

GCC's digital wallet ecosystem

The role of telco wallets



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Executive summary

Digital wallets have revolutionized financial transactions, enabling secure, convenient, cashless operations using mobile devices. They offer a wide range of functions, from payments and remittances to advanced features such as budgeting tools and loyalty programs, creating benefits for both individuals and businesses.

Due to their many advantages, digital wallets are currently experiencing exponential growth in the countries of the Gulf Cooperation Council (GCC). Approximately 38 million individuals used digital wallets across the GCC in 2024¹ and the market is expected to see a compound annual growth rate (CAGR) of 34 percent between 2024 and 2030², reaching around USD 932 million in revenues by the end of the decade. Key trends driving this growth include financial inclusion in underserved regions, the integration of advanced security technologies, the rise of “super-apps” and increasing adoption by global merchants.

The GCC has seen a particular surge in the popularity of digital wallets offered by telecommunication companies, or “telco wallets”. Fueling this has been the region’s pro-FinTech regulatory landscape, exceptional mobile penetration rates – forecast to hit 91 percent by 2025³ – and robust telecommunications infrastructure. Telco wallets are rapidly embedding themselves in the everyday lives of GCC residents, transforming the region's financial ecosystem.

Telco wallets such as stc pay, currently used by approximately one-third of Saudi Arabia’s smartphone users⁴, illustrate the diverse monetization strategies found among providers, from building comprehensive ecosystems to targeting niche markets such as expatriates. Future trends are set to make telco wallets even more versatile and attractive to consumers. For example, the integration of digital assets into telco wallets may lead to a significant reduction in transaction costs. Such advancements position telco wallets at the forefront of innovation in financial services: By continually evolving, they can effectively meet the demands of a fast-changing digital economy.

¹ Statista – Digital Payments (2024)

² Statista – Digital Payments (2024); Roland Berger (2024)

³ Statista – Mobile internet usage in MENA (2024)

⁴ Analysys Mason – Report on stc pay (2023)

1

From e-commerce to international payments

The dynamic rise of digital wallets

A digital wallet is a software application that allows users to store and manage their payment information on their smartphones. Users can then make electronic transactions on the app, eliminating the need for physical cash or cards. This further enables various functions such as online shopping, contactless payments in bricks-and-mortar stores, sending and receiving money, and participation in loyalty programs.

