

# Seizing the digital opportunity in MENA 2023

Enhancing payments performance to optimize revenue



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# Foreword



**Remo Giovanni Abbondandolo**

General Manager, MENA  
Checkout.com

We are delighted to be sharing our research report looking at how merchants can improve their payments performance thereby driving up their revenue. It may sound like a subtle point but it is absolutely crucial to the success of MENA's growing digital economy.

Digitization alone won't unlock widespread economic success. The key is to ensure the best practice use of best in class technology to drive optimum efficiencies in cost, performance and operations. This report aims to serve as a guide to help you optimize your revenue streams and capture the opportunities of this region's meteoric digital transformation.

It brings me great pride and excitement to be launching this report in the same week that [Checkout.com](#) announces that it has been granted a Retail Payment Services license from the Central Bank of the United Arab Emirates - making [Checkout.com](#) the first global payments provider to be granted an acquiring license in the country, and further cementing its position as a payments and fintech leader across MENA.

This watershed moment fits hand-in-glove with the theme of our report. With direct acquiring [Checkout.com](#) now has more control than ever (and than others) over processing outcomes for merchants in the region and can truly drive-up the bar for best in class payment acceptance performance for merchants. Thanks to this important recognition from the Central Bank of the United Arab Emirates [Checkout.com](#) is now positioned to truly turbo-charge payments performance for local enterprises.

Why is that so important? Our new license allows us to offer merchant acquiring solutions, payment aggregation services

and cross-border fund transfers - a suite of services which will take our merchants to the next level in revenue optimization and cost efficiencies. Specifically, with direct acquiring [Checkout.com](#) now has more control over processing outcomes and can drive best in class payment acceptance performance for its merchants.

It also means we can offer our merchants complete price transparency and ensure access to additional functionalities as required- allowing us to tailor peak-performance solutions to each of our merchants in the region.

This matters increasingly because as the digital economy in MENA grows in size and sophistication, payments naturally sit at the heart of the opportunities it presents. No longer just a business necessity but a key source of innovation, digital payments can significantly impact your bottom line by eliminating inefficiencies and unlocking new revenue. Merchants across the region see a huge opportunity and are more ambitious than ever, so fine-tuning your payment performance will be a decisive factor in gaining the much-needed edge over your competition.

And there are many ways in which merchants can work on perfecting their payment lifecycle and polishing the user experience. Increasingly we see businesses confidently stepping away from 'received norms' and taking innovative and fresh approaches to their payments. For example businesses in the region whom we have spoken to tell us that Point of Sale payments often seem outdated now and we see great examples of local companies who derive measurable benefits from replacing POS with digital payments - whatever the setting. More to follow on this and other growing trends in our next report.

But as with all strategic assets, designing your payment tactics and deciding on the value you derive from it will depend on your own unique needs. Whether it's improving acceptance rates, lowering costs or opening new payment channels, this report we provides you with the necessary guidance for embedding a strategic and data-centric approach to payments.

With this in mind, we will take a closer look at an often overlooked aspect of ecommerce, namely payments data, and how it can act as a powerful tool for building a successful and sustainable business. Given that a fast-evolving digital landscape brings about opportunities and challenges alike, we will also consider some of the most common threats in the digital-first world and navigate you through worthwhile considerations and potential solutions. Finally, we will uncover the benefits of Account Funding Transactions (AFTs) which are set to be a game-changer for many industry participants across the region.

But We know there's limited value to these concepts without real-life examples. That's why we have once again partnered with a range of industry leaders in the region to showcase their first-hand experiences of operating in the digital economy, with all its possibilities and stumbling blocks.

From theory to practice, the journey to better payments performance and revenue optimization requires support from partners who can provide the technology and nuanced expertise which shoulders payments complexity so that you don't have to. As such, I look forward to [Checkout.com](https://www.checkout.com) further consolidating its position as a partner to merchants on a journey to fully capture the best of the opportunities that the digital economy in MENA presents. With a nearly ten-year presence in the region, I expect the rest of 2023 will be an ever-stimulating and fast-changing year for online payments and we are ever so excited to be part of this thriving and ambitious ecosystem in MENA.

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# When performance matters - optimizing your payments to maximize growth

Recent years have seen a huge and rapid influx of local and foreign spending in MENA's digital economy. But as this money moves, it offers businesses a range of opportunities for value creation that need to be seized, or revenue will be lost. And this is what is meant by optimizing payments. Whether it be offering the correct payment methods, driving up authorization rates while minimizing fraud, cutting down fees and costs or having access to joined up payments data and technology - payments in MENA ought to be a matter of strategic importance to merchants. And as a strategic issue, it starts with having the right data to build from. Yet, most payments and treasury leaders report that because of disjointed tech and data there is a disconnect between their functions, so significant that it is harming their company's financial performance. Lack of interoperability between players in the payments ecosystem further prevents businesses from capitalizing on potentially powerful insights.

## Disjointed tech and data harm merchants' financial performance \*



**58%**

of merchants agree that silos between payments and treasury exist due to fragmented technology and infrastructure in place.



**63%**

of merchants agree that low end-to-end visibility of cash flow is harming the financial health of their business.



