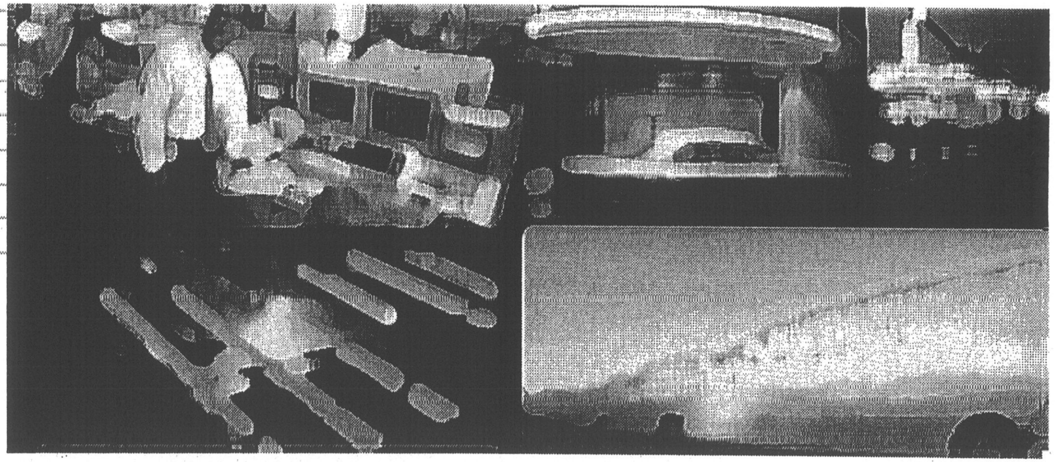
Saudi American Bank البنك السعودي الاميركي

Gulf Cooperation Council (G.C.C): A Glimpse @ the Future

e-Banking Conference, Dubai – 29th September 2001



Presented by:
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Presentation Map

- Introduction to eBiz Solutions and SAMBA's e-Strategy
- Quick Recap of Global trends
- Uplifting initiatives across GCC. Why?
- Opportunities in GCC
- Progress …needs continuous support
- Example: Saudi Arabia's Momentum
- Conclusions

Introduction to e-Biz Solutions

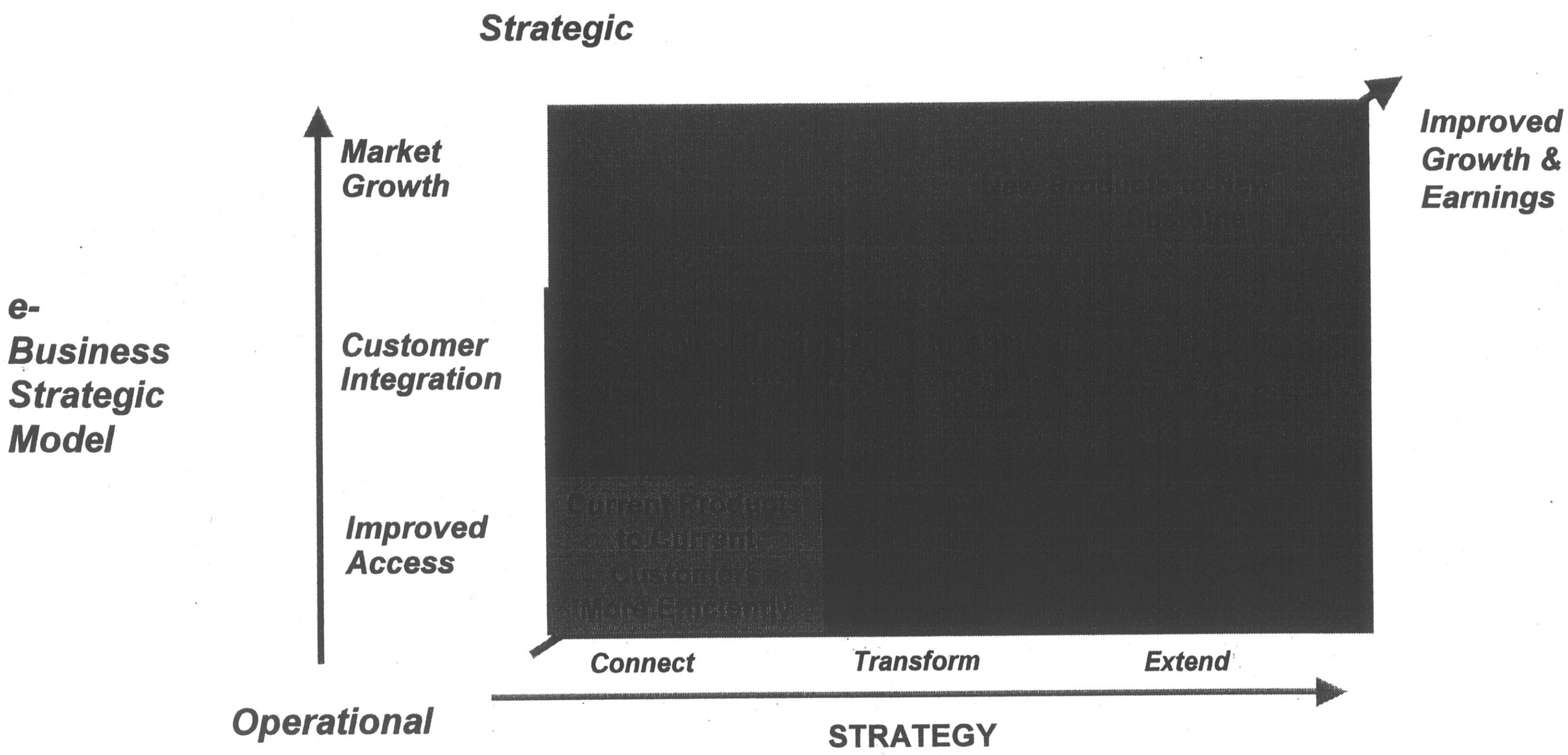
- **Strategic thinking**
  - *Electronic SAMBA Business Solutions is one of the strategic business / product development arms of SAMBA*
  - *Work with users internally to identify business propositions.*

- **Facilitation**
  - *Is dedicated towards collaborating with regulatory authorities and local banks to create an enabling environment to support e-business..*
  - *Actively pursue new partnerships & alliances locally and globally.*

- **Implementation**
  - *Funds and develops key e-business initiatives*
  - *Create new financial products and services for the local market place and regional e-arena.*

SAMBA's "e" Strategy

To better assist / support our clients by connecting them to our web enabled services, transforming our capabilities into new internet offerings and extending our reach through new offerings.