A Digital wallets - sample use cases

P2P transfers

Instantly send or receive money between individuals



E-commerce

Make seamless online purchases without entering card details



Remittances

Transfer funds internationally at lower cost



Bill payments

Pay utility bills directly from the wallet



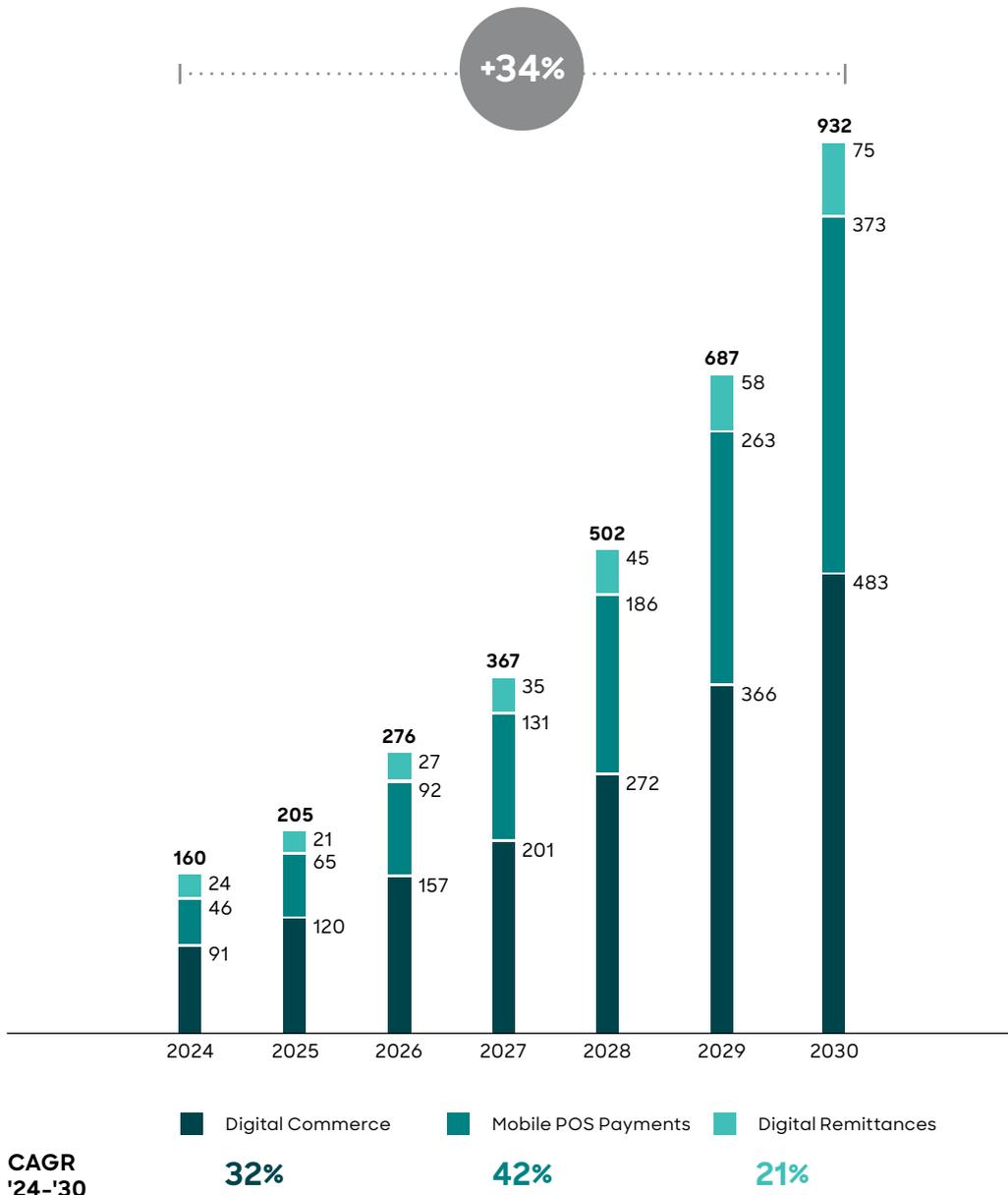
Mobile POS payments

User QR codes or NFC for contactless transactions at physical stores



The stand-out use cases for digital wallets are remittances, mobile point-of-sale (POS) payments and e-commerce. E-commerce takes center stage, with revenues set to soar from USD 91 million in 2024 to USD 483 million in the GCC by 2030, reflecting the sector's dominant role in reshaping consumers' purchasing habits. Mobile POS payments follow closely behind, projected to rise steadily from USD 46 million to USD 373 million on the back of increased smartphone penetration and consumers' growing preference for seamless, on-the-go transactions in high-traffic environments such as shopping malls. Although remittances are the smallest of the three use cases, their projected revenue growth of USD 50 million by the end of the decade underscores the enduring importance of cross-border payments in the GCC, a region with significant expatriate populations.