**72%**

of merchants agree that a re-think of their finance organizational structure is needed to streamline the flow of money through the business.



**64%**

of merchants report payment authorization rates between 50% and 80%

\*Based on a survey carried out with 4,000 business leaders in Saudi Arabia and United Arab Emirates in February 2022, for the Checkout.com Global Crypto report

# Putting data at the heart of your payments strategy

### How to derive value from your transactions

The volume of digital payments moving through MENA's economy is on the rise. So is the region's technological maturity. Vital information can be collected on an ever larger scale, unlocking precious insights in real-time. However, with many merchants entering the online space at breakneck speed, payment data collection and analysis have so far been overlooked and underutilized. Indeed, our research shows that nearly half of the merchants based in KSA and UAE agree that, despite having access to payments data, they do not have time to analyze it and turn it into powerful insights, proving that payments are not yet widely treated as a strategic business function that brings sustainable value. From optimizing the checkout process, through enhanced customer experiences, to evaluating the efficiency of internal processes and operations, payments data has the potential to drive revenue benefits for businesses.



*Payment data is central to our decision-making, particularly when it comes to payment solutions, payment methods and inventory selection. The depth of insights is really valuable - you can learn where your customers are based and what payment methods they prefer. And we can track these trends across our portfolio of brands to ensure optimal performance on all fronts. For example, some studies suggest that checkout abandonment rates for MENA may be as high as 70%. This is why having access to, and regularly monitoring, our payment data is critical to analyze the conversion funnel and to make the necessary adjustments to improve our performance.*

**Paul Carey,**  
Executive Vice President – Cards & Payments,  
Al-Futtaim Group



of merchants say they have some access to payments data but do not have time to analyze it\*

### First and foremost - optimize your checkout

Responding to constantly evolving payment trends is vital for attracting new customers and retaining loyal ones. By leveraging actionable insights their shopping journeys deliver, you can further facilitate a seamless checkout process and improve the overall payment experience. According to our findings, nearly one-third of consumers in MENA will not return to an e-commerce site if the payment process is too complicated. Similarly, 31% of consumers in the region cite the time taken to complete an online payment as influential in choosing which website or app to shop on. And there's so much more to uncover - preferred payment methods, cart abandonment trends or common transaction decline reasons, just to name a few. Your payments deliver all these necessary data points to pinpoint potential issues shoppers might encounter at any point of their journey to allow for prevention and suitable optimizations, ensuring you continue to be their merchant of choice.



*As a payment solution for restaurants, we are typically compared to traditional card machines and their user experience, including smoothness, speed and efficiency of payment. This is why monitoring our failure rates, on the whole and for specific payment methods, is vital for us to improve the adoption of our product and online payments in general. Our clients are also interested in increasingly leveraging the role of data that can be collected by Qlub to better understand their customers; for example, how often they visit and how much they spend on average.*

**John Mady,**  
Managing Director,  
Qlub

\*Of 4,000 business leaders in Saudi Arabia and United Arab Emirates surveyed in February 2022, for the Checkout.com Global Crypto report



*We certainly use data to influence decision-making. Even simple payments data can be tremendously helpful. For example, our data may say that KNET makes up 30% of the payment mix online for brand X based in Kuwait. We know that the conversion rates of brand Y don't match those of brand X which leads to a drop off in the payment funnel on brand Y's website. Brand X doesn't experience this problem because they offer KNET. On this basis, with payment data pointing to brand X's seeing a very high checkout completion rate and very high adoption, we can convince brand Y to introduce KNET to their payment mix. These are conversations that we often have in countries like Kuwait or Qatar.*

**Mohammad Sajjad Bhojani,**  
Head of E-Commerce,  
Azadea Group

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**Theory in practice: Understand insights and action optimizations**

Our data suggests that insufficient funds account for over one-third of declined transaction reasons across MENA. If you see this response code pop up a lot throughout your payments data, you should take action! To begin with, you can prompt your customers to retry the payment with an alternative card or payment method. And one of these payment methods may offer an even better solution to a consumer - by offering a buy now, pay later option, you can provide them with the flexibility of payment and make their shopping experience less stressful. Finally, if you engage in subscription payment models, you may be able to spot time trends for declined vs successful payments. As a result, you can learn the optimum time to schedule the payment for your customers. Simple insights, but multiple solutions to maximize performance.

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## Leverage insights to delight your customers

Data catalyzes further growth, guiding user-centric innovations. Whether it's introducing new products or expanding into new business models such as subscriptions or marketplaces, numbers turned into valuable insights can help steer the decision-making process in the right and sustainable direction that results in customer delight.

Preempting shoppers' needs and expectations is equally vital. This is where personalization enters the game. A broad-brush approach to selling is increasingly deemed ineffective, with consumers seeking offerings that are tailored to their unique requirements. According to the [Global Customer Experience Benchmarking Report](#) from 2021, 59% of organizations in the Middle East and Africa believe that service personalization will reshape and improve their customer experience.

Hyper-personalization driven by data-centricity will help you create memorable shopping experiences based on customers' demographic profiles, their purchase history and shopping activity patterns. These experiences can, in turn, stimulate loyalty and deepen your customer relationships.