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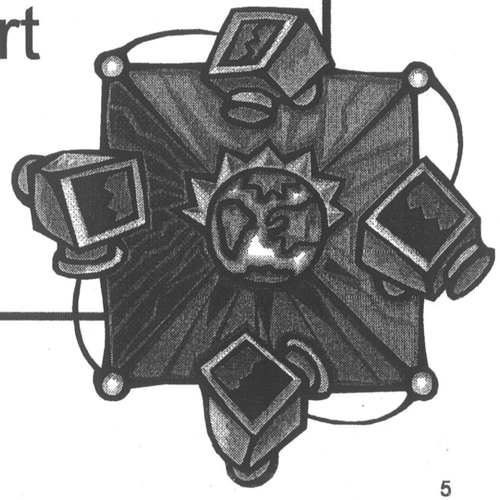

Quick Recap of Global Trends

1. The cost of connecting to the internet
2. Mobile telephone penetration rates have soared
3. The ubiquitous internet is going to impact how business gets done
4. Debate on how to narrow the digital divide
5. What is working: Business Models

Source. eMarketer's Eglobal Report 2001

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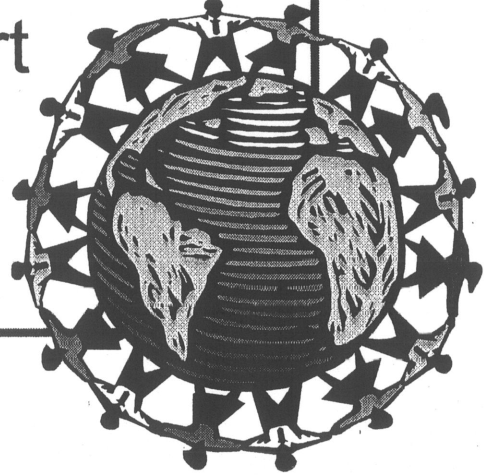
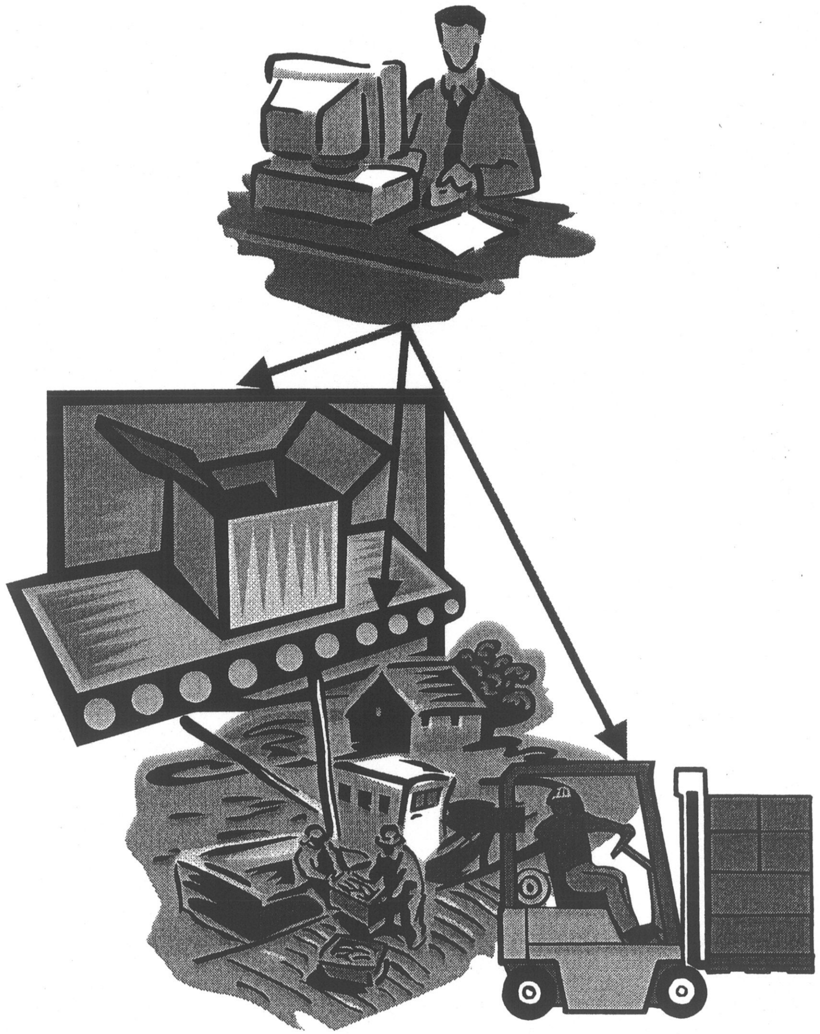


GCC Initiatives

- Tijari makes alliances a success
- MSN Arabia is coming
- Oman Trade Net aims to build e-biz awareness
- Our Gulf Kuwait
- SAMA leading projects in Smart Cards, PKI, and B2B e-Payments
- Aragon to build a B2B e-procurement services for the region
- Banking is dull!



GCC Initiatives: WHY?

- Local job creation across GCC
- Globalization forces are changing business dynamics
- Need a non-oil contributor to GDP
- Development/sustainability of local expertise

GCC Initiatives: Dubai Internet City

- IT is part of the life style
- Extensive infrastructure built
- Legal and trade laws revised for international trade to use net based services
- “e” is being supported by seniors in government
- Multinational firms started to have regional operations here.

