




# ACCELERATING THE VISION FOR DIGITAL COMMERCE IN SAUDI ARABIA

## Abstract

Saudi Arabia's Vision 2030 charts a transformative path toward economic diversification and social progress, aiming to build a resilient and innovation-led economy. A key pillar of this shift is the rapid expansion of digital commerce, powered by a young, connected population and strong government commitment to digital infrastructure and regulatory reform. Micro, Small, and Medium Enterprises (MSMEs) are key drivers of Saudi Arabia's digital commerce landscape, serving as catalysts for innovation, employment, and economic diversification — central objectives of Vision 2030. Their growing role underscores the importance of inclusive digital ecosystems to support sustainable growth.



Open network platforms are emerging as a critical enabler, especially for MSMEs. Key strategies to onboard MSMEs include providing access to tailored financial solutions, fostering entrepreneurial skills, streamlining regulatory processes, and offering affordable digital infrastructure. Open Network Platforms play a transformative role by enhancing data sovereignty, market access, and secure transactions. Their democratized, low-cost model enables MSMEs to compete alongside larger players, while government support further accelerates inclusive and sustainable e-commerce growth.

## Unlocking the Future with Digital Commerce

To support Saudi Arabia's Vision 2030, the country has introduced reforms focused on global investment, job creation, digital innovation, and efficient governance. Emerging sectors such as tourism, mining, culture, logistics, and entertainment are creating significant opportunities for employment, and growth for Micro, Small, and Medium Enterprises (MSMEs). Strengthening digital infrastructure is central to enabling this progress, positioning the country to thrive in a rapidly evolving global economy and laying the foundation for long-term, sustainable growth.

Digitalization is reshaping life and business, driven by internet access, mobile use, and innovation. Globally, digital commerce is projected to hit USD 13.51 trillion by 2030, growing at 12% CAGR, as countries launch initiatives to seize this opportunity.



Saudi Arabia is already an economic leader in the Middle East and North Africa (MENA) region. With a tech-savvy population, digital infrastructure, favorable government initiatives, and a rising disposable income, the e-commerce sector in the country has already witnessed significant growth.

*"The e-commerce market in the MENA region is projected to reach \$80.3 billion by 2029, growing at a compound annual growth rate (CAGR) of 11.7% from 2024 to 2029."*

## Key Insights

E-commerce is the second-highest venture capitalist (VC) funded sector in Saudi Arabia. With nearly 43,000 online stores, close to 200 shipping and delivery service providers, and 14,000 fulfillment centers, the Business to Consumer (B2C) market is expected to account for 12% of the country's gross domestic product.



Nearly 41,000 businesses were registered with the e-commerce industry in Q4 2024, a 10% increase as compared to the previous year. There were a total of 1.6 million commercial registrations in the same period.



Amongst the approximately 12 million private sector workforce in 2024, 2.4 million are Saudi Nationals, demonstrating a reduced rate of unemployment to 3.7 % as compared to 5.7% in 2020.



Memorandum of Understanding (MOUs) have been signed with private players and governments to establish logistics facilities, such as the 14 digital and automated warehouses in Jeddah, amongst other investments.



Saudi Arabia's 'Waad' program aims to train over 1.1 million nationals in partnership with the private sector by the end of 2025.



Saudi Arabia has a program that aims to certify 50,000 nationals in the latest cloud-powered technologies, Artificial Intelligence (AI), Machine Learning (ML), and Internet of Things (IoT).



Cross-border e-commerce has reduced – going from 60% in 2021 to 49% by the end of 2026.



In 2024, Saudi Arabia achieved \$4.65 billion in e-commerce sales through Mada, the country's national payment card system.

## Strengths and Leverages

Saudi Arabia is the largest e-commerce market in the MENA region. Digital-first government initiatives that provide safe and secure payment infrastructure, convenience and competitive pricing are just some of the reasons that are driving people towards online transactions.



**35 million** – Expected E-commerce users by 2025

**USD 20 billion** – Investment in AI by 2030

**1 million SMEs** – Supported by The Monsha'at initiative in Saudi Arabia

**20% Saudi GDP** – Contributed by SMEs, with a target of 35% by 2030

**USD 146.8 billion** – Digital payments in Saudi Arabia in 2024

## Market Drivers for Growth of Digital Commerce

The e-commerce market in Saudi Arabia is projected to grow from USD 24.6 billion in 2024 to USD 68.9 billion in 2033, with a CAGR of 12.1%. There are several factors that are fueling this growth.



**Strategic initiatives:** The government has launched several initiatives that are helping the country transition to a digital economy. The National Industrial Development and Logistics Program (NIDLP) is transforming the country into a global player in four major sectors – mining, logistics, energy, and industry. The program's focus areas are local content and the Fourth Industrial Revolution (4IR), which would integrate the four sectors to drive growth. These initiatives lend strong financial support and are in-line with the country's digital transformation goals.



**Support for SMEs:** A competitive environment and enhanced financial infrastructure have fostered unprecedented growth in the VC ecosystem. The country ranks second globally for venture capital availability and leads the MENA region in total VC funding. A surge in foreign investments in the technology sector has led to immense financial support for SMEs, who have been able to secure funds for their growth. Additionally, the government has simplified licensing, and there are several schemes and incentives for investors, startups, and entrepreneurs.



**Rise in cashless transactions:** The card payments market in Saudi Arabia is projected to grow at an annual rate of 6.4% till 2028. While cash remains an essential part of the consumer payments landscape, there is a rise in the usage of contactless cards, particularly, debit cards. The government is encouraging a cashless society with financial inclusion, robust and secure digital payments infrastructure, and providing incentives to the fintech sector.