*With a significant increase in the volume of payments happening online, we can certainly leverage the latest cutting-edge technologies to our advantage. For example, Machine Learning is able to use payments data to build accurate models based on customer behavior to help merchants drive better conversion rates. The potential for payments data to improve performance in our industry is tremendous.*

**Alessandro Masaro,**  
SVP Strategy and Corporate Development,  
Starzplay Arabia

### Map your route to lower costs and higher gains

A closer look at payments data can help merchants unlock significant cost savings. With the right payments partner, you'll receive data transparency allowing a clear understanding of costs, including scheme fees, interchange, markup, or real-time FX fees. Having a coherent reporting tool in place will also help you simplify and streamline internal processes such as reconciliation to save time and resources that can be dedicated elsewhere. In payments, there's always room for improvement. And even the smallest enhancements can significantly impact your bottom line for the better.

### Goldmine or minefield - why focusing your data strategy is key

There's no denying that payments data is a goldmine for merchants but it can quickly become a minefield if not understood and handled properly. Knowing its value brings gains only in theory, so understanding how to leverage it to its full potential is key. A good place to start is to identify what your data measures and how it can be turned into an achievable benefit. Luckily, our research shows that merchants across MENA increasingly pay attention to the key performance indicators (KPIs) that their data offers.



of merchants in the UAE and KSA claim to measure payments optimization KPIs, including authorization rates, chargebacks, downtime and fees, as part of their overall financial performance

Though measuring these is a step in the right direction, it's important to understand why you quantify your performance. The importance of each KPI may differ depending on the processes you need to optimize. Your business needs are unique, and so should be the metrics you - or your dedicated teams - focus on.



*Choosing the right payments KPIs depends on the type of conversation we're having. For example, if it's a UX exercise or a product discussion, we might need more detail to decide what the next payment method to implement should be. What are the acceptance rates? What are the false decline rates? What are the fraud rates? These are some of the questions that we might be asking. On the other hand, when we are looking at payments through the lens of profit and loss, we would most likely look at very high-level KPIs. Similarly, if it's a fraud review or a quarterly business review with a financial controller, we will need a different level of detail to truly understand the specifics of an account's payment performance.*

**Mohammad Sajjad Bhojani,**  
Head of E-Commerce,  
Azadea Group

We spoke with some of the payments leaders across MENA to see what KPIs they tend to consider a priority for their online business:

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**Paul Carey,**

Executive Vice President - Cards & Payments,  
Al-Futtaim Group

**Top payment KPIs we look at:**



Conversion rates



Cost of acquisition



Customer lifetime value

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*These three KPIs are key to uncovering how well merchants are performing with regards to attracting customers to their website and how good they are at retaining them in the crucial moment of conversion, and in the long run.*

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**Shahood Siddiqui,**

Chief Technology Officer,  
COFE App

**Top payment KPIs we look at:**



Conversion rate by bank, payment  
method and card type



Cart abandonment rate



Chargeback rate



Fraud rate



Uptime



Global vs localized sales trends

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**Alexandre Morin,**

Director Payments - Risk and Fintech,  
Wego

### Top payment KPIs we look at:



Authorization rate by product, channel, payment method, card types and issuer



Payment page abandonment rate



Decline reasons breakdown



Cost per payment

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With such a variety of data points and indicators available, it's easy to get lost. That's why it's important to map your data goals against key metrics and processes to understand their correlations. Siloed or poorly pieced-together information can be detrimental to the quality of obtained insights, so it's crucial to remember that the power of data lies in combining seemingly disparate datasets to create a meaningful picture of your performance.

### From cost center to strategic asset

As payments are increasingly recognized as revenue drivers, in the same vein, payments data must be progressively seen as a strategic asset. Embedding a data-centric culture across your business may be a gradual process with a steep learning curve, however, the tangible benefits are countless and should be made visible to all key decision-makers across your organization.



*Payments are the biggest component of our cost of sales, so, naturally, we put a lot of effort into collecting real-time data. Typically, we start with analyzing the costing aspect of payments and we subsequently examine customer behavior, particularly the number of retries, abandonment rates and customer loyalty. Luckily, being a technology-driven company, pitching the benefits of dedicating resources to payment data analytics was not a difficult task and we can access insights that bring value to our business.*

**Alexandre Morin,**

Director Payments - Risk and Fintech,  
Wego

Knowing where to start and how to turn numbers into meaningful business intelligence is challenging, hence, make sure to choose a partner that delivers integrated, transparent, and organized reporting and insights, coupled with local expertise and support. Once the basics are covered, monitor, test, and adapt accordingly to turn your data into a competitive advantage.



*Fintech partners in particular are able to offer very granular data to their merchants which helps to understand customer behavior and needs, allowing us to execute better. We leverage our payment gateway data to regularly monitor and review relevant KPIs and inform action planning. This increased focus on data helps us improve our conversion rates and, simultaneously, drive better customer experience and repeat business.*

**Paul Carey,**

Executive Vice President – Cards & Payments,  
Al-Futtaim Group

# Not just numbers - using payment data as a competitive differentiator



**Shahood Siddiqui**

Chief Technology Officer,  
COFE App

## Optimization enters the stage

Entering the online space has been an inevitable step for many merchants but the COVID-19 pandemic truly catapulted this shift, resulting in very rapid growth of the digital economy in the region. At the time, merchant efforts were mostly concentrated on the speed of onboarding rather than operational efficiency. Today, as we settle into the post-COVID world, businesses increasingly recognize the need for optimizing processes, among which the checkout process is of the greatest importance.