GCC Initiatives: Dubai Internet City

- IT is part of the life style
- Extensive infr
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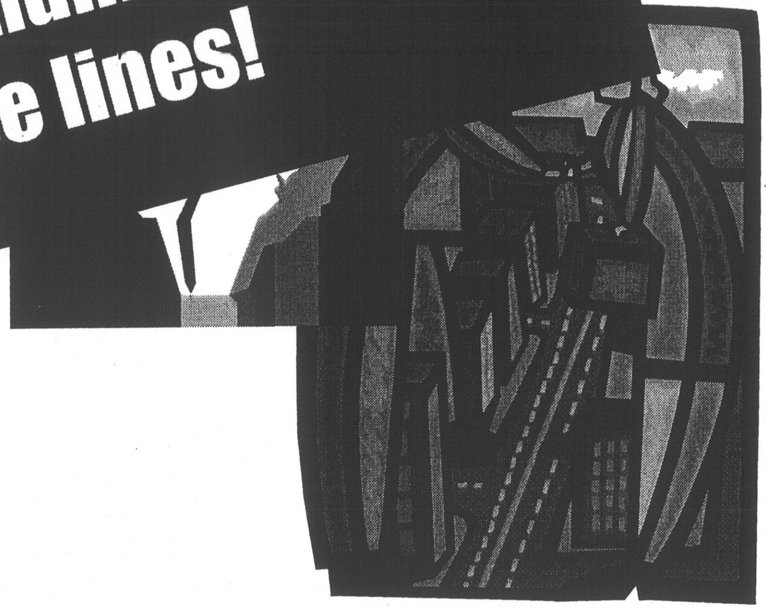
- Mult firms started to have regional operations here.

Excellent start and we all in GCC as a business community should think in these lines!



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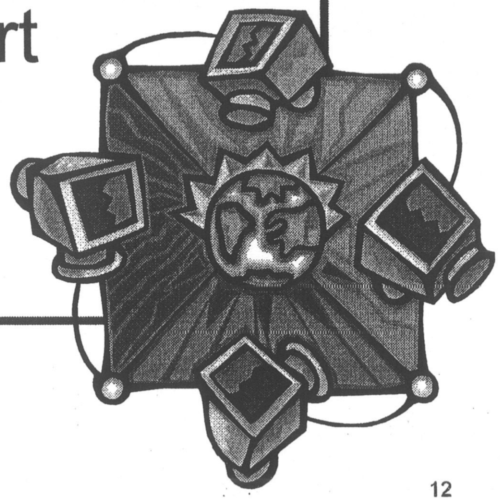
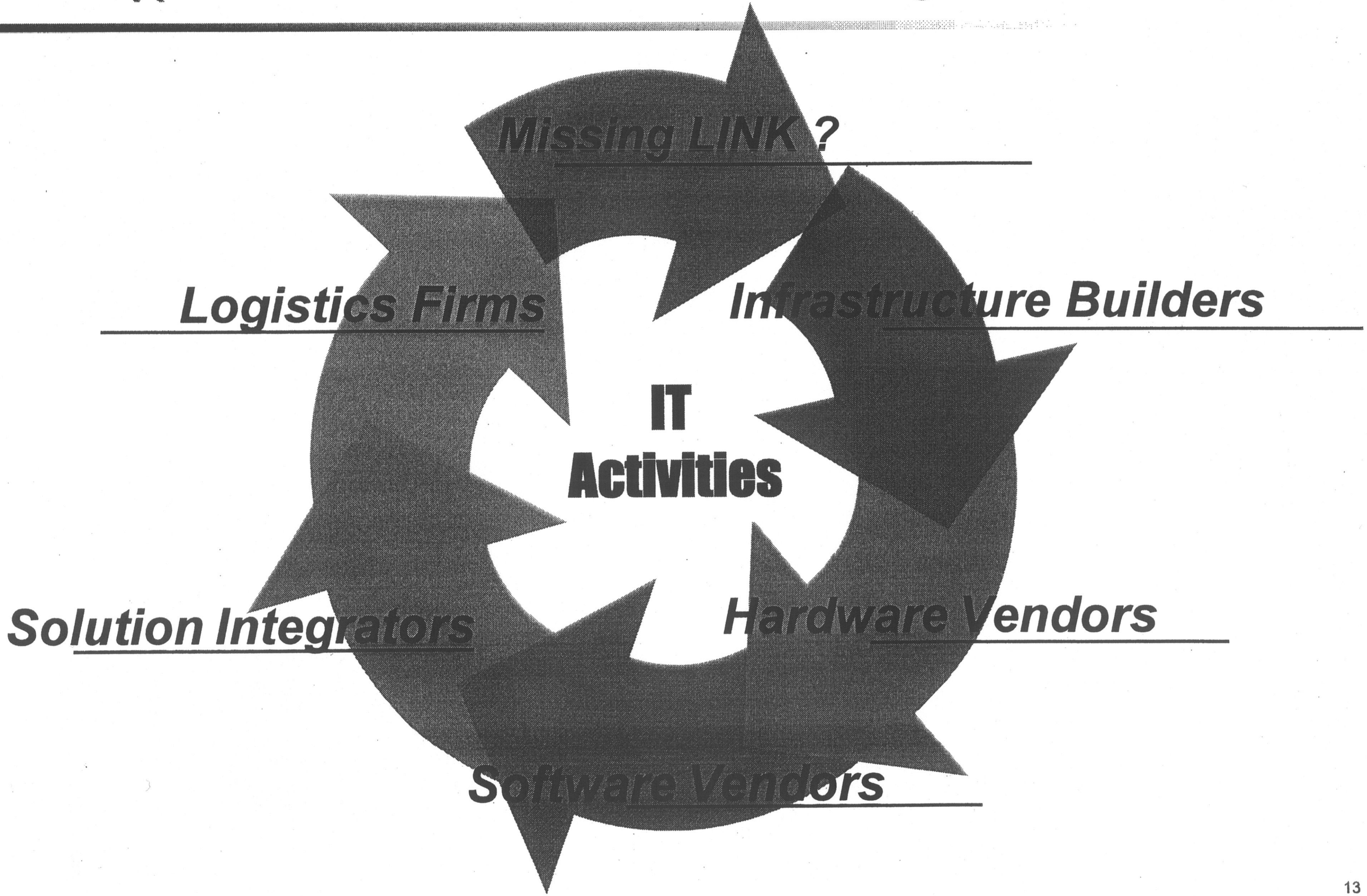


GCC Opportunities : Active IT entities in the Region



GCC Opportunities : Active IT entities in the Region

Infrastructure Builders
Solution Integrators
Hardware Vendors
Software Vendors

These are only representations without true after sale support or R&D development

Missing link is e-Awareness within the business community

Does not really exist yet!