B Forecast digital wallet revenue by channel in the GCC, 2024-30

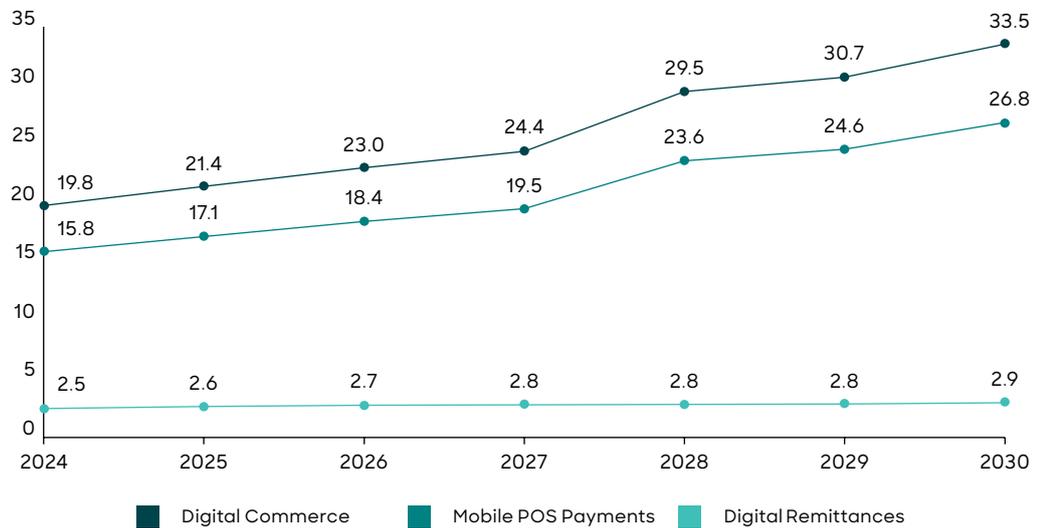


Source: Statista; Roland Berger

Digital wallets have revolutionized personal finance for consumers. They make transactions more convenient, cutting the time needed for both online and in-store payments. Transactions are also more secure, as the encryption used minimizes the risk of fraud as well as protecting sensitive data. Transaction costs are lower, too, as digital wallets bypass traditional payment intermediaries, and checkout processes are faster thanks to “tap-and-go” technology and biometric authentication. Peer-to-peer transactions – sending gifts or splitting checks in a restaurant, say – also become simpler. Not only that, digital wallets can be integrated with loyalty programs, allowing users to earn rewards and save money on purchases.

Given the broad range of benefits they offer, it is no surprise that digital wallets are forecast to see a significant surge in adoption across the GCC, with around 60 million individuals making use of them by 2030 – granting them a major role in the future financial landscape.

C Number of users by channel in the GCC, 2024-30 [million]



Source: Statista

Three major trends are driving the expected dynamic rise in the adoption of digital wallets. First, digital wallets promote financial inclusion and accessibility. They provide an essential alternative to traditional banking for unbanked populations – especially in developing countries, where access to financial institutions is often limited. Second, they enable the integration of advanced technologies such as near-field communication (NFC), biometrics and tokenization, all of which boost transaction security. This builds consumer trust in digital wallets as a safe alternative to traditional payment methods. And third, adoption will be driven by increasing acceptance by merchants: From small and medium-sized enterprises (SMEs) to large retailers, global retailers are adopting digital wallets for their speed, convenience and reduced risk of fraud, in turn driving consumer adoption and market growth. Indeed, 71 percent of SMEs surveyed in the United Arab Emirates (UAE) said they were either already cashless or planning to become so by 2025.

Telecommunications companies take the lead in the GCC

A range of players currently offer digital wallets. We identify five major types of providers: Global technology firms, telecommunication service providers – the particular focus of this study – multi-service platform operators, banks and financial institutions, and emerging FinTech providers.

D Providers of digital wallets

Global technology providers

Overview
Companies offering digital wallets integrated with their devices and ecosystems

Examples
Samsung Pay, Apple Pay, Google Pay



Telecommunication service providers

Overview
User QR codes or NFC for contactless transactions at physical stores

Examples
Ooredoo Money, Mobily Pay, stc pay, e& Money, iPay by Vodafone, du Pay



Multi-service platform operators

Overview
Platforms embedding digital wallets into diverse service offerings, enabling various use cases

Examples
Careem Pay



Banks and financial institutions

Overview
Traditional banks/ financial entities offering digital wallets for seamless transactions and banking services

Examples
Payit, QNB Pay, Alinma Pay



Emerging FinTech providers

Overview
FinTech companies developing innovative digital wallets typically specialized in specific domains

Examples
Tiqmo, Ziina, Barq



In the GCC region, digital wallets offered by telecommunication service providers have emerged as the preferred digital wallet solution. Telco wallets have capitalized on the region's extensive, robust telecommunications network and thrived in the supportive regulatory environment. Major factors for adoption include:

5 Statista - Penetration rates of smartphones in UAE (2024)

6 Gulf Labor Markets and Migration (2022)

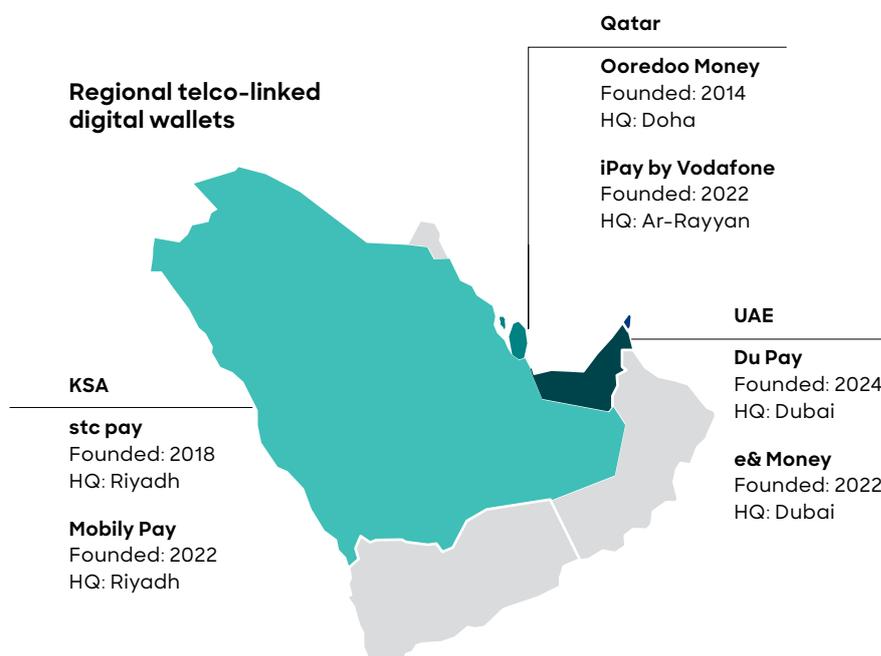
High penetration of mobile phones: The GCC has exceptionally high smartphone penetration rates – 97 percent in the UAE⁵ – providing a solid foundation for the adoption of telco wallets.

