



الهيئة العامة للتجارة الخارجية
Saudi General Authority of Foreign Trade

Electronic Commerce In Saudi Arabia

COMCEC 2023

20TH Meeting Of The COMCEC Trade Working Group
May 2nd, 2023

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The Importance of e-commerce in Saudi Arabia

- E-commerce is one of the pillars of Saudi Arabia's Vision 2030, through which the country aims to diversify its economy, establish an attractive investment environment, and foster entrepreneurship and job opportunities.
- The Kingdom has launched numerous initiatives to support e-commerce, including developing and promoting e-commerce education programs in academic institutions, building the capacity of local service providers, restructuring the postal sector, supporting e-commerce services in non-mainstream cities, and establishing guidelines for cybersecurity in e-commerce.





E-commerce Enablers

Developing the Financial Sector

Stimulating Financial Technologies and Payment Solutions

Regulating the Investment and Venture Capital

Financial Infrastructure



Stimulating Creativity and Innovation

Digital Software Development

Stimulate the Adoption of New Technologies

Protecting the consumer and raising the level of confidence

Private Sector Contribution

Supporting Factors



E-commerce Enablers

Legal and Institutional Infrastructure



E-commerce Entity

Regulations Governing the work of E-commerce

Technical Infrastructure



Communications and Networking Technology Infrastructure

Servers and Hosting Infrastructure

Information Security

Logistics Infrastructure



Organizing E-commerce shipments and parcels

Organizing Customs Services

Legal and Institutional Infrastructure





Legal and Institutional Infrastructure



مجلس التجارة الإلكترونية
E - Commerce council

Saudi Arabia has focused on E-commerce and given it special attention through Establishing the Saudi E-commerce Council in 2018, which consist of representatives from 16 government agencies and 3 from the private sector, with the aim of regulating and promoting the E-commerce sector.

وزارة التجارة
Ministry of Commerce



وزارة المالية
Ministry of Finance



وزارة الاتصالات
وتقنية المعلومات
MINISTRY OF COMMUNICATIONS
AND INFORMATION TECHNOLOGY



SDAIA

الهيئة السعودية للبيانات
والذكاء الاصطناعي
Saudi Data & AI Authority

الموارد البشرية
والتنمية الاجتماعية



وزارة الشؤون البلدية
والقروية والإسكان
Ministry of Municipal Rural Affairs & Housing



وزارة النقل
والخدمات اللوجستية
Ministry of Transport
and Logistic Services

هيئة المحتوى المحلي
والمشتريات الحكومية
Local Content & Government
Procurement Authority



هيئة الزكاة والضريبة والجمارك
Zakat, Tax and Customs Authority



الهيئة الوطنية للأمن السيبراني
National Cybersecurity Authority



وحدة التحول الرقمي
National Digital Transformation Unit



منشآت
monsha'at
الهيئة العامة للمنشآت الصغيرة والمتوسطة
Small & Medium Enterprises General Authority



هيئة المدن والمناطق الاقتصادية الخاصة
Economic Cities and Special Zones Authority

البنك المركزي السعودي
SAMA
Saudi Central Bank





About the E-Commerce Council and its objectives

The E-commerce Council is an important government institution under the Ministry of Commerce that works to develop the E-commerce sector in the Kingdom. The council aims to enhance economic growth and achieve leadership in the E-commerce field by proposing E-commerce policies and legislation, supervising the "E-commerce Stimulus Program", coordinating with relevant entities to prevent duplication, eliminating obstacles facing E-commerce, ensuring effective implementation of the "E-commerce Stimulus Program" and its recommendations.

The "E-commerce Stimulus Program" initiative aims to boost the growth of the e-commerce business ecosystem.

The E-commerce Council's seeks to achieve its objectives by providing the necessary programs and services for companies, institutions and individuals working in this field, by working to improve infrastructure, develop E-services and simplify administrative procedures.

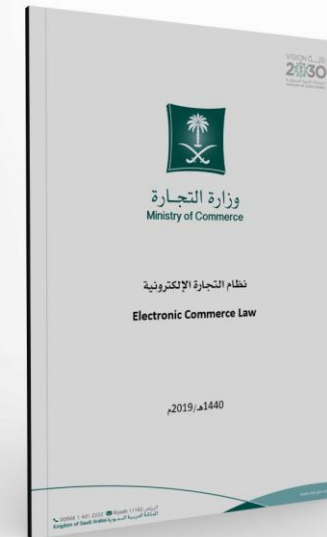


The Kingdom of Saudi Arabia has its legal framework governing E-commerce, which includes:

- The E-commerce law and its executive regulation: The law defines the procedures and conditions necessary for conducting E-commerce, including issues such as data protection, electronic transactions, and documentation of electronic transactions. The executive regulation aimed at clarifying and interpreting the provisions of the law for ease of application among stakeholders in the field.
- There is also a law for consumer protection, which defines the rights of consumers in E-commerce, the duties and responsibilities of sellers and stakeholders dealing with consumers. This law includes the consumer's right to return products and their right to obtain complete and accurate information about the product.