GCC Opportunities : Active IT entities in the Region

Infrastructure Builders

Solution Integrators

Hardware Vendors

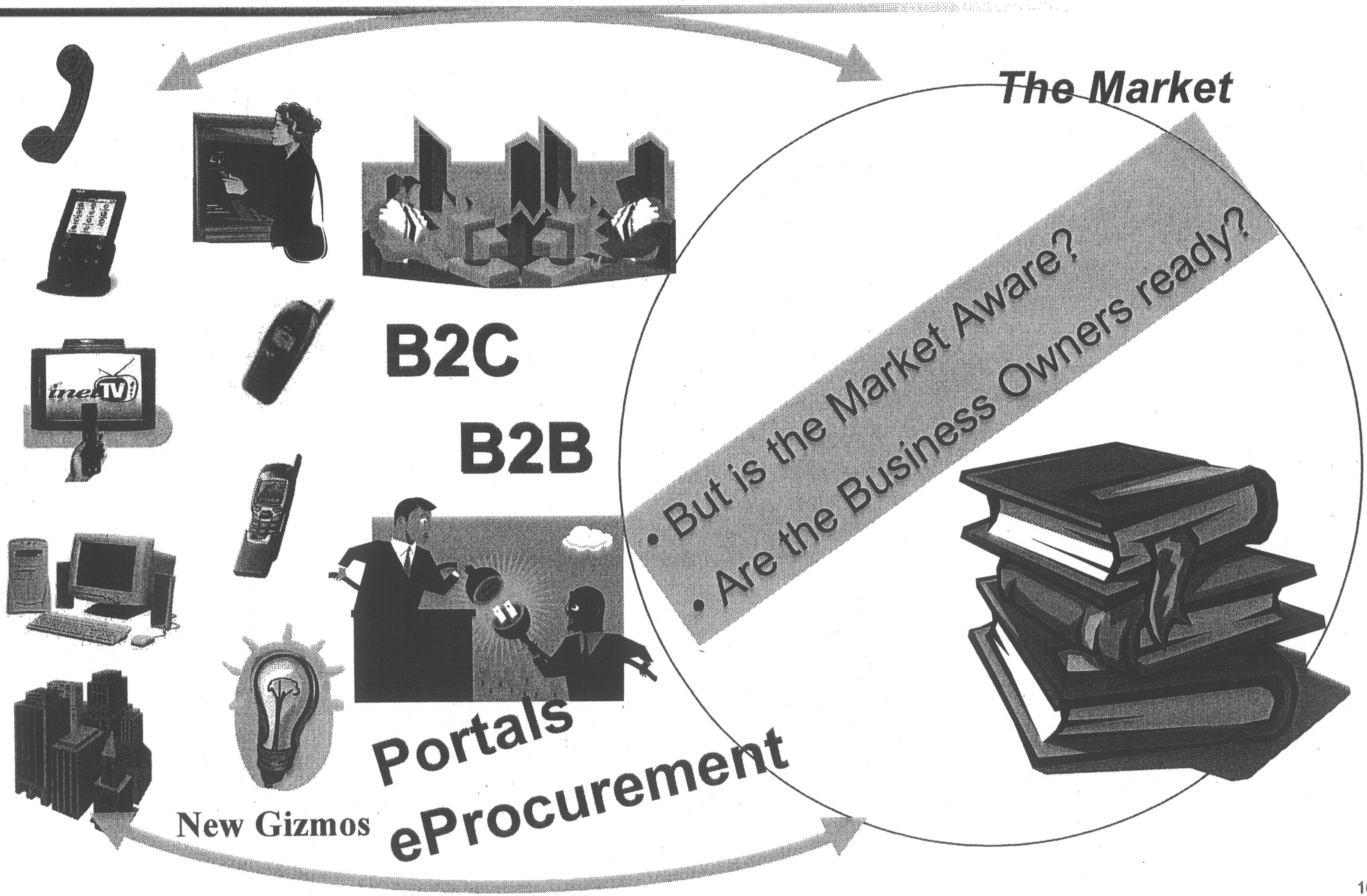
Softw

These ... only ... ations ... after ... rt or ... pment

Privatization is the key factor for all these to reach their potentials. It is occurring but very slowly.

...ithin the ...ness community → Does not really exist yet!

GCC Opportunities: Many Ideas to Start from....

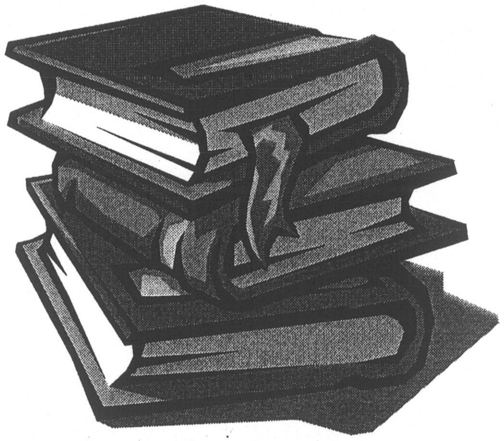


GCC Opportunities: Are we really that different?

GCC	Developed Nations
■Standards are centralized	■Standards are fragmented
■Low IT market maturity	■High IT Saturation
■Enormous IT opportunities	■Saturated IT opportunities
■Major room for productivity improvement	■Marginal improvements on existing systems.
■Network speed is adequate	■Network speed is stupendous
■Awareness is low	■Awareness is high
■No Digital market places	■DMP's (in 100's)
■Primitive e-Payment solutions	■Fast e-payment solutions.