FinTech regulatory framework: Telco wallets benefit from progressive policies and initiatives designed to encourage digital payments, such as the Stored Value Facilities (SVF) regulation in the UAE.

Demand for cross-border payments: Telco wallets have seen a surge in demand driven by the region's large numbers of expats, who make up approximately 52 percent of the total population⁶ and require cost-effective, efficient solutions for international remittances.

These factors have made telco wallets the go-to choice for millions across the GCC, with major players such as stc pay leading the way in terms of popularity.

E Telco wallets across the GCC



2 Different target customers, different products

Defining a strategy for telco wallets in the GCC

The GCC region presents significant opportunities for the providers of telco wallets, fueled by growing demand for digital financial solutions. Players currently pursue a range of market strategies, differing mainly in terms of their target customers and product offering.

With regard to target customers, players' strategies are shaped by each country's unique demographics and the player's own presence in the region as a telecommunications service provider. Companies founded by leading telecommunications companies, for example, can build on their loyal customer base through loyalty programs. Moving into digital banking can enable them to reach people at every income level, from affluent individuals to cost-sensitive consumers, thereby establishing a robust market presence. An alternative strategy is to focus mainly on expatriates, which in Saudi Arabia make up 42 percent⁷ of the country's population, for example. These expats rely heavily on affordable remittance services – Saudi Arabia's remittance outflows were around USD 39 billion in 2023⁸ – and companies can use competitive pricing and their telecommunications expertise to directly address their critical needs.

In the UAE and Qatar, expats make up around 88 percent⁹ of the population – a far greater proportion than in Saudi Arabia. Here, players cater to expats not by choice but of necessity. However, trust in telco wallets is less well established in these two countries than in Saudi Arabia; in the UAE in particular, expats often gravitate towards global options such as Apple

⁷ Saudi Arabia population census (2022)

⁸ World Bank - Migration and Development Brief (2024)

⁹ United Nations - International Migration report (2022)

Pay. To remain competitive, providers focus on the most essential use cases, such as remittances. For instance, du Pay has partnered with JazzCash to simplify transfers to Pakistan¹⁰, tapping into a remittance market in the UAE that was worth USD 40 billion in 2023¹¹. In Qatar, where remittance volumes are smaller, iPay (by Vodafone) aims to broaden its appeal by targeting short-term residents and tourists through “visitor wallets”. Despite the differences in market dynamics, both the UAE and Qatar demonstrate potential for growth by addressing expat-specific needs while improving trust and diversifying their service offerings.

10 Du (2024)

11 Statista – Remittance flows (2023)

In terms of products, across the GCC telco wallets have emerged offering a spectrum of features, ranging from essential transfers and payments to sophisticated financial management tools. At one end of the spectrum are one-stop-shop solutions providing a holistic financial ecosystem that goes well beyond basic functionalities under a single digital roof – from digital gift cards to money management tools to help users track their spending habits. At the other are companies concentrating on key functionalities that reflect the region’s core financial behaviors: Remittances, POS transactions and digital commerce. Within this, some players are venturing into niche areas such as virtual IBANs, salary transfers and cardless ATM withdrawals, adapting their products with carefully chosen, incremental enhancements to meet local needs, user segments and transaction preferences.

