

Debit Card & Bitcoin in MENA

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Fidelman & Co.

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Debit Card & Bitcoin in MENA

Key Takeaways

- Debit card trends in the Middle East include the emergence of [superior crypto debit card features](#), the emergence of [virtual debit cards for businesses](#), and the switch to [contactless debit cards](#).
- Government crackdowns on cryptocurrencies in the MENA region are not likely to eradicate cryptocurrency demand and [may change](#) how people use cryptocurrencies (e.g., push them to use bitcoin for savings).
- The marked increases in bitcoin prices in the Middle East can be [attributed](#) to the growing number of institutional investors that see the value of bitcoin as a speculative asset.
- Only between [10% to 20%](#) of the cryptocurrency volume in the Middle East can be attributed to retail traders.

Introduction

Provided below are three trends surrounding debit cards in the Middle East and three insights surrounding the adoption of bitcoin as an asset in the Middle East and North Africa (MENA) region. Recently published sources indicate that the emergence of superior crypto debit card features, the emergence of virtual debit cards for businesses, and the switch to contactless debit cards are three examples of debit card trends in the Middle East.

There are indications that some people in the MENA region are already using bitcoin as a speculative asset and not as a currency and that it is institutional investors, not retail investors, that are driving the growth in the adoption of bitcoin as an asset in the region. Crypto-asset platform provider Rain Financial Inc. recently shared that it has seen immense growth in the transaction volume and number of users on its platform and that the adoption of its platform has increased among retail clients, institutional clients, and high-net-worth individuals.

Trends Regarding Debit Cards in the Middle East

Emergence of Superior Crypto Debit Card Features

- Dubai-based ZelaaPayAE's [recent product launch](#) suggests there is a trend among crypto exchanges to offer better and more functional crypto credit cards.
- Seeing that existing crypto debit cards still lack important features, ZelaaPayAE recently

[launched](#) a crypto debit card with several unique and innovative features that make it superior to crypto debit cards offered by other crypto exchanges. According to ZelaaPayAE, there are [several crypto debit cards](#) in the market but they need to be preloaded.

- [New features](#) include the ability to be used not just in the country of issuance but globally as well, the ability to support [eight currencies](#) with zero foreign exchange mark-up, and the ability to support cryptocurrencies BTC, DGB, KLV, TRX, and ZPAE.
- Unlike other crypto-to-fiat debit cards, ZelaaPayAE's new debit card allows users to personalize their cards and spend seamlessly [without needing to preload](#).
- Since its partner is [Baanx](#), ZelaaPayAE has effectively partnered with China Union Pay, Mastercard, and Visa as well. This partnership with multiple card networks gives the debit card [a global coverage](#).
- Based on a study commissioned by Dubai Economy and Visa, the adoption of debit cards for online shopping in the United Arab Emirates had grown by [over 7%](#) during the period 2018-2020.

Emergence of Virtual Debit Cards for Businesses

- HSBC's [recent product launch](#) suggests that there is a trend among card issuers to provide businesses with debit cards that can help improve back-office efficiencies, cash flow management, and processes for paying suppliers.
- [Remote working](#) seems to have contributed to the increased demand for these debit cards. Companies now seek innovative payment solutions that can be [delivered straight](#) to the mobile devices of their employees.
- HSBC recently introduced [virtual debit cards for companies](#) in the United Arab Emirates. These virtual debit cards for businesses are the [first of their kind](#) in the Middle East. According to Shahebaz Khan, Visa's general manager in the United Arab Emirates, these virtual debit cards are "[the first commercial debit offering](#) by a global bank."
- Powered by Visa, the [cards](#) were designed to address the need of businesses for more versatile payment solutions. The single-use card numbers or tokens generated by these cards enable [corporate cardholders](#) to pay directly from their current account, while the [Payables Automation](#) platform of Visa enables the electronic, secure, and efficient distribution of cards.
- According to Kailash Nair, the person who leads the commercial cards unit of HSBC in the MENA region, "[HSBC](#) is investing to create a bank fit for the future and for [HSBC], that means availing multiple digital options to suit the different needs of [its] diverse corporate client base." Digital adoption among businesses in the United Arab Emirates has [sped up](#) in the past year, Nair said.

- With the virtual debit cards, companies will be able to pay suppliers in a [safe and efficient manner](#).