## Monitoring to prevent dropoff

Although it's the last step of one's shopping journey, checkout is also the most crucial one. Industry data indicates that about 5% of consumers may drop off at this stage due to a myriad of issues, including checkout errors, downtime, security concerns, hard-to-understand error indicators and declined payments. For example, Checkout.com's data suggests that 60% of consumers will abandon their purchase if they can't pay with their preferred payment method.

In order to actively combat these drops, businesses must make tracking and analyzing customer behavior during payment their top priority. Indeed, data can help capture multi-channel transaction flows inside a single system, making it possible to monitor important information such as sales trends, location patterns and, of course, authorization rates!

## Let the data be your guide

At COFE, everything we do is guided by data - we use it to create meaningful insights for product, marketing, sales, communications and other supporting departments. create meaningful insights for product, marketing, sales, communications and other supporting departments. Payment-specific data forms a key part of our knowledge base informing strategic decisions. For example, it allows us to better target our marketing efforts. By tracking a purchase to its original source, merchants like us can create more accurate customer profiles, supporting cross-channel customer journeys.

We are actively responding to the potential our data offers at all times. Both the COFE App Rewards program and our subscription plans build upon payments data and insights. In short, our customer rewards are awarded based on transaction data while subscription prepayments are monitored to accurately manage customer trust and loyalty.

But we took it a step further. With voice ordering now integrated into our platform, the user can order their next beverage without ever having to open the app. The ordering, product customization and payment are all performed in the backend following a single voice command. In a user flow of such complexity, every aspect of the ordering process has to work seamlessly to delight our customers. This means the payment process has to be smooth - any glitch could lead not only to an abandoned order but could also lose us hard-won customer loyalty.

## From insights to fine-tuning

This is why, for us at COFE, payments data is worth its weight in gold when it comes to understanding consumer behavior and consequently creating an improvement roadmap that not only addresses the reasons for failed conversions but also adds a smoother, more convenient user experience. In a time when countless digital platforms are coming up, user experience serves as our differentiator.

With all this in mind, we have found Checkout.com to be a very reliable partner who understands our growth trajectory and associated business needs. Their merchant support is unmatched, while their focus on constant improvement and innovation fits in very well with our own ethos of doing business. Successful partnerships like these help us seize the opportunities of the growing digital economy here, in MENA.

# Keeping fraud at bay

## Designing a comprehensive fraud-fighting strategy

In light of uncertain economic times, safeguarding your revenue emerges as a top priority. Nonetheless, fraud is an increasingly tough opponent to fight. As innovation stimulates advancements in the payments industry, fraudsters don't rest on laurels, further sophisticating their own scam methods and tricks. A case in point is made on MENA's home grounds, with 65% of businesses in the UAE claiming to struggle to prevent payment fraud. Designing an end-to-end fraud strategy, built around a flexible fraud detection solution that uses cutting-edge technologies such as Machine Learning, is key to protecting your business, ensuring sustainable growth and unlocking revenue streams previously lost to an uncus-tomized risk management approach.



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*As the world recovers from the pandemic, the payments industry can expect fraudsters to return their focus to financial institutions and merchants, with cybersecurity attacks carried out in the new, increasingly digital age. With the right approach and fitting technologies, industry players can stop threat actors from damaging the ecosystem, maintain trust in digital payments and provide a top-notch end-to-end payment experience for consumers.*

**Dr. Saeeda Jaffar,**  
Senior Vice President and Group Country Manager for GCC,  
Visa

Businesses that accept payments online must be aware of the array of tools and techniques that fraudsters have at their disposal. We asked a range of industry leaders to share the most common types of online fraud that businesses may encounter in MENA and beyond.

## Common types of online fraud

- Social engineering fraud**  
aims to exploit consumer's trust to obtain money directly or gain confidential information to obtain money; increasingly leveraging social media as a preferred channel to commit fraud
- Identity theft**  
occurs when stealing another person's personal identifying information without their permission, including financial products information
- Account takeover**  
aims to take ownership of online accounts using stolen passwords and usernames and subsequently make unauthorized payments; phishing is a common technique to obtain information using email
- Chargeback fraud**  
often referred to as friendly fraud; occurs when a customer falsely disputes a legitimate transaction
- Triangulation fraud**  
occurs when a customer makes a legitimate purchase on a third-party marketplace but the seller fraudulently purchases the product from another merchant using the stolen payment information

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*Fraudsters are nothing if not innovative and adaptive. Future threats will likely come from impersonating customers to gain access to their accounts, particularly to utilize saved payment options. However, there are some very interesting prevention solutions coming into the market, including user authentication through passive techniques to protect genuine customers and continue delivering seamless experiences at the same time.*

**Paul Carey,**  
Executive Vice President – Cards & Payments,  
Al-Futtaim Group

## Use the power of data to fine-tune your protection

Payments data can be a powerful tool to monitor the health of your risk strategy and identify areas of weakness that require increased focus. Diagnosing the root causes of recurring flaws in performance is necessary for optimized execution. Once trends and associated causes are identified, adjusted risk rules and settings can be tested in a safe environment to understand how they can help without disrupting the customer experience.