F Functionalities offered by telco wallets in the GCC

Company	stc pay	Mobily Pay	e& Money	Du Pay	Ooredoo Money	iPay by Vodafone
Country	KSA	KSA	UAE	UAE	Qatar	Qatar
Intl. transfers	✓	✓	✓	✓	✓	✓
Local transfers	✓	✓	✓	✓	✓	✓
Debit card	✓	✓	✓	✓	✓	○
Merchant payments	✓	✓	✓	✓	✓	✓
QR code payments	✓	○	✓	✓	✓	✓
Data recharge	✓	✓	✓	✓	✓	✓
Money mgmt.	✓	○	○	○	○	○
In-app marketplace	✓	○	○	○	○	○

3

The road ahead

Recommended actions for telco wallet providers

The rise of telco wallets in the GCC has revolutionized financial interactions, enabling seamless cross-border transactions, secure real-time payments and efficient money management. Building on this robust operational framework, regional players are now poised to elevate telco wallets further, integrating advanced features such as “super-app” capabilities and cross-geography applicability – and thus transforming them into versatile platforms for the future of financial services. This rapidly evolving ecosystem is drawing in major financial players, positioning stablecoins as a foundational layer in the future of finance.

G The road ahead for telco wallets



Unlocking super app potential

The GCC can meet **growing demand for super apps** by adding features like travel booking, investments, and ticketing to enhance user engagement



Facilitating regional and global payments

With a **high expat population** and **strong tourism spend**, digital wallets can expand regionally and globally by enabling seamless cross-border payments across the GCC and beyond

Super-apps – applications that provide multiple services, often including instant messaging as well as payments – face a number of challenges. The GCC currently has a fragmented wallet ecosystem, with multiple closed-loop wallets from e-commerce, food delivery and financial institutions, each operating in isolation. This poses two major problems: Merchants hesitate to support multiple wallets, and users dislike having to work with more than one payment app.

Companies providing telco wallets can overcome this hurdle by making use of their extensive B2B (business-to-business) network to rapidly onboard merchants, thereby driving widespread acceptance. Their established ties with closed-loop wallets enable seamless interoperability with high-demand services such as travel planning, event ticketing and utility and government payments. Bringing these services together will create a unified payment ecosystem, laying the foundation for the region’s first true financial super-app.

Players can also utilize artificial intelligence (AI) and advanced technologies to enhance user experience and drive differentiation. The region’s annual growth in the contribution of AI is expected to range

between 20 and 34 percent annually, led by the UAE and Saudi Arabia. This indicates the region's readiness to embrace AI in innovative technologies. Examples of potential actions include:

AI-driven personalization: Delivering tailored financial recommendations and predictive insights to meet the needs of the region's population, more than 60 percent of whom are aged under 35¹² and accordingly tech-savvy

Integrated digital assets: Allowing users to manage cryptocurrencies, stablecoins and tokenized investments seamlessly – supported by the USD 70 billion in cryptocurrency inflows to Saudi Arabia and the UAE in 2024¹³

Payments powered by the Internet of Things (IoT): Enabling everyday transactions through connected devices such as wearables and smart home systems

¹² Gulf Labor Markets and Migration – National populations by sex and age groups (2022)

¹³ Chainalysis – MENA Crypto Adoption Report (2024)

¹⁴ GCC Statistics – Tourism (2023)

Finally, the GCC's unique economic structure, characterized by a large expat population and a thriving tourism and business travel sector, necessitates seamless regional and global payment solutions. To address this opportunity, players can prioritize regional interoperability, enabling seamless multi-currency transactions across GCC countries. This would cater to the 18.3 million people traveling between GCC countries in 2023¹⁴. Inspired by global leaders such as Alipay, players can offer features such as streamlined currency conversion, localized currency support and multi-network integration. Once a strong foundation of regional interoperability is established, they can then expand their scope beyond the GCC, adopting Alipay's model to facilitate cross-border transactions on a global scale. This strategy would ultimately enable them to establish their digital wallets as indispensable tools in the global economy, setting new benchmarks for seamless international financial interactions.