Switch to Contactless Debit Cards

- The recent actions of [Qatar International Islamic Bank](#) (QIIB) and [National Bank of Bahrain](#) (NBB) suggest that banks in the Middle East are switching to contactless debit cards.
- Contactless debit cards are equipped with [near-field communication](#) (NFC) technology that allows cardholders to pay by just tapping their card at NFC-enabled point-of-sale (POS) terminals.
- Cardholders using contactless debit cards [no longer need](#) to insert their card into point-of-sale devices.
- NBB switched to contactless debit cards to provide its clients with "[an elevated](#) and more engaging customer journey throughout their banking lifecycle." At about the same time it rolled out contactless debit cards, NBB also introduced [instant debit card issuance](#).
- In Qatar, QIIB was the [first Islamic bank](#) to provide a contactless payment service. QIIB rolled out this service to all its [debit and credit cards](#).
- QIIB switched to contactless debit cards to offer its clients the [best possible payment services](#). According to QIIB, "[all QIIB cards](#) to be issued or renewed moving forward will be contactless-enabled."

Insights Regarding the Adoption of Bitcoin as an Asset in the MENA Region

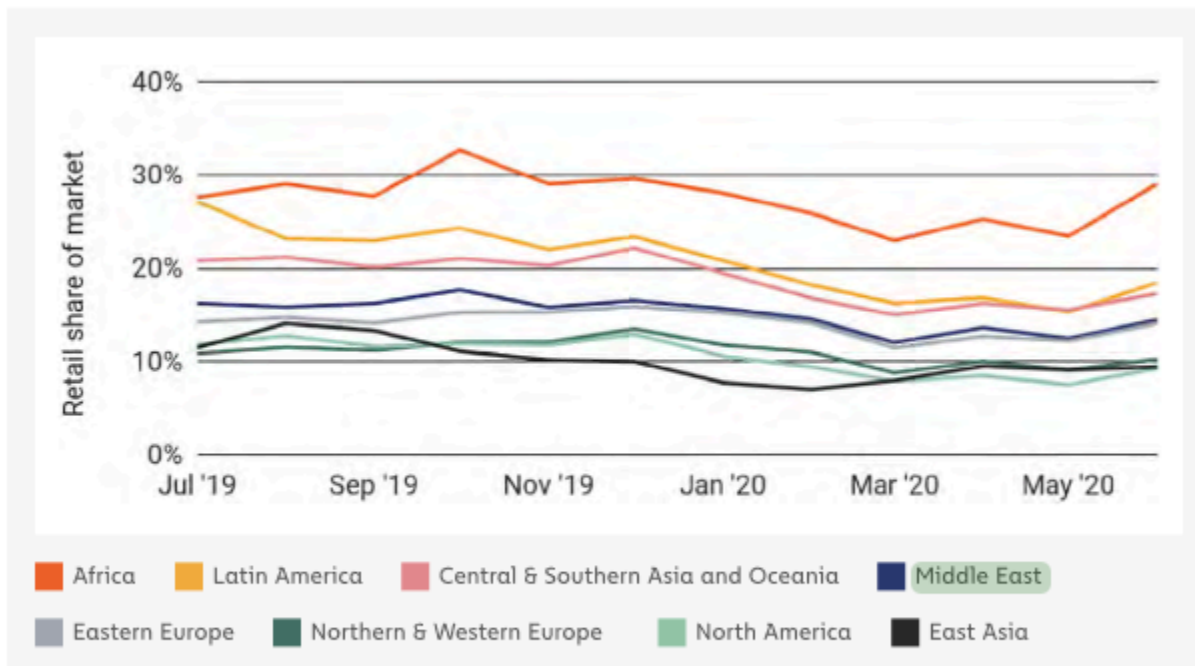
Impact of Government Crackdowns on Bitcoin Usage

- According to Leigh Cuen, a technology reporter and contributor to blockchain news site CoinDesk, crackdowns on cryptocurrency in the Middle East are [not likely to quash](#) cryptocurrency demand and may only alter how cryptocurrency manifests. She cited [bitcoin](#) as an example.
- Cuen said she is now seeing people who use bitcoin for [savings](#). She did not elaborate on this topic, but before making this statement, she talked about how "[regions](#) with weak states and educated diasporas see more grassroots adoption [of bitcoin]."
- Lebanon, which has a struggling banking system, is seeing [more and more workers](#) who choose to be paid with bitcoin paychecks. Michel Haber, a Lebanese entrepreneur, said he has been paying his workers with [bitcoin paychecks](#) for two years now. According to Haber, "[the peer-to-peer bitcoin market](#) is very robust because the Lebanese banking system has failed and people have more cash than the banks do."