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*We actively look at simple things such as BIN number rejection rates. As a business, you can easily start off with a very strict fraud prevention policy, especially when it comes to international cards in countries like the UAE where you see visitors from all over the world. But some of these visitors settle down in the country for longer and the risk associated with their payment cards is reduced. So, not all foreign BIN numbers will automatically hurt your business. That's why by not monitoring this data regularly, you can quite easily miss out on genuine, non-fraudulent sales.*

**Mohammad Sajjad Bhojani,**  
Head of E-Commerce,  
Azadea Group

## Tailor your protection tools to suit your circumstances

A one-size-fits-all approach won't cut it when it comes to fighting fraud, given how fast-changing and unpredictable it is becoming. Merchants operating across different industries, present in different locations and serving different target customers will likely face equally contrasting threats. Ensuring your fraud solution is customizable and unique to your business structures and processes is absolutely vital to maximize revenue. Sophisticated decision strategies, flexible rules and the ability to build tailored customer segments for a granular assessment and routing can set you up for success. Less intuitive approaches will likely cost you falsely rejected legitimate transactions that hurt your business growth.

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*Our fraud strategy relies on understanding parts of the business where the risk of fraud is higher. One example for us is international travel booked with non-GCC payment cards. Focusing our energy on those riskier bookings allows us to have a smaller set of manual reviews, take the time needed to identify potential fraudsters and reduce false positives.*

**Alexandre Morin,**  
Director Payments - Risk and Fintech,  
Wego

## Leverage Machine Learning to elevate your protection

Machine Learning (ML) is the type of cutting-edge technology that can take your fraud protection to the next level. It utilizes network-wide intelligence and can be trained to suggest risk rules based on previous attacks and their payment attributes, which helps businesses improve their security and simplify business operations simultaneously. Consider a partner with a significant local footprint - the more data flows through their pipes, the better trained their ML models are.

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### Theory in practice: Machine Learning in action

Your provider’s Machine Learning automatically records and learns from fraudulent activities across all merchants they work with. So, if another company experiences fraud, ML will automatically store payment attributes of this transaction as potentially abnormal. When scanning your transactions in the coming weeks and months, should the same attributes be identified, the payment will be scored as highly likely to be fraudulent and subsequently declined. Fraud prevented with no fuss.

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## Protect with reason

When deciding on authentication levels and extra security in place, merchants must ensure balance and consider different approaches for different ends of the spectrum. For example, a low-value purchase from an existing customer and a high-value purchase made by a new customer carry different risk levels. Overlaying additional verifications to authenticate a purchase may quickly irritate shoppers and lead to cart abandonment but so can a perceived lack of payment safety. Hence, it’s vital to choose a solution that strikes a good balance between reducing fraud, minimizing friction and maximizing acceptance rates.

## False declines - the silent revenue killer

Let’s take a closer look at one of the most common stumbling blocks that merchants encounter when fighting fraud. False declines occur when a customer’s transaction is rejected wrongly. At a global level, merchants increasingly recognize this silent killer of payments performance, with 30% of retailers across Europe and North America claiming that high false decline rates pose a very high reputational risk to their business. And MENA is not immune to this problem, with a staggering three-quarter of consumers abandoning their shopping cart upon experiencing a falsely rejected transaction. For merchants across the region, it’s simply money left on the table. However, although ignoring false declines is a damaging and very costly mistake, removing them from the equation doesn’t have to be a complex task, particularly with the right support at your disposal.



of consumers in MENA will not reattempt to purchase an item from the same website, or at all, if their payment is falsely declined



of consumers in MENA have had a payment declined online in the past year despite having enough funds in their account

As with any other type of fraud, it all comes down to leveraging cutting-edge technology to fine-tune your fraud protection strategy. Diving deeper into details can help you diagnose the root causes of false negatives - as well as false positives - to understand which fraud rules result in most declines and what changes need to be made to improve the performance. It is also vital to safely experiment with new strategies before implementing optimizations live.

### Identify, adjust, test and protect

Technology is revolutionizing the way businesses fight fraud globally, so make sure you act fast to prevent potential losses. Leverage advanced, data-driven and customizable tools to identify the underlying causes of the risks you're facing and adjust your strategies accordingly. Providers understand that you don't want your fraud protection to operate at the expense of your customers' payment experience, so it's important to opt for solutions that allow you to safely experiment with new rules and risk strategies.



*Having a partner like Checkout.com means we have access to the highest standards of security and fraud prevention. Outside of the GCC, where internet connectivity is not always of the highest quality, fintechs often encounter failed transactions and other errors that prevent optimal performance. With Checkout.com, we are able to mitigate these issues quickly. For example, transactions that are not successfully processed are rectified while avoiding double charging our customers which relieves customers concerned about losing money or being charged multiple times. Checkout.com's technology also helps us manage dispute management and streamline customer authentication. Developing such partnerships with fintechs in the region is critical to the success and continuous growth of the ecosystem.*

**Feras Jalbout,**  
CEO & Founder,  
baraka

# Taking payments to the next level

## Changing the game with AFTs

As MENA’s digital economy advances, consumers have increasingly high expectations with regards to how, and how quickly, they can move their funds. As such, fintech companies push to deliver better performance in this area, particularly by speeding up transactions and delivering the best end-to-end experience in moving consumer money.

