillars of Vision 2030. Furthermore, the business is designed with sustainability and ESG principles, emphasising responsible lending, data security and Sharia compliance. As consumer and investor preferences evolve toward socially responsible enterprises, the platform's ethical model offers a sustainable competitive edge. With its tech-first infrastructure and

scalable architecture, the business is well-positioned to expand both horizontally (across product types) and vertically (across regions) over time.

11.3. Recommendations

11.3.1. Operational Recommendations

To optimise operational efficiency, the business should continuously refine its AI-based risk assessment engine by incorporating alternative datasets such as utility bills, behavioural analytics, and mobile usage. These non-traditional data sources have been shown to significantly improve credit scoring accuracy, particularly for unbanked or underbanked populations (Christensen, 2021; Goh, 2023). Leveraging machine learning, the system must evolve with borrower behaviour to improve default prediction accuracy (Patel, 2024; Mhlanga, 2024). Establishing a strong compliance unit that stays updated with SAMA guidelines and Sharia regulations is essential to operating legally and ethically in the Kingdom's tightly regulated financial environment (Saudi Central Bank, 2021; Swaiss, 2024). Furthermore, partnerships with SME Bank, local accelerators, and government-backed financial programs like Kafalah should be strengthened to ensure regulatory alignment and increase platform legitimacy in the eyes of potential customers and stakeholders (ArgaamPlus, 2025; Fintech Saudi, 2024).

11.3.2. Marketing and Growth Recommendations

Effective marketing strategies should prioritise digital channels such as social media, Google Ads, and SEO, targeting keywords like “halal personal loan” or “instant SME financing KSA.” These digital strategies have been proven effective in fintech outreach, especially in markets with high mobile and internet penetration, such as Saudi Arabia, where internet penetration reached 99% in 2023 (Shah, 2024). Segmenting campaigns for different audiences, freelancers, small businesses, and Islamic investors will increase relevance and conversion. Additionally, influencer collaborations with Islamic finance scholars and fintech educators can enhance trust and outreach (Alsmadi, 2025). Regional expansion strategies must include financial literacy programs in rural and underserved areas through collaborations with local mosques, universities, and community centres. Such initiatives are aligned with findings by Mastercard (2025), which reports that 93% of SMEs in Saudi Arabia are open to digital transformation but require awareness and education to adopt financial technologies confidently. This will enhance brand recognition while supporting financial empowerment, particularly among women and low-income populations.

11.3.3. Financial Recommendations

The company should focus on maintaining lean operations while maximising returns through smart sourcing of capital. Institutional investors interested in ESG and Sharia-compliant ventures should be prioritised, as ESG investments in Saudi Arabia are rapidly rising (Khan, 2024). Platform revenue should be diversified through transaction fees, investor participation fees in P2P models, and premium services like instant transfers or credit consultations. An internal audit system must be established to monitor loan quality, default rates, and operating margins. Financial planning should include a conservative breakeven projection (3–5 years) with scalable unit economics and a clear roadmap for profitability. Adopting performance KPIs such as Net Interest Margin (NIM) and customer retention rate is recommended.

11.3.4. Technology & Security Recommendations

Given the rise in cyber threats in the Saudi financial sector, with nearly 22.5 million cyberattacks annually, investing in robust cybersecurity infrastructure is non-negotiable (Zafar & Khan, 2024). The business should adopt end-to-end encryption, real-time fraud detection, and compliance with both GDPR and local data laws. Blockchain should be used to secure all lending contracts, ensuring transparency, traceability and immutable audit trails (Rijal & Saranani, 2023). AI credit models must be continually updated and tested for bias to ensure ethical lending practices. Integrating Multi-Factor Authentication (MFA) and biometric login systems will improve user trust and platform security. Collaborating with cybersecurity firms and conducting third-party penetration tests annually is also advisable to stay ahead of evolving cyber threats.

11.4. Future Outlook and Expansion Strategy

The fintech platform's growth strategy should focus on expanding to secondary cities like Jeddah and Dammam, leveraging digital channels rather than physical branches to minimise costs. Within 3–5 years, the business can explore regional expansion across GCC markets, such as the UAE and Bahrain, which share regulatory similarities and cultural compatibility. A modular product roadmap should include value-added services such as Islamic wealth management, savings plans, and invoice financing. Through continued innovation, cross-sector partnerships, and social responsibility, the startup is poised to become a leading force in the Islamic digital finance ecosystem, contributing meaningfully to Saudi Arabia's Vision 2030 objectives.

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