- Cuen said that despite this growth in the adoption of bitcoin, she does not expect bitcoin to serve as a [substitute](#) for local currencies. She explained that as observed in Iran, authorities will likely implement [measures to restrict](#) the use of bitcoin if they see it getting out of hand.
- She clarified, however, that these crackdowns may only change how cryptocurrency [manifests](#). According to Cuen, "[some people](#) now use bitcoin for savings and altcoins for transactional alternatives." In Iran, where the use of bitcoin was [curtailed](#) and the dire economic situation has prompted Iranians to use [cryptocurrency](#) as a currency or an investment asset, the demand for stablecoins is [growing](#).
- Aziz Abdel-Qader, a contributor to multi-asset trading news site Finance Magnates, said that many retail investors in the Middle East are viewing cryptocurrency as [a speculative asset](#) that they can invest in and use to leverage price fluctuations.

Driver of Growth in the Adoption of Bitcoin as an Asset

- [Zachary Cefaratti](#), the chief executive officer at Dalma Capital, the syndicate manager for the first bitcoin fund to be listed on Nasdaq Dubai in the region, said that bitcoin as an asset will remain a trend and will continue to be explored.
- However, he clarified that even though retail or individual investors were the ones who started the bitcoin movement in the region, it is institutional investors, [not retail investors](#), that seem to be driving up bitcoin prices.
- According to Cefaratti, "[the recent price run-up](#) is less defined by retail purchasing and more to do with an incrementally increasing institutional allocation to bitcoin as a store of value."
- Cefaratti said that more and more [institutional investors](#), including family offices, are seeking some smart exposure to bitcoin. These institutional investors are becoming [more sophisticated](#) as well.
- Cefaratti echoed what Cuen said about bitcoin being a [grassroots movement](#). He said bitcoin has been a [grassroots and peer-to-peer movement](#) right from the start.
- Ola Doudin, a co-founder of BitOasis, a cryptocurrency exchange based in the United Arab Emirates, said that interest in cryptocurrencies in the MENA region mostly comes from [retail investors and family offices](#).
- However, the region seems to be lacking in terms of blockchain platforms that are consumer-scale and secure. According to Alicia Buller, a contributor to technology magazine Wired, "[promises](#) of a truly secure, consumer-scale blockchain platform [in the region] are still unfulfilled." The percentage of cryptocurrency volume in the Middle East that is accounted for by retail purchasing is somewhere [between 10% and 20%](#) only.



Currencies included: BTC

Source

Usage of Crypto-Asset Platform Rain

- Crypto-asset platform provider Rain Financial Inc., whose platform is used primarily in the MENA region, recently reported that in the past year, it saw "[tremendous growth](#) in the number of users and the transaction volume" on its platform.
- Co-founder Yehia Badawy shared that Rain has observed [higher platform adoption](#) across retail clients, institutional clients, and high-net-worth individuals.
- Last January, there was news that Rain was able to secure [USD 6 million](#) in a Series A funding round led by Coinbase Inc., the largest cryptocurrency exchange in the United States.

Research Strategy

As an initial step, we consulted recently published news articles, surveys, and reports about debit cards in the Middle East and bitcoin as an asset in the MENA region. While we were able to gather a few qualitative insights using this approach, we found that quantitative information on these topics is very limited. Most statistics about debit cards and bitcoin are specific to countries outside the MENA region (e.g., the United States). Adoption, usage, or penetration rates specific to the MENA region are unavailable, and only qualitative information specific to the MENA region is available.

To find additional information, we researched key MENA countries individually, checked what crypto exchanges are saying about their market and how these crypto exchanges have fared recently, determined what new debit card products, services, and features have been launched and why these have been introduced, and checked if and why consumers and

businesses invest in bitcoin and other cryptocurrencies. The sources that we found most useful are articles from Middle Eastern news sites such as [Gulf News](#) and [Gulf Times](#) and cryptocurrency and fintech news sites such as [Coindesk](#) and [The Fintech Times](#). Cryptocurrency exchange Rain Financial Inc., whose website was provided to us, was also researched.

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