GCC Opportunities: 1 of 3 IDEAS @ Work

Low IT market maturity → *Opportunity*



IDEA

Reach an optimal level of IT awareness and create a need

Actions to take

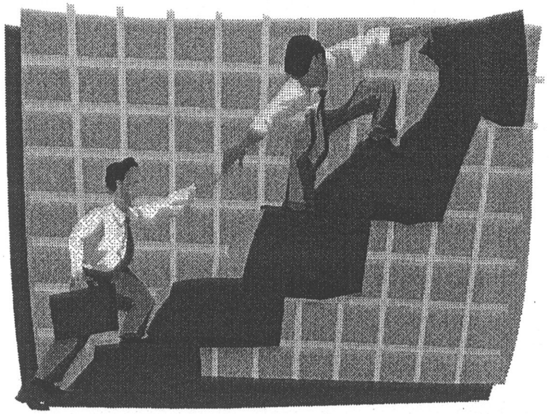
- *Increase awareness via media*
- *Identify a need within industry*
- *Make it easier to buy & use*
- *Use tailored solutions rather one size fits all*

GCC Opportunities: 2 of 3 IDEAS @ Work

Opportunity ← Major room for productivity improvement

IDEA

Find areas that your products can enhance a company's bottom line via Process Improvement along with technology



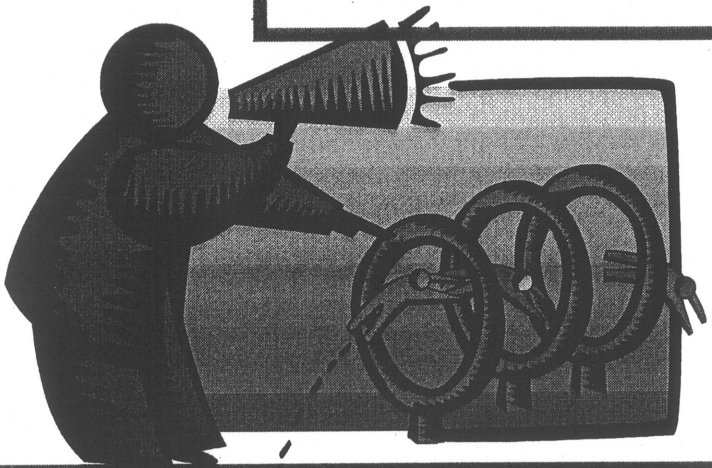
Actions to take

- Make your company customer centric
- Think "with" the customer rather than "for" the customer
- Focus on after sale support
- Display your products and how your company uses them

GCC Opportunities: 3 of 3 IDEAS @ Work

- *Use all the outlets for increasing e-awareness*
- *Use industry related publications to spread message*
- *Use incentives whenever possible*

Actions to take

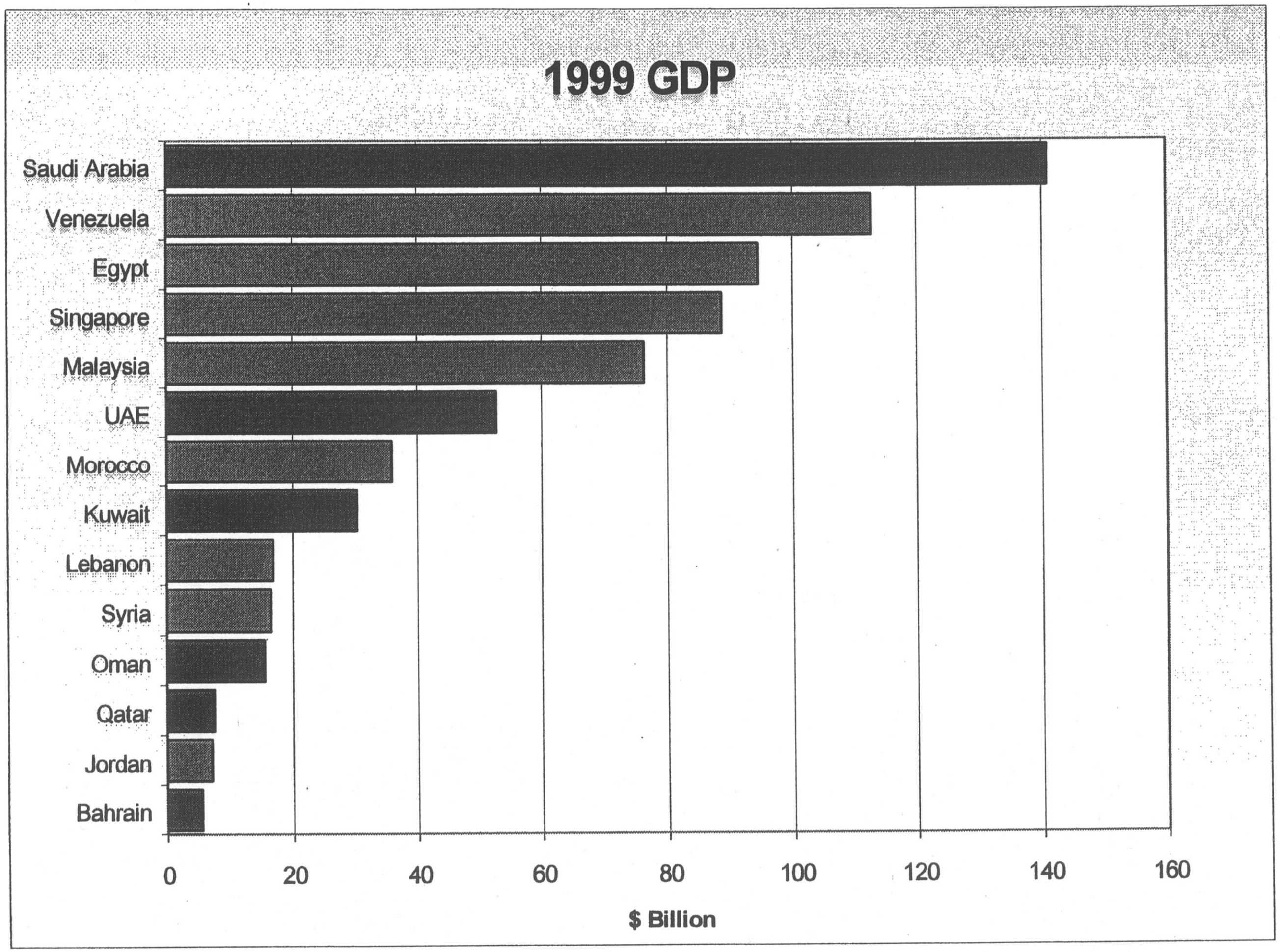


Promote "e" as part of the culture

IDEA

Awareness is low → *Opportunity*

GCC Opportunities: Economical Justification to move now



- Population: 30 million, < 1% of world total.
- 40% of Middle East GDP.
- Central role in global oil market: 45% of world reserves, 20%of production
- Currency stability-- exchange rates pegged to the $.
- Low inflation, low interest rates, low taxes
- Intrinsic wealth
- Modern infrastructure
- In WTO: Kuwait, Qatar, UAE, Bahrain. Saudi Arabia and Oman in accession process.

