

# **Saudi Arabia Has Approved Two Robo Advisors As Automated Investing Picks Up**

Fintech in Saudi Arabia has just got a boost following the country's announcement that it issued permits allowing two fintech firms to "experiment" robo advisory service.

The Kingdom's Capital Markets Authority (CMA) granted permits to Wahed Capital and Haseed Investing Company to roll out robo advisory services - a sign that Saudi is warming up to millennial investors' needs. The CMA said that these companies will allow clients to get advice on securities or investment schemes through an automated platform.

While robo advisors are quite common in much mature western markets, the idea is only catching up in the Middle East that is yet to form regulations governing the sector. But with more millennial investors and a growing mass affluent segment, robo advisors are gradually cropping up and are even receiving interest from investors.

Boosting fintech activity is also part of the Kingdom's plan to increase non-cash transactions that only accounted for less than a fifth in Saudi in 2016. The government has an ambitious plan to increase this to 28% by 2020.

In line with that, the country's Saudi Arabian Monetary Agency recently awarded licenses to 14 fintech firms in the sectors of crowd lending and payment services. This followed an earlier move of licensing seven fintech firms.

Regionally, fintech is gaining momentum, with the UAE and Bahrain trying to woo startups specializing fintech firms to set up shop in their jurisdictions. According to a report carried by UAE's state news agency WAM, the number of fintech startups in the region is expected to grow by 96 in 2019 to 465 in 2020.

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