How Roland Berger can support you

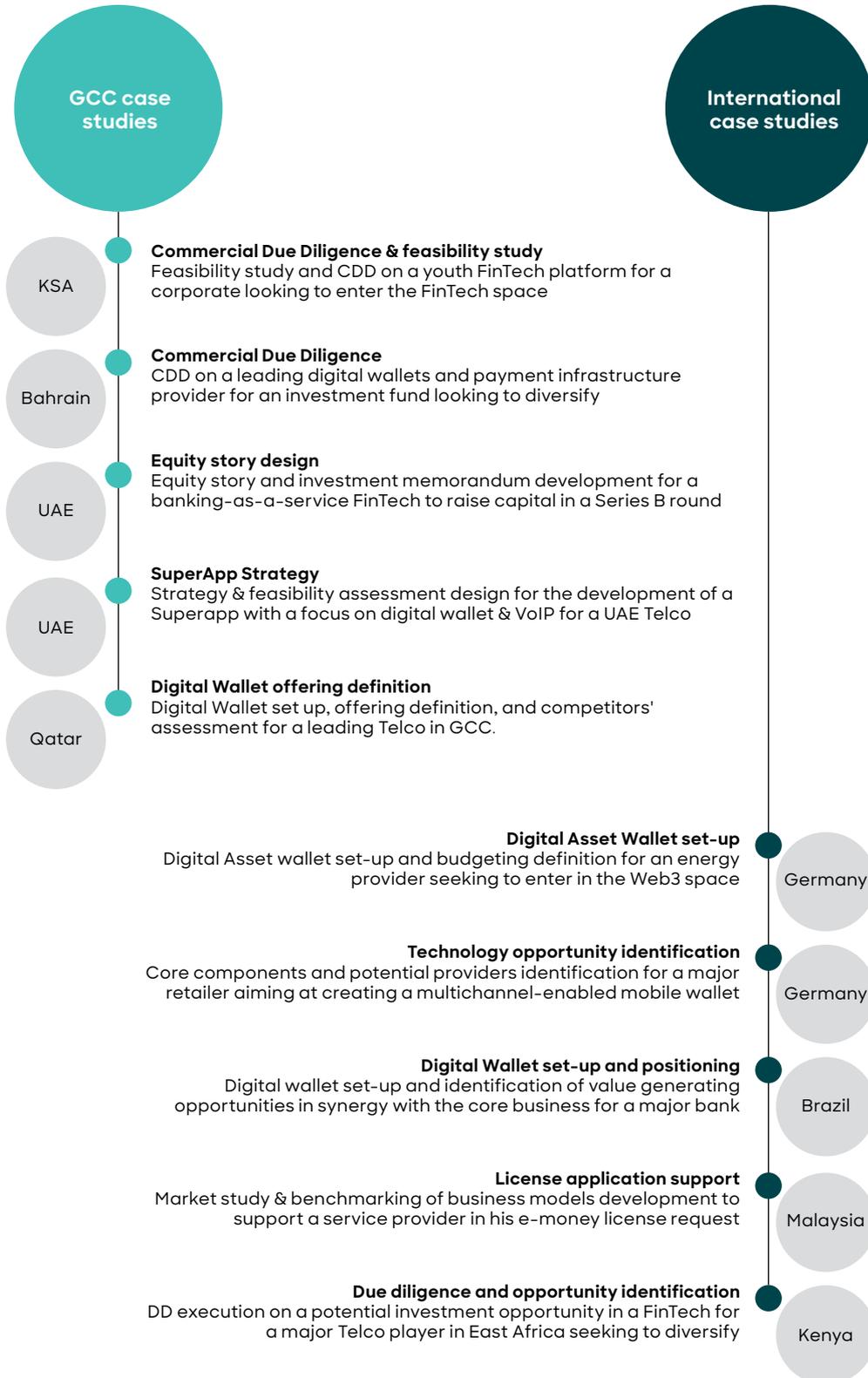
Roland Berger has successfully delivered a broad range of digital wallet projects across the Middle East and globally, supporting banks, FinTechs, telecommunications companies and corporates in navigating the evolving digital payments landscape. In the GCC, we have conducted commercial and technical due diligence for FinTech and digital wallet providers, helping investors and corporates assess market opportunities. We have also played a strategic role in shaping equity stories and investment memoranda for FinTechs seeking growth capital.

Beyond feasibility assessments, our work with telecommunication companies includes competitive analysis, regulatory alignment and product development roadmaps for digital wallets. We have also designed strategies for super-apps, integrating digital wallets and VoIP solutions for leading telecommunications players.

On a global scale, Roland Berger has helped banks define the strategic role of digital wallets, identified key technology providers for multichannel wallet solutions and supported companies in launching digital asset wallets for Web3 applications. Our expertise extends to

navigating e-money regulations, securing licenses and conducting due diligence on mobile money investments, ensuring clients make informed, high-impact decisions in both emerging and developed markets.

H Roland Berger’s successful track record in the digital wallet space in the GCC and globally



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