GCC Opportunities : Current net populous

According to eMarketer as of March 2001

	Subscribers In thousand	User per account	Users in thousands	% of Pop
KSA	190	3	570	2.59%
UAE	220	3	660	22.44%
QATAR	25	3	75	10.27%
BAHRAIN	35	3	105	16.67%
OMAN	28	3	84	3.36%
KUWAIT	55	3	165	8.25%

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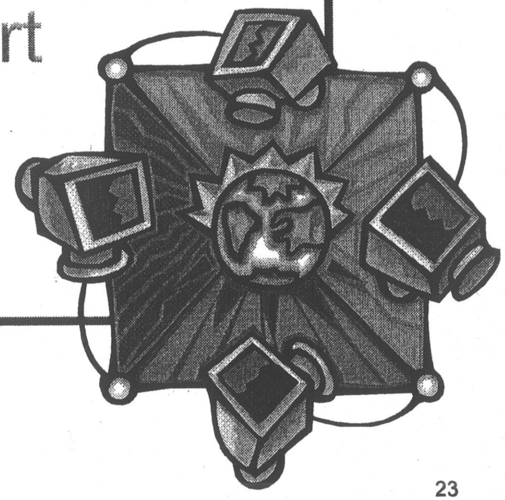
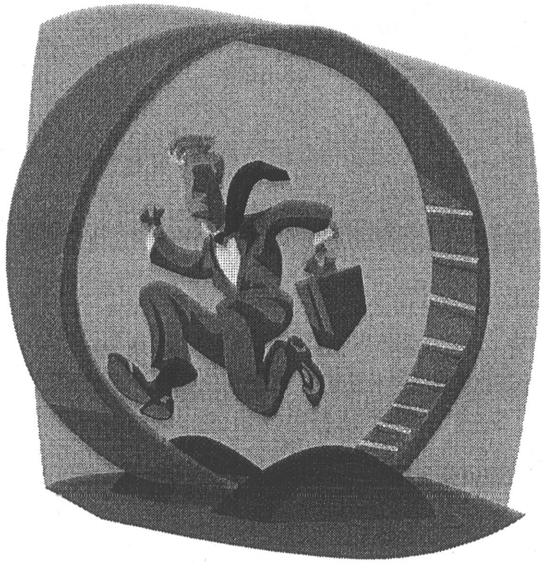


Progress needs continuous support

- Awareness via community education
- Top level government awareness
- Promote local VC and incubation similar to Silicon Valley
- Promote local R&D alliances with education institutions
- Train / recruit local talent pool
- Create R&D/ Production facilities that rival Asia pacific
- Consider Arabian Peninsula (GCC) a key geographical aspect for the Gulf