The relevant authorities are continuously working to improve and develop E-commerce legislation and update it according to the needs and technological developments.

Adopting E-commerce legislation by issuing the E-commerce law in 2019.



Technical Infrastructure





Technology

The Technology is the most important pillar that E-commerce is built upon and here are some of the numbers related to Saudi Arabia's achievements in this regard:

1

Communications and Networking Technology:

In 2021 Saudi Arabia Ranked second globally in the list of the best 5G networks and 98.6% internet accessibility rate.

2

Servers and Hosting:

Access to over 126,000 online stores.

3

Information Security:

In 2022 Saudi Arabia Ranked second globally in the cybersecurity index.

Logistics Infrastructure





Logistics Infrastructure

Physical products traded through E-commerce cannot thrive without a fertile and facilitative environment for logistics services, which has undergone many reforms that have contributed to improving the quality of logistics services provided, such as:



In 2018 Licensing 18 delivery applications out of 39, which in turn contribute to enhancing competitiveness among apps and thus improving their quality and efficiency.



Improving the customs clearance and tax collection environment and facilitating the movement of more than 35 million inbound shipments to the Kingdom in 2022.



Issuing a license for local parcel delivery immediately, which contributes to increasing the number of parcel delivery companies and attracting major global companies, thus improving the logistics services environment for E-commerce. During 2022, 31 parcel delivery companies were licensed out of 150 licensed companies.

Financial Infrastructure





The Kingdom has worked on establishing a program for developing the financial sector that focuses on providing a range of improvements in the fintech sector, encouraging innovation in fintech, and improving the E-commerce environment, such as facilitating the work of e-stores during payment stages, such as payment gateways, e-wallets, and others. The Important developments are:



The venture capital in E-commerce grew by 492%, reaching a value of SAR 637.5 million in 2021.

The value of E-commerce transactions through Mada in 2022 reached SAR 111 billion.

(Mada, formerly known as SPAN, is the national payment network in the Kingdom, owned by the Saudi Arabian Monetary Authority and established in 1990.)



Launching modern business models in payments technology, such as "buy now, pay later" services, where 12 technology companies were licensed during 2022 out of 32 licensed companies, in addition to 14 financial technology companies authorized in the regulatory sandbox.

Supporting Factors





Working on reviewing and improving the legislative, regulatory, and procedural environment and proposing relevant policies for E-commerce in the Kingdom to create an encouraging environment, which includes, but not limited to the following:

- 1- Developing a mechanism for documenting e-stores from commercial record holders and freelance work documents to increase their reliability, thereby contributing to increase their sales and encouraging traditional stores to open electronic sales channels.
- 2- Facilitating the opening of bank accounts for E-commerce practitioners from commercial record holders and freelance work documents (the freelance work document is a document issued by the Ministry of Human Resources and Social Development in Saudi Arabia, granted to individuals working in various freelance fields) and not treating them as high-risk accounts, thereby improving the payment environment for e-stores.
- 3- Directly making e-books available.
- 4- Developing and automating the supervision of online stores to raise compliance levels with E-commerce related legislation, addressing the multiplicity of regulatory bodies and supervisory teams, differing compliance standards and verification methods, as well as the difficulty of verifying the application of these standards by government agencies.



The numbers of commercial registers and freelance certificates issued:



Freelance Certificates 75,211

The Number of freelance certificates issued in 2022 for who practice trade in E-commerce



30,151 Commercial Registers

The number of commercial registers issued in 2022 for who practice trade in E-commerce

1* E-Commerce Council report

2* The Zakat, Tax and Customs Authority - The Communications, Space and Technology Authority

3 * Saudi Central Bank - Saudi Venture Investment Company



The more people trust E-commerce, the more this is reflected in the numbers and the shift in the proportion of purchases from traditional commerce to E-commerce

In 2019

The Kingdom is among the top 10 developing countries in the world, with a rate of 32%.

In the End of 2020

49.9% the percentage of online shoppers in the Kingdom, where Saudi Arabia is considered one of the top 10 growing countries in the world with a rate of 32%

300 (SAR) is the Average spend at one time
(9 times a year)



Recommendations

To develop the E-commerce business within the framework of the Organization of Islamic Cooperation,
As the following:

1

Providing technical assistance and capacity building to member countries to improve IT infrastructure and develop regulatory frameworks to achieve legal protection for consumers and traders, protect intellectual property and enhance trust in E-commerce.

2

Encouraging member countries to organize awareness and education campaigns about E-commerce and its mechanisms, aiming to increase awareness among consumers and traders about the importance of buying and selling online.

3

Encouraging members to emphasize the importance of developing and enhancing their E-commerce platforms and provide technical and technological support to traders to facilitate E-commerce transactions.

4

Encouraging members to enhance international cooperation and exchange of expertise and information and share good practices on E-commerce.

5

Facilitating access to finance to encourage and support small and medium-sized enterprises in the field of E-commerce, and provide the necessary financial support for them to develop and expand their online business operations.

Thank You

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