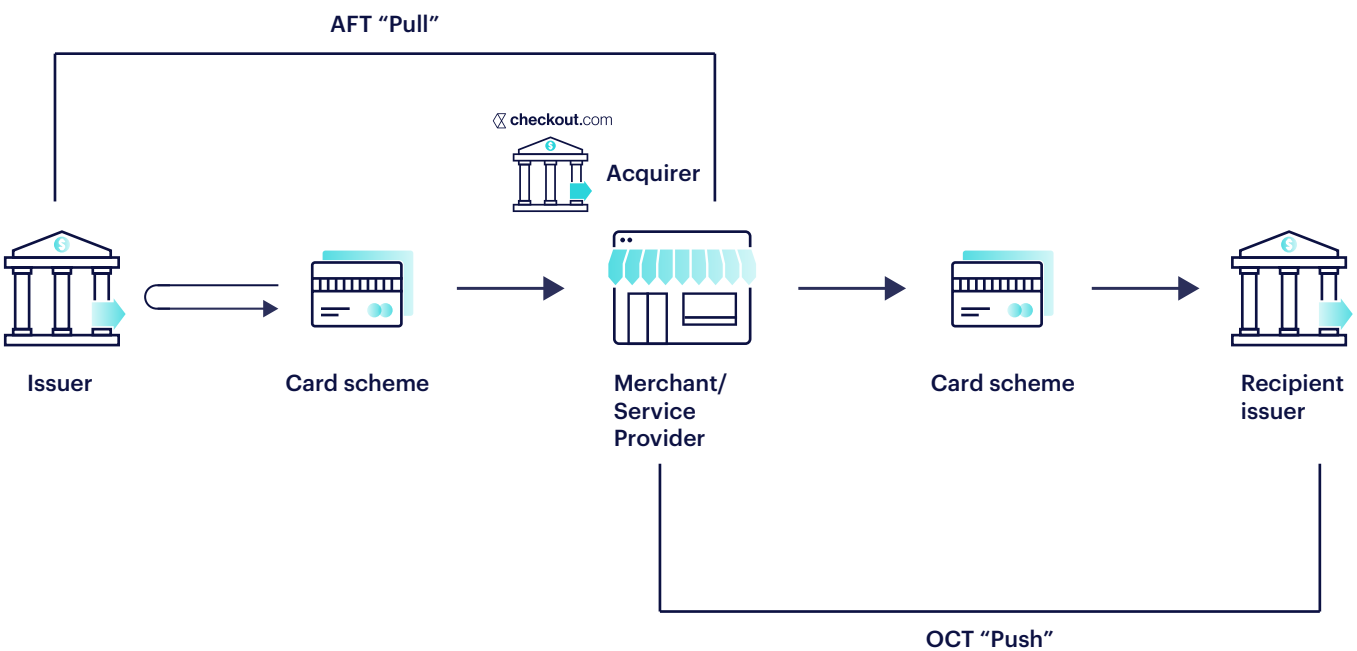
This is where Account Funding Transactions (AFT) become a true game-changer in countries like the UAE. As the name suggests, these types of transactions are used to fund accounts and other embedded financial solutions such as third-party digital wallets. Card-to-card transfers in particular have an unmatched potential for taking the UAE ecommerce ecosystem to the next level. Indeed, benefits are tangible for fintechs, merchants and end-users alike.

## Account Funding Transaction (AFT)

A transaction in which funds are pulled from an account and used to fund a non-merchant account. For example,

- ☒ to load or top-up a prepaid card account
- ☒ top up a digital wallet
- ☒ move funds into another financial account (e.g. savings deposit account)
- ☒ or fund a person-to-person (P2P) money transfer

## AFT “pull” and “push” mechanism



## Removing roadblocks to efficiency

If online, transactions used to fund other accounts or wallets are predominantly taking place on old bank transfer rails. However, this is often associated with inefficiencies; the key ones being long settlement and restrictive cut-off times (e.g. weekends and holidays). As our data suggests, only 9% of consumers in MENA cite bank transfers as their preferred online payment method, compared to 40% of respondents favoring payment cards. Fintechs and merchants, especially those with relatively low margins, tend to rely on bank transfers due to their lower cost, however, the user experience they deliver is often far from optimal.

And as consumers become more digitally savvy, they demand more flexibility. From their standpoint, being able to move money instantly is becoming increasingly crucial. According to Checkout.com's survey, nearly 80% of consumers in MENA claim to engage in fintech activities beyond making payments online, including money transfers to friends and family, wealth management, investments and other types of budgeting and personal finance activity. To make the most of these apps consumers want to be able to move money in real-time. At the sharp-end of this, we can take investment apps as an example: if it takes you a day or more to move money from one account into your investment app, you may very well have missed the opportunity to secure the optimal price for the desired asset/stock etc. AFTs enable users to participate in a range of financial activities and, crucially, keep up with the pace of real life and markets. What may have taken days in the past, can now be performed instantly.