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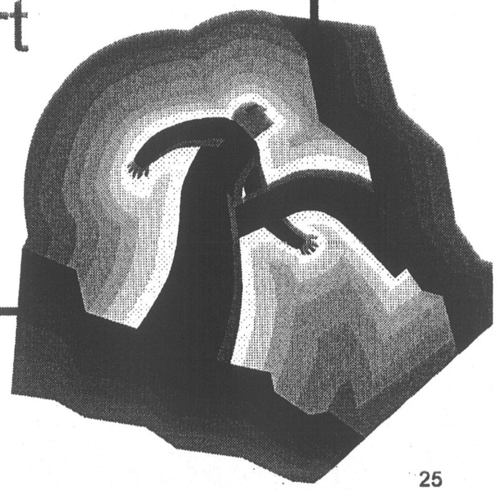
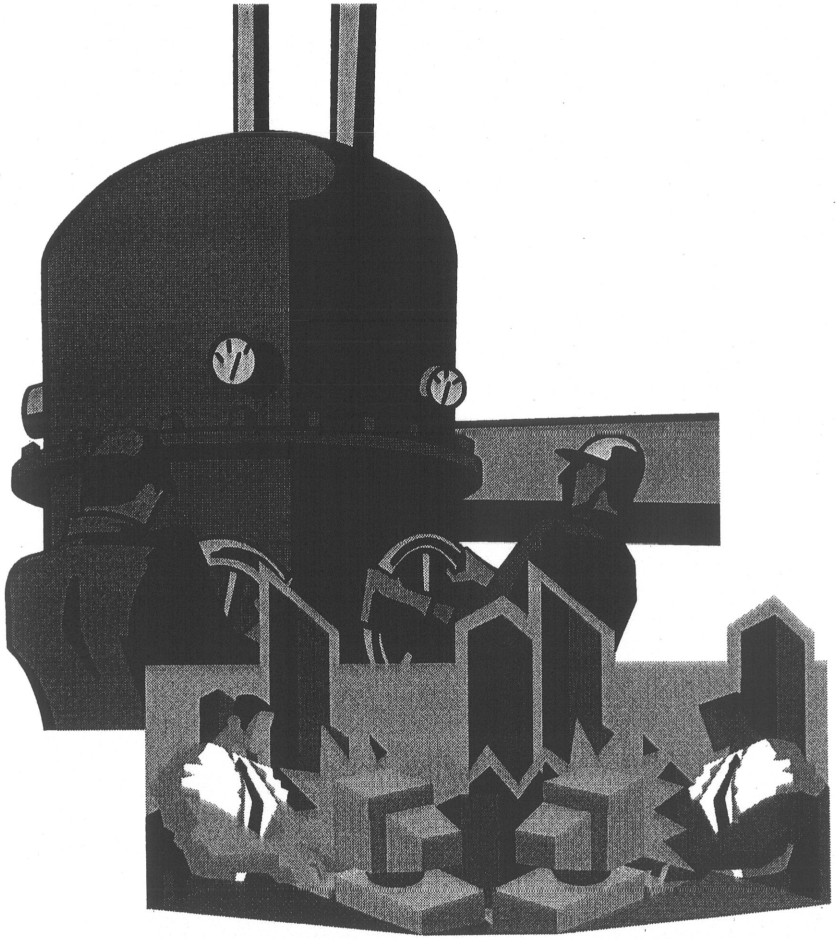
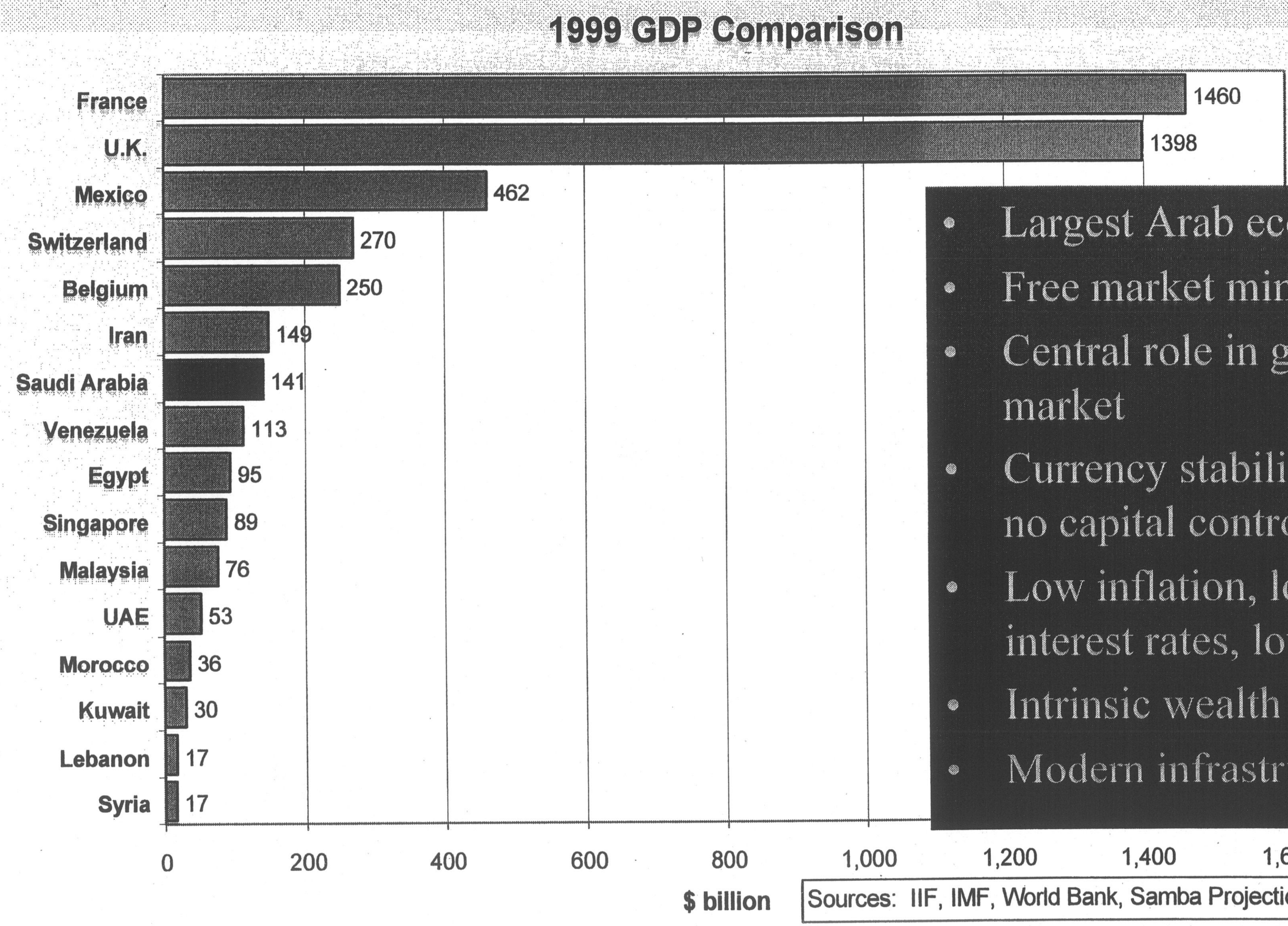


Saudi Arabia's Momentum



- 3 Major Industries aligning the future: Banking + Oil + Petrochemicals
- SAMA (leading banking sector to new feats)
- Awareness at the top levels
- According to STC 3,300,000 internet users (expected) by 2004