**Potential for global trade:** Saudi Arabia's proximity to Europe, Asia, and Africa makes it an ideal global logistics hub. The country is strategically located, connecting three continents. The government is set to invest USD 267 billion in the logistics sector and provide a robust and stable backbone for global commerce. Technology and innovation are expected to drive growth in the logistics sector.



**Demographics matter:** Saudi Arabia has a youthful population. In a country with a population of over 36 million, the average age is 30, with 25% of the population between 18 and 24. Internet penetration is robust, marked by almost universal cellular gadget adoption and over 50% overall reach. At 102%, active social media penetration is the highest globally and is a key factor for driving e-commerce in Saudi Arabia.



**AI and blockchain readiness:** Digital transformation and AI are a key priority for Saudi Arabia. The government has already invested USD 25 billion in the past five years and plans to plough in a further USD 20 billion for AI and blockchain by 2030. Blockchain builds trust and transparency in global trade.

Saudi Arabia, through the Saudi Data and AI Authority (SDAIA), aims to rank among the top 15 AI nations by 2030, backed by strong cloud and High-Performance Computing (HPC) infrastructure. 72% of companies have adopted AI strategies, with the government driving talent development, investment, and innovation.

## Igniting Growth with Open Network Platforms

### Growth and Diversification

The government is actively promoting digital payments, logistics infrastructure, and regulatory easing—aiming for cashless transactions to reach 70% by 2030. This will create compelling opportunities for both global platforms and niche local players. The government is focused on attracting both private and international investments, and establishing e-commerce and distribution hubs. AI-driven and blockchain solutions in finance and logistics are expected to enhance seamless and reliable transactions, providing opportunities for cross-border trade.



Smart city initiatives – NEOM is one of Saudi Arabia's premier smart city projects. This cognitive city is designed to transform urban life through the integration of artificial intelligence, robotics, and next-generation infrastructure.

*"Seize the opportunity to build a leading MENA hub, diversify the economy, support local businesses, and advance emerging technology."*

## The Importance of MSMEs to the Economy of Saudi Arabia

MSMEs play a pivotal role in shaping the future of digital commerce in Saudi Arabia as they are engines of innovation and job creation.

Monsha'at, the Small and Medium Enterprises (SME) General Authority, established in 2016 helps develop, support and regulate the SME sector by meeting the essential needs of businesses, collaborating with local and global strategic partners, and providing services and business opportunities. SMEs have access to a larger customer base and can participate in cross-border trade.

### Open Network Platform: Enabling Local E-commerce

With regulatory adoption and strong infrastructure, an open network platform can become a key local e-commerce player, benefiting MSMEs. With increased access to digital platforms, cloud services, and fintech solutions, MSMEs will be better positioned to reach wider customer bases, streamline operations, and compete alongside larger players.

## Towards a Digital-first Economy

Addressing challenges faced by MSMEs is key to unlocking the full potential of the country's digital economy and achieving the goals outlined in Vision 2030. This is not just beneficial for the enterprises themselves—it is critical to accelerating inclusive growth, diversifying the economy, and ensuring sustainable national development.

Several strategic initiatives can work in tandem to drive meaningful and sustained e-commerce growth for MSMEs.



**Accessible trade financing solutions:** One of the foremost priorities is the development of accessible trade financing solutions tailored specifically to the needs of small businesses in Saudi Arabia. Conventional lenders frequently sideline MSMEs because of insufficient credit history or concerns about potential risk. Digital trade finance, embedded with advanced analytics and alternative credit scoring, can help bridge this gap.



**Seamless licensing and compliance processes:** Establishing centralized, digital portals for business licensing and compliance can make formal participation in the digital economy more attractive for entrepreneurs.



**Entrepreneurial skill development:** Building structured, easy-to-access skill development programs, supplemented by online self-help resources, can empower business owners in Saudi Arabia to confidently embrace digital learning platforms.



**Affordable access to digital tools, logistics infrastructure, and operational support:** Providing affordable infrastructure and operational support, like NIDL, will enable MSMEs to run efficiently and actively engage in the country's expanding digital economy.



**Secure digital ecosystem:** A robust and secure digital ecosystem is needed for small businesses - one that ensures online visibility, fosters trust and enables MSMEs to thrive across digital commerce channels.



## Empower MSMEs Through Open Network Platforms

The adoption and expansion of open network platforms can accelerate the growth of MSMEs. These platforms ensure data sovereignty, allowing businesses to retain ownership and control over their data – critical for trust, security, and compliance. Open network platforms enable faster market access for all businesses, regardless of size or brand presence. By integrating financial services, they streamline business operations and access to financing, enhancing the ease of doing business. Built-in secure and interoperable payment gateways increase transaction trust and reduce fraud. Crucially, open network platforms offer a democratized, low-cost infrastructure, allowing MSMEs to participate on equal footing with larger players. Government support for open network adoption – through regulation, incentives, and ecosystem partnerships – helps unlock the full potential of MSMEs and drive equitable growth under Vision 2030.

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## Conclusion

Digital commerce in Saudi Arabia is experiencing rapid growth, driven by a tech-savvy population and national initiatives under Vision 2030. As the country seizes new opportunities in the digital economy, supporting MSMEs becomes crucial to achieving inclusive and sustained progress. Open network platforms can play a pivotal role by democratizing market access and enabling secure transactions for small businesses. Together, these efforts align with Vision 2030's goals of economic diversification, empowering local enterprises, and digital innovation.

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