In turn, fintechs and merchants gain long-awaited sustainability across their operations. Reduced processing costs and, consequently, increased liquidity, coupled with the ability to meet consumer demand and offer a convenient payment method bodes for a win-win scenario.



of consumers in MENA report engaging in various types of fintech activities, including money transfers, wealth management and investments



of merchants in the UAE and KSA partner with a payment or fintech provider to offer embedded finance options such as P2P remittances or investment products

## Optimizing money transfers with AFTs

- Quick**  
Funds are moving 24/7 allowing end-users to leverage time-sensitive opportunities and transfer money in emergencies, while providers maintain a healthy cash flow by speeding up the process of incoming and outgoing funds
- Convenient**  
AFTs act like any other online card transaction when it comes to speed and ease of use for consumers, removing inefficiencies associated with bank transfers and offline funding, and optimizing the user experience; the ability to set up recurring payments (e.g. pension fund payments) adds further value
- Cost-effective**  
AFTs offer significant cost savings, particularly when processing large ticket size transactions, for fintechs and merchants, making their businesses more sustainable
- Secure**  
Backed by card schemes and operating in line with PCI guidelines, AFTs are a reliable and safe way of transacting online

## Don't miss out on faster payments

Card processing is not a static game - it evolves, particularly in countries such as the UAE where the payment ecosystem is relatively young and thriving. Before AFTs entered the online space, some industry players simply couldn't afford to be involved in card processing. But now that real-time payments are becoming an industry standard, they can no longer afford to miss this opportunity. Solutions such as the AFTs bring the desired speed and ease of transacting that boosts customer satisfaction and loyalty.

# Choose a partner, not a provider

### Take steps to optimize your revenue

A payments performance that isn't optimized is holding you back from truly seizing the opportunities of MENA's digital economy. Consumers are ready to dive deep into digital-first experiences and the supporting ecosystem of ecommerce merchants and fintech players is flourishing. Understandably, merchants might find themselves overwhelmed by the number of considerations and metrics involved, but optimizing your performance doesn't have to be a laborious process if you find the right starting point.



#### Tap into payments data

Don't work in the dark - the data created every time a payment is attempted holds immense value to your business. Work with a partner that provides you with a granular view into your payments data, guiding you through the key indicators of your performance and helping you take proactive steps to improve what may not be optimal and leverage what you're great at.



#### Safeguard your revenue

Fraud protection needn't be a purely defensive strategy. Instead, treat these efforts as a way to maximize revenue. Work with a partner that deploys the latest technological advancements and helps you keep fraudsters at bay to improve acceptance rates while minimizing friction for legitimate customers.



#### Monitor and adapt

Payments are a dynamically evolving industry these days, so don't miss out on chances to take advantage of new solutions, models and channels. Take AFTs as an example. With so many merchants now offering embedded finance, it might be your sign to enter this space, leveraging a convenient, cost-effective and speedy tool.

If these tips still sound overwhelming, fear not. The payments optimization journey is not one you embark on solo. You need the right partner at your side. That's right - a partner, not just a provider but a company that's invested in your business. Our research suggests that merchants in MENA increasingly look for added value from their providers, be that easy integration, a deep understanding of their business, or the ability to improve their operational efficiency, often leaving the price at the bottom of their priority lists.



41%

of merchants in UAE and KSA look for payments providers with the most modern technology and expertise to support the most advanced payments setups

So, whatever your unique needs may be, partner with an expert that fast-track your path to unrivaled payments performance in MENA.



*At The Chefz, we want to work with partners who are experts in their field and this is why we have an integration with Checkout.com. It brings value because we have a reliable partner who helps us manage - and optimize - online payments which is not an easy task. It requires effort, time and resources, so going directly to the right partner that can help us expand faster, while mitigating potential challenges is certainly a worthwhile investment for us. And it's exactly the win-win scenario that we are looking for.*

**Ramzi Alqrainy,**  
Chief Technology Officer,  
The Chefz

# How the Saudi fintech industry can empower local merchants



**Nezar Alhaidar**

Director of Fintech Saudi

## **Empowering merchants through raising awareness**

Fintechs leverage technology and new business models to help reduce costs, increase speed and remove friction across financial services. They are by nature nimble, solutions-oriented businesses built on new technology which can solve existing problems. It is, therefore, vital that merchants understand how fintechs can help improve their operations and optimize their revenue in the long run. Fintech Saudi acts as a catalyst for empowering fintechs across Saudi Arabia. At the very heart of this lies the need to raise awareness about the great fintech solutions that can benefit local merchants. We want to ensure that businesses in Saudi Arabia are aware of companies that can help them to get online, improve operations and scale.

## **Getting online**

The challenge that we are still seeing is moving merchants from the offline space into the online world in the first place. Despite the ongoing digital transformation, there are still businesses that require support in establishing their e-commerce presence. And with that comes a myriad of questions and decisions. What payment methods to accept? How does settlement work? And the most important one of all - which payment gateway to use?