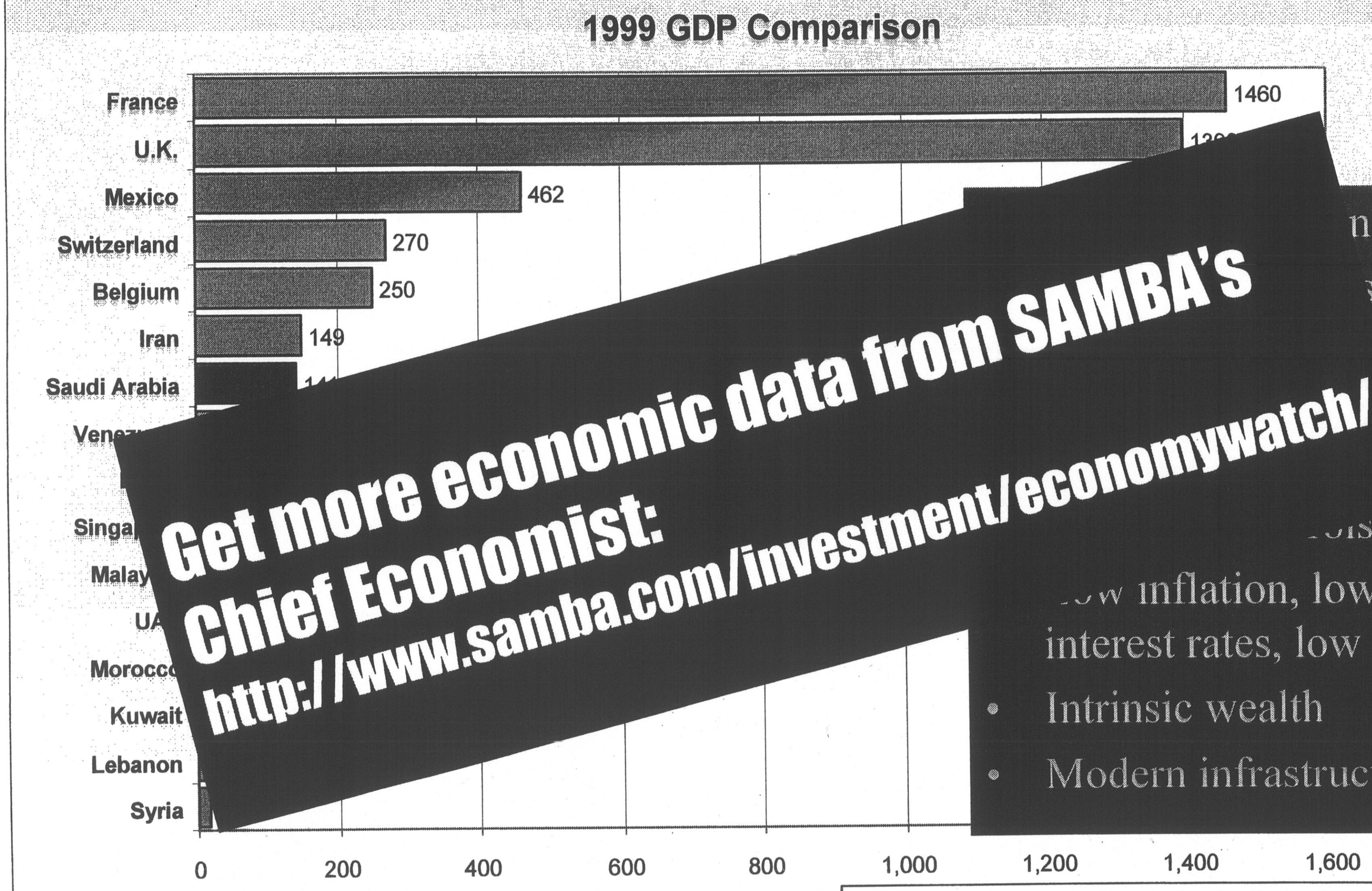
Saudi Arabia's Momentum



- Largest Arab economy
- Free market mindset
- Central role in global oil market
- Currency stability with no capital controls
- Low inflation, low interest rates, low taxes
- Intrinsic wealth
- Modern infrastructure

Sources: IIF, IMF, World Bank, Samba Projections

Saudi Arabia's Momentum



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Get more economic data from SAMBA's Chief Economist:
http://www.samba.com/investment/economywatch/

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- Intrinsic wealth
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Saudi Arabia's Momentum

The following charts highlight basic profile information of the KSA Internet User:

Age Profile of the Internet User

Below 23 years	18%
23-39 Years	75%
Above 39 years	7%

User Ratio by Gender

Males	83%
Females	17%

Geographical Distribution

Central	45%
West	15%
East	8%

Frequency of visit

Once a week	20%
2 times a week	36%
2-3 times a week	27%
4-7 times a week	27%

The younger generation of Saudi's are the primary drivers of growth in Internet Usage and Penetration.

* Source. GMR

Saudi Arabia's Momentum

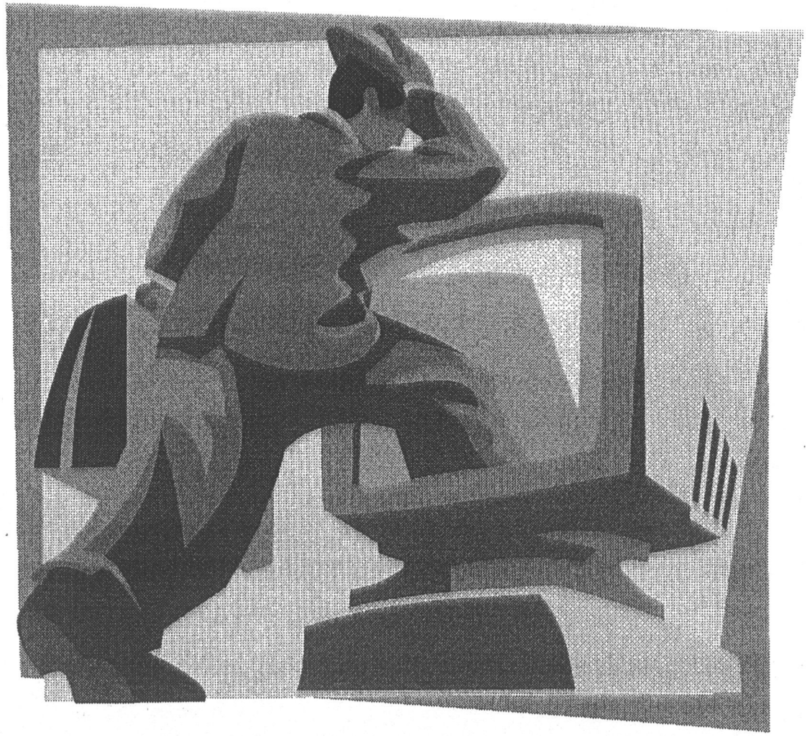
Mobile Telephone Subscribers in Selected Middle Eastern Countries, 2000–2004 (in Thousands)

	2000	2001	2002	2003	2004
United Arab Emirates	878.5	970.7	1,050.1	1,132.0	1,213.7
Egypt	1,230.0	1,755.0	2,255.0	2,755.0	3,255.0
Jordan	194.0	266.8	336.3	406.4	476.4
Morocco	309.2	449.2	590.9	735.6	875.3
Saudi Arabia	1,189.2	1,512.2	1,851.7	2,207.6	2,572.4

Source: ITU Telecomm

Conclusions

- Globally e-Business has evolved to become an interrelated world necessitating that it be viewed holistically in order to be best understood and deployed.
- Due to recent economic prosperity of the GCC region, IT industries can thrive and start the roadmap for a new economy.
- Sustain existing customers by meeting their needs is a key focal point.



Thank You