Naturally, choosing the right provider is important, given how big their role is in digitizing a merchant's business. Payment gateways allow businesses to accept payments in a smooth, fast and secure manner. But there's more to that - many providers take on the role of a partner who navigates merchants through the complexities of the online payments

world. Building on their analytics capabilities and local expertise, they can provide much-needed visibility into key performance indicators and anomalies, including authorization rates, declined payment trends or payment method preferences among consumers. And that's the first step towards improving the overall ecommerce performance.

## **Improving operations**

For many merchants, performance-related issues such as false declines or cart abandonment are still treated as being "in the nature of business". And that's not the right approach. We're inevitably heading towards dealing and trading in the online world full-time and any performance stumbles must be addressed if we aim to have a strong ecommerce ecosystem centered around empowered merchants and consumers alike. Particularly since the capabilities already exist - it is a matter of helping merchants fully understand the size of the opportunity here.

First and foremost, fintechs offer tools and expertise necessary to improve the user experience which, in turn, leads to increased conversion rates for merchants. By removing friction throughout the payment lifecycle and ensuring customers are equipped to pay smoothly, using their preferred payment method, cart abandonment and checkout dropoff rates can be tangibly decreased.

Another area of interest that's gaining attention among merchants, given the pace of the digital transformation in the region, is centered around fraud and consumer protection. Again, fintechs can be of great help here by offering high-quality fraud prevention engines to ease consumer minds and protect merchant reputation and revenue. We must ensure businesses in Saudi Arabia are aware that they are not alone when it comes to combating fraud.

But fintech support is not limited to customer-facing processes. Specialized players can also offer solutions related to merchants' internal operations such as financial management. For example, cloud accounting providers allow businesses to truly revolutionize their bookkeeping by streamlining cumbersome processes and providing access to real-time data, so that time and effort can be dedicated to other growth areas of business, online selling in particular.

### Supporting scale

Beyond support with the offline-online transition, we also see merchants being increasingly interested in accessing new markets in the region, whether it's another jurisdiction within the GCC or another Middle Eastern or North African country. Consumers in these markets are virtually one click away, but they have different local payment methods, currencies and preferences with regards to how they spend their money. Merchants are looking for ways of perfecting their checkout process in a way that will allow them to unlock new streams of revenue and new markets in the smoothest manner possible. Building upon their on-the-ground expertise, fintechs can help businesses solve the complexities of expanding across borders and ensure success by providing tools that cater to local needs and preferences.

But scaling, locally or across borders, can be a costly undertaking. Yet again, the fintech industry provides solutions to Saudi merchants who may be struggling with cash flow issues. For example, local working capital finance providers offer crucial capital needed to grow business in the fast-developing Saudi market where missing an opportunity due to money constraints can often mean losing out on gaining a competitive advantage.

However, increasing financial inclusion across merchants is only part of the success. Driving sustainable access to capital among consumers is equally vital as it allows for the flow of funds in the digital economy. In this regard, new and transformative products are being developed as we speak. Just look at the steep rise in buy now, pay later here in Saudi Arabia. This solution went from 'zero to hero' in a matter of a couple of years, showcasing how fintech can help merchants reach new customers through innovative financing solutions.

### Gaining traction and building momentum

We are still at the beginning of the digital journey and the offline-to-online transition is very much underway in Saudi Arabia. As the number of merchants and consumers engaged in ecommerce rises, so will the number of fintech solutions supporting the ecosystem. For example, there have already been cases of merchants drastically enhancing their acceptance rates thanks to their fintech partners. As these success stories snowball, Saudi businesses will all strive to compete at the level of payment performance, hence revenue gains, fraud prevention and customer loyalty.

As the use of technology such as Artificial Intelligence and Blockchain increases and we see new initiatives such as Open Banking develop, we expect the fintech solutions to become even more innovative, with services such as smart contract escrow accounts, personalized real-time insurance solutions or embedded finance entering the space. It is an exciting time for merchants to participate in the online world and the Middle East is at this tipping point where a wealthy population has moved online, and away from cash, and we can see an upward trajectory for the digital economy which still has significant growth potential. Whether you are looking to start your online journey or are considering how to scale your e-commerce platforms, fintech solutions are here to support you to become the best that you can be.



# Expand in MENA with the leading payments platform built for global business

Checkout.com is a leading global payment solutions provider that helps businesses unlock more revenue with reliable cross-border payments, local APMs dedicated personalized support and deep local expertise. Purpose-built with performance, scalability and speed in mind, our modular payments platform is ideal for merchants looking to take advantage of the exciting growth opportunity in MENA.

Launched in 2012, Checkout.com now has a team of over 2,000 people across 19 offices worldwide – including Dubai and Riyadh – offering local support where it's needed. We offer all major international credit and debit cards and popular local payment methods, including Tamara, Mada, KNET, QPay, Fawry and more. It's why innovative brands like HungerStation, Jahez, Jarir, Alshaya, Deliveroo, Cafu, Bitoasis, Carrefour, Talabat, Careem and Wise all use our cloud-based payments platform. Our on-the-ground presence and understanding of the regional payment ecosystem make us the ideal partner for optimizing your digital payments in MENA and beyond.

Find out more at [Checkout.com](https://Checkout.com)

